

Schedule of Contributions

Universities Superannuation Scheme

Status of this document

This schedule has been prepared by the Trustee of the Universities Superannuation Scheme (“the Trustee”) to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Ali Tayyebi, the actuary to the Scheme appointed by the Trustee.

This document is the first schedule of contributions, in respect of the 31 March 2017 valuation, put in place for the Scheme. It supersedes all earlier versions from previous valuations.

After discussions, a pattern of contributions was determined by the Trustee after consultation with Universities UK, as the body nominated by the Rules of the Scheme to act as the representative of the institutions with a liability in the Scheme (the “Employers”) for the purposes of the consultation required by the Trustee with Employers under Section 229 of the Pensions Act 2004 on

The Trustee has signed this schedule to indicate that it represents an accurate record of the pattern of contributions.

The schedule is effective from the date it is certified by the Scheme Actuary.

Contributions to be paid to the Scheme from to 1 April 2034 subject to review following the next actuarial valuation

Members’ contributions

Active members shall pay contributions monthly on the following basis:

- For the period to 31 March 2019:

8% of Salary (contributions relating to Salary over the equivalent monthly Salary Threshold will be paid in to the DC Section, with the remainder paid in to the DB Section)

Members can also elect to pay further contributions into the DC Section of which the first 1% of total Salary will be matched by the employer.

- For the period from 1 April 2019 up to 30 September 2019:

8.8% of Salary (of which contributions relating to 8% of Salary over the equivalent monthly Salary Threshold will be paid in to the DC Section, with the remainder paid in to the DB Section)

Members can also elect to pay further contributions into the DC Section, but these will not be matched by the employer.

- For the period from 1 October 2019 up to 31 March 2020:

10.4% of Salary (of which contributions relating to 8% of Salary over the equivalent monthly Salary Threshold will be paid in to the DC Section, with the remainder paid in to the DB Section)

Members can also elect to pay further contributions into the DC Section, but these will not be matched by the employer.



- For the period from 1 April 2020 onwards:

11.7% of Salary (of which contributions relating to 8% of Salary over the equivalent monthly Salary Threshold will be paid in to the DC Section, with the remainder paid in to the DB Section)

Members can also elect to pay further contributions into the DC Section, but these will not be matched by the employer.

These contributions will be deducted from salary by the Employers and paid towards the Scheme by the 19th of the following month or by the 22nd of the following month if paid electronically.

Where an active member participates in the salary sacrifice arrangement as permitted under Rule 41, the active member shall not be required to contribute. The Employer will instead pay additional employer contributions to the Scheme equivalent to those which the member would have been obliged to pay but for the salary sacrifice arrangement.

Where an auto-enrolled member's contributions are deducted in the first three months of membership, they will be paid across to the Scheme by the 19th of the fourth month or by 22nd of the fourth month if paid electronically, as permitted by the Automatic Enrolment (Miscellaneous Amendments) Regulations 2013.

This schedule does not cover the employer's commitment to pay across to the Trustee additional voluntary contributions made by members.

Other contributions may be payable by members as set out under the current Scheme's Trust Deed and Rules and the rate or basis of payment/due dates are set out in the Trust Deed and Rules.

Employer contributions

The Employers shall pay contributions no less frequently than monthly, at least on the following basis:

- For the period to 31 March 2019:

18% of Salary

- For the period from 1 April 2019 up to 30 September 2019:

19.5% of Salary

- For the period from 1 October 2019 up to 31 March 2020:

22.5% of Salary

- For the period from 1 April 2020 onwards:

24.9% of Salary

(in each case exclusive of the additional employer contributions payable as a result of a salary sacrifice arrangement)

The total employer contributions include a provision for:-

- the cost of the future accrual of DB benefits (net of member contributions to the DB Section),
- contributions towards the correction of the deficit in the DB section,
- non-investment related administrative expenses and PPF levies (at an assumed level of 0.4% of total Salaries), and
- the employer contributions towards DC benefits including employer matching contributions to 31 March 2019 and provision for certain investment management costs relating to the DC section, subject to review if those investment management costs exceed 0.1% of total Salaries.

