

## **ALTERNATIVES TO EMPLOYEE CONTRIBUTION INCREASES**

### **Background**

1. In the Chief Secretary to the Treasury's letter of 18 July to Brendan Barber (General Secretary, TUC), the CST set out that formal consultation will shortly begin on scheme proposals for increases in employee contributions to meet the 2012/13 savings target.
2. The CST also set out that the Government remained committed to securing in full, the savings target for 2013/14 and 2014/15. However, his letter set out that "how to deliver these savings in 2013/14 and 2014/15 will be considered in scheme discussions".
3. At a meeting on firefighters' pensions in August, the Department commissioned the Government Actuary's Department to consider and provide costings on options for alternatives to employee contributions for the firefighters' pension scheme for the period 2013 to 2015.

### **Options**

4. Annexed to this paper is an initial note from GAD detailing a range of alternative options which could be pursued instead of increases to employee contributions. These include changes to commutation rates and limits, changes to accrual rates, and changes to pensions in payment and pensions due to come into payment.
5. Please note that no legal advice has yet been sought on these proposals and that none of the options represent Government policy.

### **Conclusion**

6. The committee is invited to note and discuss the contents of the GAD letter. It is also invited to consider whether there are alternative options which could be explored further.