Response paragraphs to First Actuarial analysis and Dr Jo Grady's email dated 5 September 2019

- The analysis put forward by First Actuarial takes a 2011 baseline and seems to assume there have been no changes in global financial markets, and that they will remain completely unchanged for the next half-century. This seems to be a rather unusual assumption and we know of no other organisation – from charities to large businesses – that would use such a basis for their financial plans. Nor would any individual when planning ahead for their retirement. In our view, it is irresponsible for UCU to use the £240k figure as a pretext for industrial action over pensions, without being honest with scheme members about the wider financial realities.

- The cost of defined benefit pensions has increased since 2011. A good comparison is the cost of annuities (pensions that individuals can buy from an insurance company), where prices have increased by over a third since 2011. House prices and the cost of consumer goods have also changed markedly. We might wish it was different, but it is no longer possible to buy a pint of beer, or a new car, at 2011 prices.

- Referring to First Actuarial's analysis as 'independent' is slightly misleading, as they were commissioned by UCU to carry out the study. By contrast, the Joint Expert Panel is comprised of independent representatives nominated by both UCU and Universities UK (UUK). In their first report the panel suggested a rate of around 30% of salary would be sufficient to fund the cost of benefits and address the deficit, with a member rate of 9.1% of salary. Employers recently offered this outcome to members through UCU, but regretfully UCU chose not to consult scheme members over it.

- We would question whether First Actuarial genuinely think it feasible to deliver final salary benefits in USS today for a total contribution rate of 22.35% of salary, and for that to continue to remain appropriate for the next 22 years. The reality is that the cost of providing pensions promises has increased significantly and, with respect, we believe that to suggest otherwise would not fall within the law and regulations governing how pensions promises must be funded (which all scheme trustees must comply with).

- The Joint Expert Panel will report again this autumn with a set of recommendations aimed at finding a long-term solution for the scheme. Employers have publicly stated their commitment to this many times, and look forward to working with UCU once the report is published. That said, it will be more difficult to achieve maximum impact from the panel's report if relations between UCU and UUK are strained due to disruption from industrial action. There isn't much time to work together ahead of the 2020 valuation to get a new solution; now is the time for stakeholders to work collaboratively so we can find the best possible sustainable scheme for the future for everyone.

- The suggestion that UUK (and employers individually) did not press the USS Trustee to implement all the JEP recommendations is inaccurate. It is unthinkable that employers would agree to pay an additional £250 million each year into the scheme (and bear the consequences of doing so) without first exhausting every possible, legitimate avenue to a lower rate. Employers' views in this regard have been expressed through various consultation responses, summaries of which have been published online and formally sent to the USS Trustee by UUK.

- Through their engagement with the trustee, employers have secured an overall contribution rate of 30.7% of salary (from 35.6%), and rather than 'forcing members to pay contribution increases', have actually negotiated a lower contribution rate for both members and employers than would otherwise have been required from October 2019.