

LOCAL GOVERNMENT PENSIONS UNDER ATTACK

Dear Colleagues

Local Government Pensions are under attack

A good pension at retirement is a key part of your pay package – and the LGPS has for many years provided that

Government proposals now mean that you could be asked to pay 50% more in pension contributions and receive in return a level of benefits for your future service which is 50% less than what you are earning now.

Under the last Government we were able to reach an agreement designed to modify the Scheme to offset the rising cost of pensions to the Government. The Con-Dem Government have rejected this and want to make changes to greatly reduce their pension contributions. This is partly about cutting public expenditure and partly about a wish to set much lower levels of benefit.

Unite is seeking to resist these sweeping changes

What is being proposed ?

- **Lower pension increases** – the Government has unilaterally changed the basis of increases in pensions from being based on RPI inflation to being based on the lower CPI measure. It has been estimated this change alone could reduce the total benefits paid out in the future by as much as 15%
- **Higher contributions** – the Government has demanded that the overall member contribution level be increased by at least 3% of pay phased over three years from 2012
- **Higher pension age** – it is proposed that pension earned in future by all members would only be paid without reduction at a member's state pension age. At present this could mean 65 for the oldest members rising to 68 and higher for younger age groups, as state pension age could rise further. You could still retire at 60 but these future benefits might be reduced by 25-40% if you did
- **CARE for all** - it is proposed that final salary pensions are replaced for future service by a Career Average Revalued Earnings Pension. This would appear to mean that your future pension will be reduced by an amount determined by the amount of future incremental and promotional pension increases that you will receive
- **Lower Accrual** – it is suggested that current accrual rates are higher than are needed to provide 'adequate' pensions. No firm proposal has been made but it is clear that a substantial reduction could be involved with the pension available (at state pension age) being 20-40% less than at present

The only respite from these devastating changes is that they are saying pension earned you to now should be protected, apart from the lower pension increase when it is paid.

More information about all this is available on the Unite website - www.unitetheunion.org/resources/pensions/protecting_pensions_for_our_pu.aspx

Unite does not accept there is a need to make any of these changes. We are prepared to talk about changes to contain any genuine increase in the cost of benefits and are seeking, with other public service unions, to try and get the Government to change its approach. This includes joint legal action to try and stop the new policy on pension increases.

If the Government will not change course we will be consulting you about industrial action to safeguard your pension benefits

PETER ALLENSON

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“Local Government Pension Scheme”
www.unitetheunion.org