

Actuarial report at 31 March 2025

Universities Superannuation Scheme



This report was commissioned by and is addressed to the Trustee of the Universities Superannuation Scheme (“the Scheme”) and is the second actuarial report since the actuarial valuation at 31 March 2023.

Its purpose is to provide an estimate of the ongoing funding position at 31 March 2025 and an indication of the required contribution rate to fund future service benefits based on market conditions as at 31 March 2025.

The Trustee is required to share this report with the Scheme’s participating employers within seven days of receiving it. Some of the information in this report also needs to be included in the next summary funding statement for members.



Aaron Punwani FIA C.Act
Partner
Appointed Scheme Actuary

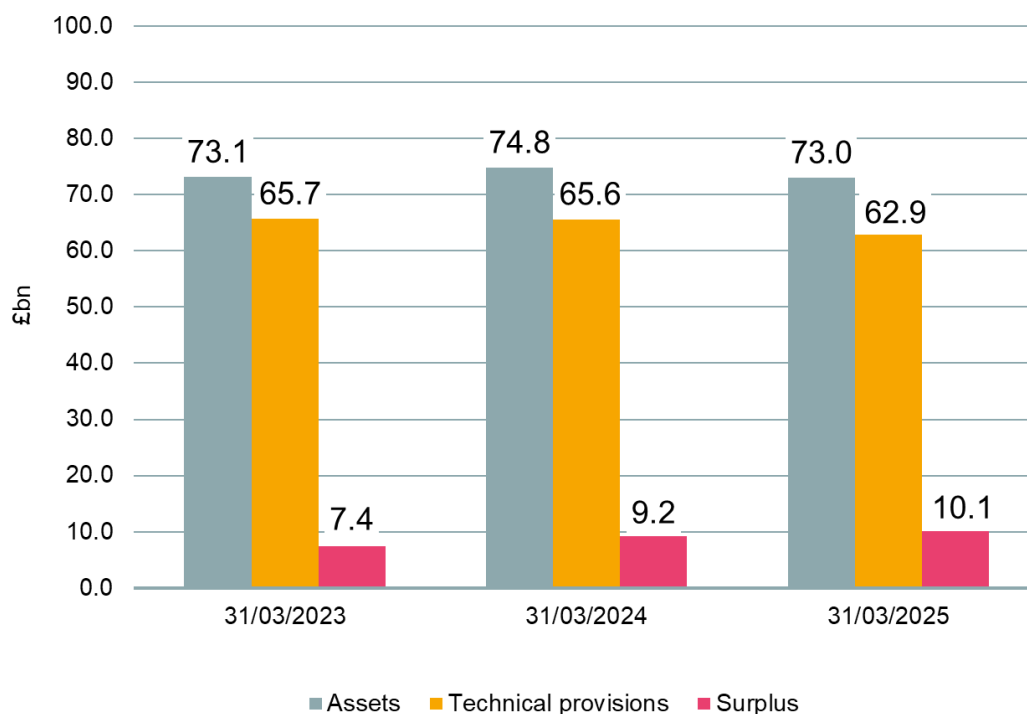
Use of our work

This work has been produced by Lane Clark & Peacock LLP and Aaron Punwani as the Scheme Actuary (“we” or “us”) under the terms of our written agreement with the Trustee of the Universities Superannuation Scheme (“Our Client”). This work is only appropriate for the purposes described and should not be used for anything else. It is subject to any stated limitations (eg regarding accuracy or completeness). Unless otherwise stated, it is confidential and is for your sole use, although we acknowledge that you are required to pass it to the employer(s) sponsoring the Scheme, and that you may make it available to Scheme members. You may not provide this work, in whole or in part, to anyone else without first obtaining our permission in writing. We accept no liability to anyone, including but not limited to Scheme members and employers, who is not Our Client. If the purpose of this work is to assist you in supplying information to someone else and you acknowledge our assistance in your communication to that person, please make it clear that we accept no liability towards them.

Professional Standards

This report is part of the work in connection with the valuation of the Scheme. The report has been produced for the information of interested readers and not with the intention that it should support any decision that they may make. Our work in preparing this document together with the accompanying cover paper complies with Technical Actuarial Standard 100: General Actuarial Standards.

Estimate of funding position at 31 March 2025



The above chart shows the estimated funding position as at 31 March 2025, alongside the estimated position at 31 March 2024 and the final results of the 31 March 2023 actuarial valuation for comparison.

The estimated surplus increased by £0.9bn over the year to 31 March 2025. The main reason for this is an increase in the discount rates over the period. This effect was partially offset by a reduction in the value of the Scheme's assets. The increase in estimated surplus over the period since March 2023 is explained by similar factors, although the past service benefit changes introduced on 1 April 2024 have acted to reduce that overall increase.

The calculation of the estimated technical provisions as at 31 March 2025 is consistent with the Trustee's Statement of Funding Principles (SFP) dated 20 December 2023. The SFP records that the 2023 valuation assumptions took account of market conditions at 31 March 2023 and in taking a consistent approach, the Trustee could be expected to adopt different assumptions at other dates. The assumptions used in this report reflect those used for the Trustee's regular monitoring of the Scheme's financial position as at 31 March 2025. A summary of the assumptions is set out in Appendix 2.

Estimate of future service contribution rate based on financial conditions at 31 March 2025

The indicative future service contribution rate based on financial conditions as at 31 March 2025 is **17.4%** of Salary.

The above figure compares with a result of 20.6% of Salary calculated based on financial conditions as at 31 March 2023 for benefits being earned following the changes from April 2024. This is the contribution rate currently being paid in aggregate by members and employers.

The estimated future service contribution rate has reduced due to the higher discount rates noted above.

