

APSE Catering and Cleaning Management Seminar

Part Time Workers

Part time workers need a workplace pension like the LGPS... as well as a state pension

When could Part time workers join the LGPS

Why join the LGPS

What are the other options

The new state pension

Increasing retirement ages



Protect Our Pensions **campaign**

UNISON
the public service union



Women not saving enough for their retirement

Recent study has shown only 52% of women are adequately saving for their retirement as opposed to 60 % of man.

23% of women are not saving at all above their state pension

Coupled with career breaks and lower pay women need a good state pension **as well as** a good workplace pension like the Local Government Pensions Scheme (LGPS)

Protect Our Pensions **campaign**



Women not saving enough for their retirement

A full basic state pension currently £122.30 a week for those who reached State Pension Age by April 2016 (plus any second state pension)

Or the new state pension after April 2016 (combining basic state pension and second state pension) currently £159.55 a week

ARE NOT ENOUGH WITHOUT OTHER SAVINGS/PENSIONS

Protect Our Pensions **campaign**



When could part time workers join the LGPS

If you worked half time or more you could join from April 1988 and had option in 1990 to pay to but back date service to 1972

From April 1993 you could join on any hours

From 1995 term time workers working less than 35 hours a week could join

Protect Our Pensions **campaign**



When could part time workers join the LGPS

The 1990 Barber judgement in the European Court of Justice equalised pension rights

Many women claimed against their pension scheme and have been able to back date service in their pension schemes if the rules had prevented them from joining

Now unlikely any new claims would be in time. You have to still have to working for the employer that you were working for during the years you were denied membership and claim within 6 months of leaving

Protect Our Pensions **campaign**



Why join the LGPS?

1. It is a defined benefit scheme

That means the benefits are set out in the regulations they do not depend on what is paid in or the size of the fund

2. It is a statutory scheme

That means it is one of the safest pension schemes. If necessary Local Authorities would have to raise taxes to pay for it if things went wrong with their fund or employers



Why join the LGPS?

3. The employer pays on average 18%

Whatever you pay the employer is paying a significant contribution to pay for your benefits

4. It has life cover, partners pensions and ill health cover included in what you pay

5. Contribution flexibility

You have the option to pay more to get higher contributions or less to get lower benefits if you cannot afford the full rate.

Protect Our Pensions **campaign**


UNISON
the public service union



What are the main benefits?

For service from April 2014 main differences are :-

Basic pension

instead of final salary it is Career Average Revalued Earnings (CARE)

Better Accrual Rate*

1/49th (just over 2%) instead of the previous 1/60th (just over 1.66%)

Revaluation Rate

Consumer Price Index (CPI) used to increase CARE earnings

Pensionable Pay

includes non-contractual overtime

Contribution Flexibility

Can elect to reduce contributions to 50% and get 50% accrual rate 1/98th

*Accrual rate is the fraction or % of earnings used to build up your pension for each year or part year of service

Protect Our Pensions **campaign**



Vesting Period

2 years (before April 3 months) Those who return to the LGPS within 5 years can combine their service otherwise they can take a refund of their own contributions.

Higher Normal Retirement Age Will be State Pension Age instead of 65

Can retire from age 55 Employer consent for those in service at 1 April over the age of 55 no longer required but there are likely to be high early retirement reductions

Benefits earned before the 1 April 2014 remain the same

Protect Our Pensions campaign

Focus on how much members pay since April 2017- Full rate



FROM	TO	Gross Rate	Net after tax relief
	Up to £13,700	5.5%	4.4%
£13,701	£21,400	5.8%	4.64%
£21,401	£34,700	6.5%	5.2%
£34,701	£43,900	6.8%	5.44%
£43,901	£61,300	8.5%	5.10%
£61,301	£86,800	9.9%	5.94%
£86,801	£102,200	10.5%	6.3%
£102,201	£153,300	11.4%	6.84%
More than £153,300		12.5%	6.88%

Part time workers will be put in the contribution band based on their actual pay not their whole time equivalent pay.

For the first time non contractual overtime will count towards deciding which contribution band a member will be put in.

Protect Our Pensions **campaign**





What are the other options?

1. You can opt out of the LGPS and do nothing
2. You can take out a personal pension.
 - You pay the full cost
 - It is a defined contribution arrangement you decide what to put in but no benefits or size of pot is guaranteed.
 - All the investment risk is with you
3. Under 'pensions freedoms '
 - you take your pension pot as cash after paying considerable tax



What is the true cost of changing to DC?

