

USS scheme

Following a number of complaints from Amicus HE representatives about transfer values of "bulk transfers" into the USS scheme Bryan Freake Amicus Pensions National Officer and myself recently met with USS Pensions Policy Manager Brendan Mulkern to discuss the USS position on bulk transfers.

Whilst the meeting was cordial I think it true to say we did not agree with USS on the bulk transfer position. USS take what they believe to be a commercial view of potential transfers and apply what their own actuarial advice suggests is in the best interests of the scheme. That obviously does not always mean it is in the best interests of the individual.

Bryan Freake has prepared an out line of what the scheme and our discussions centred around and this is attached with this Circular.

Our visit was opportune as we also learnt about some changes that USS were making to the scheme that will have a future impact on any new transfers into the scheme as of March 2007.

The main changes announced were:

1. New joiners to the scheme from 1 March 2007 would have a standard normal retirement age of 65, irrespective of the terms of their employment.
2. To introduce, with immediate effect, an actuarial charge for employers in respect of early retirements before age 60 other than due to incapacity. The extra cost of an early retirement granted by an institution before age 60 would now be paid for by that individual institution rather than be covered generally by the scheme, as previously. Special arrangements will be put in place to exempt retirements agreed before the announcement.
3. To introduce a flexible retirement arrangement by the summer of 2007.

The changes were agreed with the USS Board of Directors, Sir Martin Harris (Chairman), Professor John Bull (Deputy Chairman), Michael G Butcher, Professor Sir Ivor Crewe, Steve Egan, D Guppy, Virginia Holmes, Howard Jacobs, Lady Merrison, Michael S Potts, Professor Charles Sutcliffe, Baroness Warwick of Undercliffe.

As some of the changes appear to weaken future arrangements for new members or staff transferring after February 2007 they clearly do not have Amicus support. Incidentally it appears that the Board consists of two appointed UCU members and one who is also a UCU member but not appointed by the union.

For representatives who are interested in further details of the USS scheme as well as copies of accounts and an interesting question and answer session with participating Universities you may like to visit the web address below.

http://www.usshq.co.uk/members_and_former_members_index.php?name=ACTIVE_COMMUNICATIONS_INSTITUTIONS_MEETING_2006#

Amicus Representatives may also be interested in developments at St. Andrews University where St. Andrews University trustees have agreed that transfers to the USS scheme MUST support the transfer club rules which would mean anyone finding as a result of promotion that they ended up in Grade 6+ resulting in having to join the USS they will take with them the same years and months they accrued in the local scheme and so be no worse off and this has been AGREED.

St. Andrews are also looking at a salary sacrifice option, this would benefit the scheme fund to the tune of £100,000+ per year with no loss either to the staff or the university in fact the trustees believe there would be a marginal reduction in the National Insurance payments to both.

These changes are not instigated by USS but by the Trustees themselves. Amicus representatives may wish to consider this approach locally.

The full Amicus briefing from Bryan Freake is attached.