

Key findings from the research

Below you will find a summary of the key findings from the research which have informed the design of the USS Investment Builder.

- USS manages £49bn of investments and provides retirement saving solutions for around 330,000 academic and senior staff in the higher education and related sectors in the UK;
- USS is an open, trust-based, private, funded pension scheme, almost half (150,000) of its membership are actively contributing to the scheme;
- Research by the Pensions Policy Institute found that members with higher pay, higher educational qualifications, higher levels of core defined benefit, and lower levels of debt were much more able to withstand financial shocks and manage the risks involved with defined contribution saving;
- USS carried out an extensive peer review, and partnered with A2Risk to deliver the attitudes to risk survey, which received almost 10,000 responses. In addition to the survey, USS partnered with Ignition House to complete qualitative and quantitative research through focus groups involving 115 members from seven different academic institutions;
- USS members are much more likely to stay within the higher education and related sectors (thus maintaining membership of the USS) than other private sector workers who may move between companies, and even sectors, potentially building up retirement savings in a number of different types of pension scheme over the course of their working lives;
- Unlike most UK private pension schemes, which have typically moved to a wholly defined contribution (DC) arrangement, USS has retained a defined benefit (DB) element (the USS Retirement Income Builder), thus USS members are able to have greater certainty about their retirement income;
- The certainty provided by the USS Retirement Income Builder means USS members are likely to be able to afford to use their USS Investment Builder more flexibly than those relying solely on a typical DC scheme;
- All of these factors point to USS members having a secure base from which they can ensure they are well prepared for retirement;
- Almost half (49%) of members responding to the survey indicated they were 'likely or very likely' to make additional contributions in order to access the match from employers. If this proves typical of USS's active membership some 75,000 may increase the amount they save towards retirement. This is compared to around 10,000 who make additional voluntary contributions into the trustee's money purchase AVC arrangement currently;
- Aspects of the new USS Investment Builder which were particularly attractive to members were options for clearly risk-labelled blended funds and an ethical investment fund – with nearly half attracted to the concept of a fund which screened out investments in areas such as arms, fossil fuels, tobacco and companies which exploited child labour or did not respect workers' rights;
- Of the members responding to the survey, 2% indicated an interest in a Sharia-compliant fund, equating to around 3,000 active USS members.