ACTUARIAL VALUATION AS AT 31 MARCH 2020
RECOVERY PLAN

Universities Superannuation Scheme

This recovery plan has been prepared by the Trustee of the Universities Superannuation Scheme ("the Trustee") on [date]. to satisfy the requirements of section 226 of the Pensions Act 2004, after obtaining the advice of Aaron Punwani, the actuary to the Scheme. It is part of the Trustee's plan for meeting the statutory funding objective (defined in section 222 of the Pensions Act 2004), which is that the Scheme must have sufficient and appropriate assets to cover its technical provisions.

Universities UK, as the body nominated by the Rules of the Scheme to act as the representative of the insitutions with a liability in the Scheme (the "Employers"), has been consulted on this recovery plan.

The recovery plan follows the actuarial valuation of the Scheme as at 31 March 2020, which revealed a shortfall in the assets, when measured against the Scheme's technical provisions. The size of the shortfall is dependent on whether the anticipated benefit structure reforms and covenant support measures are implemented in the anticipated timescales. The determining criterion is whether a deed is entered into effecting the benefit changes recommended by a resolution of the JNC dated 31 August 2021 in response to the rule 76.1 report with an effective date of 31 March 2020 (the "Benefit Change Deed") on or before 28 February 2022. If this takes place, the shortfall as at 31 March 2020 is £14.1bn. If no deed is entered into, the reduced level of covenant support results in an increase to the Technical Provisions and the shortfall as at 31 March 2020 is £18.4bn.

If benefit changes are implemented which are different in form to those set out in such resolution, a revision to this recovery plan could be required.

It will be reviewed, and may be revised, following the Trustee's next valuation under section 224 of the Pensions Act 2004, or earlier if the Trustee so determines.

Steps to be taken to ensure that the statutory funding objective is met

To correct the shortfall, the Employers' deficit contributions will be as follows as a percentage of uncapped Salaries, assuming the Benefit Change Deed is entered into by 28 February 2022:

From 1 April 2022: 6.3% of Salary

If no Benefit Change Deed is entered into by 28 February 2022, the deficit contributions will be as follows, reflecting the higher Technical Provisions and future service contribution requirements in this circumstance:

From 1 October 2022 to 31 March 2023:	3% of Salary
From 1 April 2023 to 30 September 2023:	6% of Salary
From 1 October 2023 to 31 March 2024:	9% of Salary
From 1 April 2024 to 30 September 2024:	12% of Salary

From 1 October 2024 to 31 March 2024:	15% of Salary
From 1 April 2025 to 30 September 2025:	18% of Salary
From 1 October 2025 onwards:	20% of Salary

Any payments will normally be made monthly, but the Trustee and employers can agree for payments to be made earlier if appropriate.

The Schedule of Contributions outlines circumstances in which accelerated payment of the deficit recovery contributions could be required.

Period in which the statutory funding objective should be met

The shortfall is expected to be eliminated in 18 years from 31 March 2020, which is by 31 March 2038, provided the Benefit Change Deed is entered into by 28 February 2022. This expectation is based on the following assumptions:

- The technical provisions will be calculated according to the method and assumptions set out in the statement of funding principles dated [date].

- The return on existing assets and the return on new contributions during the period will be as set out in the statement of funding principles dated [date] in the section headed “Assumptions used in calculating contributions payable under the recovery plan” in the paragraph headed “Investment return on existing assets and future deficit recovery contributions”.

- Total employer and employee contributions will be paid in accordance with the Schedule of Contributions dated [date], which accompany this recovery plan.

If no Benefit Change Deed is entered into by 28 February 2022, the Technical Provisions (and therefore the shortfall) would increase. Higher contributions would also be required as a result of the reduced covenant support, and the shortfall would be eliminated in 12 years 4 months from 31 March 2020, which is by 31 July 2032 under the above assumptions (noting the different technical provisions and contribution rates which would apply).

Signed on behalf of the Trustee of the Universities Superannuation Scheme	
Name	
Position	
Date of signing	

This recovery plan, dated [date] has been agreed by the Trustee of the Universities Superannuation Scheme after obtaining actuarial advice from the Scheme Actuary:

Signature	
Scheme Actuary	Aaron Punwani
Qualification	Fellow of the Institute and Faculty of Actuaries
Date of signing	
Name of employer	Lane Clark and Peacock LLP