NUT Response to Treasury Review of Survivor Benefits

Introduction
The National Union of Teachers (NUT) is the largest teachers’ union in the UK and represents over 250,000 serving teachers. The NUT is disappointed that, as was stated in the meeting with Trade Unions on 31st March, that this is merely a ‘review’ of the position and that recommendations will not be made. Although this is not a formal consultation, the NUT will take this opportunity to give its views.

The NUT continues to reject the Government’s package of proposals for the Teachers’ Pension Scheme set out in its “Proposed Final Agreement” (PFA). Nothing in this response should be read as representing any alteration in that position.

NUT View
The NUT notes that provisions within the Teachers’ Pension Scheme are currently unequal. Widows’ pensions are payable automatically for service from April 1972 onwards. Widowers’ pensions are payable automatically for service from April 1988 onwards. Pensions for civil partners are also payable automatically for service from April 1988 onwards

The Government’s intention is that pensions for couples in same-sex marriages are payable automatically for service from April 1988 onwards in accordance with the position for civil partners. This is a disappointing outcome.

It is important to recognise that the Government itself has supported the Marriage (Same-Sex Couples) Act 2013 and has used the language of marriage. By favouring different time limits for a widow of a same-sex marriage compared to that of a heterosexual marriage, the Government is now implying that same-sex marriages are ‘second class’ marriages. In the NUT’s view, marriage is marriage is marriage. Once the Government has taken the decision to allow same-sex marriages, it should have the courage to follow through on its convictions. Part of the intellectual justification for providing widows’ pensions from 1972 is that women will have had
less opportunity to build up pensions of their own. This logic surely applies to all women, not just women with male spouses.

Our view is that the simplest course is to equalise provision so that all service from April 1972 onwards for all marriages and civil partnerships is automatically counted for survivor benefit service. This avoids the complications of giving the female spouse of a male teacher a widow’s pension for service from 1972 onwards but not a female spouse of a female teacher. Equally a male teacher knows that a female spouse will receive a pension based on his service from 1972 onwards, but a male spouse will not. Rather than tie itself up in knots, the Government should promote and advance equality.

Pay inequality is still prevalent today, with women earning lower average salaries than men. This will in time feed through into lower pensions. The Government should be taking active steps to end pension and pay inequality.

Costs of equalisation
The NUT has been sceptical of the mooted costs of equalisation – both in terms of the absolute cost and the proportion attributed to the Teachers’ Pension Schemes. In a letter to Kate Green MP, the Government Minister Hugh Robertson gave a £18 million figure for equalising benefits in private sector contracted-in defined benefit schemes. He added that the total impact on private sector defined benefit contracted-in and contracted-out schemes could be as much as £90 million.

In 2011, for the Cockburn case, the Secretary of State for Health submitted evidence which estimated that the total cost for providing widowers’ benefits prior to April 1988 for active, deferred and pensioner members in the large public sector schemes was between £3.4 billion. Of this, approximately £1.5bn was attributed to the TPS England and Wales and the TPS Scotland. As stated at the 31 March meeting between Government and Trade Union Officials at Congress House, the NUT was deeply sceptical of this £1.5bn figure.

The NUT has received the revised GAD estimate sent to the Treasury on 22 April. This indicates (p5) that the total cost of equalisation is £3.2bn, of which the vast majority (£3.1bn) would be due to equalising provision for opposite sex male survivors to that of opposite sex female survivors. This represents an approximate 0.2 per cent contribution increase over a 15-year period. The NUT notes Annex E of the revised GAD estimate, which indicates that the proportion of the £3.1bn cost attributable to the TPS (E&W) is approximately 19 per cent, or £589m. Even adding in an allowance for the TPS Scotland, this is far less than the estimate produced by the Secretary of State as evidence for the Cockburn case.

The NUT believes that the any cost of equalisation should be borne by the employers and not included in the cost-cap mechanism.

Suspension of pension on cohabitation or remarriage
Dependents’ pensions are payable for life in the TPS provided that the member has pensionable employment on or after 1 January 2007. If this is not the case, the pension will cease if the dependent remarries, enters into a civil partnership or cohabits.

The NUT understands the logic of ‘no retrospection’, but this provision is a relic of an earlier time and treats dependents as chattels of their former spouse. Pensioners
this situation have described the provision as stressful, upsetting and soul destroying. The position of cohabitees is especially troubling as it is difficult to obtain guidance on what exactly constitutes cohabitation, for example, the number of nights spent together each week and the extent of financial interdependency allowed.

We believe that it is entirely unfair and inequitable to restrict the lives of those who simply wish to live a comfortable and companionable life in retirement but are prevented from doing so by an arbitrary date. We would hope that the Government will leave the 19th century and join the 21st century by abolishing this rule.

Yours faithfully

CHRISTINE BLOWER
General Secretary