UNISON commissioned an independent actuary to show what be needed to match benefits of an average DB scheme.

Table 4 - With pension increases, with spouses pension						
Member age at entry	Contribution (% of Salary)	Accrual rate	Years until pot runs out	Contribution (% of Salary)	Accrual rate (15% contributions)	Years until pot runs out (15% contributions)
25	35.75%	1/60	22.7	15%	1/143	13.9
30	38.53%	1/60	22.4	15%	1/154	12.9
35	41.43%	1/60	22.2	15%	1/166	12.0
40	44.42%	1/60	22.0	15%	1/178	11.2
45	47.50%	1/60	21.7	15%	1/190	10.4
50	50.69%	1/60	21.5	15%	1/203	9.7
55	54.02%	1/60	21.2	15%	1/216	9.0



A New State Pension

- ❑ The new state pension combining the Basic State Pension with the Second State Pension started April 2016.
- ❑ there is one flat rate State Pension of £159.55(at 2017/18) per week for those with a minimum of 35 qualifying years
- ❑ It is cost neutral so there will be winners and losers

Retired members will not get the higher state pension no change for those whose SPA is before April 2016

If you haven't yet drawn your state pension you can get a statement on line :-
<https://www.gov.uk/state-pension-statement>

Protect Our Pensions **campaign**



Qualifying for full state pension

To get the new state pension of £159.55 a week you need 35 qualifying years and to have been in the old Second State Pension scheme (formerly called SERPS)

At April 2016 if you have a minimum of 30 years qualifying service you start with a pension of at least £122.30 a week. (plus any State Second Pension)

If you were in a workplace pension scheme like the LGPS and the NHSPS for many years you will not get the old State Second Pension because you were contributing to your workplace pension instead.

So the maximum pension at April 2016 will be the former basic state pension now £122.30 a week



A New State Pension

- ❑ Members of most pension schemes wouldn't get the higher state pension because the Second State Pension they would have got if they had not been in that pension scheme is offset against the £159.55 per week
- ❑ The minimum they will get is the full pre April State pension for a single person up to £122.30 per week if they have at least 30 qualifying years as at April 2016.
- ❑ Members who are working after April 2016 have been paying 1.4% (net typically around 0.9%) additional NI contributions and the employer would pay another 3.4% (net 2.6%) above pay thresholds for paying NI.
- ❑ Those whose pension was the full basic state pension at April 2016 (currently £122.30) and can get 9 more qualifying years before their State Pension Age will get the full rate currently £159.55 per week.

Protect Our Pensions **campaign**

How normal retirement age is increasing



The normal retirement age for the new Public Service Pension Schemes will be linked to State Pension Age for service after April 2014 for LGPS England and Wales April 2015 for NHS Pension Scheme and LGPS Scotland and Northern Ireland

What are they at the moment?

By October 2020 SPA will be 66. (DOB after 5 April 1954)

By April 2028 SPA will be 67 (DOB after 5 March 1961)

By April 2046 SPA will be 68 (DOB after 5 March 1978)

You can use the link below to see when people will now reach their SPA

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181343/spa-timetable.pdf

Protect Our Pensions campaign

Transitional increase of state pension age to the State pension.



Pensions Act 1995 equalised State Pension Age for men and women at age 65. Before 6 April 2010 it was 60 for women and 65 for men.

From 6 April it began to gradually increase for women. The intention was to raise it to 65 and equalise at 65 from 6 March 2020

So Women born between 6 April 1950 and 5 April 1954 have had an increased State Pension Age since 1995.

The Pensions Act 2011 increased State Pension Age for men and women from 65 to 66 originally by 6 March 2020 (now September 2020)

Since the Pensions Act 2011 the tapered increase is rising faster for women. State Pension Age will now reach age 65 for women by November 2018 and 66 by September 2020.

Men born between 6 December 1953 and 5 September 1954 have a tapered increase from 65 to 66.

Protect Our Pensions campaign

Transitional increase of state pension age to the State pension.



A little good news-

As a result of pressure on the Government including a Petition the date for equalising SPA at age 66 was pushed back from April 2020 to September 2020.

Bad news-

Large number of women (and men) worse off as a result of the 2011 changes.

UNISON is affiliated and fully supports Women Against State Pension Inequality (WASPI). This is to support women born in the 1950's who have been hit twice by changes without sufficient notice.

