



No. 46

April 2015

New Pension Schemes Start

The new Scottish Local Government and NHS Pension Schemes start on 1 April 2015.

The main changes to the local government scheme and much more are explained at the website <http://scotlgps2015.org/>. There are videos and a modeller to help members understand how their new pension account works. There are similar materials for the NHS scheme at the website <http://2015.sppa.gov.uk/scheme/nhs>. There are further materials and PowerPoint presentations on the UNISON Scotland pension page <http://www.unison-scotland.org.uk/pensions/index.html>.

Dave Watson suggests members should take a closer look at their pension at Public Works. <http://publicworksscotland.blogspot.co.uk/2015/03/time-to-take-closer-look-at-your-pension.html>

Pensions 'Choice'

From 6 April new rules come into effect that give increased flexibility in the options available to members over 55 years of age when taking their pension benefits in Direct Contribution schemes (DC). **Public sector and the better private sector schemes are Direct Benefit (DB) schemes and are not directly covered by these changes.**

If you have a DB pension (NHS scheme is excluded from 'choice' completely) you may be able to indirectly access the new arrangements, but you will need to transfer out of your current DB pension scheme into a DC arrangement. However, because transferring out from a guaranteed DB pension scheme to a DC arrangement is not generally in people's best interests, you will need to receive financial advice on the merits of such a switch before you can transfer out. You may also pay charges to the new DC scheme and lump sums that exceed 25% of your pension pot will be taxable at the highest rate you pay in a tax year.

Beware scammers. As more people will be able to access all of their pensions there are likely to be many more unscrupulous people trying to get hold of your hard earned pension pot. This often includes risky investments and high charges that could result in you losing most or all of your pension pot. A typical cold calling introductory line is that they are calling about a 'new government initiative' or offering 'a free pensions review'. Just put the phone down!

Pension schemes will be issuing guidance on these changes and the UK Government is providing some limited guidance. Here are some useful links:

Pensions Wise is the government guidance site: <https://www.pensionwise.gov.uk/>. Although not without its critics; <http://www.telegraph.co.uk/finance/personalfinance/pensions/11416054/i-tried-Pension-Wise-and-this-is-why-it-wont-work.html>

Money Advice Service: <https://www.moneyadviceservice.org.uk/en>

Pensions Advisory Service has some useful handouts: <http://www.pensionsadvisoryservice.org.uk/>

This BBC Ten Questions guide is helpful, particularly for members in Direct Contribution (DC) schemes: <http://www.bbc.co.uk/news/business-32087038>.

LGPS Governance

The Scottish Local Government Pension Scheme has a new Scheme Advisory Board (SAB) that will hold its inaugural meeting on 30 April. This Board replaces SLOGPAG and is responsible for advising Scottish Ministers on the scheme. UNISON is represented by Dave Watson and Stephen Smellie, with Davena Rankin as the named substitute.

All eleven Scottish Local Government Pension Boards have been established and they all have UNISON representatives on them. UNISON pension board representatives are being trained independently and a new support network established. Pension Board representatives will report regularly to branch pension champions.

This BBC File on Four radio programme is worth a listen to understand how we could do much better with our pension funds. <http://www.bbc.co.uk/programmes/b054qct9>. Lesley Curwen investigates how individual funds are run and asks whether we should have larger funds with cheaper costs - like Canada does. And she asks whether more councils should be using pension money to invest in housing and infrastructure as a way to boost their local economies?

Fund management costs should be a key issue for the new LGPS governance arrangements. Even the right-wing Institute of Directors has warned; The UK's fund management industry is "ripe for investigation" because of "an alarming lack of transparency that surrounds [its] pay and practices". More here; <http://www.theguardian.com/business/2015/mar/01/fund-managers-could-be-the-new-investment-bankers-says-iod>

Pensions Increase and Auto Enrolment Thresholds Rise

The [Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2015 \(SI 2015/468\)](#) prescribes that the earnings thresholds for pensions auto-enrolment increase on 6 April 2015: the lower level of qualifying earnings rises to £5,824; and the upper level of qualifying earnings increases to £42,385. The earnings trigger for auto-enrolment remains unchanged at £10,000.

The Pensions Increase (Review) [Order 2015](#) has increased pensions in payment for the coming year by 1.2%.

Global Divestment Day

13th-14th February was Global Divestment Day which argues that if we are to save the planet for future generations, it's time to take action against the power and influence of the fossil fuel industry. Thousands of people across 6 continents took collective action to show the strength of the growing global divestment movement and demanding our institutions go fossil free, including pension investments. This post at Public Works explains more; <http://publicworksscotland.blogspot.co.uk/2015/02/global-divestment-day.html>

More pension information at:

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

For further information contact:

Dave Watson, Scottish Organiser: d.watson@unison.co.uk