Scottish Democratic Alliance

Government Employee Pensions

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A significant burden for the Scottish people is the cost of paying government employee pensions. The current system is unsustainable and does not provide a fair and equitable pension to all public sector employees. As a general rule pension contributions do not reflect the amount of pension funds necessary to meet the expectations of individuals.

The **SDA** propose that post independence there will be a requirement for a radical change in how we provide pension funds for government employees.

The **SDA** propose a two section approach to meet the pension requirements for government employees. The old section will provide for government employees prior to independence. A new section will provide for government employees post independence.

Old Section: This section will apply to those who were government employees prior to independence. For the former employees the contracted pension agreements prior to independence will be honoured. For employees continuing in government service their contracted pension rights will be honoured for the period prior to independence. New section rules will apply following independence.

New Section: All employees will be required to sign new contracts of employment post independence. A standard system of pensions will apply to **all** directly employed government employees – applicable for both full and part-time employment.

Post independence all government employees will be required to possess a **Personal Pension Fund** (PPF). Once a PPF has been set up it cannot be surrendered or cashed in other than on retirement. Contributions will be in two mandatory parts and one optional part:

- The government will pay into the individual PPF – on a monthly basis – a contribution equivalent to **8%** of the employee's basic salary.

- The employee will pay into the individual PPF a monthly contribution equivalent to **8%** of their basic salary.

- The employee may choose to pay an Additional Voluntary Contribution (AVC) to provide a higher pension. The AVC can be in the form of lump sums or as monthly contributions. The AVC payment can be added to the PPF or a separate AVC fund can be established.

- The employee total monthly pension contributions will be capped at **90 %** of basic salary.

The employee will be provided with a choice of fund providers. The employee will be provided with assistance to determine the most appropriate choice of PPF provider. Prior to retirement the employee will be provided with assistance to choose a suitable pension provider.

Tax Relief: All monies paid by an employee into PPF / AVC fund /s will enjoy **full tax relief**.

Retirement Age: The SDA propose that the retirement age be flexible and need not be tied to age. As long as individuals are fit and able they should have the right to work when there is a demand for their skills and experience.

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