



# **LGPS 2014**

## **proposals for consultation**

England and Wales only

**UNISON June 2012**

**LGPS 2014** proposals for consultation



## **LGPS 2014 – NOTES FOR POWERPOINT PRESENTERS**

### **BACKGROUND READING**

Materials on UNISON Pensions website

[www.lgps.org.uk](http://www.lgps.org.uk)

## What these proposals are

- Response to coalition call for new scheme and £900m 'saving' from LGPS
- Outcome of negotiations since January between LGA, UNISON, GMB and Unite
- UNISON, GMB and Unite representing eight other LGPS unions
- Based on the principles agreed between government, unions and LGA
- And agreed by UNISON SGE's in January

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### SLIDE 2 : WHAT THESE PROPOSALS ARE

- £900 million was LGPS share of £2.8 billion demanded in 'savings' from big four public sector pension schemes by George Osborne
- Principles can be found in 'LGPS 2014 – Overview'
- Principles included combined solution to short-term (savings) and long-term (new scheme) issues (P1), CARE and 'zero increases for all or the vast majority of members' within overall financial constraints (P2) and choice to encourage recruitment and retention of members (P3)
- Principles 11 – 17 refer to governance and future cost management, currently under discussion as Workstream 2

## Consultation

- Proposals are for informal consultation by all parties
- UNISON will ballot all eligible members
- LGA and other unions will also consult
- Formal DCLG consultation in September with all stakeholders
- Will be based on these proposals – if accepted by LGA and unions

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### SLIDE 3: CONSULTATION

- Local Government and Higher Education SGE's both passed motions on 31 May and Police SGE on 7 June calling for branches to consult members and provide outcome on common template to regions to inform Regional decision-making on the recommendation. This in turn would inform SGEs' recommendation
- LG SGE's recommendation may have to be decided at pre-Conference SGE on 16 June if there are emergency motions to LG Conference calling for Conference to decide either the recommendation or calling for a rejection of the proposals. However, the process outlined in the motion will be followed as far as possible in that case
- DCLG consultation required to change current LGPS Regulations
- It will incorporate these proposals – **if they are accepted in union and Local Government Association consultation/s**
- If they are not, DCLG could consult on alternative proposals

## Coalition objectives - history

- Defined contribution schemes
- RPI > CPI indexation imposed. Unions lost legal challenge and appeal
- Hutton Commission and report
- CARE schemes with 1/100 accrual
- £900m – 3.2% contribution increase
- All new schemes to start from April 2012
- No protection, no 'fair deal'

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### SLIDES 4 AND 5: Coalition objectives

- This has changed over course of Coalition lifetime
- What we have now is significant improvement on original objectives – defined contribution schemes and CARE schemes with 1/100 accrual
- Hutton Commission – wanted an end to Fair Deal. Said that public sector schemes should not be open to outsourced workers
- LGPS members faced 3.2% increase in contributions PLUS worse scheme from 2012
- Ballot and 30 November action led to improved Reference Scheme and retention of fair deal – if new schemes accepted
- BUT... Regions reported that most members did not want further action
- Density across local government only 50% and lower in private companies. Only 15 – 20% in some Regions. Employers and government not concerned at further action

## Coalition moves a bit...

Unions ballot members as no progress

- 'Reference Scheme' announced on eve of UNISON's ballot result with ...
- CARE scheme
- 'Improved' accrual rate –1/60
- 10 years protection from April 2012
- Link to state pension age and CPI
- Fair deal – if agreement
- N30 helped us improve on Reference Scheme

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### **SLIDES 4 AND 5: Coalition objectives (repeated)**

- This has changed over course of Coalition lifetime
- What we have now is significant improvement on original objectives – defined contribution schemes and CARE schemes with 1/100 accrual
- Hutton Commission – wanted an end to Fair Deal. Said that public sector schemes should not be open to outsourced workers
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## Negotiations – two strands

- Two strands - Workstreams 1 and 2
- W1 – ‘savings’ and new scheme
- W2 – cost maintenance and governance - ongoing
- Future governance critical for more democracy, cost control and consistent standards in future
- UNISON focus on member nominated reps

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### Slide 6: NEGOTIATIONS – TWO STRANDS

