



No. 40

November 2013

Six days to complete your ballot paper!

The closing date for the Scottish Local Government Pension Scheme ballot is 10am on 7 November 2013. Please encourage any member who hasn't voted to do so immediately.

In this bulletin we deal with some of the most frequently asked questions.

What is a 'CARE' scheme?

'CARE' stands for Career Average Revalued Earnings. Your pension will build up as a proportion of your pensionable pay - 1/49th for each year in the Scottish LGPS 2015. So instead of calculating your pension with reference to your final salary on retirement, the Scottish LGPS 2015 uses the average of your annual earnings over your membership of the LGPS. Earlier years are revalued by inflation (CPI) to ensure that each year's salary is of equivalent value.

Won't we lose out with a CARE scheme?

Final salary schemes generally offer a significantly better pension to some members (e.g. those whose pay is substantially increased in the run up to retirement) than to the average member. Scottish LGPS 2015 is fairer for the majority of members because it removes the potential for pensions to be disproportionately increased in these circumstances. In fact the improved accrual rate in the Scottish LGPS 2015 means many members build up better pensions as the benefits are spread more evenly.

What happens to my final salary pension before 2015?

The entire pension you build up before April 2015 will be linked to your final pay on retirement or leaving the scheme. Only pension built up after 1 April 2015 will be calculated on a career average basis.

But we only changed the scheme in 2009, which means I will have three pensions by the time I retire. How does that work?

Each period of your service will be calculated separately and added together. Your membership before 2009 will be calculated on the basis of 1/80th of your final pensionable pay at leaving multiplied by your length of service in that scheme (plus a lump sum).

Similarly, your service between 2009 and 2015 will be calculated on the basis of 1/60th of your final pensionable pay at leaving multiplied by your length of service in that scheme. Then your new post 2015 pension will be calculated on the basis of the new CARE scheme. Those three amounts will be added together to form your total LGPS pension.

Won't I have to pay more?

No, the five-tier employee contribution rate structure agreed for the 2009 LGPS is unchanged.

What about part-time workers and overtime?

Part-time workers will pay contributions on any additional hours they work over their contractual hours, but will get a bigger pension based on their real annual pay as a result. Part-time workers will also only pay contributions on actual pensionable pay, not whole time equivalent pay as at present. No pension contributions will be paid on overtime above the normal working week, unless it's contractual.

I would like to join the pension scheme, but I can't afford it?

A new 50/50 option will allow members to pay 50% contributions for 50% of the pension benefit during periods of financial difficulty. We also hope it will attract the 25% of colleagues who are currently not in the pension scheme and face a tough retirement.

When can I retire?

You will be able to voluntarily retire at any age on or after your 55th birthday (before 60 only with employers agreement). However, if you retire before your Normal Pension Age (currently 65) your pension will be reduced - unless you qualify for the Rule of 85 transitional protections. There is no compulsory retirement age in the LGPS. Ill health, redundancy and flexible retirement provisions are unchanged.

Vote to 'accept'

We believe the Scottish LGPS 2015 proposals will achieve a better pension for the vast majority of members with contributions unchanged. In other words, most members will get a bigger pension at no extra cost. This makes the Scottish LGPS the best value pension in the public sector.

And Recruit a Friend!

This agreement shows very clearly the benefits of UNISON membership. Each member has been invited to 'Recruit a Friend' using a special application form that has been sent out with the ballot or downloaded from our website. They could also win an iPad! Branches can also use these forms in the current recruitment campaign.

More pension information at:

Scottish Pension Web Pages: <http://www.unison-scotland.org.uk/pensions/index.html>

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