

SCHEDULE OF CONTRIBUTIONS

Universities Superannuation Scheme (the "Scheme")

Status of this document

This schedule has been prepared by the Trustee of the Universities Superannuation Scheme ("the Trustee") to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Ali Tayyebi, the actuary to the Scheme appointed by the Trustee.

This document is the first schedule of contributions, in respect of the 31 March 2014 valuation, put in place for the Scheme. It supersedes all earlier versions.

After discussions, a pattern of contributions was determined by the Trustee on 24 July 2015 after consultation with 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") for the purposes of the consultation required by the Trustee with the Employers under Section 229 of the Pensions Act 2004.

The Trustee has signed this schedule on page 4 to indicate that it represents an accurate record of the pattern of contributions so determined.

The schedule is effective from the date it is certified by the Scheme Actuary on page 8.

Salary Threshold and DC Benefits Implementation Date

All elements of the proposed benefit changes will not be implemented from 1 April 2016, and instead will be implemented over a phased period. The implementation approach decided upon by the Trustee involves the ending of final salary pension provision as at 31 March 2016 with the salary threshold above which DC benefits accrue commencing at a later point. In this statement the Salary Threshold and DC Benefits Implementation Date is defined as the commencement date for DB benefits to be limited to the Salary Threshold (see below) and for the commencement of the DC section benefits based on salary above the Salary Threshold and for the employer matching DC contributions of 1% of total Salaries. It is assumed that the Salary Threshold and DC Benefits Implementation Date will be as soon as practicable and in any case no later than 6 months after 1 April 2016 (i.e. by no later than 1 October 2016). Benefits during this interim period (if any) will be based on a DB accrual rate of 1/75th of Salary.

The Trustee will confirm the Salary Threshold and DC Benefits Implementation Date no later than October 2015.

Contributions to be paid to the Scheme from 24 July 2015 to 31 March 2031, subject to review following the next actuarial valuation

Members' contributions

Active members shall pay contributions monthly on the following basis:

For the period up to 31 March 2016:

Current Final Salary (FS) section members – 7.5% of Salary

Current Career Revalued Benefits (CRB) section members – 6.5% of Salary

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For the period from 1 April 2016:

All members – 8% of Salary (and from the Salary Threshold and DC Benefits Implementation Date contributions relating to Salary over the equivalent monthly salary threshold will be paid in to the DC Section, with the remainder paid in to the DB Section)

From the Salary Threshold and DC Benefits Implementation Date members can also elect to pay further contributions into the DC Section of which the first 1% of total Salary will be matched by the employer.

These contributions will be deducted from salary by the Employers and paid towards the Scheme by the 19th of the following month.

Where an active member has entered into a salary sacrifice arrangement as permitted under Rule 38, the active member shall not be required to contribute. The Employer will instead pay additional employer contributions to the Scheme equivalent to those which the member would have been obliged to pay but for the salary sacrifice arrangement.

This schedule does not cover the Employers' commitment to pay across to the Trustee additional voluntary contributions made by members

Appendix A sets out in full other contributions payable by members e.g. contributions payable in special cases under the current Scheme's Trust Deed and Rules.

Employers' contributions

The Employers will pay total contributions to the Scheme no less frequently than monthly at least as follows:-

For the period up to 31 March 2016

16% of total Salaries

For the period after 31 March 2016

18% of total Salaries

(in each case exclusive of additional employer contributions payable as a result of a salary sacrifice arrangement)

The total employer contributions include a provision for:-

- the cost of the future accrual of DB benefits (net of member contributions to the DB Section),
- contributions towards the correction of the deficit in the DB section,
- non-investment related administrative expenses and PPF levies (at an assumed level of 0.4% of total Salaries), and
- (from the Salary Threshold and DC Benefits Implementation Date) the employer contributions towards DC benefits including employer matching contributions and provision for certain investment management costs relating to the DC section, subject to review if those investment management costs exceed 0.1% of total Salaries.

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Employer contributions towards DC benefits

From the Salary Threshold and DC Benefits Implementation Date, Employer contributions towards DC benefits will be equal to 12% of Salary above the Salary Threshold and 1% of total Salary for those members who choose to take advantage of the employer matching DC contributions. Based on the funding methodology and assumptions agreed by the Trustee it is expected that employer contributions towards DC benefits are expected to be initially 2.5% of total Salaries.

