



Public service pensions: unfinished reforms?

Steve Simkins, KPMG

—

19 May 2016



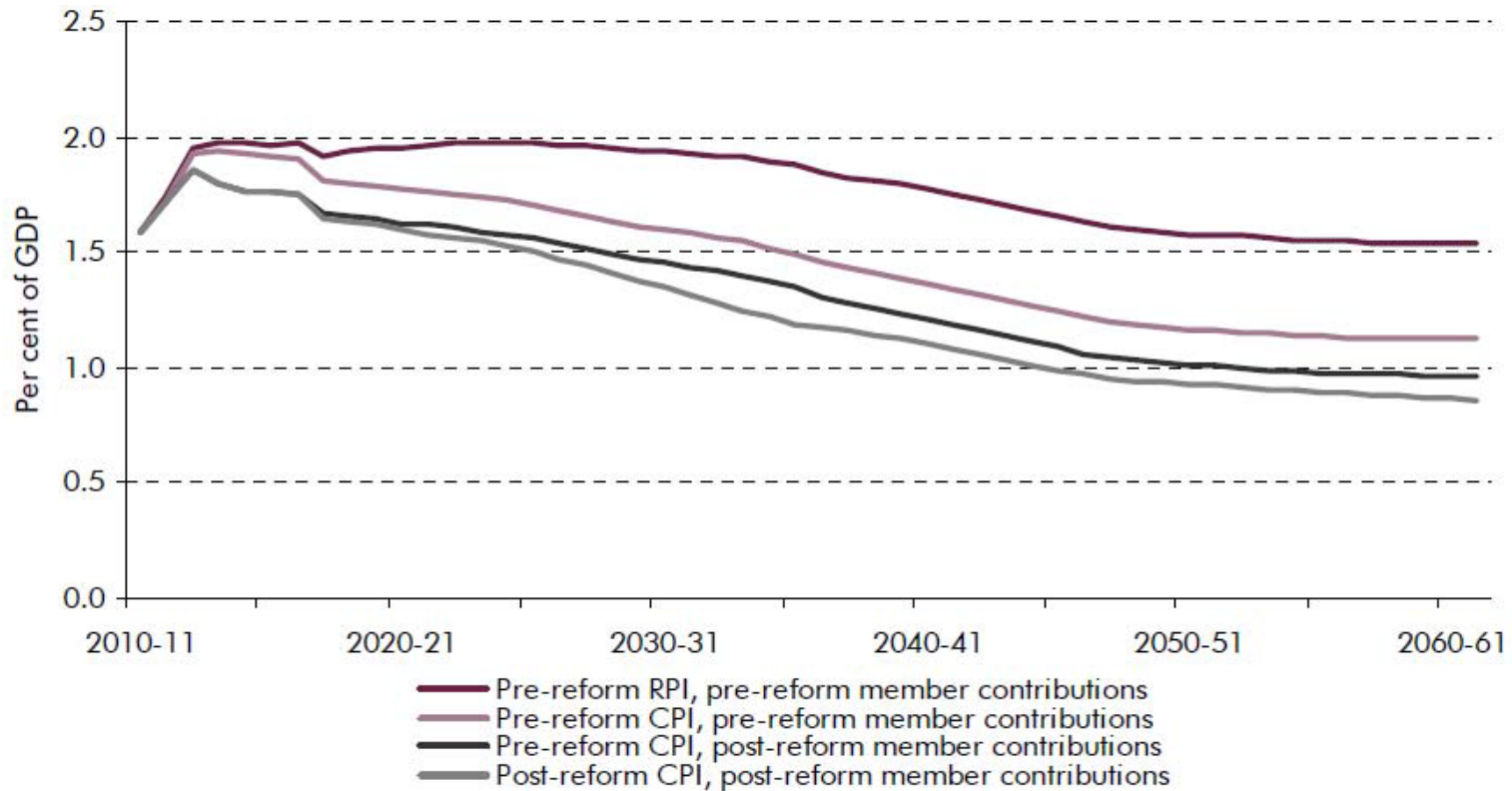
Public service pensions: unfinished reforms?



The sustainability of public service pension schemes is less a matter of cost and more a matter of design

