

UNISON

Campaigning for a decent
occupational pension in the
community and voluntary sector

A activist guide

Revised December 2012

Campaigning for a decent pension in the community and voluntary sector

UNISON believes that financial security in old age should be the right of every citizen. UNISON calls on every community and voluntary sector employer to offer a decent pension scheme for its workers.

UNISON'S 5 key principles for a decent pension in the community and voluntary sector

A predictable pension linked to salary

Ideally we'd like to see every employer offering a pension scheme that provides a good 'defined benefit' pension based on an employee's pay and length of service. This might be a 'final salary' scheme or a 'career average' (CARE) scheme. Where possible access should be given to major public sector schemes such as the Local Government Pension Scheme (LGPS) or the NHS Pension Scheme (NHSPS).

Where this is not possible we call on employers to give staff access to another adequate defined benefit scheme, such as one of the multi-employer schemes run by the Pensions Trust (see www.thepensiontrust.org.uk) or even to set up their own scheme.

CARE schemes are a form of defined benefit pension, based on average earnings over your career. They may be a good alternative to final salary schemes and the future LGPS and NHSPS's are likely to be CARE schemes. If an employer is providing a CARE scheme, this should be uprated by at least cost-of-living increases.

As a last resort 'defined contribution' schemes may be considered, as long as they satisfy the NAPF Quality Mark Plus standards (see www.pensionqualitymark.org.uk/faqs.php). This means there should be an employer contribution of at least 10%. This is because in these arrangements the investment and longevity risk is borne by the members.

Make adequate employer contributions to the pension scheme over the long term

Defined contribution pensions rely on a decent level of contributions over a sustained period if employees are to have a reasonable opportunity to avoid dependence on welfare benefits after retirement.

UNISON policy is that it should be mandatory for all employers with defined contribution schemes to pay a contribution of at



least 10% of pay, with employee contributions on top. Defined contribution arrangements must be reviewed regularly to see if they are likely to provide adequate benefits.

For final salary and CARE schemes, UNISON believes that schemes should aim for pension benefits on retirement equivalent to at least two-thirds of final salary. Of course, the length of time an employee is in a scheme is a key factor in determining whether the final pension will be adequate.

With final salary schemes, the level of benefit is determined by the employee's final salary level and their length of service. However, contribution levels are also crucial – employers should ensure they are contributing enough to keep the scheme sufficiently funded and sustainable to help reduce the need for vast future contribution increases.

In a CARE scheme the pension earned is dependent on the salary earned each year and the rate at which each year's pension earned is increased up to retirement to help the pension earned at least keep pace with cost of living increases.

Member representation and decision-making

Employers should offer a scheme which allows for full member involvement both in decisions about investment and about benefits. Our members will rely on their employers' pension schemes when they retire, and so it is important that they have a say in how those schemes are run. Most defined contribution schemes are run by insurance companies with no employer or trustee representation. They are expensive and accused of being run in the interests of the insurance company and shareholders rather than members.

Many pension schemes are trust based and are run by a trustee board. The law says that at least one-third of the members of trustee boards should be people nominated by scheme members, and UNISON believes that ideally at least half of the trustees should be member-nominated. Members should have a say about investment decisions (including socially responsible investments), rule changes, scheme improvements, use of surplus, how discretionary powers are used, and how dispute procedures are operated.

Get in touch

If your pension scheme is undergoing changes, or if you are involved in negotiations or consultation around a new pension scheme, please get in touch with UNISON's Pensions Unit. We would like to provide you with support and advice, and it also helps us to build up a picture of what is going on in the pensions world across the UK. Please email pensionsm@unison.co.uk. For any campaign questions/views please email the C&V community team at cvsector@unison.co.uk.

Recruit and organise

Pensions are among the most important terms and conditions of employment, and they can be a good way to recruit new members and get them involved in UNISON. Potential members need to see that by joining UNISON, they join an ongoing campaign for better, fairer and more predictable pensions, both nationally and in their own employment. And that if their employer seeks to make any changes to their pension, UNISON will be there to support them.

UNISON encourages all employers to adopt trust based pension schemes as part of good governance.

“Fair Deal” for staff following TUPE transfer

Some UNISON members in the community and voluntary sector may be transferred from their current employer to a new employer, as a new provider wins the contract for the service or project the member works in. This is known as a TUPE transfer.

This can be a worrying time for members, who will want to safeguard their terms and conditions as their employment transfers.

Currently most public service employees have the right to be provided with a broadly comparable pension scheme on being TUPE transferred. This in effect means that such employees should not suffer significant pension detriment on being compulsorily transferred. They also have the right to transfer their past service rights with their public sector scheme to the comparable pension scheme on a ‘bulk transfer’ basis, which means they should get equivalent value.

This protection should be strengthened further in the near future so that employees compulsorily transferred from a public service to a community and voluntary sector employer should be able to retain access to the public service pension scheme they were in prior to transfer.

As a statutory minimum any employee who is TUPE transferred has a basic legal right to be provided with a pension scheme by their new employer. In the case of a defined contribution arrangement, the new employer must make matching contributions of up to 6% of the employee’s salary.

Equal opportunities – a fair pension for everyone

Employers should ensure that their schemes are fully equality compliant and satisfy their obligations under the Equality Act (2010). This should cover the protected characteristics of age, disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation.

Many UNISON members are finding that their employers are making changes to schemes (often in order to reduce pensions deficits), resulting in new employees receiving an inferior pension to existing employees. UNISON believes that such a system is unfair: everyone in the same employment should have access to the same, good quality, pension rights. We believe equality is not about a race to the bottom.

Remember that an employer cannot simply impose changes like this, as they have to consult scheme members first, and normally the consultation period required will be at least two months.