

AVERAGE PENSION IN PAYMENT IN THE NHS PENSION AND THE LOCAL GOVERNMENT PENSION SCHEME IN ENGLAND AND WALES

NHS PENSION SCHEME

At the last valuation of the NHS Pension Scheme, the average pension in payment was around £6,500 per annum. The Government Actuaries Department (GAD) are currently working on the new valuation data and the average pension in payment is expected to be around £7,000 per annum and for the first time there is a gender split. The average pension in payment for men is around about £13,000 per annum and for women it is £5,000 per annum. It is likely that this figure is distorted by the fact that 20% of the membership of the NHS Pension Scheme are GPs and hospital doctors and other professionals, we have yet to have a split based on grade and profession. It follows that the average pension in payment for ancillary grades and the majority of members in the NHS Pension Scheme would be significantly below these figures. The average length of service in the NHS Pension Scheme is around about 18 years. The figures for the last valuation can be checked on the NHS PA Website.

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

One of the most recent reports quoting average pension was the Hyman's Robertson Report based on a sample of schemes at the 2004 valuation. This was circulated to the TU side and employers by the CLG at the time of the consultation for the new LGPS in 2005. They showed that the average pension in payment was around £3,800 per annum and the average pension for women was only £1,600 per annum.

Another survey was completed by the Continuous Mortality Investigation bureau (CMI) investigating mortality experience between 2000 and 2006. The survey found that the mortality experience in local authorities was higher than national average and based on the data they received they estimated that the average period in payment was £5,056 per annum for males and £2,413 per annum for females. Both these were way below the boundaries for average mortality. The CMI is the only group that we are aware of that has tried to directly link the size of pension to mortality. Their findings show that males with a pension income of lower than the boundary amount £13,000 per annum and females with pension income lower than a boundary amount of £5,000 per annum experience higher average mortality rates than the national average.

In any event it is quite clear that the average pension for the vast majority of members of the Local Government Pension Scheme is extremely low and not only means that they are likely to suffer worse than average mortality but that for many, especially women their pension, when added to their State Benefits, will only be marginally above means tested benefits such as Pension Credit.

It is also worth noting that up to 30% of eligible members working for employers that participate in the LGPS actually opt out of the pension scheme because they cannot afford the current level of employee contributions and will rely on the State for their retirement.

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