



Pensions briefing

Pensions remain a key issue for the resolution of the NASUWT national trade dispute with the Westminster Secretary of State for Education.

Teachers' terms and conditions in Wales are reserved to the Westminster Government, which includes teachers' pensions. The NASUWT believes that it is crucial that this continues to be the case, to prevent the potential reduction in teachers' pension benefits in Wales to below the level of pension benefits in England.

The NASUWT is the only union to have implemented continuous national industrial action since November 2011 across England, Wales, Northern Ireland and Scotland against reforms to the teachers' pension schemes.

These Government reforms have increased the teachers' normal pension age (NPA), reduced benefits and increased pension contributions.

Public service workers' pension schemes, including the teachers' pension schemes across the UK, have been attacked relentlessly by the Westminster Government since 2011.

False claims were made that public service pension arrangements, such as the Teachers' Pension Scheme (TPS), were 'gold-plated', too generous and a burden on the public purse, i.e. on taxpayers in general.

In addition, those attacking the schemes claimed that it was unfair for public service workers to have such pension schemes when workers in the private sector do not.

The NASUWT does not accept such fallacious arguments.

The Hutton Review

The Westminster Government established the Independent Public Service Pensions Commission (IPSPC), under the Chairmanship of Lord Hutton, to review the long-term affordability of public service pensions and to consider the case for short-term savings within the 2010 Comprehensive Spending Review (CSR) period.

The IPSPC found that the average teacher's pension was currently about £10,000 per annum. The average pension for a public sector worker is about £5,600 per annum.

According to Hutton, public service schemes provide a modest – not an excessive – level of retirement income and it is wrong to say that public service pensions are 'gold-plated'.

However, the Westminster Government proceeded to worsen teachers' and other public service workers' pensions.

The Westminster Government initially announced that accrued rights would be protected, but then, without any consultation, introduced a change from linking pension increases to the Retail Prices Index (RPI) to indexation using the Consumer Prices Index (CPI) with effect from April 2011.

Pensions indexation – the effect of the change from RPI to CPI

The change to CPI indexation reduced the value of pensions in payment.

The table below shows the cumulative effects of the pensions indexation change from RPI to CPI on teachers' pension values at the pension levels indicated at one, five and ten years from its introduction in April 2011. These are gross figures and do not take into account deductions for tax.¹

¹ Full details of the methodology involved in calculating these figures are available from the NASUWT.

Table A: Cumulative effects of the pensions indexation change from RPI to CPI on teachers' pension values

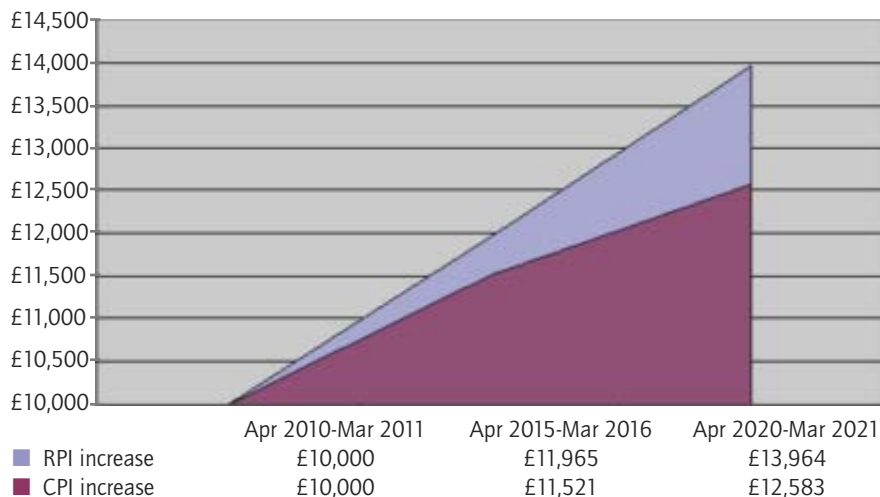
Annual Pension of £7,500 in 2010	April 2011-March 2012	April 2015-March 2016	April 2020-March 2021
RPI increase	£7,845	£8,973	£10,473
CPI increase	£7,733	£8,640	£9,437
Annual shortfall	£112	£333	£1,036
Cumulative shortfall	£112	£1,014	£4,564
Annual Pension of £10,000 in 2010	April 2011-March 2012	April 2015-March 2016	April 2020-March 2021
RPI increase	£10,460	£11,965	£13,964
CPI increase	£10,310	£11,521	£12,583
Annual shortfall	£150	£444	£1,381
Cumulative shortfall	£150	£1,353	£6,087
Annual Pension of £15,000 in 2010	April 2011-March 2012	April 2015-March 2016	April 2020-March 2021
RPI increase	£15,690	£17,947	£20,946
CPI increase	£15,465	£17,281	£18,874
Annual shortfall	£225	£666	£2,072
Cumulative shortfall	£225	£2,030	£9,131

In each case this represents a cumulative shortfall of 61% of the original pension value over ten years.

