



MAY 2010 NEWS BRIEFING

This GMB News Briefing aims to give an overview of recent developments in the Pensions World for Trustees, Activists, Officers and anyone with an interest in pensions news. It incorporates the Member Nominated Trustee News.

THIS MONTH:

Occupational Pensions Proposals – just the one new proposal received during May

The World of Pensions under the new Coalition - the joint pensions policies examined

Equitable Life Update

Pension Protection Fund Funding Update

Pensions Department at GMB Congress

Case Studies Needed

OCCUPATIONAL PENSION PROPOSALS

Although there has been a surge in proposals to change pension plans this year, with many consultations still ongoing, the last month has seen a significant dip in new occupational pension proposals. During May there was only one significant proposal that we were advised of at RPC who are proposing the closure of their defined benefit plans.

Please keep the Pensions Department advised of any proposed pension changes you are notified of.

NEW GOVERNMENT PRIORITIES

The coalition government published a list of priority policies, in which there were a number of pension issues covered. As readers will know our analysis of manifestos revealed a worrying number of similar pension policies between the Lib Dems and Tories, most of which will make for tough reading for GMB members. Here are the main pensions policies that the coalition Government hopes to progress (starting with the nicest and getting progressively worse):

- From April 2011, the basic state pension will increase by the better of earnings inflation, RPI price inflation or 2.5%
- The Default Retirement Age (of 65) is to be phased out
- Support automatic enrolment of employees into pension schemes
- Explore the possibility of allowing people greater flexibility in accessing their pension savings early
- Stop the requirement for people who have a defined contribution pension to take an annuity by the age of 75 (thereby making pension savings income tax exempt at the point of saving and potentially inheritance tax exempt on death for those who don't need to rely on their pension pot for income)
- Simplify the rules and regulations relating to pensions to help reinvigorate occupational pensions, encouraging companies to offer high quality employees to all employees. (On the face of it this may look positive, but it may be precede a veiled attack on many valuable protections that are built into occupational pensions and put more focus on employer discretions.)
- Consult on moving away from a final salary pension scheme for MPs (fine if you're not an MP, but a worrying precedent for other public sector workers)
- Establish an independent commission to review the long term affordability of public sector pensions, while protecting accrued rights. (The protection is a legal requirement. We would welcome a truly independent commission that is interested in the facts rather than a narrow-viewed body with a pre-conceived remit to make cuts.)

- Will hold a review into bringing forward the planned increase to the State Pension Age to age 66; from 2026 to 2016 for men and 2020 for women. (Unfair, and probably illegal as it contravenes the European requirement to equalise pension ages between the sexes.)

EQUITABLE LIFE POLICYHOLDERS

The Labour government initiated a review into the much publicised loss experienced by Equitable Life policyholders; but was frequently accused of dragging its heels on setting compensation. The new government's Treasury spokesman has said that, once a review is completed by mid-July, the government pledges to make fair and transparent payments to policyholders. An independent commission will be set up to determine design of the compensation scheme. More can be seen at http://www.hm-treasury.gov.uk/fin_equitable_life.htm

PENSION PROTECTION FUND (PPF)

Regular readers will now that the PPF publishes a monthly update on the aggregate funding position of the 7800 (or so) defined benefit schemes that can be covered by the fund – called the PPF 7800 index.

Whilst the March 2010 update showed an aggregate surplus in all of the schemes, the end-April update showed a return to deficit of £2.2bn. This compares with a surplus of £0.3bn in February 2010, and a deficit of £188.5bn in March 2009.

GMB CONGRESS 2010

For any colleagues attending GMB Congress 2010 in Southport, we would draw your attention to our Fringe event at 12.45 on Sunday 6th June. The venue is the Waterfront Suite 2, in the Conference centre. The Department will try to take you on a whistle-stop tour of pensions under Labour and what the future could hold. Refreshments will be provided.

For those not at Southport, a summary of the event will be published on our website.

CASE STUDIES NEEDED

Local Government Pension Scheme Ill Health (England and Wales)

We are trying to monitor the application of the ill health retirement rules in the LGPS. If you are aware of any recent ill health retirees, we would be grateful if you would complete and return the form which can be found at <http://www.gmb.org.uk/Templates/PublicationItems.asp?NodeID=89684&PublicationNodeID=98077>

Public Sector Pension Scheme Members

We are always on the lookout for members who would be happy to be identified as real life examples of those who rely on a public sector pension scheme. Please get in touch if you are aware of any willing volunteers.

That's all for this month. More information on our website
www.gmb.org.uk/pensions