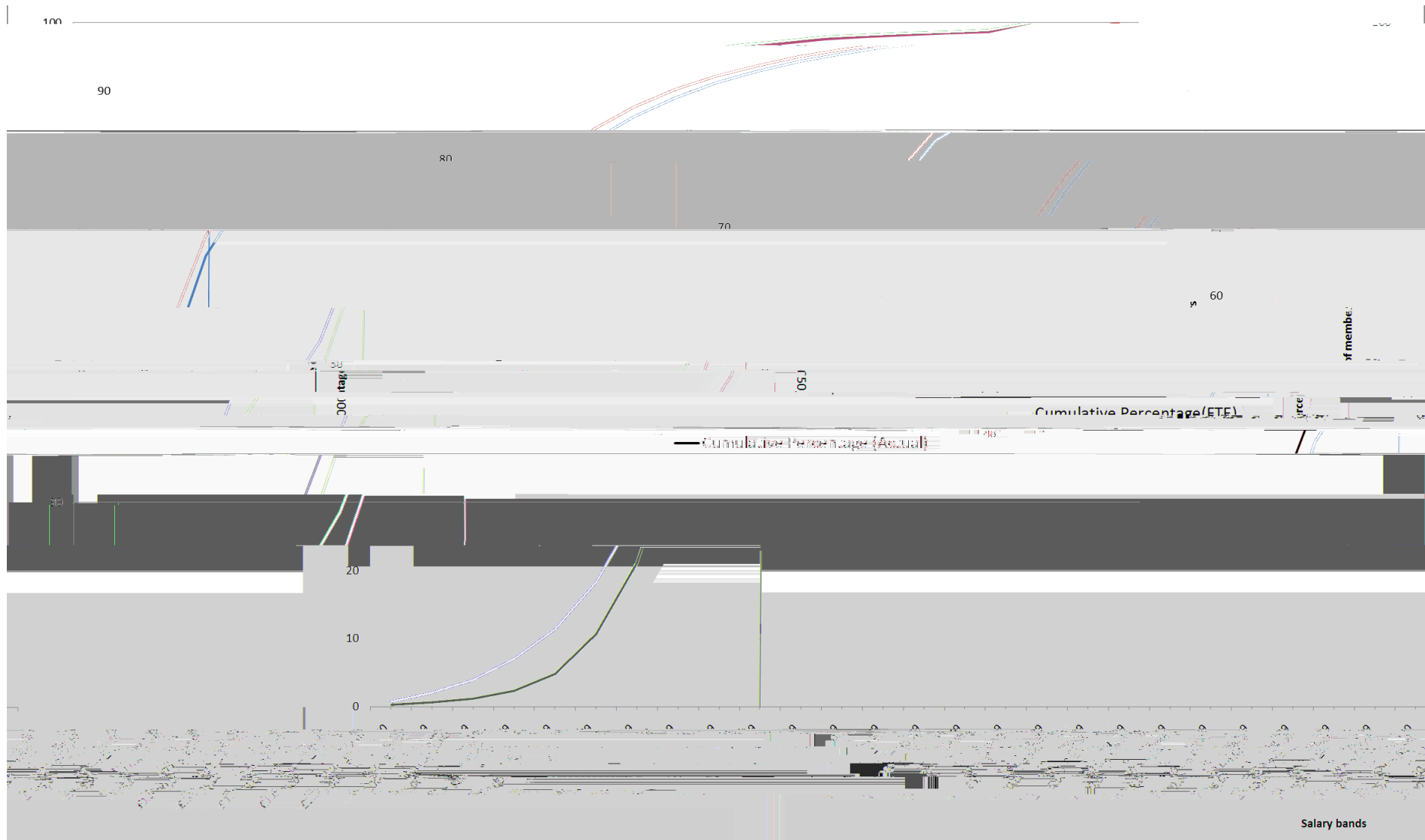


Figure 2: Salary profile of USS membership (currently in final salary section) at 31 March 2014



Members currently in the final salary section, whatever their salary, would have their existing pensions protected at the point the changes come into effect. Benefits for past service (i.e. up to the date of change) for existing final salary members would be calculated based on their pensionable salary at the date of the change (calculated as if they had left service at that date). From this date these existing pensions would be revalued each year in line with the consumer prices index (CPI).

Members currently in the final salary section at the point the changes come into effect would move into the CRB section for future accrual of their pension, up to a salary threshold of £50,000.

Members currently in the CRB section would continue to have their past service revalued in line with the CPI. Those with salaries below the £50,000 salary threshold would see no change in the way their defined benefit (DB) pension builds up in the future.

Those earning over £50,000 would build up future defined benefits in the CRB section on their salary up to the £50,000 threshold. Pension on salary above the threshold would be provided in a new defined contribution (DC) section with an employer contribution of 12% and an employee contribution of 6.5%.