The cumulative shortfall will be over 100% of the original pension value over 13 years if the gap between RPI and CPI remains constant with the latest economic forecasts.

The graph below demonstrates the ever-increasing gap in teachers' pension benefits caused by the change from RPI to CPI. The lilac shading represents the amount lost by the change to CPI indexation.

Cumulative shortfall due to change from RPI to CPI on pension of £10,000



The NASUWT opposed the change from RPI to CPI indexation for the Teachers' Pension Scheme (TPS) and mounted an unprecedented legal challenge against the Government in both the High Court (October 2011) and the Court of Appeal (February 2012). The Government resisted the NASUWT's legal challenge and, unfortunately, the Appeal Court ruled in favour of the Government that it was entitled to select the less favourable CPI index to uprate teachers' pensions because it was in accordance with Government economic policy.

Reduction in the discount rate

The Westminster Government also attacked teachers' and other public service workers' pensions by reducing the discount rate (which determines the amount by which the TPS and other unfunded public service pension schemes grow), which was reduced from RPI + 3.5% to CPI + 3% in April 2011.

In June 2014, the '*as at March 31st 2012*' valuation of the TPS was published. This differs from the '*as at 2008*' valuation demanded by the NASUWT as part of its trade dispute with the Westminster Secretary of State for Education, partly because the assumptions which determine the outcome of the valuation have changed. The outcome of the valuation was:

- notional assets of £176.6 billion;
- liabilities of £191.5 billion; leading to a
- notional deficit of £15 billion.

The key financial assumption responsible for this deficit is the discount rate. According to the Treasury's figures, the change in long-term financial assumptions (the discount rate) has taken £23.2 billion out of the TPS. Without the reduction in the discount rate the TPS would be £8.2 billion in surplus. The NASUWT advanced detailed economic arguments against the reduction in the discount rate, which the Westminster Government disregarded. The NASUWT therefore considers the deficit in the TPS to be engineered by the Westminster Government.

In the 2016 March Budget, the Chancellor of the Exchequer announced that a further cut in the discount rate would be made, and that a discount rate assumption of CPI+2.8 per cent would be used for the '*as at 2016*' valuation of the TPS. The Government has estimated that this will wipe a further £4 billion off the value of public sector pension schemes between 2019 and 2021, including the TPS.

Employer pension contributions

Employer pension contributions have increased as a result of the valuation and the costs associated with administering the in September 2015, although these will not have increased as much as employee pension contributions have since April 2012. The impact on pension contributions brought about by the Westminster Government has been:

- an increase of 3.2% in employee pension contributions to an average of 9.6%;
- an increase of 2.38% in employer pension contributions to 16.48%.

The NASUWT has demanded that the Westminster Government pledge to fund the increase in employer costs arising from the valuation of the TPS to avoid cuts in school budgets. The Westminster Government refused this request, but this will continue to be a campaigning priority for the NASUWT.

Guaranteed Minimum Pension

The Guaranteed Minimum Pension (GMP) is the minimum pension which a UK occupational pension scheme had to provide for employees who were contracted out of the State Earnings-Related Pension Scheme (SERPS) between 6 April 1978 and 5 April 1997. SERPS is now known as the Second State Pension (S2P). The GMP amount is, in theory, 'broadly equivalent' to the amount the pension scheme member would have received had they not been contracted out.

When GMP became payable at the pension scheme member's State Pension Age (SPA), the inflation-linking associated with the 1978-1988 element of the member's pension began to be paid by the state in retirement. However, from 6 April 2016, the Government ceased to pay annual inflation increases on the GMP for members reaching the SPA from that date.

The NASUWT opposed the failure of the Government to give guarantees of index-linking the GMP element of the teachers' pension when this became apparent in 2013.

The Government's position was clear in a written Parliamentary answer given by the 2010-15 Government's Pensions Minister, Steve Webb, in January 2014, when he stated:

'The Department for Work and Pensions does not pay increases on guaranteed minimum pensions (GMPs). GMPs are occupational pension scheme benefits which were accrued between 1978 and 1997. Pension schemes are liable for any statutory indexation of GMPs, and this liability will not change as a result of the single tier reforms' (Hansard, 6 January 2014).

