



Statement from USS following the meeting of the Joint Negotiating Committee

July 7, 2010 - Following a meeting earlier today, the Joint Negotiating Committee (JNC)¹ with Sir Andrew Cubie as its independent chairman, decided to accept a package of proposals put forward by the employers. These proposals now form the recommendation from the JNC that is to be considered by the USS Trustee Board at its meeting on 22 July 2010.

At the JNC meeting, separate proposals were brought forward by representatives of the employers and UCU. Having taken a vote on both of these proposals, there was no agreement between UCU and the employers on either, and Sir Andrew Cubie, as independent chairman, was required to use his casting vote to break the deadlock. Sir Andrew exercised his casting vote in favour of the employers' proposals.

Sir Andrew said, "It goes without saying that I had earnestly hoped not to be put in the position of using my casting vote. Upon taking up the JNC chairmanship role in 2008 I knew that the issues for the scheme would be challenging, and indeed it has proved to be. I am disappointed that through the extended Joint Review Group² process it was not possible to reach agreement. However, I do know that it was not for lack of commitment and endeavour on both sides to try to reach agreement."

He continued, "Having taken all relevant factors into account, I have exercised my vote in favour of the proposals put forward by the employers. It is my view that these proposals will introduce changes that are in the best, long-term interests of the scheme as a whole. I am content for these proposals to go forward to the trustee board for its consideration."

The USS trustee board chairman, Sir Martin Harris, said, "I would like to thank the JNC for the careful deliberations that it has undertaken, and specifically Sir Andrew for the way in which he has addressed the enormously difficult task over recent months. The matter now progresses to the trustee board, which will consider the JNC's recommendation at its meeting on 22 July."

The proposals put forward by the employers, and agreed today by the JNC, are as follows:

	Proposals
A	A normal pension age of 65 will be introduced for new entrants and for the future service of existing members.
B	Existing members over the age of 55 will be exempt from the changes to the normal pension age.

C	The normal pension age will be linked to increases to the state pension age.
D	A flexible retirement scheme will be introduced which will be available to members from age 55.
E	The employee contribution rate for members of the final salary section will increase to 7.5%.
F	Pension increases (for pensions in payment) will be inflation proofed in line with increases in the Consumer Prices Index (CPI) subject to a 5% inflationary cap.
G	Pensions in deferment will be increased by CPI or 2.5%, whichever is the lower.
H	A Career Average Revalued Earnings (CARE) benefits structure will be implemented for new entrants. The benefits will be based upon a 1/80 th pension and 3/80 th cash lump sum formula.
I	The contribution rate for members of the CARE section will be 6.5%.
J	Cost sharing will be introduced with cost increases shared 65:35 between employers and employees respectively.

Once considered by the Trustee Board these proposals will be subject to consultation with the members of the scheme. The proposed implementation date is 1 April 2011.

¹ The Joint Negotiating Committee (JNC) was established as a mechanism to agree a solution to the funding challenges that face USS. It is composed of five representatives from the employers and five representatives from the University and College Union [UCU], together with an independent chairman (Sir Andrew Cubie). The chairman has been given the casting vote in the event that the unions and employers are unable to reach agreement.

² The Joint Review Group (JRG) was a sub-group of the JNC established in late 2008 to consider a review of the scheme to ensure USS remained an affordable and attractive defined benefit pension scheme for the Higher Education sector. It comprised representatives from the Employers' Pension Forum (representing USS employers) and UCU (representing USS members), together with an independent chairman, Sir Andrew Cubie, who was jointly appointed by the employers and UCU. The JRG has now been disbanded.

For further details please contact Andrew Fleming at Penrose Financial
andrewf@penrose.co.uk / 07740 802 601

About The Universities Superannuation Scheme

USS is the second largest private sector pension fund in the United Kingdom and the principal pension scheme for UK universities, acting for 395 universities and academic institutions. It has in excess of £28 billion in assets as of December 31 2009, and approximately 265,000 members. USS currently has approximately 10% of its assets allocated to alternative investments, with a target to grow this allocation to 20% over the medium term. Within alternative investments, USS has made sizable commitments to private equity fund managers and is also making investments directly into private equity transactions, since 2008, USS has made eight direct investments, averaging £15million each.