- Workstream 1 now complete apart from consultation
- Workstream 2 ongoing – cost control and governance
- Better governance is central to future scheme
- LGA and unions want LGPS to be governed by stakeholders at central and fund levels – Local Government Pensions Board
- LGPB will include unions
- And wrest it from DCLG/government as far as possible
- Aim to set consistent standards of governance, investment and administration for funds
- Public and transparent
- And support funds to improve



## An LGPS TU solution

- LGPS unions argued for different approach from 'Pay As You Go' scheme negotiations
- 'Savings' and new scheme together
- Danger of opt-outs greater – low pay
- Low membership levels in some employers
- Wanted to avoid contribution increase
- Valuation in 2013 helped
- Treasury and DCLG eventually agreed
- DCLG Statutory consultation for changes from April 2012 suspended during negotiations

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### SLIDES 7 AND 8: LGPS – AN LGPS TU SOLUTION AND FUNDED SCHEME

- Unions argued that LGPS should be treated differently than 'pay as you go' NHS, Teachers and Civil Service schemes
- Pushed Treasury and DCLG to allow single negotiation over 'savings' and new scheme
- Membership lower paid and more part-time
- Many already opted out or never joined
- Pensions low
- Real need to increase, rejuvenate and retain membership
- So needed different solution that encompassed contributions and new scheme
- Next triennial valuation in 2013 made it easier to argue for 'no change' until 2014
- **Very important** that statutory consultation suspended as would have meant worse accrual rate than 1/60 and higher contributions for all earning over £21,000 from 1 April 2012
- **We have no change until 2014 and no increase in contributions for 90% members**
- Also 50/50 option to enable low paid to join

## LGPS – A funded scheme

- A funded scheme with £150bn assets
- Takes in £4bn more than pays out each year
- 75% members women
- 70% members earn below £21,000
- Triennial valuations – transparent
- Low pensions - £4,200 average  
- £2,800 women

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### SLIDES 7 AND 8: LGPS – AN LGPS TU SOLUTION AND FUNDED SCHEME (REPEAT)

- Unions argued that LGPS should be treated differently than ‘pay as you go’ NHS, Teachers and Civil Service schemes
- Pushed Treasury and DCLG to allow single negotiation over ‘savings’ and new scheme
- Membership lower paid and more part-time
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## LGPS 2014 - Contributions

- No change until April 2014
- Average 6.5% contribution as now
- Employers pay 13% on 2:1 basis
- 90% members will pay the same
- Some will pay less
- More progressive – reflects tax relief
- Could be reduced before April 2014

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### Slide 9: CONTRIBUTIONS

- Average employee contribution will be 6.5%
- 90% of employees will pay the same contributions in LGPS 2014 as in LGPS 2008
- No change until 1 April 2014
- But many employers will continue to pay more than 13% because they are having to make up deficits created by contribution holidays or reductions under Thatcher
- Neither are lawful any more, but some employers paying as much as 30% because of past misdemeanours
- Those employees who pay less because of changed bandings will be those earning £15,801 - £21,000- all on 5.8% in LGPS 2014, rather than 5.9% or 6.5% in LGPS 2008
- All employees earning over £43,001 will pay more in LGPS 2014
- Except in £43,001 - £60,000 band which is quite highly populated and which is taking a big increase
- In LGPS 2008 and before, many of the highest paid were paying a smaller proportion of their earnings than the lowest paid because tax relief for them was higher
- In effect, the lower paid were subsidising the higher paid
- Contributions are now more progressive – ie they increase with earnings so accord with UNISON principles of progressive tax and benefit systems and support for the low paid
- Progressive bands also make LGPS 2014 more equality compliant
- Contributions could be reduced slightly before April 2014 because contribution yield from pay 'drift' (progression) underestimated in costing by Government Actuaries Department (GAD), so may have some money to 'spend' after 2013 valuation
- LGPS 'freeze' for 90% members compares well to 3.2% increase for NHS, Civil Service and Teachers' schemes as shown in table below
- Increases phased in from 2012 for other schemes
- If CPI remains higher than pay increases, some members will move into a lower band
- Contribution rates after tax relief go from 4.4% to 6.88%
- So LGPS 2014 meets UNISON's general objective of fair pay and benefit systems, linked to earnings and support for the lowest paid