Cost projections

Chart A.5: Effect of reforms on net expenditure



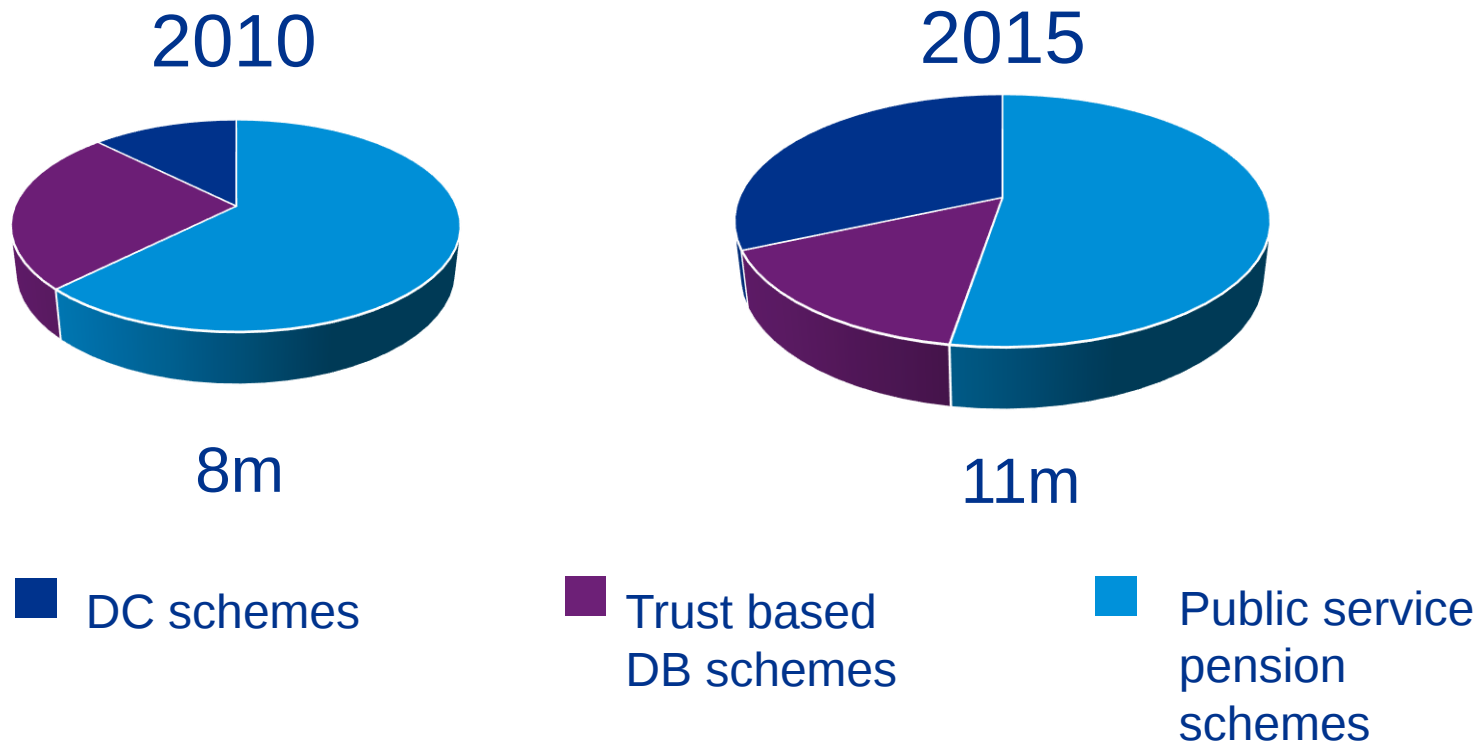
Source: OBR, GAD

Current position



In context

UK occupational pensions: active membership