Employer contributions towards DB benefits

As mentioned above, all elements of the proposed changes will not be implemented from 1 April 2016. In the period from that date to the Salary Threshold and DC Benefits Implementation Date all employer contributions will be paid towards DB benefits (and also non-investment related administrative expenses and PPF levies).

From the Salary Threshold and DC benefits Implementation Date, the balance of the employer contributions of 18% of total Salaries net of the employer contributions towards DC benefits will be paid into the DB section. This will therefore depend for example on actual salary above the threshold and the actual take-up rate of the employer matched DC contributions. Based on the funding methodology and assumptions agreed by the Trustee it is expected that employer contributions towards DC benefits are expected to be initially 2.5% of total Salaries, with the balance of contributions being equal to 15.5% of total Salaries paid to the DB section from the Salary Threshold and DC Benefits Implementation Date. This is shown below, alongside a breakdown of contributions up to 31 March 2016 and additionally from 1 April 2016 to the Salary Threshold and DC Benefits Implementation Date in line with the approach that not all elements of the proposed changes will be implemented from 1 April 2016:-

	Up to 31 March 2016 % of total Salaries *	From 1 April 2016 to Salary Threshold and DC Benefits Implementation Date % of total Salaries	From Salary Threshold and DC Benefits Implementation Date % of total Salaries
Future accrual of DB benefits	14.9%	15.1%	13.0%
Expenses	0.4%	0.4%	0.4%
Past service deficit	0.7%	2.5%	2.1%
Total payable to DB section	16.0%	18.0%	15.5%

* The future service rate is based on the 2014 assumptions, the current accrual structure but after allowance for the breaking of the final salary linkage at 1 April 2016 for the final salary members. The deficit contribution rate is then the balance up to the 16% contribution rate.

In addition, the Employers shall pay the notional member's contributions due in respect of any active member who enters into a salary sacrifice arrangement as permitted under Rule 38 at the rates summarised under Members' contributions (above).

Contributions shall fall due on the last day of each calendar month in respect of that month, and shall be paid by the 19th of the subsequent month. However, the Trustee can determine that payments be made earlier if appropriate and, if so, the date of payment will become the due date.

Employers' contributions in respect of benefit augmentations

In addition, unless the Trustee resolves otherwise, the Employers shall pay the cost, as determined by the Scheme Actuary, of any benefit augmentations requested by the Employers and approved by the Trustee.

Salary and Salary Threshold

For the purposes of this schedule, Salary is as defined in the Scheme's Trust Deed and Rules.

The monthly contributions are calculated using monthly salaries determined as one-twelfth of the annual amounts. For all members with the exception of specified members (notably variable time employees in certain cases), the salary threshold is determined as one-twelfth of the amount in force for that particular Scheme year. The amount for the Scheme year 2016/17 is £55,000, which will increase annually in line with changes in the CPI index up to 5% pa with half of any additional increase in CPI up to 15% pa, until the outcome of a review to be completed by 31 March 2020. For certain specified members (notably variable time employees in certain cases) the application of the salary threshold is on an annual basis at the scheme year end.

For the purpose of calculating Employers contributions, Salary is deemed to be paid at the rate applicable at the commencement of maternity, paternity, adoption, shared parental leave or sick leave during such leave (but increased in line with any salary increases awarded to the member during such leave), irrespective of actual amounts paid to the member.

Arrangements for other parties to make payments to the Scheme

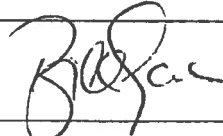
There is no provision except in specific, limited circumstances in the Scheme Rules to allow someone other than the Employers or a Scheme member to make contributions to the Scheme.

Dates of review of this schedule

This schedule of contributions will be reviewed by the Trustee no later than 15 months after the effective date of each actuarial valuation, due every three years.

This schedule may be revised from time to time where revisions to it are determined by the Trustee after consultation with Universities UK (as the Employers' representative for these purposes), and provided that the Scheme Actuary certifies any changes in the rates of contributions, in accordance with Section 227 and 229 of the Pensions Act 2004.

Signed on behalf of the Trustee
of the Universities
Superannuation Scheme



Name

Bill Gravin

Position

Group CEO

Date of signing

24 July 2015

APPENDIX A

All references to scheme rules in this appendix are to the current rules of USS as at 1 June 2015.

Members' contributions:

Contribution type and (USS Rule)	Rate or basis of payment	Due date
Interest on late member ordinary contributions (7.2).	Rate of interest approved by the Trustee.	Interest is payable within 60 days of a demand by the Trustee.

