



PENSIONS UPDATE: SPRING TERM 2020

Public sector pensions age discrimination cases

The Government has provided a further update outlining the progress in case management discussions for the judiciary, police and Ministry of Defence police. More information on the background to the cases is available here <https://neu.org.uk/advice/judges-and-firefighters-age-discrimination-pension-case>

The employment tribunal interim declarations mean that affected members are entitled to be treated as members of the relevant pre-2015 (i.e. final salary) schemes. The situation is not as straightforward as returning all eligible members in all public service schemes (including the Teachers' Pension Scheme) to their previous scheme. Many scheme members will have benefited from the post-2015 schemes even though the pension age is higher. Returning these members to their previous schemes would cause them to lose out.

The NEU is in the process of discussing exactly how all of this will apply to the Teachers' Pension Scheme (E&W) with the Department for Education.

Warning: Legal Cases on Pensions Protection

Some law firms are asking teachers to sign up to "no win no fee" employment tribunal cases seeking compensation arising from the age discrimination cases. The NEU advises members that there is no need for them to sign up to such cases. The Government has already confirmed that members of the Teachers' Pension Scheme will be compensated on the same basis as the litigants in the cases already decided in respect of judges and firefighters, without any need to lodge their own cases.

These law firms are asking members to pay as much as £1,800 (£1500 plus VAT) in legal fees, to be paid from compensation which the Government has already said will be payable. The compensation payable to some members of the Teachers' Pension Scheme may be less than the legal fees being quoted, and some members may actually have gained from the changes in which case no compensation would be payable.

The NEU believes that these law firms' actions are wholly unnecessary and inappropriate. If the position changes then members will be informed.

Teachers' Pension increase 2020

The 2020 increase for TPS pensions in payment is expected to be 1.7 per cent, in line with the September 2019 increase in the Consumer Prices Index. The increase would have been 2.4 per cent had the previous link with the Retail Prices Index been maintained.

Confirmation will be put on the NEU website when the Treasury issues its annual order confirming the pensions increase. This is anticipated to be in February.

Indexation of career average rights

A significant majority of teachers are now in the career average section of the Teachers' Pension Scheme. They build up 1/57 of their pensionable earnings as pension each year. These pension rights are then increased each year until retirement at CPI inflation + 1.6 per cent for teachers who stay in teaching.

The April 2020 increase will be based on the CPI figure from September 2019 - which is 1.7 per cent. The NEU is awaiting confirmation from the Treasury but is therefore expecting an indexation figure of 3.3 per cent to be used in April 2020. The indexation increase for teachers who have left teaching is CPI only – so a 1.7 per cent increase in April 2020. The 1.7 per cent increase also applies to deferred pension rights in the final salary scheme.

State pension increase

The increase in the basic State pension for those who reached state pension age before April 2016 will be 3.9 per cent. The basic State pension is indexed to the higher of CPI inflation, average earnings increases or 2.5 per cent – known as the 'triple lock'. This year average earnings will be used. The maximum basic State pension will increase to £134.25 a week from April 2020. Increases in the state additional pension under the old state pension system are linked to the CPI increase, so are increasing by 2.4 per cent.

Pensioners on the new single-tier state pension who have reached the state pension age since April 2016 will also get a 3.9 per cent increase in line with the triple lock. The maximum weekly payment will increase to £175.20 a week in April 2020.

Check your pension records

The NEU receives many reports of pension records being incorrect. The growing fragmentation of the school system means a growing number of small employers, and more changes of employer for teachers over their careers. These are perfect conditions for mistakes to be made.

Members should sign up with the Teachers' Pension Scheme's 'MyPensionOnline' service to check that their pension is correct. Teachers can register at www.teacherspensions.co.uk and will need their national insurance number and an email address. This is particularly important for members in the career average scheme. Each year is effectively a separate piece of the final pension so it is vital that each year's salary information is logged correctly – otherwise the final pension will be wrong.

It is important for older members still building up a final salary pension to check their records. These members should check salary details and that their contract and days out of service are correct. It is much simpler to deal with errors as they arise rather than shortly before retirement. It's therefore important to keep payslips and other salary records (like P60s).

NEU Pensions website material

Pensions materials can be found in the pensions part of the NEU website at <https://neu.org.uk/pensions>. This section includes news, briefing materials and Powerpoints (some with speaker notes!) intended for use by reps and district officials.

NEU Employment and Bargaining Department
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