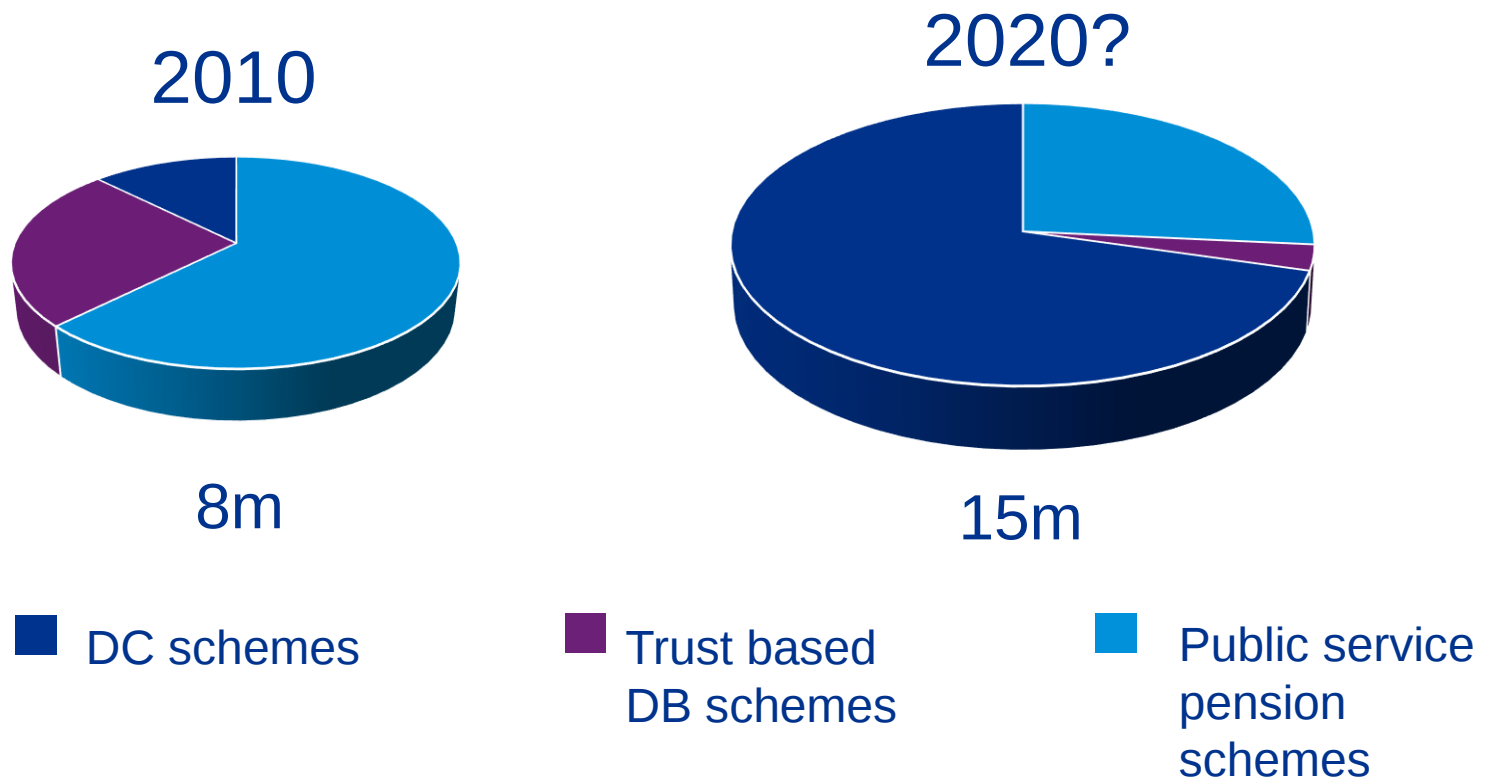
SOURCE: KPMG Analysis



© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

In context

UK occupational pensions: active membership

