

Preparing for the 2026 USS valuation – initial employer consultation

Deadline: 27 March 2026

Over the coming months, UCEA wishes to explore and test employer views on the forthcoming valuation of USS. The funding position has much improved, which potentially facilitates a wider range of options. At this initial stage, it would be helpful to hear any reactions from employers to the short series of statements below. (If it is not possible to provide a view at this early point, it would also be helpful to hear this.)

UCEA welcomes responses to this consultation from each and every one of the Scheme's participating employers. We encourage employers to consult with their own decision-making bodies as considered appropriate, so that the response provided can be considered to be the view of the employer.

(1) Stability

We believe that employers want to increase stability within the scheme. Improved stability could be achieved in different ways and at this stage employers don't want to rule-out any approaches which might achieve this objective.

When employers say stability, they mean measures which achieve one or more of the following:

- Keeping future benefits the same or similar, and/or
- Avoiding unexpected increases in contributions (for employers and/or members), or increases required at short notice, and/or
- Reducing the likelihood of a future scheme deficit (and thereby having to pay deficit recovery contributions)

Please provide any comments you might have.

e.g. are you supportive of this view, do you have particular priorities etc.

(2) Contribution levels

The improved funding position *could* facilitate a reduction in contribution levels for employers and members, below the present 14.5% of salary payable by employers and 6.1% of salary from members.

There are no fixed views at this stage from employers on the desirability of a reduction in employer contributions from their present level, but employers do wish to see further analysis showing the impact on future scheme stability of reducing contributions – compared to using other measures which would have similar or greater effect.

Please provide any comments you might have.

e.g. are you supportive of this view, do you have particular priorities etc.

(3) Benefits

The improved funding position would allow the USS Joint Negotiating Committee to decide upon improvements to benefits, either in one-off form or through ongoing improvements to future benefits.

At this stage the signal from employers is that the current level of benefits for the long-term is broadly appropriate, whilst the case for giving consideration to any request for a one-off improvement has not been made nor any view been formed at this point.

Please provide any comments you might have.

e.g. are you supportive of this view, do you have particular priorities etc.

(4) Conditional Indexation (CI)

Conditional Indexation (CI) is a potential new benefit structure, where annual indexation of benefits (both before and after retirement) would become conditional on the funding level of the scheme rather than guaranteed. CI remains a Defined Benefit arrangement but introduces more flexibility.

Analysis to date suggests CI may deliver improvements according to four key criteria:

- Retention of Defined Benefit structure
- More stable contributions for members and employers
- Expected higher overall benefits for members
- Stability of core benefits

The trade-offs include greater complexity and reduced certainty regarding inflation protection for members.

Employers wish to now push ahead with the development of CI as a future design of benefits in USS, as it carries the potential to deliver greater longer-term stability, and greater value for money from the contributions being paid-in by employers and members.

Please provide any comments you might have.

e.g. are you supportive of this view, do you have particular priorities etc.

(5) Any other views?

Do you have any other views on the 2026 valuation that you would like UCEA to be aware of?