## Basis of contributions

- Based on actual pensionable pay
- Includes non-contractual overtime and additional hours for part-time workers
- No full time equivalent for part-timers
- Their contributions based on actual earnings
- So many will pay less

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### Slide 10: BASIS OF CONTRIBUTIONS

- Unlike LGPS 2008 and before, contributions are based on actual pensionable pay
- This now includes non-contractual overtime and additional hours worked by part-time workers and those on zero hours contracts
- This means that some people will pay contributions on more of their earnings, but they will get a bigger pension
- And administration of pensions will be simpler too
- **Very important change** is that part-time workers will now pay contributions on actual earnings, not the full-time equivalent as in LGPS 2008
- **This means that many will pay less**
- In LGPS 2008 additional hours for part-time workers were not counted as they are not considered overtime until they exceed full-time hours
- This makes the LGPS 2014 more equality compliant

## Contribution rates and bands

LGPS 2014			LGPS 2008		
From	To	Gross Rate	From	To	Gross Rate
Up to £13,500		5.5%	Up to £13,500		5.5%
£13,501	£21,000	5.8%	£13,501	£15,800	5.8%
£21,001	£34,000	6.5%	£15,801	£20,400	5.9%
£34,001	£43,000	6.8%	£20,401	£34,000	6.5%
£43,001	£60,000	8.5%	£34,001	£45,500	6.8%
£60,001	£85,000	9.9%	£45,501	£85,300	7.2%
£85,001	£100,000	10.5%	Over £85,300		7.5%
£100,001	£150,000	11.4%			
Over £150,000		12.5%			

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### Slide 11: CONTRIBUTION RATES AND BANDS

- This slide shows **gross rates before tax relief**
- It shows that there are more bands in LGPS 2014
- And gross contributions go from 5.5% to 12.5%, compared to 5.5% to 7.5% in LGPS 2008

## Contributions after tax relief

Actual pensionable pay	Headline/ gross contribution	Contribution after tax relief
Up to £13,500	5.5%	<b>4.40%</b>
£13,501 - £21,000	5.8%	<b>4.64%</b>
£21,001 - £34,000	6.5%	<b>5.20%</b>
£34,001 - £43,000	6.8%	<b>5.44%</b>
£43,001 - £60,000	8.5%	<b>5.10%</b>
£60,001 - £85,000	9.9%	<b>5.94%</b>
£85,001 - £100,000	10.5%	<b>6.30%</b>
£100,001 - £150,000	11.4%	<b>6.84%</b>
More than £150,00	12.5%	<b>6.88%</b>

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### SLIDE 12: CONTRIBUTIONS AFTER TAX RELIEF

- These go from 4.40% to 6.88%
- There is a slight downward 'blip' at £43,001-£60,000 because we wanted to mitigate the large increase at £43,001

## Members in contribution bandings

Contribution band	Membership	% total members
Up to £13,500	304,895	17
£13,501 – £21,000	754,820	42
£21,001 – £34,000	546,940	30
£34,001 – £43,000	119,181	6.6
£43,001 – £60,000	54,276	3.0
£60,001 – £85,000	12,317	0.7
£85,001 – £100,000	2,403	0.1
£100,001 – £150,000	2,206	0.1
over £150,000	752	0.0

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### SLIDE 13: MEMBERS IN CONTRIBUTION BANDINGS

- These figures are based on 2010 valuation data
- 59% of members are in the two bands below £21,000
- 89% of members are in the three bands below £43,000 – the point at which contributions increase
- So the overwhelming majority of members face no increase at all
- Only 3% are in the £43,001 - £60,000 banding – the point at which contributions increase
- Only 0.9% members above that band



## Scheme design

- CARE scheme – Coalition deal breaker
- Defined benefit – as now
- 1/49 accrual rate – 1/60 since 2008
- CPI revaluation
- CPI revaluation for pensions in payment
- Normal pension age of 65 – linked to individual state pension age
- 50/50 option – new
- Everyone in new scheme from 1 April 2014

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### SLIDE 14: SCHEME DESIGN (See also comparison table on following page)