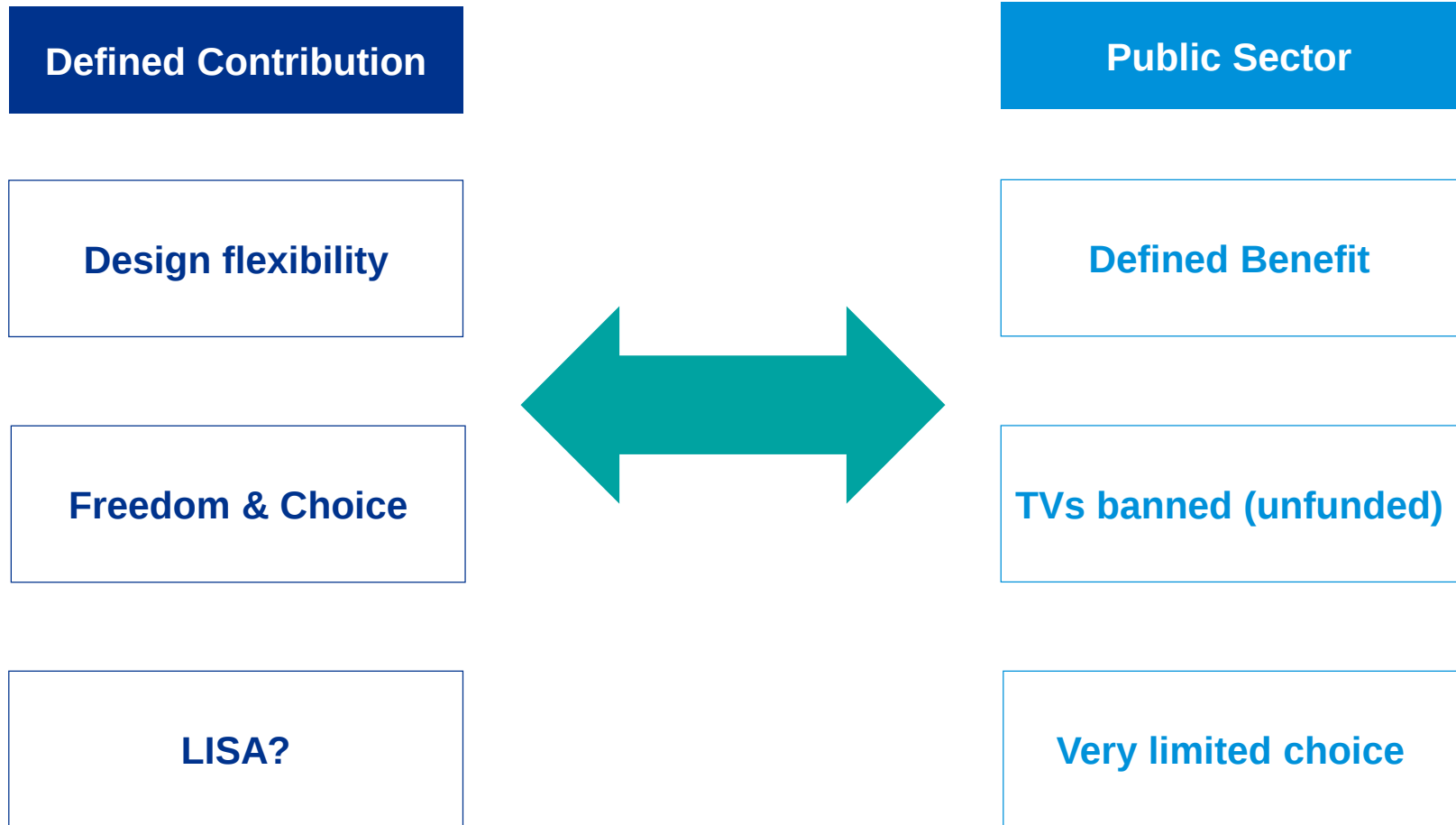


SOURCE: KPMG Analysis



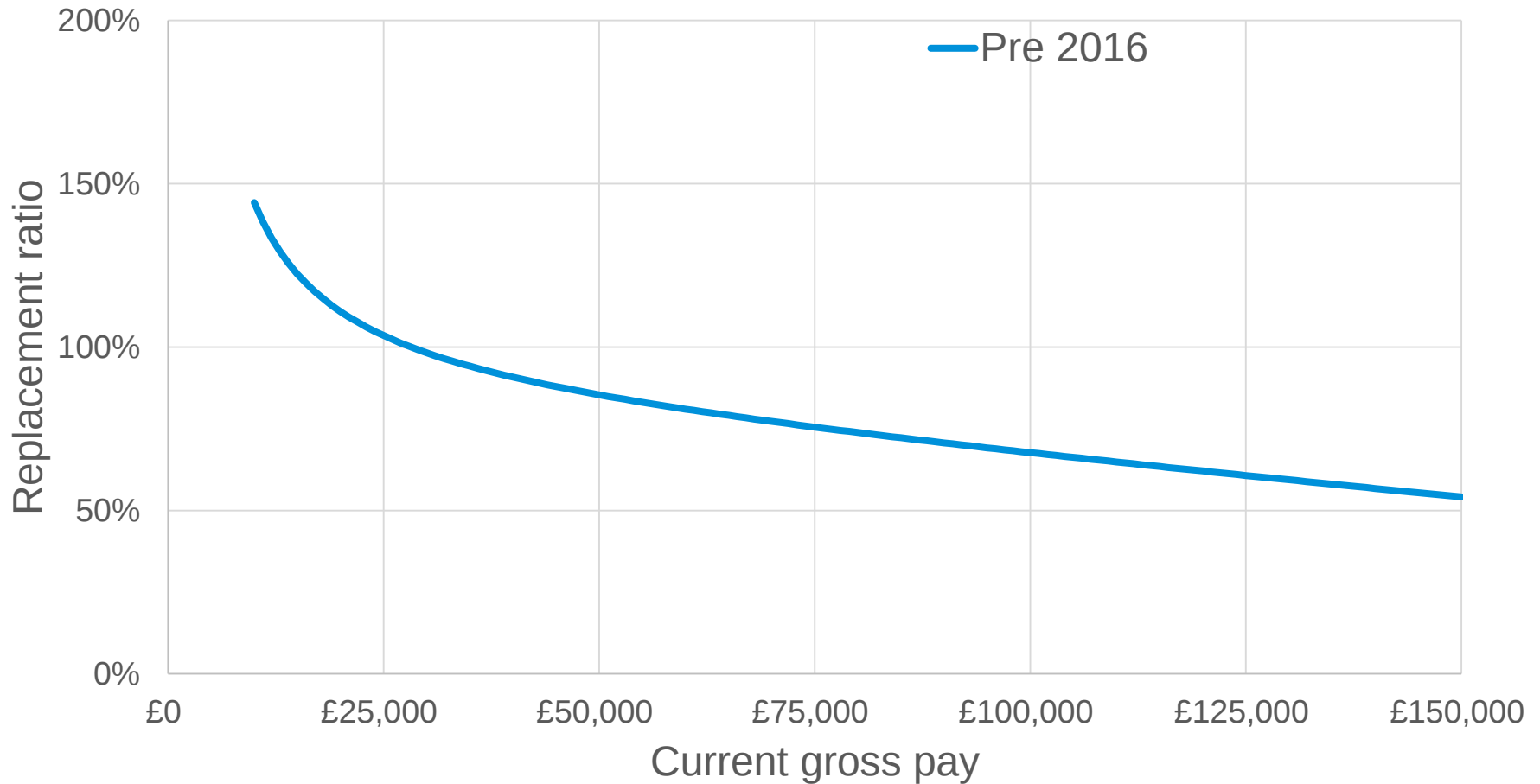
© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

In context (cont)



