

# Final salary pensions schemes for all of **US**

## Management MYTHS

Here are some management myths, before we rebut their “facts”

### Management Myth

The University is negotiating with the unions to provide a sustainable and affordable pension scheme.

### Fact

Unite and UNISON have showed their willingness to negotiate, and involved their national pension experts in initial negotiations. Despite progress towards a solution at the consultation workshops in 2007, it became clear that management were refusing to negotiate with us over the continuation of USPAS to new members; Unite see this as a central provision of the package. This management refusal to negotiate has provoked the first strike on local issues in the history of the University.

### Management Myth

The University cares about the pension arrangements of staff not in USPAS

### Fact

Management have provided no comparisons of the existing Final Salary scheme to their proposed DC scheme, or explained how much risk contributors to the new scheme will bear. Management are preventing staff not currently in USPAS from joining, unless within six months of starting employment.

### Management Myth

The University is acting properly with due regard to process and external considerations

### Fact

**They have failed to consult as required by Pensions Regulations:**

*“The employer must consult ... Prospective members of the pension scheme i.e. employees who have not joined the pension scheme but would be eligible to join the scheme.”*

*“They should provide ... An illustrative worked example to give an indication of how the proposed change will affect the employee’s future pension arrangements”*

Presumably management have not provided information on their proposed DC scheme because it would show how poor it is compared to the existing Final Salary scheme.

### Fact

As well as ignoring Unite, they are ignoring the national discussion promoted by UUK and UCEA over a 10 year Pension Strategy for Higher Education – funded by HEFCE to address these issues.

[http://www.ucea.ac.uk/en/Pay\\_and\\_Conditions/pensions/](http://www.ucea.ac.uk/en/Pay_and_Conditions/pensions/)

### Fact

As far as Unite understand, of over 100 UK universities, all provide final salary schemes to faculty and all but three provide final salary schemes to support staff. Sussex management wants to be the fourth to refuse to provide a final salary scheme to new support staff.

## MANAGEMENT DISTORTIONS - response to their Myths and Facts

### Management claimed Myth

o *That the University has reduced its Employer contribution to USPAS from 18.1% to 9.8% (as incorrectly stated in writing by UCU this week).*

### Management claimed “Fact”

o *Under its proposal, the University’s Employer contribution to USPAS is 24.6%, increased from its contribution of 19.5% prior to the last valuation. The table below shows the Employer contributions (i) prior to the last valuation; (ii) during the temporary period agreed by Council; and (iii) under the University’s proposal:*

### Rebuttal.

**Unite has not seen the UCU document they refer to. However, in their “fact” management are conflating employee contributions and employer contributions and measures to address a deficit in past service with contributions required for future service. Council agreed an interim payment pending discussion of the future of USPAS. The employer contribution for future service is currently 18.1%, with employees contributing 6%. Their new proposals have employees contributing 9% and the employer contributing 13.5%. The employee contribution increases by 50% whilst the current employer contribution falls by 25% Under the scheme rules, the employer has to make up the deficit re past service commitment – deficits which arise from poor actuarial advice re longevity, poor fund performance, costs of early retirement and pension contribution holidays.**

### Management claimed Myth

o *That USPAS will become unaffordable to keep open as a scheme if its membership falls - i.e. if USPAS is closed to new entrants.*

### Management claimed “Fact”

o *Under its proposal, the University has proposed to **protect** employees from any increase in contribution rate due to the ageing effect<sup>2</sup> of members in the scheme once it is closed to new entrants: the University will bear the cost of this “ageing” effect itself.*

### Rebuttal

**Final salary pension schemes that are closed to new members are at extreme risk from further reductions in benefits. As the cohort of staff in the final salary scheme become a smaller and smaller part of the workforce, their ability to negotiate and protect themselves weakens. Even if you trust the assurances of the current management (and how may staff feel they can trust the current management ?) there can be no trust on future managements. Management has not provided independent actuarial assurance that benefits are safer under a closed scheme than than under an open scheme.**

### Management claimed “Fact”

o *The University has also made clear that keeping the scheme open to new entrants carries substantial risk that would make the scheme unviable and would bring about its closure for current members.*

### Rebuttal

**This is how management make it clear:**

*“The University calculates that keeping USPAS itself open for new entrants would create liabilities estimated at just under £500m by 2030, likely to make contribution rates in practice unaffordable for members and creating a very significant risk to the University in meeting any further shortfall in funding.”*

**The Director of HR is scare-mongering over the future, quoting liabilities of £500m in 2030 - a figure plucked out of the air, based on unstated assumptions and with no mention of assets. This is propaganda, not analysis. Sussex is a university that takes pride in its academic endeavors - it is obvious that the HR division does not have similar ability re rigorous analysis !**

**The University of Exeter, faced with a similar deficit in 2006, chose to auto-enroll staff into their pension scheme. Their VC is on record as saying their scheme is safe. Why is Exeter’s analysis so divergent – could Sussex Management just possibly be wrong ? Perhaps they can learn something from Exeter, Sunday Times University of the Year ...**

**Management claimed Myth**

*o That the 45% of staff who have chosen not to join USPAS are being denied pension provision.*

**Management claimed “Fact”**

*o The University has made special provision in its proposal to provide flexible pension provision for these staff plus life assurance which they do not currently have. An incentive of an additional Employer contribution has also been offered to these employees if they join the new pension scheme in its first year of operation.*

**Rebuttal**

**The University refuses to allow current employees who are not members of USPAS to join USPAS, unless they do so within six months of starting employment. This is in contrast to most other public sector schemes. At Exeter, they badger members who are not in their scheme to join, and trustee approval would only be withheld in exceptional circumstances. All new staff are auto enrolled.**

**Management claimed Myth**

*o That female members of staff will be disadvantaged by the proposal.*

**Management claimed “Fact”**

*o There are more women than men in USPAS. These women, and the men, have had their USPAS pension safeguarded by the University’s proposal.*

*o There are more women than men without pension provision because they have chosen not to join USPAS. These women, and men, will benefit from the flexible pension scheme in the University’s proposal.*

**Rebuttal**

**UNISON is considering a referral of Sussex to the Equal Opportunities Commission. See you in court ?**

**Management claimed Myth**

*o That the University is saving money under its proposal (as incorrectly stated in writing by UCU this week).*

**Management claimed “Fact”**

*o The University will be paying more money into local pension provision under its proposal than prior to the last valuation.*

**Rebuttal**

**On a “per employee” basis, the University will save money. They are committed to paying just 6% employer contribution to the DC scheme rather than the 18.1% they are currently paying for future service or the 13.5% they will pay according to their (unagreed) proposals.**

**Management will continue to pay at least 14% into USS. Employees individually will get less.**

**Management are robbing Peter to pay Paul.**

**Please support Unite and UNISON in their fight for**  
**Final salary pensions schemes**  
**for all of **

Amicus-Unite University of Sussex Branch