Employer contributions:

Contribution type and (USS Rule)	Rate or basis of payment	Due date
Additional employer contributions to meet the actuarial cost of early retirements awarded before normal pension age, other than on grounds of <i>incapacity</i> (7.1).	Based on actuarial advice.	These contributions are due within 60 days of the date on which the amount payable has been specified by the Trustee to the <i>institution</i> . [Note: any contributions not paid within a timescale to be determined by the Trustee and communicated to the <i>institution</i> may carry interest at the rate approved by the Trustee.] An <i>institution</i> may request that these contributions are paid by instalments over three, five or ten years. In these cases the dates for payment are dealt with in the notification of <i>member's</i> retirement form (ME5).
Employer contributions for <i>members</i> temporarily absent (40.3.2, 39.4.2, 39.1.3, 39.2.3, 39.2.5, 7.2).	The basis for calculation is defined in the Scheme Rules.	The due date is the same as that for employer ordinary contributions.
Other Employer contributions (9.4, 10, 38.1, 43.2, 7.2)	The basis for calculation is defined in the Scheme Rules.	The due date is the same as that for employer ordinary contributions.
Additional mental health officer contributions.	Based on <i>actuarial advice</i> for each such <i>member</i> .	The due date is the same as that for employer ordinary contributions or, if later, within 60 days after the amount payable has been determined or agreed by the Trustee and notified to <i>institutions</i> .
Additional contributions where the assets of a transferring scheme do not meet the expected liabilities (45, 47).	Based on <i>actuarial advice</i> .	If calculated by reference to an employees' salary the due date is the same as that for employer ordinary contributions. Otherwise the due date is the 60 th day after the amount payable has been determined or

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Contribution type and (USS Rule)	Rate or basis of payment	Due date
Additional contributions for new institutions to secure benefits in respect of members' employment prior to joining USS (41, 47).		agreed by the Trustee or on or before such other date as the Trustee determines under the relevant rule and notifies the <i>institution</i> .
Additional contributions for new institutions where additional liabilities exist for a category of members joining USS (41, 47).		
Interest on late employer contributions (7.2).	Rate of interest approved by the Trustee.	Interest is payable within 60 days of a demand by the Trustee. The Trustee also has the power to levy an administration charge.

Other special cases:

Contribution type and (USS Rule)	Rate or basis of payment	Due date
Member contributions at a different rate in special cases (6.2 and Schedules 2 and 16 to 18).	The basis for calculation is defined in the Scheme rules and/or specified in <i>actuarial advice</i> .	The due date is the same as that for employer ordinary contributions.
Additional member contributions in salary reduction cases (Schedule 6).	The basis for calculation is defined in the Scheme Rules.	The due date is the same as that for employer ordinary contributions.
Employer additional special contributions (47).	As determined by the Trustee.	The due date is the 60 th day after the amount payable has been determined or agreed by the Trustee and notified to the <i>institution</i> . In certain circumstances the Trustee may determine that the additional contributions can be paid by monthly or other periodic instalments.
Additional contributions identified by an <i>institution</i> or the Trustee.	Additional contributions identified by an <i>institution</i> or the Trustee as part of an annual reconciliation exercise.	These contributions are payable within 60 days of demand by the Trustee.
Other additional contributions for new institutions or specific categories of new members (41).	Such rates as agreed by the Trustee.	The due date is the same as that for employer ordinary contributions.

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Contribution type and (USS Rule)	Rate or basis of payment	Due date
Employer contributions to meet debt under section 75 of the Pensions Act 1995 (43.2).	As calculated by the Scheme Actuary in accordance with section 75.	In accordance with and on receipt of a written demand from the Trustee.
Employer contributions required by an approved withdrawal arrangement, a withdrawal arrangement or a scheme apportionment arrangement or a flexible apportionment arrangement (43.2).	As required by the terms of that arrangement.	As required by the terms of that arrangement.



CERTIFICATION OF SCHEDULE OF CONTRIBUTIONS

Name of Scheme

Universities Superannuation Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 March 2014 to be met by the end of the period specified in the recovery plan dated *24 July 2015*.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated *24 July 2015*.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature

Scheme Actuary

A Tayyebi

Qualification

Fellow of the Institute and Faculty of Actuaries

Date of signing

24 July 2015

Name of employer

Mercer Limited

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