

PENSION STORM CLOUDS GATHER

3% Osborne Pension Tax

Opposition to the Chancellor's announcement that there would be a £1bn tax on members of the LGPS continues. Members are urged to ask write to their MP and ask them to sign GMB's Early Day Motion - Number 1538. A template letter to send to your MP is attached to this bulletin.

CPI Challenge

Alongside a host of other trade unions and pensioner groups, GMB is launching a Judicial Review into the government's imposed change to public sector pension scheme's indexation of pension benefits. As outlined in the last bulletin, this has already seen members lose an increase of 1.5% on their pension.

Benefit Reform

Following the report by Lord Hutton, the government is looking at reducing pension benefits and raising the scheme pension age. While GMB supports progressive reform, we do not believe that benefits should be cut.

LGPS Valuations

On average employer contributions are increasing by less than 2% and the funds are around 80% funded. Those funds who have not taken significant contribution holidays in the past have fared better than others with funds such as Tameside, the Environment Agency and Dyfed maintaining a funding level of over 90%.

Headline writers will use the valuations for their own purposes but members should be confident that the current LGPS is financially sustainable. Deficits from the past, largely brought about by employer underfunding, are being addressed while the 2008 reforms are ensuring the current cost of members' pensions are properly funded.

State Pension Reform & National Insurance

Even the government's proposals to change the state pension system will have an effect on the LGPS. One of the options for reform involved the abolition of contracting-out and the State Second Pension. The LGPS is contracted out which means members pay 1.6% less national insurance on earnings between £102 and £770 a week. If this policy is pursued members would pay the full rate of national insurance on top of the additional contributions required by the Osborne Pension Tax.

GMB IS FIGHTING THESE CHALLENGES. STAND WITH US.

Join GMB at www.gmb.org.uk/join