

# ACTUARIAL VALUATION AS AT 31 MARCH 2017 RECOVERY PLAN

## **Universities Superannuation Scheme**

This recovery plan has been prepared by the Trustee of the Universities Superannuation Scheme ("the Trustee") on 28 January 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 2017, which revealed a shortfall in the assets, when measured against the Scheme's technical provisions, of £7.5bn.

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 5% of total uncapped Salaries with effect from 1 April 2020. 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**

Based upon an assessment date of 31 March 2017, the shortfall is expected to be eliminated in 17 years and 3 months from 31 March 2017, which is by 30 June 2034. This expectation is based on the following assumptions:

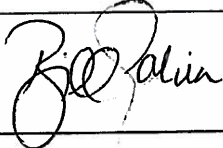
- The technical provisions will be calculated according to the method and assumptions set out in the statement of funding principles dated 28 January 2019:
- The return on existing assets and the return on new contributions during the period will be as set out in the statement of funding principles dated 28 January 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 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 30 June 2034.

ACTUARIAL VALUATION AS AT 31 MARCH 2017

Page 2

- Total employer and employee contributions will be paid in accordance with the Schedule of Contributions dated 28 January 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 5% of total uncapped Salaries.

Signed on behalf of the Trustee  
of the Universities  
Superannuation Scheme



Name

BILL GALVIN

Position

GROUP CHIEF EXECUTIVE OFFICER

Date of signing

28 January 2019

This recovery plan, dated 28 January 2019 has been agreed by the Trustee of the Universities Superannuation Scheme after obtaining actuarial advice from the Scheme Actuary:

Signature



Scheme Actuary

Ali Tayyebi

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

28 January 2019

Name of employer

Mercer Limited

Address

4 Brindley Place  
Birmingham  
B1 2JQ