

NASUWT condemns increase to teachers' pensions in 2017 as inadequate

The NASUWT has written to the Government to condemn its below-inflation increase to teachers' pensions as inadequate. The Union's letter to the Chief Secretary to the Treasury is available via www.nasuwat.org.uk/article-listing/nasuwat-condemns-2017-increase-to-teachers-pensions.html.

The Government's announced increase to teachers' pensions in payment on 10 April 2017 is 1 per cent. This, however, is less than the current rate of inflation, which is running at 2.6 per cent and is forecast by many economists to increase to 4 per cent by the end of 2017. To add insult to injury, teachers' pensions did not increase at all last year and this below-inflation increase is the first since 2015.

The NASUWT has therefore called on the Treasury to reconsider the unacceptably low rate of increase in teachers' pensions in 2017, and has drawn attention to the hardship which many pensioners will suffer as a result. The NASUWT also protested in 2016 against the freeze in teachers' pensions which the Government imposed.

In an era of rising inflation, this means that the rate of increase in public service pensions is significantly below the rate of increase in prices for most pensioners. The Government continues to use the lower Consumer Prices Index (CPI) to measure inflation, rather than the Retail Prices Index (RPI) which was used up to 2011.

The NASUWT remains in dispute with the Government over the change from RPI to CPI indexation which took place in 2011 and is also the only teachers' union which challenged in the Court of Appeal the Government's replacement of RPI indexation with CPI indexation to determine the rate of public service pensions increase.

Increase in employee pension contribution bands

The Department for Education (DfE) has announced an increase in employee pension contribution bands of 1 per cent from 1 April 2017. This will increase the upper and lower level of the different tiers which determine the level of pension contribution increase for teachers.

During negotiations on the employee pension contribution structure in 2014/15, the NASUWT secured a progressive contribution structure, so that teachers who earn the least pay the least, and also that contributions are based on actual salaries, rather than full-time equivalent (FTE) salaries. This ensured that the pension contribution structure treats part-time teachers fairly.

The increase in the upper and lower level of the pension contribution bands does not mean that there will be an increase in pension contributions – in fact, an increased number of teachers are likely to fall in the bands with a lower contribution rate because of the increase. The increase in the bands is necessary to ensure that, when teachers receive a pay increase, it will not tend to be cancelled out by increased pension contributions.

Continued overleaf

The new employee pension contribution bands from 1 April 2017 onwards are:

Annual Salary Rate for the Eligible Employment from 1 April 2015 – 31 March 2017	Annual Salary Rate for the Eligible Employment from 1 April 2017	Member Contribution Rate
Up to £25,999.99	Up to £26,259.99	7.4%
£26,000 to £34,999.99	£26,260 to £35,349.99	8.6%
£35,000 to £41,499.99	£35,350 to £41,914.99	9.6%
£41,500 to £54,999.99	£41,915 to £55,549.99	10.2%
£55,000 to £74,999.99	£55,550 to £75,749.99	11.3%
£75,000 and above	£75,750 and above	11.7%

The NASUWT will continue to take effective action to secure members' pension entitlements. The NASUWT trade dispute on pensions continues.

