

What the TUC is calling for

The TUC is calling for a new pensions settlement. We believe that the state, employers and individuals should all play their part.

We have called for improvements to the state pension, including better protection for women and compulsory workplace pensions.

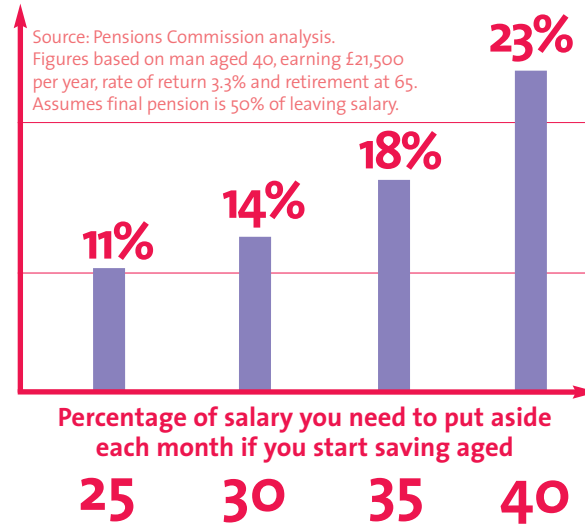
The Independent Pensions Commission recently published a number of recommendations for reform. We back:

- A new National Pensions Savings Scheme with compulsory employer contributions.
- Indexing the state pension to earnings so it keeps up with living standards.
- Moving to a universal pension so that women do not lose out from caring.



Pay now – not later

The longer you leave thinking about a pension, the less money you will have when you retire.



“A pound spent on a pension in your twenties is worth far more than a pound spent twenty years later.”

Malcolm Wicks
Pensions Minister, 2003-2005

What should young people do?

Many people, including politicians, think young people aren't interested in pensions. We need to work together to change this attitude. Joining a union and supporting the TUC's campaign for pensions reform will make the Government sit up and listen.

We need to ensure that there is easily accessible information for young people on the importance of financial planning when leaving school and college.

Finally, we need young people to find out about pensions in their workplaces. Does your employer offer a pension and if so, are you paying into one?

For more information on pensions and savings go to www.WorkSmart.org.uk or visit www.thepensionservice.gov.uk/planningahead/



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Young people
at work



Pensions: Saving for the future



Pensions in crisis

The UK is currently facing a pensions crisis. Many people will have to save a lot more and work until much older to get a decent pension.

To safeguard their futures, young people are being urged to think now about their retirements – instead of gambling with their futures.



Everyone has the right to join a union. It costs less than you think and your employer doesn't need to know you are thinking of joining up.

What is a pension?

A pension is a source of regular money you live on after you retire. It either comes from the government or from private schemes run by employers or financial institutions.

Everyone needs money to live on when they retire, but few people think that far down the road. Unless you become very rich, you will need money to support you when you stop working.

There are three types of pensions:

State Pension

This is a flat rate pension payable from the state pension age – currently 65 for men and 60 for women.

The amount you receive depends on National Insurance contributions you've made. You will need to have had a job for around 90% of your working life to qualify.

The state pension is currently £82.05 a week.



Occupational pension

In occupational pensions, you and your employer both contribute to your pension. The contributions are then invested to help them grow – usually in the stock market. There are two main kinds of occupational pensions, **defined benefit** (often known as final salary) and **money purchase** schemes.

Defined benefit schemes have rules that decide how much pension you will be paid, and will normally depend on your salary and how long you contributed to the scheme. The size of your pension will not depend on the ups and down of the stock market.

In **money purchase** schemes you and your employer both contribute to a fund. There is no pensions promise and if the investments do badly you end up with a lower pension.

Personal pension, including stakeholder pension

You pay money into a special kind of savings account that gets favourable tax treatment. When you retire, the money you have saved is paid back to you over time.

What's the problem?

Over the past decade or so, increasing numbers of people have found that their pensions have been eroded. There are several reasons for this:

- People are living longer – and so are demanding more money from pension providers.
- The stock market has fallen. When the market was booming, pensions were safe, but now it has fallen, holes are appearing in pension funds.
- Employers are closing down salary related pension schemes and replacing them with either money purchase schemes or stakeholder schemes. This transfers all the risk of saving for retirement to the individual.

Why can't I rely on the state pension?

The state retirement pension is only linked to prices at the moment. As earnings increase faster, it means that by 2020 the state pension will be worth far less than it is today – just 10 per cent of average earnings.