- **ALL** new public sector schemes are CARE schemes – NHS, Teachers' and Civil Service
- Civil Service has had a CARE scheme since 2008
- CARE was in Coalition Reference Scheme and a deal-breaker for the government
- No deal on contributions and the 1/49 accrual rate without CARE
- CARE schemes tend to benefit those who cannot look forward to large pay increases or promotion – sadly the majority of local government workers
- Over 50% of whom are in front-line, low paid, part-time jobs
- Inflation is expected to exceed pay increases in near future too, which will benefit those in CARE schemes
- Defined benefit – not defined contribution
- New 1/49 accrual rate is better than accrual rate in NHS – 1/54 and 1/52 (?) in Teachers' scheme
- Currently 1/60 in LGPS 2008
- CPI revaluation also in Coalition's Reference Scheme and a deal breaker
- UNISON – and other unions – challenged in High Court but lost initial challenge and subsequent appeal
- Normal pension age (NPA) of 65 will remain for LGPS 2008, but from April 2014 will be linked to each individual's State Pension Age (SPA)
- State Pension Age is due to increase under the Pensions Act to 65 for women by November 2018, to 66 for all by October 2020, to 67 between 2034 and 2036 and to 68 between 2044 and 2046. However, the government has announced that the increase to 67 will be brought forward to between 2026 and 2028, though this is not yet enshrined in legislation
- Members can find out their SPA by Googling 'State Pension Age calculator' or by going direct to [www.direct.gov.uk/en/pensions](http://www.direct.gov.uk/en/pensions)
- The link to State Pension Age was also a deal- breaker and in the Reference Scheme
- **Detailed notes on 50/50 option at Slide 20**
- Everyone will transfer to LGPS 2014 on 1 April 2014 and therefore benefit from the higher accrual rate

## LGPS, NHS, Civil Service and Teachers' Scheme compared

	Type of scheme	Definition of pensionable pay	How pensionable pay will be revalued each year to retirement	How pension will build up the accrual rate	Normal Retirement Age for service after the start of the new scheme	Average Employee contributions and how much it has increased in brackets
Local Government Pension Scheme England and Wales	CARE	All pay including all overtime and additional hours for part-time/term-time workers	Consumer Prices Index	1/49th	Age 65 or State Pension Age if higher	6.5% (no increase)
Teachers Pension Scheme	CARE	Unchanged	Consumer Prices Index Plus 1.6%	1/57th	Age 65 or State Pension Age if higher	9.6% (increase of 3.2% by 2015)
Principal Civil Service Pension Scheme	CARE	Unchanged pay excludes non contractual overtime	Consumer Prices Index	1/43th	Age 65 or State Pension Age if higher	5.6% (increase of 3.2% by 2015)
NHS Pension Scheme	CARE	Unchanged pay excludes overtime	Consumer Prices Index Plus 1.5%	1/54th	Age 65 or State Pension Age if higher	9.8% (increase of 3.2% by 2015)

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### SLIDE 15: LGPS, NHS, Civil Service and Teachers' Schemes compared

- This slide shows the scheme design for the four major public sector schemes
- They are all CARE schemes and all linked to CPI
- The Teachers' and NHS schemes have a higher revaluation rate, but worse accrual rates
- Average contributions in the The Teachers', Civil Service and NHS schemes will rise by 3.2% by 2015, while the LGPS will see no increase in average contributions
- Contributions in the LGPS will be based on actual pay, including non-contractual overtime and additional hours for part-time/zero hours workers. Non-contractual overtime/additional hours are not included in pensionable pay in the other schemes
- All four schemes are linked to the State Pension Age (SPA), but this link starts in 2014 in the LGPS, not 2012 as in the other schemes

## Protection

- Final salary link and current NPA for members in LGPS at 31 March 2014
- 2008 pension calculated on final salary at retirement – not in 2014
- 85 Rule protection maintained
- No change to pensions/benefits in payment or deferred pensions
- 'Underpin' provides at least equal pension to LGPS 2008 for all members within 10 years of 65 in April 2012 who would see rise in pension age

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### SLIDE 16: PROTECTION

- There are four types of protection in LGPS 2014
- Those in LGPS 2008 will have that part of pension linked current NPA and to final salary **at retirement age**
- **NOT** final salary at April 2014
- All 85 Rule protections will be transferred into LGPS 2014
- All pensions in payment and deferred pensions are protected
- Those within 10 years of retirement age of 65 at **1 April 2012** whose state pension age ( and therefore LGPS pension age) would rise in line with government changes, will get at least an equal pension to LGPS 2008

