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Expected cash flows from the 31 March 2020 valuation

The projected cash flows in this paper have been provided at the request of our stakeholders. The cash flows are the expected benefits payable from the USS Retirement Income Builder based on the membership at the valuation date (31 March 2020). The cash flows are calculated using the proposed assumptions for the 2020 valuation which are presented in the Technical Provisions consultation documentation issued by the Trustee in September 2020. They are presented in nominal terms (i.e. allowing for pension increases as described in the consultation document). The vast majority of the Scheme’s cash flows attract increases based on CPI.

The expected cash flows relating to benefits accrued as at 31 March 2020, and those arising from one year of benefit accrual on the existing benefit structure, are shown separately. They are Technical Provisions cash flows not self-sufficiency cash flows (which are higher due to the different inflation assumption). The cash flows arising from the next year's accrual assume a normal pension age of 66. This is the applicable age following the change to State Pension Age.

The cash flows are provided in Table 1 below and are for information only. They inform aspects of the Trustee’s determination of the Scheme’s proposed Technical Provisions funding position and contribution requirements as at 31 March 2020 as presented in the consultation document and are not necessarily appropriate for other uses.

The Gilt and CPI curves used in the calculation of the Technical Provisions funding position and contributions requirements are also provided in Table 2 below.

The Trustee has not yet determined the final assumptions to be used in the valuation, and any changes might affect these expected cash flows.

The trustee does not accept any liability to third parties in relation to this information.

Table 1: Scheme cash flows (£bn)

Year to	Expected cash flows (£bn) in relation to benefits accrued at 31 March 2020	Expected cash flows (£bn) in relation to benefits projected to be accrued in 2020/21
31 March 2021	2.24	0.042
31 March 2022	2.04	0.006
31 March 2023	2.11	0.009
31 March 2024	2.16	0.011
31 March 2025	2.24	0.013
31 March 2026	2.32	0.016
31 March 2027	2.39	0.020
31 March 2028	2.48	0.023
31 March 2029	2.57	0.027
31 March 2030	2.65	0.032
31 March 2031	2.74	0.036
31 March 2032	2.81	0.041
31 March 2033	2.88	0.045
31 March 2034	2.95	0.050
31 March 2035	3.01	0.056
31 March 2036	3.08	0.061
31 March 2037	3.14	0.067
31 March 2038	3.18	0.074
31 March 2039	3.22	0.079
31 March 2040	3.25	0.085
31 March 2041	3.27	0.091
31 March 2042	3.30	0.098
31 March 2043	3.30	0.105
31 March 2044	3.31	0.112
31 March 2045	3.31	0.120
31 March 2046	3.28	0.128
31 March 2047	3.24	0.135
31 March 2048	3.20	0.142
31 March 2049	3.14	0.148
31 March 2050	3.08	0.154
31 March 2051	3.01	0.160
31 March 2052	2.94	0.165
31 March 2053	2.86	0.169
31 March 2054	2.77	0.174
31 March 2055	2.68	0.176
31 March 2056	2.58	0.178
31 March 2057	2.48	0.179
31 March 2058	2.38	0.178
31 March 2059	2.27	0.177
31 March 2060	2.17	0.174
31 March 2061	2.07	0.171
31 March 2062	1.97	0.168
31 March 2063	1.86	0.165
31 March 2064	1.76	0.162

31 March 2065	1.66	0.158
31 March 2066	1.56	0.154
31 March 2067	1.46	0.150
31 March 2068	1.37	0.146
31 March 2069	1.27	0.141
31 March 2070	1.18	0.136
31 March 2071	1.09	0.131
31 March 2072	1.00	0.126
31 March 2073	0.91	0.121
31 March 2074	0.83	0.115
31 March 2075	0.75	0.109
31 March 2076	0.68	0.103
31 March 2077	0.60	0.096
31 March 2078	0.54	0.090
31 March 2079	0.47	0.083
31 March 2080	0.41	0.077
31 March 2081	0.36	0.070
31 March 2082	0.31	0.064
31 March 2083	0.26	0.057
31 March 2084	0.22	0.051
31 March 2085	0.18	0.045
31 March 2086	0.15	0.039
31 March 2087	0.12	0.034
31 March 2088	0.10	0.029
31 March 2089	0.08	0.024
31 March 2090	0.06	0.020
31 March 2091	0.05	0.017
31 March 2092	0.04	0.013
31 March 2093	0.03	0.011
31 March 2094	0.02	0.008
31 March 2095	0.02	0.006
31 March 2096	0.01	0.005
31 March 2097	0.01	0.003
31 March 2098	0.01	0.003
31 March 2099	0.00	0.002
31 March 2100	0.00	0.001
31 March 2101	0.00	0.001
31 March 2102	0.00	0.001

Please note:

- No allowance for expenses, transfers out or DC benefits is included in the cash flows above.
- Payments in year to 31 March 2021 look high compared to the following year. This is explained as follows:
 - In respect of accrued benefits, all those above their retirement age are assumed to retire immediately; it is the payment of their lump sum on retirement that accounts for the higher figure.
 - In respect of benefits accruing, the higher figure is largely on account of death-in-service lump sums payable in the first year.

Table 2: Gilt yield and CPI curves

The Gilt yields and CPI rates below are the 1-year forward rates as at 31 March 2020.

Year	Gilt yield	CPI
1	0.18%	1.26%
2	0.18%	1.43%
3	0.19%	1.59%
4	0.17%	1.75%
5	0.16%	1.90%
6	0.20%	2.03%
7	0.33%	2.15%
8	0.53%	2.23%
9	0.77%	2.29%
10	1.00%	2.32%
11	1.20%	2.42%
12	1.35%	2.49%
13	1.43%	2.53%
14	1.48%	2.55%
15	1.49%	2.55%
16	1.49%	2.54%
17	1.47%	2.51%
18	1.44%	2.48%
19	1.39%	2.46%
20	1.33%	2.44%
21	1.25%	2.33%
22	1.14%	2.23%
23	1.03%	2.14%
24	0.92%	2.05%
25	0.80%	1.97%
26	0.70%	1.90%
27	0.60%	1.84%
28	0.52%	1.79%
29	0.45%	1.75%
30	0.40%	1.73%
31	0.36%	1.71%
32	0.33%	1.70%
33	0.32%	1.69%
34	0.31%	1.69%
35	0.30%	1.70%
36	0.30%	1.71%
37	0.30%	1.72%
38	0.31%	1.74%
39	0.31%	1.77%
40	0.32%	1.80%
41	0.32%	1.83%
42	0.32%	1.87%
43	0.32%	1.90%

44	0.31%	1.93%
45	0.31%	1.95%
46	0.30%	1.96%
47	0.30%	1.97%
48	0.29%	1.98%
49	0.28%	1.98%
50	0.28%	1.98%
51	0.28%	1.98%
52	0.28%	1.98%
53	0.28%	1.98%
54	0.28%	1.98%
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61	0.28%	1.98%
62	0.28%	1.98%
63	0.28%	1.98%
64	0.28%	1.98%
65	0.28%	1.98%
66	0.28%	1.98%
67	0.28%	1.98%
68	0.28%	1.98%
69	0.28%	1.98%
70	0.28%	1.98%
71	0.28%	1.98%
72	0.28%	1.98%
73	0.28%	1.98%
74	0.28%	1.98%
75	0.28%	1.98%
76	0.28%	1.98%
77	0.28%	1.98%
78	0.28%	1.98%
79	0.28%	1.98%
80	0.28%	1.98%
81	0.28%	1.98%
82	0.28%	1.98%