Value for money: replacement ratios

NHS Pension Scheme – Pre 2016



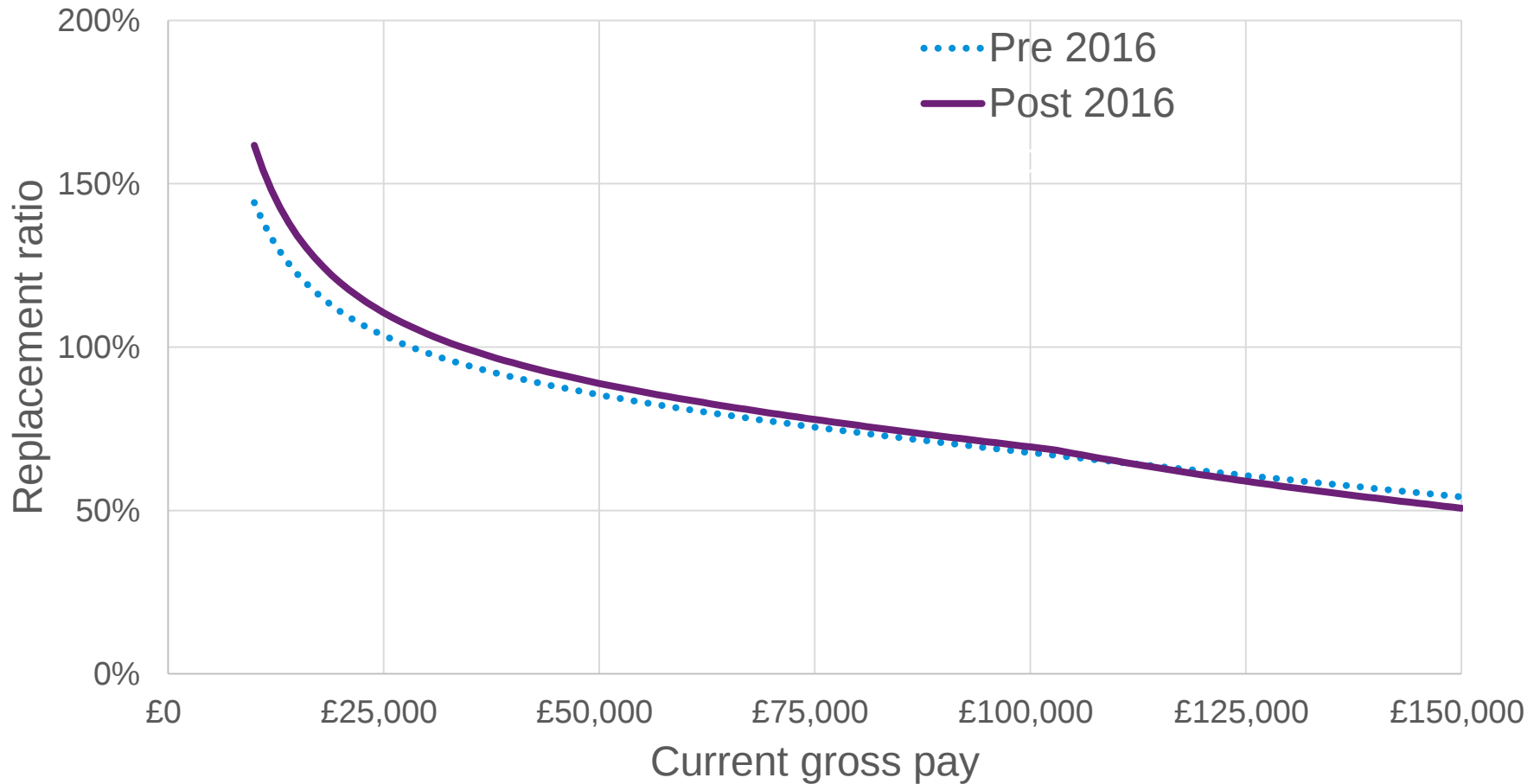
SOURCE: KPMG Analysis



© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Value for money: replacement ratios