## Final Pension example

The next slide shows the total benefits of a member at her Normal Pension Age in 2017 after 16 years' LGPS service

- The first 7 years were in the 1997 Scheme, the second 6 years in the 2008 Scheme and the last 3 years in the new LGPS 2014. Her final pensionable pay figure is £15,320
- Her total pension is £1,340.50 + £1,532.00 + £933.67 = £3806.17
- She also gets an automatic lump sum of £4,021.50

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### SLIDES 17 AND 18: FINAL PENSION EXAMPLE

- These slides are included to demonstrate that a member in LGPS 1997, 2008 and 2014 will get a pension made up of three elements and an automatic lump sum from LGPS 1997
- LGPS 2008 and 2014 contain the option of taking a lump sum on a commutation of £12 lump sum for every £1 pension

## Final Pension example

LGPS 1997 benefits for 7 years service:	Pension [7/80 x 15320]	£1,340.50
	Automatic Lump Sum [3 x 7/80 x 15320]	£4,021.50
LGPS 2008 benefits for 6 years service:	Pension [6/60 x 15320]	£1,532.00
LGPS 2014 benefits for 3 years service:	CARE Pension	£933.67

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### SLIDES 17 AND 18: FINAL PENSION EXAMPLE (repeat)

- These slides are included to demonstrate that a member in LGPS 1997, 2008 and 2014 will get a pension made up of three elements and an automatic lump sum from LGPS 1997
- LGPS 2008 and 2014 contain the option of taking a lump sum on a commutation of £12 lump sum for every £1 pension



## Benefits

- All as now – except vesting period
- Vesting period 2 years – was 3 months
- Lump sum– £12 for every £1 of pension
- Death in service – x3 pensionable pay
- Survivors' benefits – 1/160 accrual based on enhancement of Tier 1 ill health pension to normal pension age
- Ill health provisions - same

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### SLIDE 19: BENEFITS

- No change to any benefit in LGPS 2014
- But the vesting period will change from 3 months to 2 years
- The vesting period is the period of time in which you have to be in the LGPS before you can get a pension
- If you leave before 2 years, you will get your contributions back, but no pension

## Transferred staff

- All employees compulsorily transferred to external providers under TUPE will have the right to remain in the LGPS
- Applies to subsequent TUPE transfers
- Improvement on current provision – currently employer decides whether to seek Admitted Body Status or provide stakeholder pension

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### SLIDE 20: TRANSFERRED STAFF

- This is a significant and positive change from LGPS 2008
- Currently members employed in local government and police authorities are entitled by regulation to either LGPS membership - if their new employer seeks and is granted Admitted Body Status within the LGPS – or the right to a stakeholder pension with a minimum 6% employer contribution
- LGPS members in other employers were covered by Fair Deal
- In LGPS 2014 **all** members will have the right to be LGPS members if transferred under TUPE to an external provider
- And will continue to have this right in subsequent transfers
- We will need to ensure that non-local government and police employers do not oppose this in the formal DCLG consultation
- Discussions will take place with them through the Policy Review Group convened by DCLG

## New '50/50' provision

- 50/50 option - allows members to stay in or join LGPS when pay low or financial difficulty
- For example – career break, pay loss, university fees
- 50% contributions for 50% pension
- But full ancillary benefits
- Linked to auto-enrolment 'cycle'

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#### SLIDE 21: NEW 50/50 PROVISION

- The unions argued for this in order to enable those in the scheme facing financial hardship through pay freezes, career breaks or expenditure such as university fees to remain in the scheme
- It is also designed to bring those not in LGPS into it
- There are very low levels of membership in some employers, who may not be 'auto-enrolling' employees as they should
- There has also been an increase in opt-outs
- The LGPS is an ageing scheme and needs more and younger members to sustain it
- We argued for the 50/50 option on the basis of sustainability
- Members will pay 50% contributions for a 50% pension – based on 1/98 accrual
- **BUT** they will get full ancillary benefits – death in service and survivors' pension
- **How will it work?** It will be linked to the government's new plans for 'auto-enrolment' of workers into qualifying occupational pension schemes, of which LGPS is one
- Auto-enrolment is being phased in from 1 October 2012, starting with employers with over 120,000 employees
- Those with 50,000 – 119,999 will be brought into the scheme between 1 November 2012
- Those with fewer employees will be brought into the scheme between January 2013 and February 2014
- Employees will automatically be enrolled into the LGPS at those dates
- They can opt out but cannot then re-join within a 12-month period
- Members will be able to opt out of the 50/50 scheme in line with the auto-enrolment periods
- They could opt out altogether or opt in to the main scheme

