

Pensions Action Group

PRESS RELEASE

Response to the WRIC Report

The Pensions Action Group submitted written and oral evidence to the Workplace Retirement Income Commission, and has studied the report which was published on 1st August 2011.

Lord McFall and his colleagues have done well to produce such a comprehensive report on such a complicated subject within a tight timescale, and we welcome many of the recommendations.

PAG members had, however, taken many of the actions now recommended by Lord McFall to secure a relatively comfortable retirement, only to lose most, if not all, of their savings when their scheme closed, mostly due to company insolvencies, government maladministration and inadequate protection measures.

The PAG gave evidence of the extreme distress that the loss of these pensions had caused, and continues to cause, due to the lack of original scheme level indexation and other punitive clauses within the Financial Assistance Scheme.

A key part of the success of any workplace pension involves trust and confidence, as stated many times in the WRIC Report. PAG members know first hand about the inadequacies of previous pension regulations, and the slowness and unwillingness of government to remedy their mistakes. Mis-leading statements from government are still being made about the FAS and PPF protection funds paying 90% of member's lost pensions, while the small print in the regulations dilutes the figure in many cases to nearer 50%.

The PAG also suggested in their evidence that to encourage pensions savings politics should be kept out of pensions, and that any regulatory mistakes must be immediately corrected and those affected must be fully compensated without delay.

Lord McFall quite rightly noted our comment that 'to put things right for the future, start with the wrongs of the past'.

Finally, to encourage enrolment in a new national pensions scheme, the PAG recommended that all MPs and senior civil servants pensions should be included in any new scheme. Only then will the public be sure that their savings are safe!

2nd August 2011