NHS Pension Scheme – Post 2016



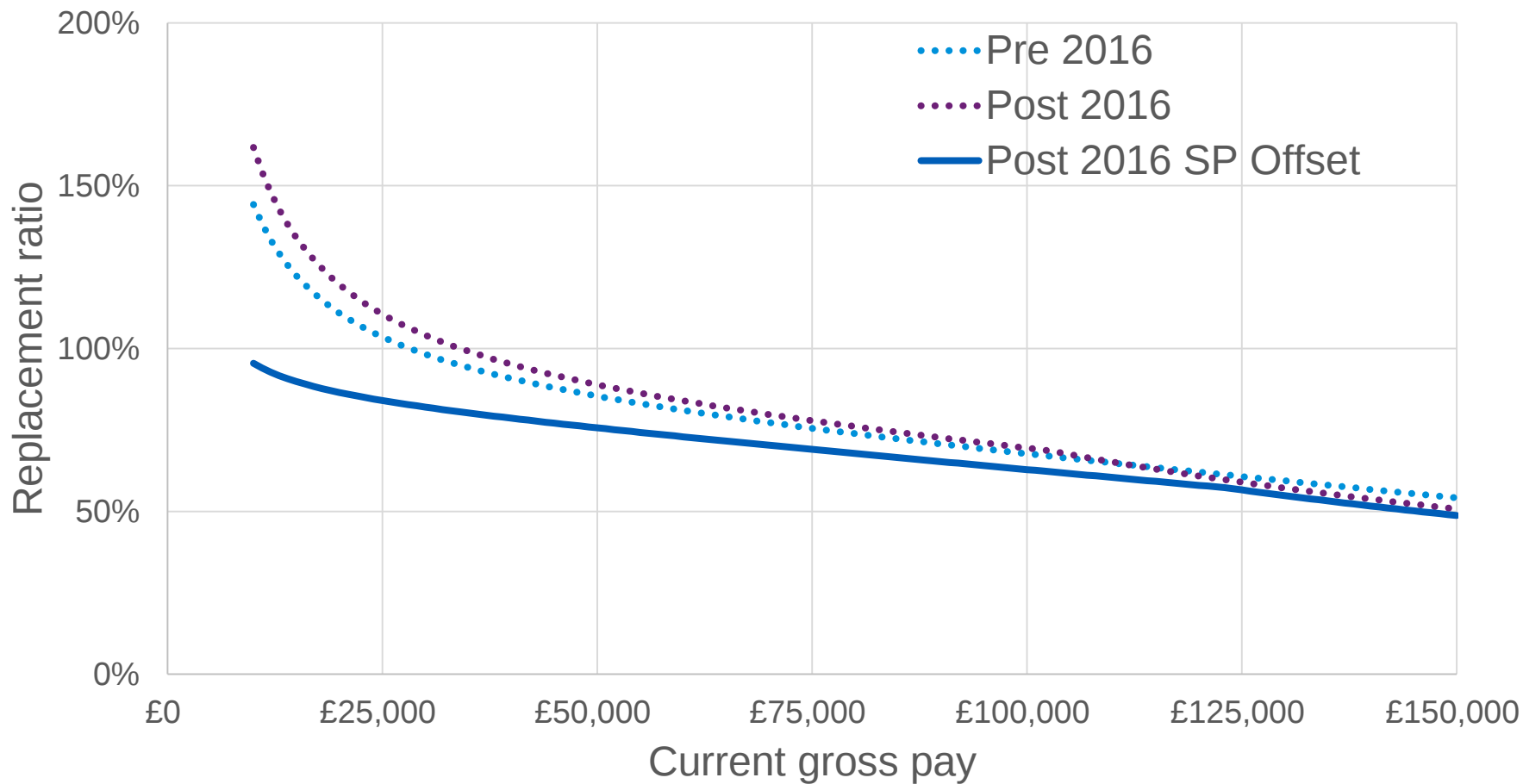
SOURCE: KPMG Analysis



© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Value for money: replacement ratios

