Dear colleague,

This letter sets out the changes to the Universities Superannuation Scheme, following the 2017 valuation.

The changes

<table>
<thead>
<tr>
<th>Your contributions</th>
<th>Your employer’s contributions</th>
<th>The match</th>
</tr>
</thead>
<tbody>
<tr>
<td>On 1 April 2019, the amount you pay to build up benefits in USS will rise* from 8% of your salary to 8.8%. There are two more increases planned: • one on 1 October 2019, which will see your contributions rise to 10.4%, and • one on 1 April 2020, which will take your contributions to 11.4% of your monthly pay.</td>
<td>On 1 April 2019, the amount your employer pays in respect of your benefits and to run USS will rise from the equivalent of 18% of your salary to 19.5%. There are two more increases planned: • one on 1 October 2019, which will see employer contributions rise to 22.5%, and • one on 1 April 2020, which will take employer contributions to 24.2%.</td>
<td>From 1 April 2019, the employer element of the match will stop. This means, if you have the match, your employer will stop matching your 1% contribution after your March payday. If you want to cancel the match, visit My USS. If you’ve already cancelled the match, you don’t need to take any further action.</td>
</tr>
</tbody>
</table>

*Members with Enhanced Opt-Out will not be affected by contribution increases.
Contributions from members with a Voluntary Salary Cap will rise on salary up to the level of the cap. Any optional contributions to keep life cover and ill-health benefits will continue to be extra. See the factsheets in the resources section of www.uss.co.uk for information on Enhanced Opt-Out and the Voluntary Salary Cap.

Why we are making the changes

In the 2017 valuation, we found that the cost of providing your USS benefits has risen. We told the scheme’s stakeholders, the University and College Union (UCU) and Universities UK (UUK), which represent USS members and employers respectively. UCU and UUK representatives make up the Joint Negotiating Committee (JNC), which decides what contributions members and employers need to pay, and/or how benefits might have to change in the light of each valuation.

The JNC couldn’t agree a way forward, so in the absence of a decision, the default cost sharing provisions became operational under the USS scheme rules. The cost sharing provisions determine how the contribution increases are split, with 35% of the rise paid by USS members and 65% paid by your employers.

They are intended to make sure we can meet the costs of providing USS pension benefits and reducing the deficit identified by the 2017 valuation. We have agreed to phase in the contribution increases in the hope that, with a will on all sides, the JNC can agree on a longer term way forward through the 2018 valuation and before the later rises take effect.
What you need to do

Think about budgeting for the contribution increases – see how the contribution increases will impact your take-home pay at www.uss.co.uk/impact. You may also want to use a budget planner like the one on the government’s Money Advice Service website (www.moneyadviseservice.org.uk) to plan your outgoings.

If you have the match, and haven’t already cancelled it or chosen to cancel it from your March 2019 payday, decide whether you want to keep making additional contributions to the USS Investment Builder after 1 April 2019. For information on all the options available to you with the USS Investment Builder, see the member guides on www.uss.co.uk.

What you get from your USS membership

Being a USS member means you build up guaranteed benefits for the future in the USS Retirement Income Builder and you have a range of flexible options with the USS Investment Builder:

<table>
<thead>
<tr>
<th>Saving for the future</th>
<th>Value for money</th>
<th>Peace-of-mind</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Your employer makes significant contributions</td>
<td>• You get tax relief on the contributions you make</td>
<td>• You have three times your salary in life cover</td>
</tr>
<tr>
<td>• You can choose to pay what additional contributions you want to make to boost your USS Investment Builder pot</td>
<td>• Your employer covers most investment and administration costs</td>
<td>• Your loved ones could be eligible for benefits, should the worst happen</td>
</tr>
<tr>
<td>• You build income, tax-free cash lump sums and savings for the future</td>
<td>• You benefit from USS’s economies of scale</td>
<td>• You can take control of how you save for the future, with My USS</td>
</tr>
<tr>
<td>• You can choose to take your USS Investment Builder cash in a way that suits your lifestyle</td>
<td></td>
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</table>

Keep in touch

To keep in touch with all of the latest news from USS and for useful information on planning for your future, check out the updates at www.uss.co.uk/updates

Summary funding statement

The summary funding statement outlining our financial position based on the 2017 valuation of USS is now available at www.uss.co.uk/2017sfs. Future summary funding statements will also be available on our website.

The summary funding statement shows you how our assets compare with our liabilities (the returns we expect on the investments we make to fund your benefits compared with the amount we need to pay future pensions and the costs of running USS).

If you’d prefer a printed copy of the summary funding statement, let us know by calling the Member Service Desk on 0333 300 1043, completing the online form at www.uss.co.uk/contact or writing to us at Universities Superannuation Scheme Limited, Royal Liver Building, Liverpool, L3 1PY, with details of your request.
Your Guide to USS

Your Guide to the Universities Superannuation Scheme has been updated. It covers all the main features of USS and contains useful information about your USS benefits. You can download it from our website at www.uss.co.uk/guides.

Yours sincerely,

Mel Duffield
USS Pensions Strategy Executive

Resources

For more information on the match, go to www.uss.co.uk/members/members-home/the-uss-scheme/the-match

You’ll need your password and PIN to log into My USS - go to www.uss.co.uk/members/login

If you’ve forgotten your password or need help logging into My USS, call the Member Service Desk on 0333 300 1043

For details on other changes to USS and the recent employer consultation, visit www.uss.co.uk/how-uss-is-run/valuation

If you want to seek financial advice, you can find a financial adviser at www.unbiased.co.uk – you may be charged a fee for any advice received

For any other information, talk to the pensions team at your workplace