



# Reflections on 2022 with Bill Galvin

## Video transcript

As we come to the close of 2022, I want to wish all our members a very happy holiday period.

2022 will go down as a year of significant change - for USS, for the economy, and for the world at large given the tragic events in Ukraine.

In USS terms I can't start to sum up the year, without talking about the changes introduced in April to the benefits members build up in the scheme. I know these changes have been deeply unwelcome, but they were in response to challenging funding conditions and, they have put the scheme on a more robust footing for the future.

As we head into 2023, we are cautiously optimistic that there may be more palatable options available for stakeholders at the next valuation, than there have been in the last several.

Why? Well, we've clearly faced some turbulent times in the global economy this year, but interest rates have been increasing across the world in response to global events and to rising inflation. Higher interest rates are (broadly speaking) good news for pension schemes. Ten years of declining rates appear to have reversed in just a few months, though it remains quite volatile.

Simon and the team at USS Investment Management have and continue to navigate these challenges, with a constant focus on protecting the scheme, and members' financial interests. The result is that we are almost certainly in a better funding position today than 12 months ago.

We've also taken some important steps towards our ambition to be Net Zero by 2050, with new interim targets towards that goal, we've introduced a climate tilt to a portion of our funds and a new £500m Sustainable Growth mandate. You can find out more about this work in our TCFD report, which is on the website.

So, 2023 is coming, and brings with it the next full valuation of the pension scheme. The 2023 valuation may present, as I've said, the opportunity for both employer and member representatives on the Joint Negotiating Committee, to consider improvements to the scheme. Obviously, we don't have a crystal ball but as things stand today, there are grounds to be cautiously optimistic.

And on that note, I want to wish you all a very happy Christmas and New year, from everyone at USS.

Reflections on 2022 with Bill Galvin V1