NHS Pension Scheme – State pension offset



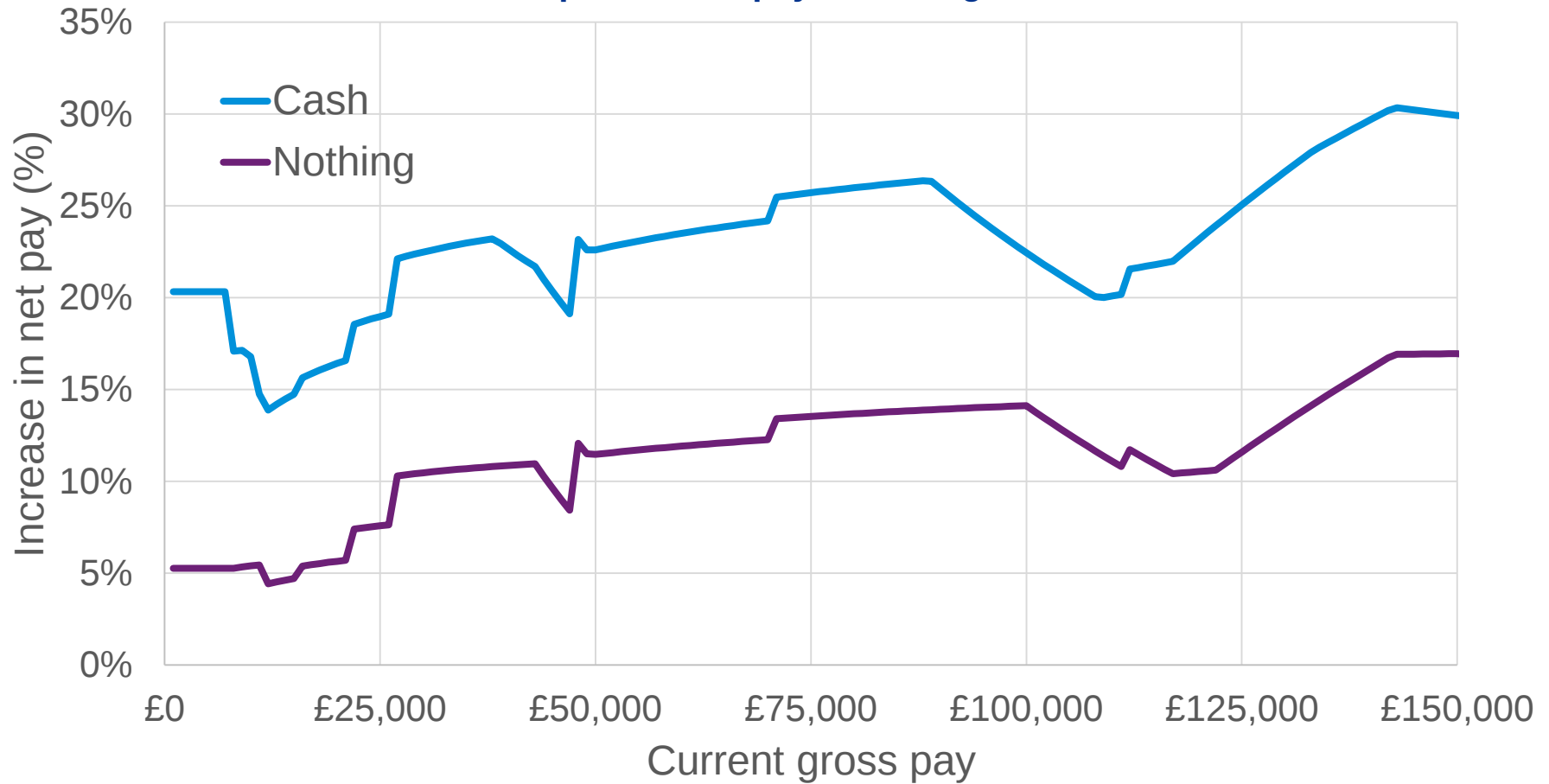
SOURCE: KPMG Analysis



© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Freedom and choice: in or out?

Impact on net pay of leaving the scheme



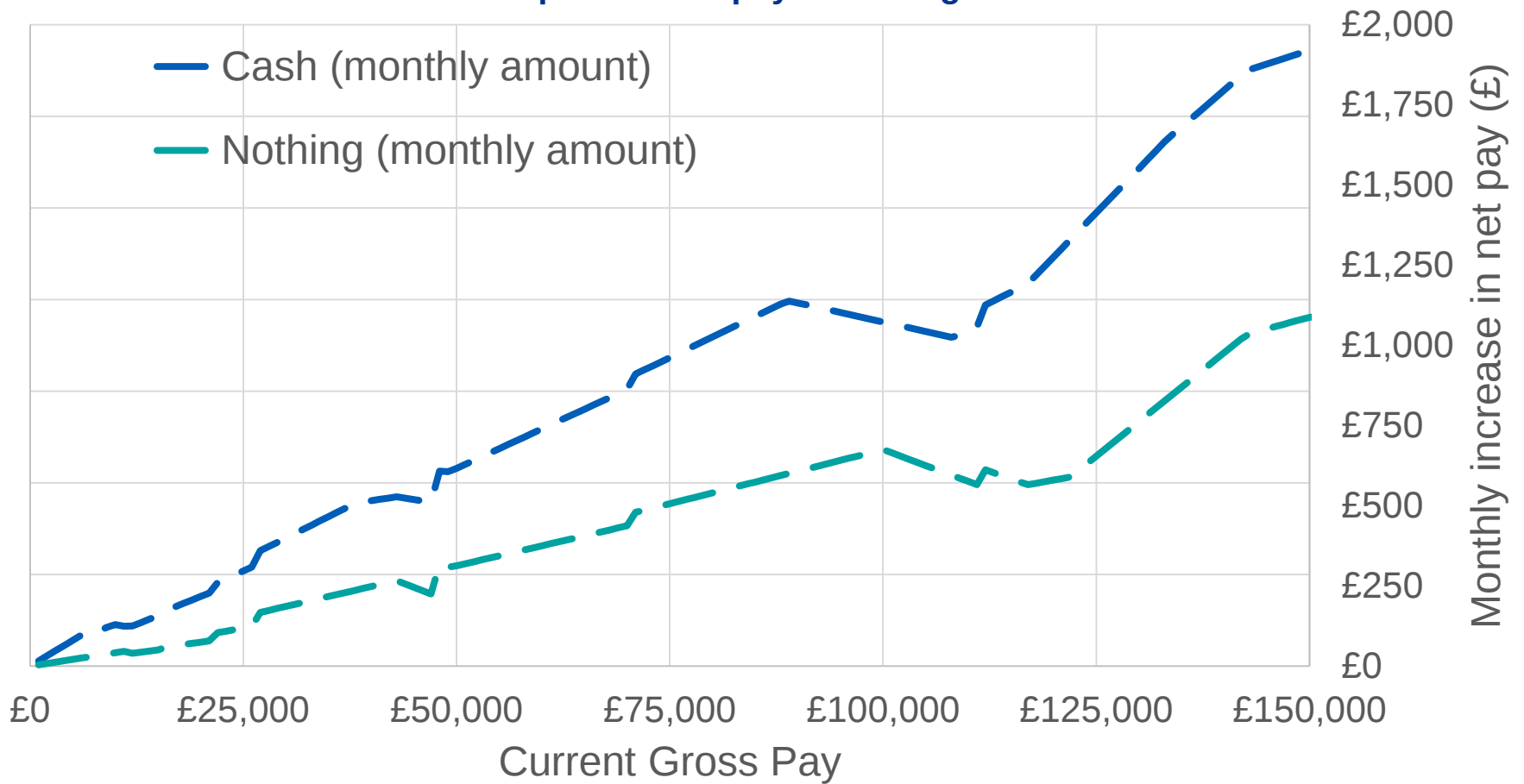
SOURCE: KPMG Analysis



© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Freedom and choice: in or out?