The NASUWT response

In the interests of teachers, the NASUWT stated that it was unacceptable for the teachers' GMP increase not to be paid from 6 April 2016.

The NASUWT made it very clear to the Government that failure to index-link GMPs in the TPS after 6 April 2016 was a clear breach of the Government's 'accrued rights promise'.

On 1 March 2016, the Treasury announced that the GMP element of the public service pension will be index-linked. **Any teachers retiring after 1 April 2016 with 1978-1988 pensionable service will receive full indexation of their teachers' pension, which will be met by the TPS.** Pension schemes, including the TPS, are already under an obligation to pay increases on GMPs accrued between 1988 and 1997, subject to a cap of 3%.

NASUWT national action and campaigning

Although the pension reforms remain unacceptable, the continuous industrial action by NASUWT members has secured progress throughout the course of the pension reforms which would not otherwise have been possible:

- mobilisation of members across the UK in industrial action, campaigning, lobbying and petitions on pensions;
- transitional protections for older teachers in the context of the changes to teachers' pensions;
- full transitional protection against all aspects of pension reform, apart from the new employee contribution rates, for all teachers in the NPA 60 scheme who were 50 or over on 1 April 2012;
- tapered protection for teachers in the NPA 60 scheme who were 46.5 years of age or over on 1 April 2012;
- progressive tiering of pension contributions to ensure that those who earn the least pay the least;
- protection for more than 40% of teachers from the full impact of the Westminster Government's original proposed 9.6% employee pension contribution rate;
- an employee contributions structure based on actual salary, ending discrimination against teachers who work part time;
- publication by the Westminster Department for Education (DfE) of an equality impact assessment of the TPS Proposed Final Agreement;
- commitment by the DfE to engage in the collection of equalities data for scheme members with protected characteristics as defined under the Equality Act 2010;

- commitment by the DfE to the ongoing review of the equality impact of pension reforms;
- establishment of a Government Review of the implications of teachers working longer, involving the NASUWT;
- publication by the DfE/Teachers' Pensions of monthly TPS opt-out data;
- employee/trade union representation on the TPS governance structures for England and Wales, Scotland and Northern Ireland;
- appointment of the NASUWT nominee to the TPS Pension Board for England and Wales;
- agreement from the Westminster DfE to meet the costs of release from school to enable serving teachers to sit on the Pension Board;
- the Westminster Government's review of the potential equalisation of survivor benefits for same-sex married couples and widowers;
- improvements to ill-health pension provisions.

The NASUWT campaign on pensions continues.

For further information on:

- **How the CARE scheme works;**
- **How to access information about pension provision;**
- **Buying additional pension.**

Go to: www.nasuwt.org.uk/PensionsMaterials

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Gwybodaeth am Bensiynau

Mae pensiynau yn dal yn fater allweddol y mae angen ei ddatrys fel rhan o anghydfod diwydiannol cenedlaethol NASUWT â'r Ysgrifennydd Gwladol dros Addysg yn San Steffan.

Ers mis Tachwedd 2011, NASUWT yw'r unig undeb sydd wedi cynnal digwyddiadau gweithredu diwydiannol parhaus ledled Cymru, Lloegr, Gogledd Iwerddon a'r Alban yn erbyn y diwygiadau i gynlluniau pensiwn athrawon.

Mae'r diwygiadau hyn wedi codi oedran pensiwn arferol athrawon (NPA), wedi lleihau buddion ac wedi cynyddu cyfraniadau pensiwn.

Mae Llywodraeth Glymblaid San Steffan wedi ymosod yn ddi-baid ar gynlluniau pensiwn gweithwyr y gwasanaeth cyhoeddus, gan gynnwys cynlluniau pensiwn athrawon ledled y DU.

Gwnaethpwyd honiadau ffug bod trefniadau pensiwn gweithwyr y gwasanaeth cyhoeddus, megis Cynllun Pensiwn Athrawon (TPS) yn 'oreurog', yn rhy hael, ac yn faich ar y pwrs cyhoeddus, h.y. ar drethdalwyr yn gyffredinol.

Ar ben hynny, roedd y rheini oedd yn ymosod ar y cynlluniau yn honni ei bod yn annheg bod gweithwyr y gwasanaeth cyhoeddus yn cael cynlluniau pensiwn o'r fath o'i gymharu â gweithwyr y sector preifat.

