

## FACTSHEET: USS contribution rates

### Introduction

This factsheet explains the USS member and employer contribution rates, and the proposed changes which are being consulted on as part of the USS Employer Consultation 2021.

If the JNC's proposed changes to the Scheme take effect from 1 April 2022 there would be no changes to the contribution rates you and your employer currently pay.

Please note that, whilst this factsheet specifically looks at contributions, the consultation covers a combined package of proposed benefit changes which would be implemented together if they go ahead. To get a more detailed picture of how your future benefits might be affected by the package of proposed changes you can use the consultation modeller – go to the 'Modeller' page on the consultation website ([ussconsultation2021.co.uk](https://ussconsultation2021.co.uk)).

### Current contributions

#### What are the current contributions to USS and how do they work?

Each member of USS currently pays 9.8% of their salary to the Scheme, and their employer pays 21.4% of their salary to the Scheme - these rates came into effect on 1 October 2021.

Member contributions to USS generally benefit from tax relief, so they are deducted from your gross pay, and you only pay income tax on your pay after they have been taken off.

You may also benefit from reduced National Insurance contributions if you use 'salary sacrifice' through your employer.

#### What if you earn more than the Salary Threshold?

If you're an active member of USS and your salary is higher than the Salary Threshold (currently £59,883.65, but proposed to change to £40,000, see the [Salary Threshold factsheet](#)), then part of the contributions you and your employer are paying will go into the USS Investment Builder, the defined contribution ('DC') part of USS.

This will be used to provide you with a fund at retirement that you can use in different ways including taking as cash (subject to certain limits) or using it to provide you with an income.

While you pay 9.8% of your salary and your employers pays 21.4% of your salary into the Scheme:

- 8% of your salary above the Salary Threshold goes into the Investment Builder from you; and
- 12% of your salary above the Salary Threshold goes into the Investment Builder from your employer.

- This means a total of 20% of your salary above the Salary Threshold is used to provide you with a USS Investment Builder pot at retirement.

The rest of your contributions and your employer’s contributions are used to support the benefits provided by the USS Retirement Income Builder.

### **JNC’s proposed changes - no changes to the current contribution rates**

If the proposed changes to the Scheme’s benefit structure take effect from 1 April 2022 there would be no change to the current contribution rates. If you are an active member you would still pay 9.8% of salary and your employer would still pay 21.4%.

### **Could contributions still change?**

Yes, if no changes are made to the Scheme’s current benefit structure, then higher contributions would be needed to ensure that current benefits would be adequately funded.

This fall-back position would apply from 1 April 2022 if the proposed benefit changes were not implemented before the 28 February 2022 (in the form of an executed deed of amendment) and the current benefits remained in place.

The contribution increases that would be needed in the event of no benefit changes would be phased in over four years, as set out below. This would also give the JNC further opportunities in future to make a decision on whether to recommend changes to benefits before contributions become considerably higher.

### **Fall-back contributions if no changes are implemented**

	Members (% of salary)	Employers (% of salary)
From 1 April 2022 to 30 September 2022:	11.0%	23.7%
From 1 October 2022 to 31 March 2023:	12.9%	27.1%
From 1 April 2023 to 30 September 2023:	13.9%	29.1%
From 1 October 2023 to 31 March 2024:	15.0%	31.0%
From 1 April 2024 to 30 September 2024:	16.0%	33.0%
From 1 October 2024 to 31 March 2025:	17.1%	34.9%
From 1 April 2025 to 30 September 2025:	18.1%	36.9%
From 1 October 2025 onwards:	18.8%	38.2%

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