NATIONAL RETIRED MEMBERS CONFERENCE

WORKSHOP REPORT 2019 – PENSIONS

The Pensions Workshop at the 2019 RM Conference at Southport was addressed by Glyn Jenkins from UNISON HQ and as usual was fully booked.

Glyn began by outlining in detail recent changes to the State Pension arrangements which seems to be an annual update. He said it had been an interesting year and would even more interesting later in the week when the result of the outstanding Judicial Review is published. This relates to the 'Backto60' group that had challenged the Government decision to determine whether the increases to the women's state pension age were lawful. The possible outcome of this decision could see the 'WASPI' group of women whose retirement age was pushed back with little or no notice looking for considerable compensation.

He quoted figures from the Rowntree Foundation under the heading 'What is an adequate pension?' pointing out that the current maximum flat rate State Pension is well below the Government poverty level and that an income from a second pension source is vital to survive. The adoption of CPI rather than RPI failed to show the real cost for survival to pensioners only entitled to a low occupational entitlement. The triple lock arrangements that had been more beneficial in times of low inflation was now under attack with the Government considering its abolition because it is said to be 'too expensive' and 'unfair on younger generations'. Current data suggested that existing arrangements could give an SP increase in April 2020 of up to 4% but the increase in occupational entitlement could be as little as 1.7% under CPI. If the triple lock was removed, then the relative value of the State Pension would start to decline as it had between 1980 and 2000 when it had been linked to price inflation. At the last election the Conservatives had pledged to remove the 2.5% minimum increase, but they needed the parliamentary support of the DUP to survive and the Irish party made its retention part of the deal to keep the Conservatives in power.

Glyn then linked the relationship between State Pension and Workplace Pensions as far as increases are concerned. Because of the complex changes to the State Pension (Serps etc) the Government introduced the Guaranteed Minimum Pension meaning that the Government then paid the increase to part of the Workplace Pension that was historically lower. Then as a result those whose State Pension age is after April 2018 will no longer get an increase on the GMP portion from the state. The next issue is those pensioners living abroad (affecting more than half a million pensioners). Those resident in the European Economic Area (EU plus Switzerland and Gibraltar) but if you live outside that designated area (Australia, Canada, New Zealand, India, Pakistan plus some countries in Africa and parts of the Caribbean) the State Pension entitlement is frozen and no increases applied.

The normal retirement age for State Pension (SPA) is gradually being increased and the retirement age for LGPS and NHS pensions are linked to this as follows:
By October 2020 SPA will be 66
By April 2028 SPA will be 67
and By April 2046 SPA will be 68
BUT these dates are under review by the Government who plan to move the dates forward!

UNISON have mounted a campaign to reassess the SPA plans asking for the introduction of flexible retirement and asking for equality assessment including the loss of carers if the SPA increases and further requesting access to unreduced State Pension entitlement for carers and those disabled. In additional facilities should be made for optional early reduced State Pension payment.

The flat rate State Pension is currently £168.80 for those who retired post April 2016 subject to a minimum of 35 qualifying years but less for earlier retirees. The government say that the poverty line is approximately £195.00 per week and for those whose income is below that level Pensions Credit may be applied for but in most cases the allowance is still below the poverty line! However, Pensions Credit was phased out in April 2016 for those in receipt of the 'full' State Pension.

Pensions Credit is a means tested benefit with a £10,000 savings threshold and over a third of those eligible do not claim either because of ignorance or the complexity of the system. In addition, from May this year Pensions Credit is not available to those whose spouse has not reached SPA.

Moving very briefly on to Work Place Pensions Glen pointed out that an increasing number of Defined Benefit Schemes do not guarantee a level of benefit with entitlement based on contributions paid, whilst Defined Contribution Schemes like the LGPS and NHSPS are closing to new members especially in the areas of Universities and Utilities (i.e. Water Companies).

Glyn finished referring to the future effects on the LGPS of the pooling of Assets and their associated costs and the ongoing estimates of longevity.

He then answered questions from the floor until time ran out.

John Walker

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National Committee

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