Nid yw NASUWT yn derbyn dadleuon camarweiniol o'r fath.

Adolygiad Hutton

Sefydlodd Llywodraeth Glymblaid San Steffan y Comisiwn Annibynnol ar Bensiynau'r Gwasanaethau Cyhoeddus (IPSPC), o dan gadeiryddiaeth yr Arglwydd Hutton, i adolygu pa mor fforddiadwy yw pensiynau'r gwasanaeth cyhoeddus yn yr hirdymor, ac i ystyried arbedion tymor byr yn ystod cyfnod Adolygiad Cynhwysfawr o Wariant (CSR) 2010.

Canfu'r IPSPC fod pensiwn cyfartalog athrawon tua £10,000 y flwyddyn ar hyn o bryd. Mae pensiwn cyfartalog gweithiwr yn y sector cyhoeddus tua £5,600 y flwyddyn.

Yn ôl yr Arglwydd Hutton, Cadeirydd IPSPC, mae cynlluniau pensiwn y gwasanaeth cyhoeddus yn darparu incwm ymddeol cymharol isel, yn hytrach nag uchel, a'i bod yn anghywir dweud bod pensiynau'r gwasanaeth cyhoeddus wedi'u 'goreuro'.

Serch hynny, fe wnaeth Llywodraeth Glymblaid San Steffan fwrw ati i waethygu pensiynau athrawon a gweithwyr eraill y gwasanaeth cyhoeddus.

Yn wreiddiol, cyhoeddodd Llywodraeth Glymblaid San Steffan y byddai'r hawliau a gronwyd yn cael eu diogelu, ond yna, heb unrhyw ymgynghori, dywedodd y byddai'r drefn o gysylltu cynnydd pensiwn â'r Mynegai Prisiau Manwerthu (RPI) yn newid i drefn fynegeio gan ddefnyddio'r Mynegai Prisiau Defnyddwyr (CPI), ac y byddai hyn yn dod i rym o fis Ebrill 2011 ymlaen.

Mynegeio pensiynau – effaith newid o RPI i CPI

Roedd newid i drefn fynegeio CPI yn lleihau gwerth y pensiynau a delir.

Dengys y tabl isod effeithiau cronol newid y drefn fynegeio pensiynau o RPI i CPI ar werthoedd pensiynau athrawon ar y lefelau pensiwn a nodir ar ôl blwyddyn, pum mlynedd a deng mlynedd ers cyflwyno'r drefn newydd ym mis Ebrill 2011. Ffigurau gros yw'r rhain ac nid ydynt yn ystyried didyniadau treth.¹

Tabl A: Effeithiau cronol y newid i drefn fynegeio pensiynau o RPI i CPI ar werthoedd pensiynau athrawon

Pensiwn blynyddol o £7,500 yn 2010	Ebrill 2011- Mawrth 2012	Ebrill 2015- Mawrth 2016	Ebrill 2020- Mawrth 2021
Cynnydd RPI	£7,845	£8,973	£10,473
Cynnydd CPI	£7,733	£8,640	£9,437
Diffyg bob blwyddyn	£113	£333	£1,036
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Pensiwn blynyddol o £10,000 yn 2010	Ebrill 2011- Mawrth 2012	Ebrill 2015- Mawrth 2016	Ebrill 2020- Mawrth 2021
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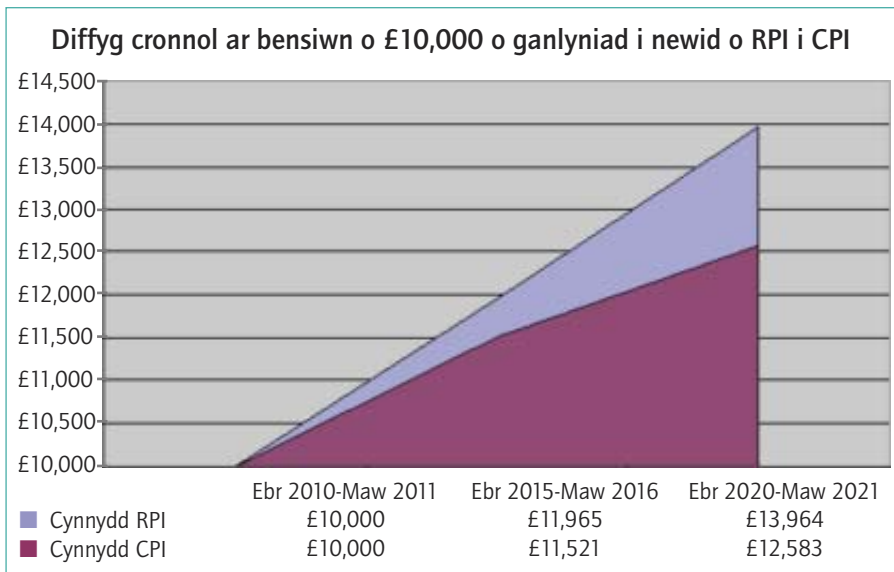
¹ Gellir gofyn am fanylion llawn y fethodoleg a ddefnyddiwyd i gyfrifo'r ffigurau hyn gan NASUWT.

