

BECTU ADVICE

BBC PENSIONS FEEDBACK FORM

As you know the BBC are consulting with the unions and staff about the proposed changes in pensions. BECTU would recommend that you complete the feedback form which can be found in Gateway. It is important that you complete the form so that the BBC does not claim support for its proposals from an unrepresentative sample.

We believe that as the scheme is in surplus the only reason for the BBC introducing these changes is to save more money having already saved around £1 billion pounds in reduced contributions since 1990. We do not believe that the pension age should be increased to 65. Any attempt to increase contributions above 7.5% breaks a promise made by the BBC. And the Career Average scheme is a poor second best that would leave future employees in pensioner poverty. We will be meeting the BBC to negotiate over these issues and will keep you informed. Please pass this on to other union members.

In the meantime you should log on to Gateway and complete the feedback form. Obviously how you answer the questions is up to you but we would suggest the following answers which are in line with our claim.

Question 1 Would you prefer:

- *to pay higher member contributions*
- *to build up your pension at a lower rate in future?*

Answer: Prefer to pay higher membership contributions.

WHY—This is because there is no formal case for making staff work longer. BECTU recognises that there may be a case for increasing member contributions from 5.5% to 7.5% and we are negotiating on that at the moment, but the BBC must stick to its promise made in 2003 that contributions from staff should never go above 7.5%.

Question 2 a) Do you agree that the increasing cost of providing pensions should be shared between the BBC and members?

Answer a) Yes, the increasing cost of providing pension should be shared between the BBC and members.

WHY—BECTU accepts that members' contributions may have to rise. However, it is clear from the recent actuarial valuation that if the BBC returns to paying 17.3% as it did throughout the 1970s and 1980s, and if members return to paying 7.5%, then the scheme is well-funded and no further changes are necessary.

b) Is the proposed approach reasonable, including the potential increase in members contributions up to 9%?

Answer b) No

WHY—the proposed approach is not reasonable particularly the potential increase in contributions to 9% as it breaks promises already made.

c) ***If no, how else should the increased costs/risks be addressed?***

Answer c) The increased costs and risks associated with people living longer have been factored into the scheme at each valuation since 1990. The scheme is fully funded as at 2005, and if the BBC and the scheme members pay their share those costs and risks will continue to be covered.
The BBC must accept that to retain its staff it must continue to fully fund the current scheme for existing staff and future employees.

Question 3 Do you think it is reasonable to increase Normal Pension Age in light of increased in life expectancy and new laws on age discrimination?

Answer No, it is not reasonable to increase Normal Pension Age in the light of increases in life expectancy and new laws on age discrimination.

WHY–BBC Staff in the scheme have an expectation to retire at 60 with the pension they have earned. The increase in life expectancy is not sudden. The BBC’s own actuarial advisers admit that it has been costed into every actuarial valuation since 1990.

The fact that people can work and earn pension until they are 65 if they choose to do so, is a benefit to the scheme not a cost. If you work another five years that is five more years of pension contributions, and investment earning but also your pension has to be paid for five years less, on average.

Question 4 Do you have any suggestions as to other ways in which the existing benefits could be changed to make the scheme more sustainable?

Answer If by more sustainable you mean less costly to the BBC, then there are no other suggestions apart from employer and employees paying their fair share. The BBC should accept that it can and should afford a pension for its employees which will provide a decent standard of living in old age.

Question 5 Do you think that it’s reasonable for a new entrant’s pension to reflect his or her earning throughout their career?

Answer No
WHY–it is not reasonable because the current final salary pension is built up according to your length of service and salary in your last 12 months.
The Career Average Scheme (CAS) is built up year–by–year and the pension pot for each year is increased at the absolute discretion of the employer. It is not linked to RPI or any other index which could mean the BBC might only concede a small increase if they were short of money. The net result is a much lower pension and pensioner poverty.

Question 6 Do you have any suggestions around options for providing competitive but affordable pensions for new entrants?

Answer Allow them access to the existing pension scheme. It is affordable and also will provide an adequate pension on retirement. The CAS will provide a pension between 30 and 50% smaller than the current scheme.

Question 7 *Do you believe that allowing flexible retirement, as described, will be advantageous to members?*

Answer Yes. WHY–this could be advantageous to members and to the scheme.

Question 8 *Do you think that the BBC should look into the possibility of introducing ‘salary sacrifice’ as a way of cushioning the effect of the increase in contributions for existing members?*

Answer Yes. WHY–this is a way of making the same level of contributions but not paying national insurance contributions on them. There is an additional saving to the BBC and it will be on the order of £2–3 million per year.

Question 9 *Do you have any other questions or comments on the BBC’s proposals?*

Answer Obviously you can enter any questions or comments but we have asked the BBC the questions:

The way this consultation document is structured suggests that it is only looking for certain answers. Question 1 for example only provides two possible answers when there are many more. The consultation does not allow me the freedom to express my views.

Why are you threatening to increase members contributions to 9% when your own actuaries and the pension scheme trustees see no need for such an increase?

Why are you not prepared to fund the pension scheme at the same rate (17–18% of pensionable salary) as throughout the 1970s and 1980s?

Given your contribution saving of around £1 billion in the last 15 years, shouldn’t you accept that the BBC must continue to fully fund the scheme and make it available for new staff?

Why are you trying to introduce a Career Average Scheme which will leave staff in pensioner–poverty at the end of their working life?”

Please pass this on to other union members and if they have not received the email they should contact Dlockwood@bectu.org.uk with their details and they can be added to the list for future mailings.

Luke Crawley
Supervisory Official

8th June 2006