Link to our leaflet

<https://www.unison.org.uk/content/uploads/2017/07/24580.pdf>

We are also distributing template letters for affected women to write to the DWP

Protect Our Pensions **campaign**



Pension increases

	CPI	RPI	increase in BSP <i>at the following April</i>	Increase on Public Service Pensions the following April
September 2011	5.2%	5.6%	5.2%	5.2%
September 2012	2.7%	3.2%	2.7%	2.7%
September 2013	2.2%	2.6%	2.5%	2.2%
September 2014	1.2%	2.3%	2.5%	1.2%
September 2015	-0.1%	1.1%	2.9% Increase in average earnings in July 2015	0.0%
September 2016	1.0%	2.0%	2.5%	1.0%
September 2017	3%	3.9%	3%	3%

Protect Our Pensions **campaign**



So if nothing had changed in 2011 the state pension and public service pensions would now be higher

Increase in April	Increase in Basic State Pensions	Increase on Public Service Pensions
April 2012	5.2% (0.4% lower)	5.2% (0.4% lower)
April 2013	2.7% (0.5% lower)	2.7% (0.5% lower)
April 2014	2.5% (0.1% lower)	2.2% (0.4% lower)
April 2015	2.5% (same)	1.2% (1.1% lower)
April 2016	2.9% (0.4% higher)	0.0% (1.1% lower)
April 2017	2.5% (same)	1.0% (1.0% lower)
April 2018	3%(0.9% lower)	3%(0.9% lower)

P



How normal retirement age is increasing

The normal retirement age for the new Public Service Pension Schemes will be linked to State Pension Age for service after April 2014 for LGPS England and Wales April 2015 for NHS Pension Scheme and LGPS Scotland and Northern Ireland

What are they at the moment

By October 2020 SPA will be 66. (DOB after 5 April 1954)

By April 2028 SPA will be 67 (DOB after 5 March 1961)

By April 2046 SPA will be 68 (DOB after 5 March 1978)

You can use the link below to see when people will now reach their SPA

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181343/spa-timetable.pdf

Protect Our Pensions campaign

Transitional increase of state pension age to the State pension.



Pensions Act 1995 equalised State Pension Age for men and women at age 65. Before 6 April 2010 it was 60 for women and 65 for men.

From 6 April it began to gradually increase for women. The intention was to raise it to 65 and equalise at 65 from 6 March 2020

So Women born between 6 April 1950 and 5 April 1954 have had an increased State Pension Age since 1995.

The Pensions Act 2011 increased State Pension Age for men and women from 65 to 66 originally by 6 March 2020 (now September 2020)

Since the Pensions Act 2011 the tapered increase is rising faster for women. State Pension Age will now reach age 65 for women by November 2018 and 66 by September 2020.

Men born between 6 December 1953 and 5 September 1954 have a tapered increase from 65 to 66.

Protect Our Pensions campaign

Transitional increase of state pension age to the State pension.



A little good news-

As a result of pressure on the Government including a Petition the date for equalising SPA at age 66 was pushed back from April 2020 to September 2020.

Bad news-

Large number of women (and men) worse off as a result of the 2011 changes.

UNISON is affiliated and fully supports Women Against State Pension Inequality (WASPI). This is to support women born in the 1950's who have been hit twice by changes without sufficient notice.

Link to our leaflet

<https://www.unison.org.uk/content/uploads/2017/07/24580.pdf>

We are also distributing template letters for affected women to write to the DWP

Protect Our Pensions **campaign**



Pensions credit

It is a 'means tested benefit'

The age the Guarantee Credit is increasing with the SPA will be 66 by October 2020. It now goes up in line with average earnings it is in two parts:-

The Pension Credit that is currently 2016/17

£159.35 per week

for a single person or £243.25 per week for a couple.

Saving threshold is now £10000.

Over a third of those eligible do not claim Pensions Credit

The Savings Credit payable from age 65 - the

formula is very complex Until then you could qualify for an extra £13.20 (couple £14.90) a week **It is being phased**

out from April 2016 ! You may still be able to claim if you or your partner reached State Pension Age before April

2016

Protect Our Pensions **campaign**



Questions?

Glyn Jenkins
Head of Pensions
UNISON

g.jenkins@unison.co.uk

UNISON Pension Website

<http://www.unison.org.uk/pensions/>