Pensiwn blynyddol o £15,000 yn 2010	Ebrill 2011- Mawrth 2012	Ebrill 2015- Mawrth 2016	Ebrill 2020- Mawrth 2021
Cynnydd RPI	£15,690	£17,947	£20,946
Cynnydd CPI	£15,465	£17,281	£18,874
Diffyg bob blwyddyn	£225	£666	£2,072
Diffyg cronol	£225	£2,030	£9,131

Ym mhob achos mae hyn yn cynrychioli diffyg cronol o 61% o werth gwreiddiol y pensiwn dros ddeng mlynedd.

Bydd y diffyg cronol dros 100% o werth gwreiddiol y pensiwn dros 13 o flynyddoedd os bydd y bwlch rhwng RPI a CPI yn aros yn gyson â'r rhagolygon economaidd diweddaraf.

Dengys y graff isod y bwlch sy'n cynyddu drwy'r amser ym muddion pensiwn athrawon o ganlyniad i newid o RPI i CPI. Mae'r cefndir lelog yn cynrychioli'r symiau a gollir oherwydd trefn fynegeio CPI.



Gostyngiad yn y gyfradd ddisgownt

Fe wnaeth Llywodraeth Glymblaid San Steffan hefyd ymosod ar bensiynau athrawon a gweithwyr eraill y gwasanaeth cyhoeddus drwy ostwng y gyfradd ddisgownt (sy'n pennu'r swm y mae TPS a chynlluniau pensiwn eraill heb eu cyllido'r gwasanaeth cyhoeddus yn cynyddu yn unol ag ef). Cafodd y gyfradd ei gostwng o RPI + 3.5% i CPI + 3% ym mis Ebrill 2011.

Ym mis Mehefin 2014, cyhoeddwyd gwerthusiad '*ar 31ain Mawrth 2012*' o'r TPS. Mae hwn yn wahanol i'r gwerthusiad '*yn 2008*' y mynnodd NASUWT iddo gael ei gynnal fel rhan o'i anghydfod masnach â'r Ysgrifennydd Gwladol dros Addysg yn San Steffan, yn rhannol gan fod y rhagdybiaethau sy'n penderfynu canlyniad y gwerthusiad wedi newid. Dyma ganlyniad y gwerthusiad:

- asedau tybiannol o £176.6 biliwn;
- rhwymedigaethau o £191.5 biliwn; gan arwain at
- ddiffyg tybiannol o £15 biliwn.

Y rhagdybiaeth ariannol allweddol sy'n gyfrifol am y diffyg hwn yw'r gyfradd ddisgownt. Yn ôl ffigurau'r Trysorlys, mae'r ffaith bod y rhagdybiaethau ariannol hirdymor (y gyfradd ddisgownt) wedi newid wedi tynnu £23.2 biliwn o'r gronfa TPS. Heb y gostyngiad i'r gyfradd ddisgownt byddai £8.2 biliwn dros ben yn y gronfa TPS. Cyflwynodd NASUWT ddadleuon economaidd manwl yn erbyn y gostyngiad i'r gyfradd ddisgownt, ond fe'u diystyrwyd gan Lywodraeth Glymblaid San Steffan. Felly mae NASUWT o'r farn mai Llywodraeth Glymblaid San Steffan sydd wrth wraidd y diffyg yn y gronfa TPS.

Cyfraniadau pensiwn y cyflogwr

Ym mis Medi 2015, bydd cyfraniadau pensiwn y cyflogwr yn cynyddu o ganlyniad i'r gwerthusiad a'r costau sy'n gysylltiedig â gweinyddu Cynllun Pensiwn Athrawon, er na fydd y rhain yn cynyddu gymaint â chyfraniadau pensiwn gweithiwr ers mis Ebrill 2012. Mae effaith penderfyniadau Llywodraeth Glymblaid San Steffan ar gyfraniadau pensiwn fel a ganlyn:

- Cynnydd o 3.2% mewn cyfraniadau pensiwn gweithiwr – i 9.6% ar gyfartaledd;

- cynnydd o 2.38% mewn cyfraniadau pensiwn cyflogwr – i 16.48%.

