

ACTUARIAL VALUATION AS AT 31 MARCH 2018 RECOVERY PLAN

Universities Superannuation Scheme

This recovery plan has been prepared by the Trustee of the Universities Superannuation Scheme (“the Trustee”) on XX XXX 2019 to satisfy the requirements of section 226 of the Pensions Act 2004, after obtaining the advice of Ali Tayyebi, 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 institutions 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 2018, which revealed a shortfall in the assets, when measured against the Scheme’s technical provisions, of £3.6bn.

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:

- 2% with effect from 1 October 2019
- 6% with effect from 1 October 2021

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

Period in which the statutory funding objective should be met

The shortfall is expected to be eliminated in 10 years from 31 March 2018, which is by 31 March 2028. 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 XX XXX 2019
- 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 XX XXX 2019 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 contributions". Note that if full best estimate returns were assumed for the period of the recovery plan, the recovery period would be shorter, with a fully funded position expected earlier than 31 March 2028.

- Total employer and employee contributions will be paid in accordance with the Schedule of Contributions dated XX XXX 2019, which accompany this recovery plan. For the purpose of determining the period over which the shortfall is expected to be eliminated it is assumed that the total contribution rate is reviewed after the next actuarial valuation so that the contributions towards the deficit remain at the levels stated above.

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

Name

Position

Date of signing

This recovery plan, dated XX XXX 2019 has been agreed by the Trustee of the Universities Superannuation Scheme after obtaining actuarial advice from the Scheme Actuary:

Signature

Scheme Actuary

Qualification

Date of signing

Name of employer

Address