

## Protect Your Pension: Vote YES in the Strike Ballot

### You Can't Afford Not To

We all know that pay freezes and below-inflation pay awards have hit you hard in the pocket. But what about the effect this is having on your pension?

The impact of falling wages on your future pension is the hidden damage the Local Government Association (LGA) and the government are forcing on you, your family and your dependants. **Continually falling pay means a loss of pension for every day of the rest of your life.**

Strike action is always a last resort, but the employers are refusing to re-open negotiations. You may be questioning if you can afford to go on strike or what you might gain for the money you lose. Any pay you gain through an increased pay offer may or may not offset what you lose immediately through strike pay reductions. But it will be paid back quickly because the value of your pension pot will be higher than it would otherwise have been.

<p><b>Voting YES for strike action is a vote to protect your earnings now and your future pension.</b></p>
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#### How bad is the effect of the LGA's offer on your pension?

The short answer is - very bad.

The real-life example below shows:

- How much pay you have lost as a result of pay freezes and below-inflation pay increases since 2008, and
- How much pension you will continue to lose every year if you accept the LGA's 1% offer.

**Example: You currently earn a salary of £16,215 at spinal column point 15. You plan to retire in March 2015, with 10 years' service in the Local Government Pension Scheme (LGPS) since 2005**

#### **How much does the value of your pay fall under the LGA's offer?**

- If you accept the LGA's offer your pay will be £16,377 per year
- But if your pay had just kept up with the cost of living since 2008, it would = £18,956 per year!

That's a difference of £2,579 in lost pay!

And that's why UNISON says it's time to take action and stop the rot.

**So, on top of lost pay, how much pension will you lose by accepting the LGA's offer?**

By the time you retire in 2015, you will have worked for 10 years since 2005. During that time, there have been three different benefit structures in the LGPS. To work out your pension, you need to do three separate calculations. You have:

- 3 years service in the pre-2008 pension scheme at 1/80<sup>th</sup> accrual rate
- 6 years service between 2009 – 2014 pension scheme at 1/60<sup>th</sup>
- 1 years service in 2015 in the new CARE pension scheme at 1/49<sup>th</sup>

So that works out at:

$$£2,579 \times (3/80^{\text{th}}) + £2,579 \times (6/60^{\text{th}}) + £2579 \times (1 \times 1/49^{\text{th}}) = £407.30 \text{ lost pension every year.}$$

**You are losing a whopping £407.30 in pension EVERY year because of lousy pay rises. And of course this increases every year too as inflation goes up.**

To work this example out, we took the difference in the value of your pay under the LGA's current offer with what it would be now if it had just increased in line with the cost of living since 2008. Then we multiplied it by your years of service:

£2,579 lost pay x your number of years of service in the three LGPS pension schemes.

The pension champion in your UNISON branch will be able to help you.

**How will the Employer's offer affect the value of your lump sum pension pot?**

If you worked before 2008, you are also due a lump sum on retirement for those years you worked in the pre-2008 pension scheme. So that loses value too!

So, in the example here, for the three years of service from 2005 – 2008, you stand to lose a further £290.18 from the value of your lump sum if you accept the 1% pay offer. That's compared to what you would have had if pay had matched inflation since 2008. It's worked out by the following calculation: (£2,579 x 3 x 3/80<sup>th</sup>).

**If you earn £16,215 at spinal column point 15:**

**In total, you will have lost: £407.31 worth of pension every year plus £290.18 from the value of your lump sum**

## The effect of the Employer's offer on your pension

Some further examples of the impact that accepting the Employer's 1% offer will have on your pension EVERY year and the effect on your lump sum pension pot:

SCP and current salary	Loss in your pay since 2008	Years in scheme	Pension lost EVERY year	Loss in lump sum
SCP 25: £21,734	£3,459	10	£546.13	£389.09
SCP 30: £25,727	£4,093	20	£1,158.05	£1,995.52
SCP 45: £38,422	£6,113	30	£2,493.66	£5,272.70

However you look at it, the impact of falling pay on your present pay and your future is dramatic.

Voting yes in the ballot for strike action gives you a chance to improve the appalling offer of 1% now and protect your pension for the future.