



# How Pensions Work

Have you ever felt a bit puzzled by the things said in the media about pensions? If so, this leaflet explains the basic facts.

- A pension is what you get when you are older and stop working. The age at which this happens varies from job to job and is currently different for men and women as regards the State Old Age Pension.
- The State Old Age Pension is available to men at 65 and women at 60, but these ages are being changed. If you have worked in paid employment then you have paid National Insurance Contributions, and you will get the full Old Age Pension, currently about £5000 a year. But if you have not worked for very many years then you will not get the full amount. It is paid by the government.
- Some people also get an Occupational Pension when they retire. This is paid for from the contributions which the worker and their employers have been paying throughout the person's working life. Not all jobs have an occupational pension.
- Many employees in private industry do not pay into a pension, so when they retire they will only have the government Old Age Pension. This is unfair, and all employees should have the opportunity to pay into a pension for themselves, to which their employers will also contribute. Some private sector jobs, especially the higher paid ones, do have occupational pensions.
- One of the good things about working in public service is that there is always a pension for you to pay into. Teachers, nurses, social workers, workers for the NHS and the government and councils (and many other public service jobs) pay into their pension all their lives. The money is taken out of their pay packets. Their employers also pay a contribution into the pension for them; this is part of the pay and conditions package which public service (and some private service) workers have.
- Recently all public service sector employee contribution rates have increased. One of the things that some workers are taking industrial action over is proposed further increases in their contributions, which are not necessary or fair.

**How big are these different sorts of pensions at the moment?**

**See over leaf for more information.....**

[Notts SOS – Save Our Services – email: [nottssos@gmail.com](mailto:nottssos@gmail.com) ]

***Refuse to be deceived! Here are some myths that need busting:***

- Myth – people are living longer which means they are claiming their pension for longer and there isn't enough money in the pension schemes.
- Truth- the public sector pension schemes were revised 3 years ago to take account of this. There is no problem. The Local Government Pension Scheme holds more than £120 billion in investments and assets with income from investments exceeding pension payments by £4 to £5 billion every year.
- Myth The government pays the teachers pensions without teachers contributing.
- Truth the Teacher's Pension scheme is a "pay as you go" scheme held by the government. When contributions have exceeded payments the government has kept the difference. When payments exceed contributions the government makes up the difference. Reports from the National Audit Office and the House of Commons' Public Accounts Committee show that the cost of teachers' pensions is falling as predicted and the scheme is affordable.
- Myth Public services and public service pensions caused the financial crisis.
- Truth It was the banking sector's reckless and excessive greed, both here and in the United States and other countries, that caused the global problems.
- Truth: The real problem with UK pensions is inadequate provision in the private sector. Cutting public sector pensions would only make even more people poor in old age, who would then have to be propped up by benefits paid by the government.

The average civil service pension is £5,400 a year. A quarter of civil service pensions are less than £2,000 a year. (The civil service is people who work for the government.)

The average local government pension is £3,800 a year. The average women's pension in local government is £1,600 a year. (This means council and county council employees.)

The average teachers' pension is less than £10,000 a year. The average pension for women teachers is £8,500 a year. It will be a lot less if the teacher has not taught for very long.

The average pension for directors of the top 100 UK companies is £174,960 a year!

Some newspapers have taken to calling public service pensions 'Gold Plated.' The people writing these things for the newspapers are very well paid journalists writing for rich newspaper editors and owners, whose own pensions will be far greater. Many stock market traders retire in their thirties because they've made so much money. These rich people want to deceive the public so that they can keep their wealth out of the headlines.

**REFUSE TO BE CONNED BY THESE PEOPLE!**

***The solution is, fight to keep public sector pensions, and fight to achieve pension rights for all private sector workers as well.***