Impact on net pay of leaving the scheme

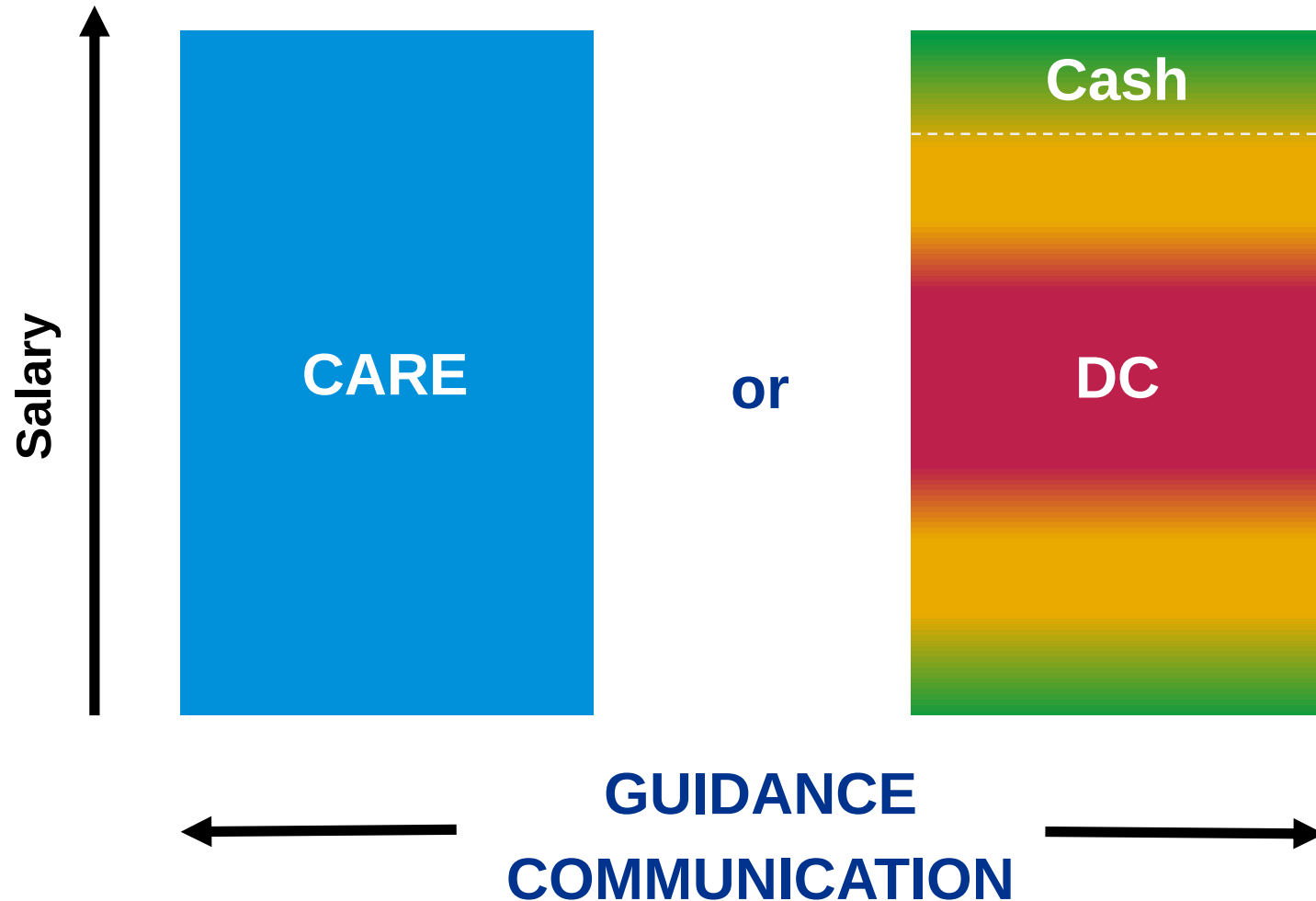


SOURCE: KPMG Analysis



© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Enhancing sustainability



Civil Service Pensions: Partnership

Employer contributions	
Age	% of Pay
Under 31	8
31 to 35	9
36 to 40	11
41 to 45	13.5
Over 46	14.75
No employee contributions required	

Cash constraints



**BIG
PICTURE**

**TAX TAKE
FROM
PENSION
TAX
REFORM**

**LGPS
ASSETS**



Thank you



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2016 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

KPMG LLP is multi-disciplinary practice authorised and regulated by the Solicitors Regulation Authority. For full details of our professional regulation please refer to 'Regulatory Information' at www.kpmg.com/uk

The KPMG name and logo are registered trademarks or trademarks of KPMG International. | Create KGS: CRT062282A