

DECENT PENSIONS AND DIGNITY IN RETIREMENT



ARGUING FOR THE ALTERNATIVE

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Dignity at the end of a lifetime in work is a political choice!

This Tory-led government is trying to drive a wedge between private and public sector workers in order to weaken opposition to their vicious cuts agenda. It is coming to a head on the issue of pensions.

Their attack on public sector pensions is an attack on the very idea that any of us should have a decent pension and with it, dignity in retirement.

“This is an attack on those who protect our communities, educate our children, care for our sick and provide local services – an attack on us all!”

Our demand must be for decent pensions for everyone – it's affordable, necessary and what you deserve.

THEY SAY

- Public sector pensions are 'gold plated' unjust and unsustainable.
- That uplifts to the basic state, public and private sector pensions should be based on the often lower CPI and not RPI figure.
- That all workers should save money in private pension schemes to boost their state pension in retirement.

WE SAY

- The average public sector worker will get just £5,600 a year in pension – hardly gold plated!
- Government proposals will affect women and the lowest paid worst;

the move to CPI will devalue the average pension by 15%.

- A fair deal for all can only be efficiently organised and provided by government.
- We must establish a National Pension Scheme to independently manage and invest our assets, for a commercial return – guaranteeing a minimum income for all.

“1.8 million pensioners live in poverty, and thousands more are on the breadline. That is a scandal. The current system does not work – there is an alternative”.

There is an alternative

- Protect the jobs we have and create new ones by building the social and affordable housing we so desperately need, updating our national energy, telecommunications and transport infrastructure.
- Invest now in our manufacturing industries and downstream supply chain, green technologies, public services and the training of our young.
- Put the debt (including interest payments) at the feet of those that caused the crisis; **banks must repay every penny borrowed to bail them out.**
- Crackdown on tax havens, tax evasion and avoidance by those who can afford to pay their fair share to address the deficit.
- Support trade union rights; protecting workers, their families and wider communities and redistributing the wealth we create throughout our society.

ACTION FOR THE ALTERNATIVE:

- Publicise your union's alternative to the cuts and actions to provide dignity in retirement.
- Support our demand to establish a National Pension Scheme and a National Investment Bank using assets we now already own; RBS, Lloyds Banking Group, Northern Rock and the Post Office.
- Write to your local MP or use – www.writetothem.com – in support of a decent, fair pension for all.

Decent pensions for all are affordable

Even before the coalition took office David Cameron had launched an attack on the future of decent pension schemes based on a workers final salary.

“My vision over time is to move increasingly towards defined contribution rather than final salary schemes”

David Cameron; Guardian, 27 November 2008

Cameron spoke of “ending the apartheid in pensions” by removing the security final salary schemes provided to those in retirement and levelling everyone down. We want a pension scheme that gives everyone dignity

in retirement and ends poverty, giving a Minimum Income Guarantee to all.

An estimated 14 million workers not in a workplace pension scheme – and many more are being forced out by increased costs and reduced benefits.

One thing is clear – that the current system of providing very low state pensions supplemented by private provisions is not working.

One thing is clear – the days of high cost, inefficient, complicated schemes that leave all risks with workers and fail to provide any guaranteed income are over!

What is needed is peace of mind and income security

- A straightforward, clear state pension that everyone contributes to; based on a percentage of income for employees and of total salary expenditure for employers – including bonuses, commission payments and share options.
- A National Pension Scheme supported by a National Investment Bank; investing monies for a commercial return in our country’s infrastructure and other strategic initiatives – creating jobs and growing our economy.
- The provision of a guaranteed, decent, minimum level of pension for all – in addition to decent final salary schemes – uplifted annually with earnings.

Establish a National Pension Scheme and National Investment Bank

Unlike final salary schemes, personal pensions gamble on your future level of pension on the performance of the stock market. A National Pension Scheme could use contributions to invest in high return investments, such as our country’s infrastructure, that benefit us all.

- An independently managed National Pension Scheme, as part of a National Investment Bank, would provide a decent, minimum pension for all.
- The National Investment Bank should be a vehicle for financing state projects, including; housing, transport, communications, manufacturing and energy supply, as well as research, development and strategic private sector projects.

We must support such a development by making our economy work for people

- Introduce sectoral bargaining and industrial democracy across all sectors of the economy, promoting stability and investment while keeping a real check on speculative ownership.
- Raise the National Minimum Wage to an hourly rate based on the ‘minimum income guarantee’ – removing at one stroke the perverse subsidising of low pay with state benefit while putting money into the hands of those who will spend, further growing our economy.

Decent pensions for all are affordable!