The DC section provides a flexible cash sum you can use as you wish on retirement. For example, you could take the entire amount as cash, though you would have to pay tax on part (generally 75%) of it, use it to buy additional pension, or keep it invested and withdraw ad hoc amounts as and when you need them.

The DC fund illustrations in the examples which follow are based on an investment return of 5.5% a year; the actual rate of return could be higher or lower than this.

In option (b) of each example we have shown how much pension you might be able to buy with approximately 75% of the DC fund used to purchase an annuity. If you decide to use your DC fund to buy a pension with different features, for example with no adjustment for inflation or provision for death benefits, it could be noticeably higher than that shown in the example. It is your choice how you use your DC fund.

No matter how much you earn, you would have the opportunity, if you wish, to pay in an extra 1% of salary, which would be matched by your employer to build up an additional flexible DC fund.

Most importantly, if USS continues as it i

Important information about the legal status of this document

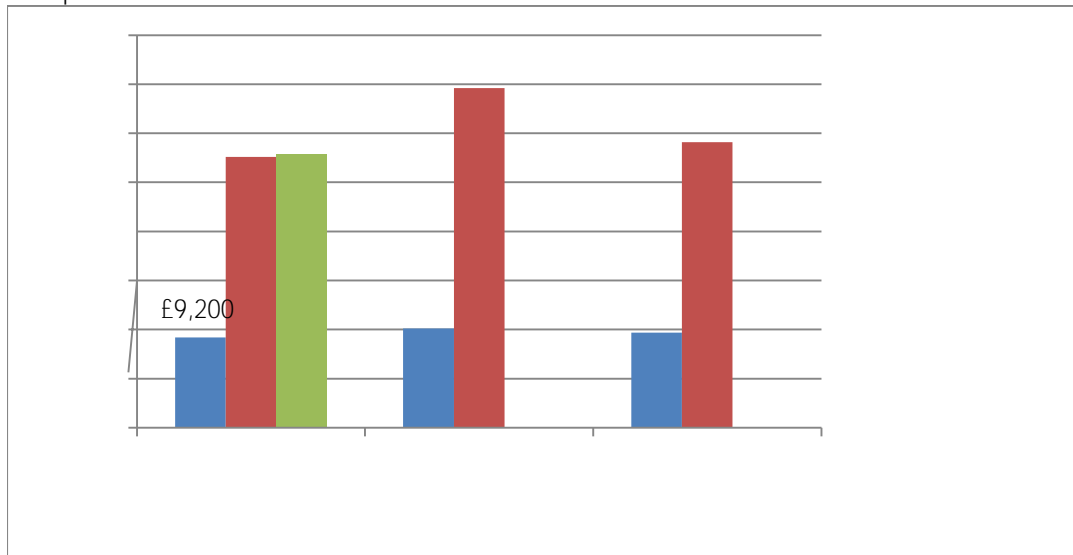
This analysis, including any appendices, has been prepared at the date given for illustrative purposes only, using a range of assumptions which are available on request. As such, it should not be used or relied upon by any person for any other purpose and all third parties are hereby notified the report shall not be used as a substitute for any enquiries, procedures or advice which ought to be undertaken or sought by them.

This report was based on data available to us as at the date of the report and takes no account of developments after that date. With respect to data/information on which we

Example 1: New "fast progression" academic, 20 years' future service

This example looks at a member who joins USS on the date the new benefit structure comes into effect, and leaves with 20 years of future service in the hybrid scheme. The member joins as a Lecturer (or equivalent) and then receives incremental salary increases and progresses with no delays through to the top of that grade with the maximum contribution points.

Comparison of future service benefits



	Employers' proposals: member option (a)	Employers' proposals: member option (b)	Current scheme projections (CRB section)
Total pension	£9,200	£10,100	£9,700
Total lump sum	£27,600	£34,600	£29,100
Flexible DC fund	£27,900	£0	£0

Example 2: New entrant lecturer, 30 years' future service

This example looks at a member who joins USS on the date the new benefit structure comes into effect, and later leaves with 30 years of future service in the hybrid scheme. The member joins as a Lecturer (or equivalent) higher up the pay scale than in example 1 and achieves six years of immediate

Example 3: Mid-career "fast progression" academic, 20 years' past service, 10 years' future service
This exa

Example 4: Mid-career researcher/academic on professorial "fast track", 20 years' past service, 10 years' future service

This example looks at a member who joined USS as a member of the final salary scheme 20 years before the new benefit structure comes into effect, and later leaves with 10 years of future service under the new hybrid scheme. The member joined USS as a Lecturer, incremented and progressed, achieving their first professorial promotion after 17 years and their second after a further four years. They then remain at this level for the rest of their career.

Comparison of total service benefits

Employers'
proposals:
member option (a)

