

**NOTE: This consultation document was first circulated to Universities UK (UUK) in November 2017.**

**UUK's response informed a formal actuarial report submitted to the Joint Negotiating Committee in December 2017. This actuarial report set out the Trustee's conclusions on the scheme's funding position (based on the existing level of scheme benefits).**

# **Universities Superannuation Scheme**

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## **2017 Actuarial Valuation**

### **Addendum to consultation with Universities UK on the proposed assumptions for the scheme's technical provisions and Statement of Funding Principles**

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Date: 10 November 2017

## 1. Introduction

This addendum is issued as a supplement to the consultation with UUK dated 1 September (Original Consultation). All terms used here are defined in that Original Consultation document (*'2017 Actuarial Valuation: A consultation on the proposed assumptions for the scheme's technical provisions and recovery plan'*).

The Original Consultation contained one "interim" assumption marked as "provisional", namely the mortality assumptions set out in table 15. The trustee has now finalised its assessment of longevity experience and agreed the Scheme Actuary's recommendation on its mortality assumption for the 2017 valuation.

The trustee sets out the detail of the assumption here to complete the formal consultation having already supplied UUK with the detail behind its construction as part of ongoing stakeholder discussions. The trustee would like to confirm all the assumptions for the Technical Provisions that would be used in relation to the current benefit structure at its 23 November board meeting and asks that UUK provides its consultation response to this addendum by noon on 22 November.

## 2. 2017 mortality assumption

The mortality assumptions recommended by the Scheme Actuary differ from those used in the 2014 valuation, as a result of a comprehensive analysis of the experience of USS members up to 31 December 2016. These recommended assumptions are summarised in Table 1.

Table 1. Recommended mortality assumptions

Element	Proposed assumptions
Mortality Base Tables	<p>Updated from 2014 based on fresh analysis using up-to-date data</p> <ul style="list-style-type: none"><li>• <b>Male:</b> Standard table fitted to USS experience<ul style="list-style-type: none"><li>○ Post-retirement: <b>S1NMA_Light</b> (2002) with weight 96.5%</li><li>○ Pre-retirement: <b>AMCO0</b> (duration 0) (2000) with weight 71%</li></ul></li><li>• <b>Female:</b> Standard table fitted to USS experience<ul style="list-style-type: none"><li>○ Post-retirement: <b>RFV00</b> (2000) with weight 101.3%</li><li>○ Pre-retirement: <b>AFC00</b> (duration 0) (2000) with weight 112%</li></ul></li></ul>
Mortality Improvements	<p>Updated from 2014 based on fresh analysis using up-to-date data</p> <ul style="list-style-type: none"><li>• Improvements: 2016 CMI mortality improvements<ul style="list-style-type: none"><li>○ Period smoothing parameter of 8.5</li><li>○ Long-term improvement rate of 1.8% p.a. for males and 1.6% p.a. for females</li><li>○ Other parameters as per core parameters</li></ul></li></ul>

### 2.1 Comparison with 2014 and the 2017 preliminary proposal

The recommended male base tables have slightly lower mortality than if based on the 2014 assumption for ages from the low 70s to age 86 and slightly higher mortality above and below this range. The recommended mortality improvement assumptions are generally lower than in 2014, but the long-term improvement rates for males and females are higher than the 1.5% used for both in 2014.

Relative to the preliminary proposal used in the consultation, the recommended base tables are the same, except for being rolled forward through time to 31 March 2017 using the new mortality improvement assumptions and updated for late reported deaths. This leads to small differences in

base tables. The preliminary proposal used in the consultation used involved CMI 2015 for the mortality improvement assumption, the recommended mortality improvement assumptions have been updated to reflect the observed recent slow-down in improvements for the England and Wales population.

### ***2.2 The impact on the valuation results***

The impact of these recommended mortality assumptions on the 2017 valuation relative to those used in 2014 is a reduction in the liability of £0.7bn or 1.1% of the liability, and a reduction in the required contribution rate of 0.6%.

Relative to the provisional assumptions used in the Original Consultation with UUK this corresponds to a reduction in the liability of £0.2bn and a reduction in the required contribution rate of 0.4%.