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GMB Pensions – deferred pay matters



AA Slash Pensions

The AA's proposals are serious undermining of pensions for ALL its workforce. Whether you are in the Final Salary or CARE scheme you are going to be severely hit.

The Final Salary scheme will cease and will no longer be linked to Final Salary at retirement. Whatever you pay is when the scheme closes will be the salary used for your pension calculation. The closure of the Final Salary scheme also means that your family could be worse off if you pass away, as the survivors pension will be affected by the closure of the scheme. If you are too ill to work the closure of the scheme can negatively affect the pension you would receive from ill health retirement. The AA is closing the scheme to save money and if the AA is saving money than you will have less money in retirement.

The CARE scheme is going to be seriously affected and undermined. There is an increase in contributions that will leave everyone in the scheme worse off. The scheme is going to move from RPI to CPI which will make a significant impact on your pension. The AA wants you to pay more for a smaller pension. That is less money in your pocket now for less money in your pocket at retirement so the AA can give more to their shareholders.

If this proposal goes ahead there will be 4,000 workers in CARE and 2,500 in DC. The closure of CARE will lock those in the DC scheme in to that inferior scheme for the rest of their career. The closure of the scheme to new starters will also lead to closure of the scheme for all future pension build up when there are more numbers in the DC in a few years time.

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GMB as an established trade union has witnessed this many times, the closure of a scheme to new starters always eventually leads to its complete closure. It will not take long for there to be more DC scheme members than CARE scheme members and then the AA will come back to close the scheme. Only a fly-by-night organisation would not see the long term picture of what this closure of CARE means, GMB believes not being honest about that would be negligent.

Bob talks about competing demands for AA cash, which means your pension gets hammered because nearly 95% of profit is spent on servicing the debts that continue to hamper the AA. This hasn't stopped Bob, having a 55% increase in the AA's contribution to his pension between 2015 and 2016.

Consultation ends on 22nd May. Consultation, if meaningful, should allow for dramatic changes in the proposal if they are put forward by the workers and accepted by the employer. The AA wants to make this change on 30th June, GMB believes that there is no way that the work required to implement such a radical change can be done in just over a month and therefore believes that the consultation must be a foregone conclusion as work must have already started on implementation.

Your Pension is Your Deferred Wages.

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