Pensions special

Newsletter of the Camden Unison Branch

CAMDEN EYE

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Time to halt the great Pensions Robbery

The Con-Dem coalition, aided and abetted by the New Labour peer Lord Hutton, has begun mounting an unprecedented attack on our pension scheme, the LGPS, and all other public sector workers' schemes.

The well-heeled robbers are out to get us to:

- Pay 50% more in contributions
- Work longer, and
- Accept reduced benefits on retirement.

It is an assault egged on by much of the mass media and leading figures in the main private sector employers' lobbies, the Confederation of British Industry (CBI) and the Institute of Directors. They have been keen to peddle two key myths: the schemes are "gold-plated" and "unaffordable".

There is a rich hypocrisy in corporate directors, who have scrapped final salary schemes for their own workforces, demanding the erosion of public sector schemes. While two-thirds of private sector workers now lack any occupational scheme, most big corporate directors' pension pots have grown dramatically.

Between 2007 and 2009 the average value of a FTSE-100 director's total pension shot up from £3m to £3.4m. In 2007 the average annual payout received by a FTSE 100 chief executive was £147,000. By 2009 this figure had shot up by 22% or £179,540.

The CBI director general, John Cridland, gave the game away in March article in The Guardian: surviving final-salary schemes deter companies from swooping for still more public services. So the coalition's attack on our pensions is also about paving to further and faster privatisation.

With this in mind it's a crucial time to recruit to Camden UNISON's ranks. Nearly 4,300 Camden Council employees, along with hundreds of other workers on outsourced private contracts and in the voluntary sector belong to the LGPS, yet more than a third of those are not members of a union branch that is determined to defend their pensions.

And members must be clear that halting the pensions robbery means not only letter writing, lobbying and marching, but also almost certainly taking strike action for which we must all prepare between now and this October.

George Binette
Branch Secretary

● Unless this government changes direction, it is heading for industrial turmoil on a massive scale. The government must understand that UNISON will fight tooth and nail to protect and defend public services. And UNISON will ballot one million of its members to strike to protect their pensions. This will not be a token skirmish, but a prolonged and sustained war, because this government has declared war on a huge proportion of the population.

Dave Prentis, UNISON General Secretary May Day 2011

UNISON members on strike over threat to pension scheme in 2006. This time the threst is much more serious and longlasting. Photo: Hugo Pierre

THIS GOVERNMENT WANTS US TO WORK LONGER, PAY MORE...GET LESS

The key threats are:
- *Higher pension contributions*
- *Increases in retirement age*
- *All 27 of the Hutton Commission recommendations — closing the current schemes and creating new ones*
- *The end of pension protection if you face privatisation*
- *Annual pension increases based on CPI rather than RPI*

500.000 marched together, now we need to strike together

Why other unions are striking

Other unions will be striking on 30 June. How many depends on ballot results. All are opposed to the Government's proposals which will severely reduce the value of their members' pensions.

National Union of Teachers (NUT)
www.teachers.org.uk

A leaked Treasury paper confirms the Government's intention to abandon the current teachers' pension scheme. It wants to introduce a new 'career average pay' scheme, giving teachers much less.

They are suggesting a teacher would only get 1/100 of career average pay for every year teaching. The current scheme gives 1/60 of final pay, or 1/80 of final pay plus a lump sum, depending on when you joined the scheme.

Younger teachers would have to work until 68 for a pension worth less than half of their career average pay. Older teachers would earn far less pension between now and retirement.'

Need name
Camden NUT

Public & Commercial Services Union (PCS)
www.pcs.org.uk

It is absolutely clear that PCS does not accept the need for any further cuts in the value of public sector pensions.

The changes agreed in 2006 mean our members' pensions are affordable now and for the future.

The current government, however, appears oblivious to this fact and seems determined to plough on with spiteful and totally unnecessary cuts to pensions that will only serve to increase spending on welfare for impoverished pensioners.

Mark Serwotka
PCS general secretary

Busting the myths

Public Sector Pensions are 'gold-plated'
In fact, the average occupational pension paid to retired public sector workers is £7800 per year. The higher pensions payable to those who were on a senior grade when they retired and by those who have worked in the public sector for the maximum 40 years push up the average. In fact, half of pensioners in our schemes actually get less than £5600 per year.