Employer contributions towards DC benefits

Employer contributions towards DC benefits will be equal to 12% of Salary above the Salary Threshold and, until 31 March 2019, 1% of total Salary for those members who choose to take advantage of the employer matching DC contributions.

Employer contributions towards DB benefits

The balance of the total employer contributions net of the employer contributions towards DC benefits will be paid into the DB section. This will therefore depend for example on actual salary above the threshold (and the actual take-up rate of the employer matched DC contributions up to 31 March 2019). The actual split of the contributions will therefore depend on these factors but the table below provides an approximate indication of the split of the Employer contributions between the DB and DC Sections based on assumptions and the distribution of payroll as at 31 March 2017:-

| | Up to 31 March 2019 % of total Salaries | 1 April 2019 up to 30 September 2019 % of total Salaries | 1 October 2019 up to 31 March 2020 % of total Salaries | 1 April 2020 onwards % of total Salaries |
|-------------------------------------|--|--|--|---|
| Total payable to DB section | 15.8% | 18.2% | 21.2% | 23.6% |
| Total payable to DC section* | 2.2% | 1.3% | 1.3% | 1.3% |
| Total employer contribution | 18.0% | 19.5% | 22.5% | 24.9% |

*Includes DC management expenses of 0.1% and assumes 80% of members take up of the 1% matched option to 31 March 2019

In addition, the employer shall pay the notional member's contributions due in respect of any active member who participates in the salary sacrifice arrangement as permitted under Rule 41 at the rates summarised under Members' contributions (above).

Contributions shall fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month or by the 22nd of the following month if paid electronically. However, the Trustee can determine that payments be made earlier if appropriate and, if so, the date of payment will become the due date.

Employer contributions in respect of benefit augmentations

In addition, unless the Trustee resolves otherwise, the Employers shall pay the cost, as determined by the Scheme Actuary, of any benefit augmentations requested by the employer and approved by the Trustee.

Other Employer contributions

Other contributions may be payable by Employers as set out under the current Scheme's Trust Deed and Rules and the rate or basis of payment/due dates are set out in the Trust Deed and Rules or, where not set out, as notified by the Trustee to the Employer.

Salary and Salary Threshold

For the purposes of this schedule, Salary is as defined in the Scheme's Trust Deed and Rules.

The monthly contributions are calculated using monthly salaries determined as one-twelfth of the annual amounts. For all members with the exception of specified members (notably variable time employees in certain cases), the salary threshold is determined as one-twelfth of the amount in force for that particular Scheme year. The amount for the Scheme year 2018/19 is £57,216.50, which will increase annually in line with changes in the CPI index up to 5% pa with half of any additional increase in CPI up to 15% pa, until the outcome of a review to be completed by 31 March 2020. For certain specified members (notably variable time employees in certain cases) the application of the salary threshold is on an annual basis at the scheme year end.

For the purpose of calculating Employer contributions, Salary is deemed to be paid at the rate applicable at the commencement of maternity, paternity, adoption, shared parental leave or sick leave during such leave (but increased in line with any salary increases awarded to the member during such leave), irrespective of actual amounts paid to the member.

Arrangements for other parties to make payments to the Scheme

There is no provision except in specific, limited circumstances in the Scheme Rules to allow someone other than the Employers or a Scheme member to make contributions to the Scheme.

Dates of review of this schedule

This schedule of contributions will be reviewed by the Trustee and the Employer no later than 15 months after the effective date of each actuarial valuation, due no less frequently than every three years.

This schedule may be revised from time to time where revisions to it are determined by the Trustee after consultation with Universities UK (as the Employers' representative for these purposes), and provided that the Scheme Actuary certifies any changes in the rates of contributions, in accordance with Section 227 and 229 of the Pensions Act 2004.

**Signed on behalf of the Trustee
of the Universities
Superannuation Scheme**

Name

Position

Date of signing

CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS

Name of the Scheme

Universities Superannuation Scheme

Adequacy of rates of contributions

1. [I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective can be expected to be met by the end of the period specified in the recovery plan dated.....]

[I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2017 to be met by the end of the period specified in the recovery plan dated]

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature

Name

Ali Tayyebi

Date of signing

Qualification

Fellow of the Institute and Faculty of Actuaries

Name of employer

Mercer Limited

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