#### Will this encourage people to leave the main scheme? No!

- UNISON carried out an on-line survey to find out what members thought about a possible 'low cost' option
- 14,773 members responded
- Only 1,104 were not in the scheme
- Of those not in the scheme, 40% had been members at some point
- 30% had opted out after 2 years and 28% after 5 years
- Most (52%) gave financial hardship as the reason, but 20% had never been asked to join
- 70% of non-members said that they would consider using a low cost option, compared to 35% of existing members who said they might
- This suggests that most existing members will not move to the 50/50 option, but many non-members might join through it

#### SO, WILL MEMBERS PAY MORE, WORK LONGER AND GET LESS UNDER LGPS 2014?

- We were never going to have the same or a better scheme because the government would not have allowed it to go forward for consultation
- As it is, the accrual rate, the contribution 'freeze' for most members, the right to join the LGPS on transfer and part-time contributions based on actual pay are all improvements

## Pay more?

- Average 6.5% contributions retained
- 2:1 employer : employee ratio
- 90% pay same or less
- Only those above £43,001 pay more
- More progressive system now
- Many part-timers will pay less
- Range: 4.4% to 6.88% after tax relief

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### SLIDE 22: PAY MORE?

- Fewer than 10% of existing members will pay more
- Only those earnings over £43,001
- They are the higher paid who in the past have done well from the LGPS, while paying a lower proportion of their earnings than the lowest paid
- The employer : employee contribution ratio will remain the same
- The contributions bands are now more progressive and fairer – in line with UNISON's principles for a fairer taxation system
- Many part-time workers will pay less – especially those.....  
(insert Glyn's table here when checked)
- Some people will pay more because more of their pay is now pensionable, but they will get a higher pension as a result
- Those on low incomes or suffering financial hardship can pay less for a lower pension, but with full benefits

Effect of contribution bands being based on actual pay instead of whole time equivalent for part time workers in LGPS E&W from 2014

Whole time pay based on 37 hours a week	Part time hours a week	Actual pay	Gross contribution rate from April 2012	Gross contribution from April 2012	Contribution rate from April 2014	Gross contribution from April 2014
£15000 pa	30	£12162 pa	5.8%	£705 pa	5.5%	£669 pa
£15000 pa	20	£8108 pa	5.8%	£470 pa	5.5%	£446 pa
£15000 pa	10	£4054 pa	5.8%	£235 pa	5.5%	£223 pa
£15000 pa	5	£2027 pa	5.8%	£118 pa	5.5%	£111 pa

Whole time pay based on 37 hours a week	Part time hours a week	Actual pay	Gross contribution rate from April 2012	Gross contribution from April 2012	Contribution rate from April 2014	Gross contribution from April 2014
£18000 pa	30	£14595 pa	5.9%	£861 pa	5.5%	£803 pa
£18000 pa	20	£9730 pa	5.9%	£574 pa	5.5%	£535 pa
£18000 pa	10	£4865 pa	5.9%	£287 pa	5.5%	£268 pa
£18000 pa	5	£2432 pa	5.9%	£143	5.5%	£134 pa

Whole time pay based on 37 hours a week	Part time hours a week	Actual pay	Gross contribution rate from April 2012	Gross contribution from April 2012	Contribution rate from April 2014	Gross contribution from April 2014
£21000 pa	30	£17027 pa	6.5%	£1107 pa	5.8%	£988 pa
£21000 pa	20	£11351 pa	6.5%	£738 pa	5.5%	£624 pa
£21000 pa	10	£5676 pa	6.5%	£369 pa	5.5%	£312 pa
£21000 pa	5	£2838 pa	6.5%	£184 pa	5.5%	£156 pa