Cyn Etholiad Cyffredinol Mai 2015, roedd NASUWT yn mynnu bod Llywodraeth Glymblaid San Steffan yn addo talu am y cynnydd i gostau cyflogwr sy'n deillio o'r gwerthusiad TPS er mwyn osgoi toriadau mewn cyllidebau ysgolion. Gwrthododd Llywodraeth Glymblaid San Steffan y cais hwn, ond bydd hyn yn parhau yn un o flaenoriaethau ymgyrchu NASUWT.

Gweithredoedd ac ymgyrchoedd cenedlaethol NASUWT

Er bod y diwygiadau i bensiynau dal yn annerbyniol, mae'r gweithredu diwydiannol parhaus gan aelodau NASUWT wedi sicrhau cynnydd drwy gydol y broses o ddiwygio pensiynau. Ni fyddai'r canlynol wedi bod yn bosibl fel arall:

- symud aelodau ar hyd a lled y DU drwy weithredu diwydiannol, ymgyrchu, llobio a chyflwyno deisebau ar bensiynau;
- sicrhau diogelwch trosiannol ar gyfer athrawon hyn yng nghyd-destun y newidiadau i bensiynau athrawon;
- sicrhau diogelwch trosiannol llawn yn erbyn yr holl agweddau ar ddiwygio pensiynau, ac eithrio cyfraddau cyfraniad gweithiwr newydd, i'r holl athrawon a oedd yn rhan o'r cynllun NPA 60 ac yn 50 neu'n hyn ar 1 Ebrill 2012;
- sicrhau rhai mesurau diogelwch i athrawon a oedd yn rhan o'r cynllun NPA 60 ac yn 46.5 oed neu'n hyn ar 1 Ebrill 2012;
- caniatáu cyflwyno cyfraniadau pensiwn mewn haenau yn raddol er mwyn sicrhau bod y rheini sy'n ennill llai yn talu llai;
- diogelu dros 40% o athrawon rhag teimlo effaith lawn cynnig gwreiddiol Llywodraeth Glymblaid San Steffan o gyfradd cyfraniad pensiwn gweithiwr 9.6%;
- llunio strwythur cyfraniadau gweithiwr yn seiliedig ar gyflog go iawn, gan roi terfyn ar wahaniaethu yn erbyn athrawon sy'n gweithio rhan-amser;

- cyhoeddiad gan Adran Addysg San Steffan yn nodi asesiad effaith cydraddoldeb o Gytundeb Terfynol Arfaethedig TPS;
- ymrwymiad gan yr Adran Addysg i gyfrannu at y broses o gasglu data cydraddoldeb ar gyfer aelodau'r cynllun a chanddynt nodweddion gwarchoddedig fel y nodir yn Neddff Cydraddoldeb 2010;
- ymrwymiad gan yr Adran Addysg i gynnal adolygiad parhaus o effaith diwygio pensiynau ar gydraddoldeb;
- y Llywodraeth yn llunio Adolygiad o oblygiadau gorfodi athrawon i weithio'n hirach, a chynnwys NASUWT yn yr adolygiad hwn;
- Adran Addysg/Pensiynau Athrawon yn cyhoeddi data eithrio TPS misol;
- pennu cynrychiolaeth gweithwyr/undebau llafur ar strwythurau llywodraethu TPS ar gyfer Cymru, Lloegr yr Alban a Gogledd Iwerddon;
- penodi enwebai o'r NASUWT i Fwrdd Pensiynau TPS Cymru a Lloegr;
- cytundeb gan Adran Addysg San Steffan i dalu am gostau rhyddhau o'r ysgol er mwyn galluogi athrawon i eistedd ar y Bwrdd Pensiynau;
- Llywodraeth Glymblaid San Steffan yn llunio adolygiad o'r budd-daliadau goroeswyr cyfartal posibl ar gyfer cyplau priod o'r un rhyw a gweddwon;
- gwelliannau i ddarpariaethau pensiwn salwch.

Mae ymgyrch NASUWT ar bensiynau yn parhau.

I gael rhagor o wybodaeth am:

- **Sut mae'r cynllun CARE yn gweithio;**
- **Sut mae cael gwybodaeth am ddarparu pensiwn;**
- **Prynu pensiwn ychwanegol.**

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