

LSE Pensions Advisory Group Invitation

The School is seeking interest from eligible members of LSE staff who may wish to participate in membership of the School's Pensions Advisory Group ("PAG") on future matters to be considered with regards to the USS pension arrangements.

The LSE PAG is made up of members that represent staff in roles that are eligible for membership of the USS pension scheme (salary bands 6 and above). The role of a PAG member is to help the group configure an opinion by providing input into discussions and consultations around USS pension scheme matters. The role of PAG itself is to convey the group opinion in order to assist senior School management, in an advisory capacity, with making decisions and preparing responses on these topics.

The next full actuarial valuation of the USS scheme is scheduled to be effective 31 March 2023, and the School will again be using the opportunity to engage in consultation throughout the valuation process in an effort to influence any decisions made regarding the future direction of the USS scheme.

Alongside the valuation process there are also three specific workstreams currently being investigated by stakeholders (details further below), with which the School expects to engage in further consultation, over the coming months leading up to, and beyond, the next valuation process.

It is acknowledged that group members may not be able to attend every PAG meeting, but they will be requested to complete any pre-reading and direct any comments and questions to the HR Pensions team. Meetings are scheduled on an ad-hoc basis and would typically occur no more than twice a year. However, an increase in meetings is typically required around the actuarial valuation cycle but is not expected to exceed more 4 or 5 meetings in a year at any point.

Group members are not expected to have detailed technical knowledge of the USS arrangements or wider pensions legislation. The most important attribute is to be able to offer opinions and listen to other viewpoints regarding matters which impact the wider School community eligible for those pension arrangements, with suggestions and solutions often needing to be confined within restrictive regulatory constraints.

There are currently three workstreams taking place, alongside the initial build-up work to the 2023 valuation, which were identified following the 2020 valuation as being required by stakeholders to enhance the existing USS arrangements:

- (i) Lower cost option for members: The School, amongst other employers, is extremely aware of the impact that recent increases in member contributions can have upon staff and their decisions regarding whether to join, or remain, in USS membership. A joint Universities UK (UUK), University and College Union (UCU) and USS working group has been established to investigate potential reduced cost pension benefit offerings which may be introduced by USS in order to address this concern. The School will be actively engaging with developments in this area, as future updates are made available to employers.
- (ii) Potential Alternative Scheme Designs: UUK and USS are currently working collaboratively upon some modelling around options which may deliver conditional elements of scheme design with the USS arrangement. The introduction of such conditional elements may have potential to help address the volatility in the scheme's funding position highlighted by recent valuations. The School intends to engage in

discussions on this topic when the liaison group are in a position to provide some findings on the exploratory phase of this workstream.

- (iii) Governance Review of USS: The School recently participated in a preliminary consultation by UUK on proposals to carry out an independently led review of the USS governance arrangements. UUK are currently exploring the recruitment of an independent chair for this purpose and the School is keen to be updated on the findings of this review as progress starts to be made.

With such significant activity expected to take place around the USS pension arrangements over the forthcoming months, the School expects to have more opportunities than ever to engage with stakeholders on matters of scheme design, increased options for members and influence any benefit reforms which may potentially result from future valuations.

If you would like to take this opportunity to register your interest in joining PAG, please email HR.Pensions@lse.ac.uk by the close of play on **10 February 2023**. In order to ensure that we have a broad representation from different areas of the School and a cross section of membership we may need to restrict interest to ensure that the group maintains a manageable size to achieve its objectives.