

Pensions – it's time to play fair

On 17th January 2006, the Scottish Executive Minister for Finance and Public Service Reform, Tom McCabe MSP, announced that he would abolish the rule of 85 from the Local Government Pension Scheme (LGPS) in Scotland. Following a similar decision taken by the UK Government in respect of the LGPS in England and Wales, he has decided that retaining the rule would be incompatible with a forthcoming EU Directive on Age Discrimination.

However, both UNISON Scotland and CoSLA believe that the rule of 85 does not conflict with the EU Directive and have legal opinion to confirm this. This view was further strengthened when Katharina von Schnurbein, the European Commission's spokeswoman on employment, social affairs and equal opportunities, said the Scottish Executive was wrong. She cited Article 6 of the directive, which states that governments can treat people differently on the grounds of age in certain circumstances.

Von Schnurbein added: "It's an artificial debate [and one that] is only going on in Britain. The directive has no influence on pension value or pension age. It is completely up to the member state. If they think it is reasonable for people to retire at 60, under EU law that is perfectly legal."

UNISON and CoSLA legal advice has been shared with the Scottish Executive. The Scottish Executive legal advice has not been shared.

By removing the rule of 85, members of the LGPS would be penalised when compared to members of other public sector pension schemes who have already reached an agreement with the UK government which included life-time protection of existing scheme benefits and pensions age for existing members.

This decision also fails to take into account the differences between Scotland and the rest of the UK, both in terms of life expectancy and in terms of the relative financial health of the LGPS in Scotland compared to the LGPS in England and Wales. Life expectancy is a factor in any pension and recent data (9th February 2006) from the Office of National Statistics reveals that Scotland has the lowest life expectancy in the UK (73.8 for males, 79.1 for females) compared to England (76.6 for males, 80.9 for females). Also the LGPS in Scotland is generally regarded as more healthy and does not have to cover any revocation costs that the English and Welsh funds have to cover when the rule of 85 was briefly abolished and the reinstated in 2005.

The LGPS has 216,000 members in Scotland who are being let down by this decision to abolish the rule of 85. This accounts for around 37% of the Scottish public sector workforce, including staff in higher and further education, the community and voluntary sector as well as others such as the police support staff.

The rule of 85 allows LGPS members to voluntarily retire from age 60 on an unreduced pension where the sum of their age plus membership, in whole years, equals 85 years.

Scheme members satisfying the rule between age 50 and 60 may also retire with or without an actuarial reduction to pension, but only with their employers' consent.

**Please support UNISON
Scotland's contemporary
motion on Pensions.**

