

# national assembly of women

## pensions briefing 2

In recent months, hardly a day has gone by, without pensions and investments hitting the headlines.

First the problems of Equitable Life, with millions of people seeing savage cuts in their future pensions. Next the flight away from “final salary” schemes to poorer funded “money purchase” schemes, and more recently the underfunding of many occupational schemes, made even worse by the recent stock market crash – going down to levels last seen more than six years ago.

The government is desperate that more people save more for retirement – to satisfy their longer term goal: their mantra of reducing the public share of pension provision from 60% to 40% by 2050, in favour of private provision (which would go up from 40% to 60%).

So they have been commissioning reviews to identify ways and means of doing this. At the beginning of July, the first two reports were published.

The first review was by Ron Sandler (former chief of Lloyds) who was charged with simplifying the existing private pensions market – and he is suggesting that private pensions should be cheaper to buy, and accessible as “off the shelf” products.

However, the first simplified product, the Stakeholder pension, has lamentably failed to reach the ‘target’ market of low paid people – those earning less than £20,000. The take-up has only been reasonable where employers are making contributions – just a small fraction of the total. The second, more publicised review *A Simpler Way to Better Pensions* by Alan Pickering, former Chair of the National Association of Pension Funds and partner in a firm of pension advisors, investigated simplifying occupational pension schemes.

He has proposed changes meant to encourage employers to continue with final salary schemes. However, to do this, he recommends that the minimum standard scheme could abolish index-linking of pensions and benefits to surviving dependants – whilst at the same time, allowing employers to make membership of such watered down schemes compulsory!

Abolishing the inflation indexation of benefits (only recently achieved in law for pension earned after 1997), would inevitably consign more pensioners to live in poverty – and abolishing surviving spouses’ pensions is a direct attack on women – already the poorest pensioners.

Women are 75% of the 1.7 million pensioners on income support, and Pickering’s proposal would push even more women into poverty. There are large numbers of women, who have not been able to build up an adequate retirement income in their own right, who would lose out.

Elements of both these reviews and a third review on Inland Revenue due to report back shortly, are expected to be adopted by the government in a Green Paper due in the autumn.

Whilst these reviews were underway the TUC responded to the pensions crisis in their paper *Prospects for Pensions* by criticising the fall in occupational pension provision, and demanding that all workers have access to a quality pension, either final salary, defined contribution or stakeholder scheme.

They acknowledge that individuals will never be able to save enough to fund a secure retirement and therefore “in the spirit of shared responsibility’ call for the introduction of compulsory employer contributions to occupational pensions in return for which,

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employers could make pension scheme membership compulsory”.

They also call for fiscal incentives, such as a pension tax credit, to make saving more affordable for lower paid employees. No doubt the TUC will make this the cornerstone of their contribution to the Green Paper consultation.

However, the real solution to provide decent pensions now and in the future is to improve State Pension provision – as we argued in the NAW *Pensions Briefing* published last winter.

Women in particular have the combination of broken employment records (whilst caring for children) and low pay. Even when they have access to occupational pension schemes, women’s lower wages for fewer years will produce lower pension entitlement.

Money Purchase Schemes make that even worse: the pension women get from a given amount of savings is less than men as women are expected to live longer.

If poorly paid women choose not to put their money into stakeholder pensions or money purchase company pension schemes, which offer too much risk, and too little reward, but instead spend their money on their family’s needs now, who can blame them?

We need to demand that the government spreads the risks on our behalf, and guarantees a decent state pension as a basic right.

Only the state can effect redistribution to those with low lifetime earnings, and compensate women for years of unpaid caring work.

We need to maximise the pressure to promote a strengthened state pension system linked to earnings, and offer proper home responsibility credits to carers.

We asked, last winter, how many more financial disasters are needed before the government sees the light?

Many women were mis-sold personal pensions in the late 80s and 90s when Thatcher first started to unravel state pension provision.

**The NAW *Pensions Briefing* is sponsored by UNISON, the State Pension at 60 Alliance, and the National Pensioners’ Convention**

Despite the massive mis-selling the pensions reviews have highlighted, we are still being exhorted to save in private pension schemes.

We need to reverse government policy, to put the security of tomorrow’s pensioners in democratically controlled and accountable state provision.

**THE TEXT OF THE FIRST NAW BRIEFING IS ON WWW.SISTERS.ORG.UK OR CAN BE OBTAINED FROM MEGAN@GN.APC.ORG OR FROM: NAW, 1 CAMDEN HILL ROAD, LONDON SE19 1NX**

## **Minister “for” Women – unique policy solution to women’s poverty in retirement**

The NAW wrote to the Ministers for Women (the most invisible women in British politics?) to ask them to support our campaign for a high level review of policy on women’s pensions. We thought the response from the Minister for Pensions arguing that government reforms would improve the position of women was complacent enough, but Barbara Roche really took our breath away!

Barbara Roche’s reply to us stated “with the stakeholder pension option women who wish to save towards a decent income in retirement can now do so. Those that are unable to contribute themselves can benefit from the rules which allow a family member or friend to contribute to their pension”. We believe that this is a clear admission of government’s failure to address the pension needs of women and is a betrayal of women’s rights to economic independence. Suggesting that women take a begging bowl to their friends and family to top up inadequate pensions is not a serious political strategy and is a shameful position for the Minister for Women to adopt.

If she tweaked this thinking just slightly she has solved at a stroke the long lasting problem of unequal pay; women could take two begging bowls round to their well-paid male relatives and friends and ask them to top up

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their low earnings as well as their pensions. What a genius this woman is!!!!

We wrote back to her straight away to voice our objections to her position in the strongest possible terms, asking her to define her interpretation of her role and you can see the text of these letters on our website. Two months later we are still waiting for a reply; perhaps the question is just too taxing. We are glad to see some other women’s organisations have taken her to task too.

The Older Feminist Network has asked her “Have we misunderstood your role as Minister for Women? Is it, as we thought, to guard our interests, or is it to ‘keep us in our place’? Please consider this and think of what you are doing to, and for, women in your position.”

The NAW EC is urging all members to raise this with Ms Roche, their own MPs, trade union women’s officers and Labour Party contacts to expose the way this Minister for Women defines her role. All those years of campaigning for a Minister for Women never envisaged this; let’s remember the role Jo Richardson set out as well as this government’s commitments to equality proof its policies and to the Beijing Platform for Action. **Minister for Women? I don’t think so.**

BY MARGARET BOYLE, NAW SECRETARY