June 2015
Issue 97

Campaign!

The NPC's monthly bulletin for activists in the pensioners' movement

New minister, same old problems

One of the surprises since May 7 was the appointment of Ros Altmann as the minister for pensions.

Ms Altmann is not an MP, but will take on the role as a Conservative member of the House of Lords.

Previously she has been a pensions' advisor to Tony Blair's government and the head of the older people's leisure and insurance company, SAGA.

In recent years she has been outspoken against a number of measures the government has taken; most notably the switch from the Retail Price Index to the lower Consumer Price Index.

Her in-tray will also be piling up with a number of outstanding issues.

Among them will be overseeing the ongoing auto-enrolment process, under which every firm in the country should by 2018 have started a pension pot for their employees.

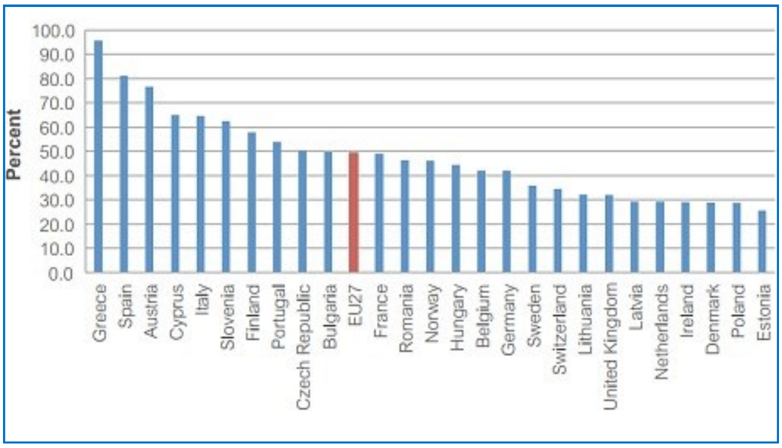
On top of that there's the radical changes to the state pension that will leave many existing pensioners caught in an inferior second-rate pension.

Of particular concern is the fact that the annual increases in the old and the new pensions may not be applied in an equal way - resulting in the gap between the two pensions growing wider over time.

The new minister will also face the hundreds of thousands of women born between 1951 and 1953 who from next April face getting a smaller state pension than men of the same age.

What's interesting is that Baroness Altman will also be in charge of overseeing the new pension freedoms giving the right of annuity holders to cash in their policy, when she herself is connected to MetLife; one of the companies advising people on how to spend their pension pots.

The NPC will seek a meeting with the minister shortly.



Proportion of average salary 'replaced' by the state in retirement

The UK's state pension remains one of the least adequate in Europe and it is unlikely the new pensions' minister will be able to improve it
© ILC

Pensioners now face greater risk of poverty

Over the past few years, older people have often been portrayed as having escaped the austerity measures at the expense of younger people.

However, the latest figures from the Office for National Statistics show that almost 40% of those aged 65 and over in the UK experienced poverty at least once between 2010 and 2013, compared with around 30% of those under 65.

Almost a third (33%) of the UK population as a whole experienced poverty during the same period, equivalent to 19.3m people, compared to just 25% across the EU.

Evidence also shows that certain groups are more likely to experience poverty than others.

These include single parents, women and retired people.

Ron Douglas, NPC president said: "Both older and younger people have been hit financially and the only ones who have escaped austerity are the rich."

NATIONAL PENSIONERS CONVENTION

National Pensioners Convention

Walkden House,
10 Melton Street,
London NW1 2EJ
T: 020-7383-0388
E: admin@npcuk.org
W: npcuk.org

Campaign Dates

For What It's Worth

This new NPC pamphlet explains how the new state pension system will work in 2016 and what needs to be done to make it fairer. Priced £1 plus p&p; it's essential reading!

NPC Pensioners' Parliament 2015

16-18 June: Annual gathering in Blackpool with a range of guest speakers on various topics, plus entertainment and an exhibition area. Following the General Election, the Parliament will consider what the next five years will mean for pensions, care and universal benefits. Tickets priced £8 for three days or £5 for a day.

UN Older People's Day

1 October: The NPC will use this event across the country to highlight the need for a living state pension. More details to follow shortly.

When is flat rate pension not flat rate?

When the previous pensions' minister, Steve Webb launched the reformed state pension system, he described it as 'flat-rate', but ever since critics have claimed that for many people the new pension will actually be of varying amounts.

In calculating entitlement to the new state pension, the amount an individual receives from their occupational pension is deducted from their state pension.

It has now been revealed that once you contracted out, even if for a couple of years, this deduction might apply across your entire SERPS entitlement earned between 1978 and 1997, even though you were back in and paying full National Insurance (NI) for most of the period.

The DWP has confirmed: "It is a common misconception that any contracted-out deduction would be limited to the years for which a person was contracted out, and in effect any entitlement for years contracted in would be preserved."

In effect this means that a few years spent contracted-out of SERPS can make a huge deduction from an individual's entitlement to the new state pension.

The NPC will be raising this issue with the new pensions' minister.

Direct payment danger

Thousands of pensioners who receive money for their care through direct payments may face a shock in the next few weeks when they receive notification from the Pensions Regulator that they are legally obliged to pay into the pensions of their carers.

The change arises from the introduction of the new auto-enrolment pensions under which all employers are required to pay 3% of salary into a pension scheme.

But those receiving a direct payment may not realise that under the Care Act 2014 they have certain responsibilities and obligations to those they employ.

When an individual chooses to employ staff to provide care services, local authorities should give clear advice as to their responsibilities, which include issues such as wages, statutory payments, tax, national insurance and pensions for their employee, so that they can make an informed choice about the way their care is funded.

Dot Gibson, NPC general secretary said: "It is quite possible that many pensioners didn't realise the implications of direct payments and may want to revert back to care being organised via their local authority instead."

"It does raise serious concerns though about pensioners using money that was meant to go towards their care, instead using it to pay for the pensions of care staff.

Queen's Speech is limited

The new government has outlined a number of measures in its first Queen's Speech, but pensions and care were largely absent.

Among the bills to be put forward is one that will freeze National Insurance, VAT and income tax for five years, alongside other plans to raise the personal tax allowance to £12,500 by the end of the Parliament.

But a number of concerns remain over the plans to integrate health and social care through devolving budgets to local authorities, the plans to exclude existing pensioners who would otherwise benefit from the new state pension and the refusal to use the Retail Price Index for uprating pensions and benefits in the future.

Before the election, the Chancellor announced plans for £12bn worth of further cuts to welfare, but as yet there has been no detail.

Sign a friend up to receive copies of the Campaign! E-Bulletin - simply send an email to: info@npcuk.org