Pensions Action Group Press Release

Immediate Release

Pensions Action Group calls on DWP to change “misleading adverts”

The Pensions Action Group (PAG) has today sent a letter to the Department of Work and Pensions (DWP) asking it to amend or cancel its current advertising campaign (in which it is encouraging workers not to opt out of the forthcoming auto-enrolment (AE) workplace pension schemes) on the basis that the adverts are misleading. The DWP is spending £3.5 million on the campaign, in which a series of celebrities and business leaders appear, together with the catch phrases “I’m in” and “we’re all in”.

The Pensions Action Group consider this to be misleading, for the following reasons:

> The most reasonable interpretation of the ads is that “I’m in” means that the individual concerned personally has an auto-enrolled pension. This is not however possible, as auto-enrolment doesn’t start until 1 October 2012, and then only for the largest companies.
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> Furthermore many, if not all, of these people are experienced and well-paid business people. It seems most unlikely that they would take out a pension which has been specifically designed for the low-paid.
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> In particular, Nick Hewer, who is the central figure in many of the advertisements is 68 and not even eligible to join an AE pension scheme.
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> The phrase “We’re all in” is also misleading. This is a DWP advertisement. Employees at the DWP are members of the civil service and have their own pension scheme which is substantially better than the schemes on offer under AE, in that they are defined-benefit and index-linked. AE pensions on the other hand are investment vehicles, with no guarantees and no protection against inflation other than the performance of the underlying funds.

It is possible that “I’m in” is meant to mean that the speaker already has a pension. But this too would be misleading, as the personal circumstances of these famous people are very different from those in the average workplace – what may be a sensible investment choice for a wealthy individual is unlikely to be equally sensible for the low paid, and in any case the financial products would be different. It would be rather like Sir Alan Sugar appearing in an advertisement for a cheap, small car saying “I’ve got one of those”. This would be true, but only to the extent that he has a Rolls Royce and that is also a car.

The Pensions Action Group is made up of people who lost part or all of their final salary pensions when their schemes were wound up underfunded, usually because their companies went bust. They have been fighting for adequate compensation since 2003 and, as a result, there is some assistance from Government compensation schemes but most will still get less than 90% of what they were promised, and some less than 50% in spite of the Government having promised that "your pension is safe whatever happens to your employer".

"We were misled by government information then and had to pay the price" said spokesman Peter Lapinskas, "and it looks like they are up to their old tricks again."

"There are nearly half a million workers and pensioners who are in our position, having lost a big chunk of the pensions they had paid for. They were not feckless: they took care to save for their retirement, just as the DWP is now urging, but their savings were taken away from them."

"They are hurt and angry about the way they have been treated by successive governments and will make sure that all their friends, relatives and colleagues know about it. That's why advertising, misleading or not, will make very little impact on workplace saving until they receive the pensions they were promised. Only then will trust in government pension promises be restored."

Peter Lapinskas

Issued on behalf of the Pension Action Group

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See our website www.pensionstheft.org for details of our campaign

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Notes for editors:

1. A full copy of the letter sent to the DWP is available on the PAG website at http://www.pensionstheft.org/documents/120928_letter_to_dwp.pdf or http://is.gd/0ywlSB

2. The Pensions Action Group consists of individuals who lost all or part of their company defined benefit pensions when their schemes were wound up, largely as a result of their employer becoming insolvent.

3. Members of schemes which fall into the above definition whose employers became bankrupt between 1997 and 2005 are covered by the Financial Assistance Scheme which is financed by the Government. Those whose schemes wound up later are covered by the Pension Protection Fund (PPF), which is funded by a levy on surviving company pension schemes. Both schemes are administered by the PPF and further details are available on their website (http://www.pensionprotectionfund.org.uk).

4. Automatic enrolment in workplace pensions is a framework created by the Government in order to encourage people to save for their retirement. It is being introduced on a rolling basis and will eventually require all employers to automatically enrol their employees into an approved scheme unless the specifically choose to opt out. Further details are available here: http://www.dwp.gov.uk/newsroom/press-releases/2012/sep-2012/dwp103-12.shtml