

## **Response to UUK consultation on further exploration of Conditional Indexation model for USS**

**June 2023**

Many thanks for the opportunity to comment on the work already carried out in exploring the possibility of implementing a conditional indexation model for USS.

We have digested the information provided but would wish to point out that again, this was displayed in a technical manner such that an ordinary scheme member may not fully understand. As our aim is to always seek consensus within Imperial before responding, this has made the task more onerous than it needed to be.

We have sought views from our internal staff working group and we are broadly supportive of further exploration and modelling.

The modelling set out does seem to be a fair trade-off between risk and performance in that it transfers more investment risk, and potential gains, to members whilst keeping the longevity risk within the scheme and potentially provides for better navigation through difficult periods.

Having seen the information provided by the administrators of the Ontario Teachers Pensions Plan, we would wish to see any model incorporate a more regular method of assessing funding and implementing changes. Yearly seems to work in Canada and we note that USS already regularly monitor funding in between triennial valuations, so this seems feasible.

The model would require clear and transparent rules presented clearly to restore trust amongst all stakeholders. To support this, it would be helpful if some work could be shared that would illustrate what might have happened if USS had introduced this model ten years ago. What would the impact have been on funding levels, contributions rates and the defined benefit accrual and threshold?