Local Government pensions are 'unfunded'
Not true. Local government pensions are funded by employee contributions from our salaries (ranging from 5.5% to 7.5% depending on your pay band) and by employer contributions. At the moment, more money is going into Camden's pension scheme from employee and employer contributions (£25.7m in the 4th quarter of 2010) than is being paid out in pensions to former workers (£22.5m).

We need to 'get in line' with the private sector
Private employers, in order to boost their profits, have been chipping away at their employees' pensions rights. Lots of private-sector workers do not have final salary-linked schemes and two-thirds have no pensions provision at all. However, this is not an argument for levelling down public-sector provision but for improving pensions in the private sector.

There are not enough people of working-age to support pensioners
It is true that there are more people of pensionable age than there used to be and this total will grow as more of those who were born in the 1940s and 1950s (the generation Americans call 'baby-boomers') retire. But remember that, in the 50s and 60s, when people of that generation were children - the working-age population was also supporting a large number of people too young to work. As the number of older people has increased, the number of children has decreased. So, overall, the working-age group has not changed much as a percentage of the population.

Pensions are too expensive
It is not expensive to provide decent pensions. Most of continental Europe provides the bulk of pensioners with a better standard of living in retirement than Britain. This is an issue of political choices, not economic necessity.

How long will we live?

Based on 2007–09 mortality rates, a man aged 65 could expect to live another 17.6 years, and a woman aged 65 another 20.2 years.

Life expectancy, however, is closely related to social class and income. Essentially, the richer you are the longer you live, the poorer the more likely you are to die early. Latest findings show the gap between the health of areas with the highest and lowest life expectancies (at birth) has increased sharply from 9.8 to 11.3 years for males and from 8.2 to 10.1 years for females between 2003 and 2009.

Office for National Statistics *www.statistics.gov.uk/*

JOIN UNISON TODAY!

You cannot defeat the attacks on your pension on your own. You need to join a union, a union that will fight. With nearly 3,500 members Camden UNISON is the largest union in the council. Join online or access PDFs of application forms at: *http://www.unison.org.uk/membership/*
If you are already a member why not ask your colleagues to join? There's strength in numbers. The website sets out the advantages of UNISON membership.

UPDATE DETAILS
Have you moved address or changed your job/workplace recently? If so, please update your UNISON membership record at: *www.unison.org.uk/help/*

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UNISON
the public service union

The change from Retail Price Index (RPI) to Consumer Price Index (CPI)

Historically, public service pensions increased each year by the annual increase in the Retail Prices Index (RPI). In his emergency budget in June 2010, Chancellor George Osborne announced that from April 2011 they would increase each year by the annual increase in the Consumer Prices Index (CPI). This is nearly always lower.

Why are the RPI and CPI so different?
Both RPI and CPI calculate how prices change for a basket of goods that people buy to work out the inflation rate. But there is a lot less in the CPI basket! There are significant omissions, such as changes to housing costs.
The way averages are calculated is also different The Royal Statistical Society, which represents the UK's leading statisticians, has said that CPI fails to reflect the spending patterns of pensioners and the rising costs they face.

20 million affected
Public service pension schemes have around 7.3 million pensioners and members who have left service with deferred pensions and approximately 5.4 million active members. If we were to count potential dependants and beneficiaries a case could easily be made that around a third of the UK population (about 20 million people) will be adversely affected by the change from RPI to CPI.

Pensions cut by 15%
John Hutton, in the Independent Public Service Pensions Commissions Interim Report, stated that the change in indexation to CPI will reduce the value of public service pension benefits by 15%. The government's own figures estimate that benefits will effectively be cut by 8.5% by 2017.

How is the change legal?
The wording in the Social Security legislation permits the Secretary of State to increase pensions in line with the 'general level of prices'. It does not mention which index should be used so there was not a statutory right to any particular index being used. UNISON is exploring whether it can be challenged.

Information from UNISON website: *www.unison.org.uk*

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