Whole time pay based on 37 hours a week	Part time hours a week	Actual pay	Gross contribution rate from April 2012	Gross contribution from April 2012	Contribution rate from April 2014	Gross contribution from April 2014
£46000 pa	30	£37297 pa	7.2%	£2685 pa	6.8%	£2536 pa
£46000 pa	20	£24865 pa	7.2%	£1790 pa	6.5%	£1616 pa
£46000 pa	10	£12432 pa	7.2%	£895 pa	5.5%	£684 pa
£46000 pa	5	£6216 pa	7.2%	£448 pa	5.5%	£342 pa



## Work longer?

- Normal pension age of 65 for LGPS 2008
- 60 for 85 Rule beneficiaries
- Individual link to SPA in LGPS 2014
- No deal with government on contributions, part-time or fair deal without SPA link
- Early retirement factors will be improved in 2013 – at next scheme valuation
- Hope to improve ill-health provisions

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### SLIDE 23: WORK LONGER?

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- The 'new' Civil Service, NHS and Teachers' schemes all have the link to SPA
- The Normal Pension Age was already 65 in the LGPS – except for 85 Rule beneficiaries
- The NPA in LGPS 2014 will be higher once the SPA increases
- Even if we had persuaded the government over SPA, we would not have got the other positive aspects of the scheme
- We anticipate improving the early retirement factors at the next valuation in 2013. We can do this because life expectancy is increasing, so those who retire early will relieve their employer of future contributions
- We also hope to improve the ill health provisions so that those in physically or emotionally demanding jobs are more likely to be eligible for ill health retirement
- We are also carrying out research to look at the impact of working longer on particular occupational groups
- And the TUC's Public Service Liaison Group has agreed to a campaign to get government to agree to a stakeholder body with union representation - similar to the Low Pay Commission - to agree the SPA
- We will continue our campaign against the increase in retirement age with this and future governments

## Get less?

- Some will, but many do better with CARE
- Especially low paid with low chance of promotion
- Some on lower contributions
- Existing members get better accrual rate from 2014 in new scheme ...
- ... and final salary link for pre-2014 service on retirement

**LGPS 2014** proposals for consultation

### **SLIDE 24: GET LESS?**

- Many members will get better pensions because a large proportion are in low paid – often part-time – jobs with few promotion prospects and are unlikely to get pay increases other than annual awards or limited annual progression payments
- These are the types of members who benefit most from a CARE scheme
- But many of them will be paying less because of the bandings and contributions based on actual earnings
- Members most likely to be promoted or receive high pay increases – usually senior managers, chief officers and chief executives – do best from final salary schemes, but take out more than they have paid in across their working lives
- Existing members will get a much better accrual rate from 1 April 2014 in the new scheme, so their pension will build up faster
- Existing members will keep the final salary link for their pension up to 31 March 2014

## How to find out more...

- Materials on UNISON pensions site
- Paper version to be distributed
- Briefings - SGEs, Regions and branches
- Pension contacts – Regional and work
- Talk to your LGPS administrator
- Or UNISON Pension section

**LGPS 2014** proposals for consultation

## Consulting members

- All members promised postal ballot
- Following consultation in branches and Regions
- SGE's to make recommendations
- Postal ballot to start in July
- Outcome feeds in to DCLG statutory consultation in September

**LGPS 2014** proposals for consultation

### SLIDE 26: CONSULTING MEMBERS

- The General Secretary promised a postal ballot to all eligible members
- (Date not determined until next week beginning 11 June, but will start in July)
- Local Government, HE and Police and Justice SGE's have all passed a similar motion calling for widespread consultation through branches leading to SGE recommendations
- LG SGE may have to take a provisional position because of emergency motions to Conference calling for proposals to be rejected, but will follow outcome of member consultation via branches
- We will start it as soon as we can, but need to leave time for more briefings and branch consultations
- GMB are balloting over August
- There is a view that we should not ballot in the school holidays, **BUT** we have to finish the ballot by the end of the third week in August in order for it to be translated into draft Regulations for consultation by CLG
- In any case, it is a postal ballot delivered to members' homes and few will be away for the whole of August
- If we do not have our consultation results by then, DCLG could consult on draft Regulations of its own!!
- We believe that it would be wrong for LG Conference to make the recommendation because the proposals were only given the 'green light' on 30 May and many members will not have heard about them or received briefings in time to mandate Conference delegations
- In any case, the LG Conference cannot make a recommendation on behalf of the Police and Justice, Water Environment and Transport (WET), Community or Higher Education Service Groups



**LGPS 2014** proposals for consultation