

Private sector workers should support the public service pension dispute

Unite, alongside unions across public services, is balloting its members on support for a day of action on November 30th, 2011 to defend public service pensions.



Why should people in the private sector care about the dispute on public service pensions?

The attack on public service pensions is an attack on the very idea that any of us should have decent pensions and dignity in retirement. This is damaging for all of us; for individual workers when they retire and our wider economy and society.

One in five people in this country have a stake in public service pensions. If the attack on those pensions is successful, it will be the lowest paid and mainly women, who will be hardest hit. It will also remove the current pension benchmark for all of us and accelerate a race to the bottom in pensions.

As part of its campaign against public service pensions, the government and its allies have fuelled the myth that the schemes are unsustainable. This is not true. In 2005-07 significant changes were negotiated, and implemented in the following few years, to public service pension arrangements. These included raising the normal retirement age to 65 for new members and increasing the contributions that members pay.

The government has now proposed further big contribution increases and benefits cuts which will mean members benefits will be reduced substantially even if they delay their retirement. Many members will find themselves paying 50% more in pension contributions to draw benefits for their future service which will be 50% less.

These proposals are unjust and unnecessary and are damaging for all of us.

Challenge the myths by being aware of the facts

Why does the government want public sector workers to contribute more?

This is not clear. The government want to raise pension contributions so as to make a 'stealth-cut' in public sector pay of 3.2%. The schemes are affordable and workers are already paying increased contributions. The unions believe that the government either wants to "raid" the wages of public servants under the pretence of paying down the deficit, or they want to force the closure of the schemes altogether by driving people from them.

Do public sector workers want taxpayers to pay more towards their pensions?

Absolutely not. Five years ago, these workers agreed to pay more towards their retirement. That means taxpayers would not have to pay more than already agreed. All the workers want is for that deal to stand. Under existing agreements if the costs goes up then contribution increases or benefit cuts will be put in place to meet this. Employer contributions are capped so taxpayers will not have to pay more.

The proposals on pensions will hurt the whole economy

Low to middle earners tend to spend much of their wages in their local area. For example, local government workers spend 52.5p (in every pound earned) from their wages in their local community. This may seem a small amount, but the cumulative impact is not. There are hundreds of thousands of public service workers in each region; effective pay cuts for them means further demand being sucked out of the local economy as they spend less, damaging local businesses and the private sector. That is less to spend in local shops, less to spend on food and consumer goods or the services provided by the private sector. Hurting this group of workers is not a way to help you through these tough times.



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Are public sector pensions gold plated?

No, they are not. This Tory-led government has deliberately misrepresented public service pensions as 'gold plated'. This is not true.

The typical public service pension is just £5,600 and for women it is much less. The median pension for our local government workers is just £3,048; our NHS workers typically receive £4,087 and for civil servants it is only £5,023. This is hardly 'gold plated'.

What is the situation in the private sector?

It is a scandal that within the private sector, two thirds of people do not have an occupational pension. But the answer to this is to fight for decent pensions in the private sector, not to attack and punish those delivering public service pensions and further increase the numbers of pensioners living in poverty.

That's why Unite fought for pension reforms – trade unions led the campaigns that achieved the Pensions Protection Fund, the Financial Assistance Scheme, for a third of pension boards nominated by scheme members and the restoration of the link to earnings. We condemned the pensions "holidays" which saw your pensions diminish in value when companies sought to avoid paying their promised share. And every day, we work with employers across the country to protect workers' retirement savings.

Your union is standing up for your pensions, every day

In June 2010, the government unilaterally announced it was changing the indexation from RPI to the lower CPI measure for public service pensions. This has reduced the value of overall pension payouts by an estimated 15percent. Unite is challenging this decision in the highest court in the land. We want this decision reversed so that all pensions - public and private – can keep pace with the true cost of living.



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