The basic state pension is currently just £102.15 per week. Our pensioner benefits are currently funded on a 'pay as you go' basis. This means that the taxes and National Insurance contributions that you pay now provide today's pensions.

Expenditure on pensions 2009–2050 as a percentage of GDP

	2009	2050
Austria	14.2	13.6
France	12.9	14.5
Germany	10.9	13.8
Italy	13.6	14.4
Spain	8.0	13.0
Sweden	8.6	9.4
UK	6.8	7.7

Current government expenditure on all pensioners' benefits, including public sector pension payments, is 6.8% of GDP and expected to rise to 7.7% by 2050 based on current projections by the Treasury. This figure does not include; Housing Benefit, Council Tax Rebate, Disability Living Allowance and Attendance Allowances paid to the poorest pensioners.

The UK spends less as a share of GDP on pensions than any of our comparable European neighbours and the Treasury projects this will continue (Pensions Commission Report, 2005).

Unite wants an independently managed National Pension Scheme to be established, supported by a National Investment Bank. The bank could be formed from the publically owned Royal Bank of Scotland, Lloyds/TSB, Northern Rock and Post Office operations.

Private pension provision via private sector schemes is less efficient than that provided by the public sector. Of the £4 billion paid out by the public sector last year, all of it was paid to pensioners themselves. In the private sector, while some £36 billion was paid out to pensioners nearly all of this reclaimed from you, the taxpayer, through tax breaks for private companies.

The reality is that YOU, as taxpayers, are funding a hugely inefficient private sector that adds very little value at all.

You deserve better – it's a political choice!

At a time of wage freezes, growing fuel and other price inflation, cuts to benefits and job insecurity workers cannot afford to invest the sort of money necessary to fund a private pension.

If we fail to address poverty across our society we will fail to build communities in which our families are safe and secure, our vulnerable properly cared for or our childrens full potential reached.

- It is a disgrace that people on low pay now are condemned to a life of poverty, both at work and in retirement – this cannot be right in a country as rich as ours – the fifth largest economy in the world!
- We must invest to address the deficit and grow our economy, putting people back to work, paying taxes and feeling a valued, integral part of our society once again.

It does not have to be this way

Independently managed and investing for commercial rates, a new **National Pension Scheme** would fund a 'minimum income guarantee' and given the efficiency of public sector provision over that of the private sector, we could even achieve a decent pension for all from smaller contributions.

- A compulsory workplace scheme, with contributions from employers and employees in return for a guaranteed state pension – underwritten by the state at less cost and with better benefits.
- Securing a fair income while at work and dignity for all in retirement is possible. Decent final salary schemes must be protected alongside a fair state provision – **as always, it's a question of political will!**

What is a decent pension?

Unite wants the National Minimum Wage to be a living wage that ends poverty and for pensioners to be afforded the same. A fair, decent pension, guaranteed by the state and funded by us all, at the end of a lifetimes work. Income security and dignity in retirement are key central elements of a fair society.

- **Age UK research has shown that 1.8 million pensioners live in poverty, 1 in 5 were forced to turn off heating last winter. This winter fuel bills are set to soar, making the situation much worse. This is unacceptable.**
- **A 'Minimum Income Guarantee' would substantially reduce the reliance by so many of the poorest in our society on state benefits and enable all of us to enjoy a well earned retirement with dignity.**

Many people pay into private pensions with no guarantee of a decent income. Unite wants a state guaranteed minimum income alongside protections for those in decent final salary schemes to prevent any levelling down.

Decent pensions and dignity in retirement – the alternative...

- Introduce dedicated pension contributions from both employees and employers based on total remuneration; including commission payments, bonuses, share options other cash benefits, to fund a 'Minimum Income Guarantee' for all in retirement from a National Pension Scheme.
- Legislate to provide and protect access to negotiated final salary pension schemes for all at work via additional contributions from employees and employers.
- Establish independent management of the National Pension Fund (possibly through the 'NIB') with an investment strategy for commercial return, including the very high returns from investment in infrastructure and other projects.
- Manage and invest monies from an independent 'NIB' for a commercial return in infrastructure and strategic industrial sectors such as; construction, transport, communications, 'green technologies', manufacturing and R&D.
- Provide a fair and decent 'Minimum Income Guarantee' to all in retirement with proportionate increased income for couples – ending benefit reliance and ensuring dignity for millions.
- Raise the National Minimum Wage to the level of the established Living Wage and end the unfair discrimination of young people with lower rates.



It's your money, your job, your hospital, your kid's future ...

Create jobs – and build a **STRONGER FUTURE FOR ALL**