

Local Government Pension Scheme

Actual Proposals from DCLG*

Late last week DCLG released its actual proposals to change our contributions and accrual rate over the next three financial years.

NOTE ~ this is to be followed by a new scheme from 2015!

Please also note that the changes to retirement age are proceeding separately and are unaffected.

DCLG have identified two 'approaches' but you and I are not being given this choice. The Employers (generally Councils) might be.

APPROACH ONE

Increase our contributions, *on average*, by 1.5%, in steps, over the coming three years AND reduce the accrual rate from 60ths to 64ths from April 2013 and to 65ths from April 2014.

APPROACH TWO

Increase our contributions, *on average*, by 1%, in steps, over the coming three years AND reduce the accrual rate from 60ths to 67ths from April 2014.

I've created two spreadsheets that show the effect of the contribution increases under both approaches. (I have left in a column for the anticipated additional cost of losing our discount in NI contributions as that too is unaffected by these proposals.)

The effect of changing accrual rate is much more difficult to illustrate in general terms. Additionally, if the new scheme from 2015 is (as we expect) a 'career average' one and no longer based on 'final salary', it will combine with the reduced accrual rate to provide a significantly reduced pension.

The proposals put forward by the LGA and LGG have not been accepted by DCLG.

The above is my best effort to understand and interpret the proposals. If anyone wishes to check with source documents, please ask and I will provide them.

Peter King, UNISON Steward
13th October 2011

* DCLG ~ Department for Communities & Local Government, aka duckling!
Its Secretary of State is Eric Pickles.