Scope

The calculations in this report have been prepared in accordance with the requirements of the Pensions Act 2004 and the Occupational Pension Schemes (Scheme Funding) Regulations 2005. This document does not constitute an actuarial investigation of the Scheme under Rule 76.1.

This work has been undertaken assuming that there are no specific decisions for you to take as a result of this report. Please contact me if you do intend to take some specific actions on receiving this report, as it may then be appropriate for me to provide additional advice.

The next full actuarial valuation is due as at 31 March 2026.

The headline figures in this note have been calculated by the USS Funding Strategy Team using PFaroe, the Trustee's third-party valuation tool. I have reviewed the figures for reasonableness in view of the statutory requirements for an annual actuarial report. I am satisfied that the results are suitable for the purposes of this report.

Method

The technical provisions as at 31 March 2025 have been estimated by calculating projected benefit payments from the Scheme based on a projection of the Scheme membership data as at 31 March 2024 and the demographic assumptions adopted for the actuarial valuation as at 31 March 2023. The data used is summarised in Appendix 1. The figures also allow for an estimate of a further year's benefit accrual to active members based on the membership as at 31 March 2024. The projected cashflows have then been discounted to 31 March 2025 using the discount rates described in Appendix 2 to derive the estimate of the technical provisions.

The indicative contribution rate for future service benefits has been derived using a consistent method to the technical provisions calculation.

The actuarial assumptions used for this purpose are intended to be consistent with the Statement of Funding Principles dated 20 December 2023. They are not necessarily the assumptions I would have recommended if an actuarial valuation had been carried out as at 31 March 2025, which would have been informed by further analysis and advice, for example a full analysis of membership experience up to the valuation date, and would have been subject to a formal consultation process. Further, the outcome of an actuarial valuation now would also be influenced by the requirements of the new funding regime, which did not apply to the 2023 valuation.

I have assumed that all membership experience over the period from 31 March 2024 to 31 March 2025 was in line with the assumptions used in calculating the technical provisions, as set out in the Scheme's Statement of Funding Principles. If the Scheme's experience was significantly different from these assumptions or if there were significant events of which I am not aware, then the technical provisions based on a full actuarial valuation could be different from the estimated figures in this report.

This report does not consider the solvency level of the Scheme, either on an insurance company buy-out basis or on a basis relative to the compensation provided by the Pension Protection Fund. The cost of buying out benefits with an insurance company is likely to be significantly higher than the technical provisions.

Consistently with the actuarial valuation at 31 March 2023, the figures in this report relate solely to the defined benefits section of the Scheme, other than the future service contribution rate which includes allowance for contributions to the defined contribution section.

Prepared on 23 October 2025

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Appendix 1

Data used in our calculations

I have used the membership data as at 31 March 2024 provided by USS Limited, supplemented by information on contributions and benefits paid over the period to 31 March 2025 as summarised below. A summary of the membership data as at 31 March 2024 is shown in the table below (31 March 2023 membership data in brackets).

Category	Number	Total Salaries/Pensions (£'000 pa)
Active members	224,987 (214,374)	11,157,000 (10,320,000)
Deferred pensioners	243,580 (227,518)	597,000 (524,000)
Pensioners	106,714 (101,978)	2,109,000 (1,937,000)
Total	575,281 (543,870)	

In addition to the numbers in the table above there were 1,170 (1,298 in 2023) children receiving a child dependant's pension. The pensionable salary figures for active members have been obtained by totalling uncapped salaries. The pension figures for deferred pensioners have been obtained by totalling members' past service pensions as at 31 March 2024, with no allowance for the 1 April 2024 increase. The pension figures for pensioners and beneficiaries have been obtained by totalling members' pensioner in payment at 31 March 2024 but including the 1 April 2024 increase.

In addition, I have allowed for the general increase in CPI since 31 March 2024 as it applies to pension increases, as shown in the table below.

	%
CPI in the year to September 2024	1.7
April 2025 pension increases	
Pension accrued pre-October 2011 (subject to uncapped CPI increases)	1.7
Pension accrued post-September 2011 (subject to "soft cap" CPI increases)	1.7

Asset value at 31 March 2025

I have used a total asset value at 31 March 2025 for the defined benefits section of £73.0bn, as set out in the audited Scheme accounts.

Contributions and benefit payments over the period to 31 March 2025

I have allowed for total contributions to the defined benefit section of £2.1bn and total benefit payments from the defined benefits section of £2.9bn over the year to 31 March 2025 (including provision for benefits payable), as set out in the audited Scheme accounts.

Appendix 2

Actuarial assumptions

The key financial assumptions used are intended to be consistent with the Trustee's Statement of Funding Principles dated 20 December 2023, taking account of financial market conditions and the outlook for future returns as at 31 March 2025. The financial assumptions at 31 March 2023 and 31 March 2024 are shown for comparison.

	31 March 2025	31 March 2024	31 March 2023
	% pa	% pa	% pa
Price inflation (CPI)	3.0	3.0	3.0
Return from gilts	5.1	4.3	3.7
Discount rates – assumed return above gilts			
Pre-retirement	1.8	2.0	2.5
Post-retirement	0.6	0.8	0.9

The above rates for gilt returns are illustrative single-equivalent rates. In practice, full gilt yield curves have been used in the calculations.

As at 31 March 2025, pension increases before and after retirement are assumed to be 3bps higher than CPI for uncapped pension increases (2024 and 2023: 3bps higher) and 3bps lower for "soft cap" pension increases (2024 and 2023: 3bps lower)¹.

All non-financial assumptions are as set out in the Statement of Funding Principles dated 20 December 2023.

¹ As at 31 March 2023, an additional assumption for pension increasing in line with CPI with a minimum each year of 0% and maximum of 2.5% was required. Following the benefit changes with effect from 1 April 2024, this assumption is not required.