

## PENSIONS - FURTHER INFORMATION

- **The changes made basing index linking from RPI to CPI** have already happened and will further reduce pensions.
- **Many low paid staff have already opted out of the LGPS** – an average of 25% of eligible workers are not paying into the scheme, and in some authorities less than 50 per cent of workers are paying in
- **Many LGPS members are facing tough choices about their outgoings** in the face of a pay freeze and the soaring cost of living including food, transport and energy prices. The 80% of local government workers earning £21k or under have not received the £250 compensation during what is so far a two-year pay freeze, unlike other parts of the public sector. Contribution increases will mean many will not be able to afford to continue to pay into the scheme
- **The threshold of £15k to protect 'low paid' workers from paying more is far too low.** The Joseph Rowntree Foundation's "Minimum Income Standard" for a working couple with two children is at least £36,800 for a minimum acceptable standard of living – an average of £18,400 each
- **Many part-time staff whose actual earnings are less than £15k will not be protected from having to pay higher contributions** because their full-time equivalent earnings on which their pension is based would be above that. In local government two thirds of our workforce are part-time
- **The uncertainty about just what our pension will be worth in future years means many workers are losing confidence in the benefits of paying into the scheme.** The current proposals for LGPS are due to take effect in 2014, but a whole raft more detrimental changes are expected from 2015. **Workers are increasingly questioning whether it will be worth our while to continue paying more and more in.** The uncertainty that has blighted confidence in private sector money-purchase schemes is spreading to public sector schemes

If there are large scale opt-outs from the LGPS, the consequences could be catastrophic.

On current terms the LGPS will be cash rich for 15-20 years – it currently takes in £4bn more each year than it pays out. If the changes trigger large scale opt-outs, the Scheme will be in deficit within 5 years. **Far from sustaining public sector schemes for the future, the changes could be bringing about their demise**