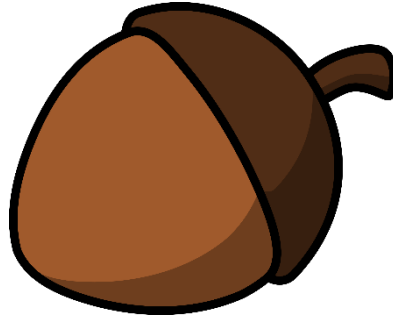


Pensions Action Group

11th April 2016

Our outstanding FAS issues, in a nutshell



Why are we still fighting for justice?

The Pensions Action Group (PAG) are still pursuing the full missing occupational pensions that approximately 140,000 workers had paid for and were told by Government were protected and guaranteed by law, no matter what happened to our sponsoring companies.

These workers thought they doing the right thing by saving for their retirement.

But don't we now get 90% of our lost pensions?

No! The Financial Assistance Scheme (FAS) supposedly pays 90% of the member's accrued pension, but actually only pays 90% of what FAS deems to be the lost pension. Most of our original schemes had full inflation proofing, similar to the current public service pensions, but FAS only pays any inflation increases on post 1997 service. Most of our members served 20 or 30 years prior to that, and as most schemes closed between 1998 and 2001, there is in effect very little inflation proofing.

So, anyone receiving FAS payments since they retired in 2004 would now be receiving 34% less than their original payment!

Furthermore, various regulations within FAS further reduce our FAS pensions. Anyone who was already passed their scheme retirement date in 2004 gets absolutely nothing for the pre-2004 period!

There is a cap on FAS annual payments, which seriously affects workers with longer service. This Government are delaying the introduction of a fairer cap for the Pensions Protection Fund, which in turn should then be implemented for FAS, as former Minister Steve Webb told us that he was 'working on this'.

FAS does not recognise the Guaranteed (there's that word again!) Minimum Pension that Government assures everyone must be paid if a scheme is Contracted Out, so once again our payments and any escalation are severely reduced. Not only that, but the new State Pension will wrongly assume that we are actually receiving this GMP so we don't get it from there either!

It would appear that the initial spirit of the FAS December 2007 announcement supposedly providing an increased amount of assistance has slowly but surely been replaced over the following years by a progressively increasing determination by the DWP and Treasury officials to do every thing they can to reduce our payments, as if we hadn't suffered enough already!

So what does all this mean?

It means that anyone receiving FAS payments can expect not to receive the supposed 90% of our lost pensions, but over their lifetime more like 40% - 45%. That is why we are still fighting!

But the Country can't afford to pay any more!

The DWP estimated in 2007 that the total cost of providing the original scheme level inflation would be £2.9bn, but consistently fails to mention that they have already received over £1.6bn from the residues of our schemes. This money was not ring fenced for FAS but swallowed up immediately by The Treasury. So far, over 13600 FAS recipients have died either during retirement or before it, further reducing the amount needed.

Up to the end of 2015 FAS has paid out £665m, so in effect the Treasury has not had to pay a penny yet, and won't have to for many years to come. If the £1.6bn residual funds had been invested very little extra money would have had to be found.

We need, and have continually asked for, a revised and updated figure for the cost of providing inflation proofing. We are only asking for what we paid for. In 2007 inflation was running at 3% to 4% and those figures were used to calculate the DWP figure shown above. Inflation has been virtually nil for the last few years so overall costs will now be significantly less!

The 2006 Ombudsman's Report 'Trusting in the Pensions Promise' found the Government guilty of mal-administration, so why does it not conform to its own standards and provide the recompense recommended in this report?

The lack of confidence that this sad and desperate chapter in the ongoing saga of Pensions mis-selling and poor protection by Government is why the Country cannot afford not to pay our full pensions!

But what about other people's lost investments – don't they deserve recompense?

Yes! And they got it!

Let's not forget that Gordon Brown immediately recompensed UK savers in Icelandic banks when they went into liquidation. These banks were not regulated by UK law so these savers were not entitled to any compensation from the UK. But not only did these savers get 100% of what they had invested overseas, they also got the interest they should have received!

The staff at the large banks across the UK that failed in 2008 all had their final salary, inflation proofed pensions fully provided by the Government.

The taxpayer owned RBS has this year committed £4bn of its (our) money to support their staff pensions!

Staff at Royal Mail, despite it being sold to the private sector have had their final salary, inflation proof pensions fully protected and paid for by The Treasury.

So why do the recipients of FAS only get a mythical 90% with virtually no inflation proofing?

Are we being unfair?

And to make matters worse!

Just when you thought it couldn't get any worse, many FAS recipients have recently been sent letters by the FAS Administration telling them that they have been overpaid since the start of their

FAS payments, which could be for as long as 12 years. This is because of mistakes made by Professional Trustees, FAS administrators or a combination of both, but certainly not the fault of the pensioner.

People in their 70's and 80's have been told, without any prior warning, to repay significant amounts of up to £70,000 and to accept an ongoing lower pension. Obviously most people have not got the resources to repay anything like this money, so the alternative is to accept a much lower monthly payment as a way for FAS to reclaim the supposed overpayment. As a final insult this ongoing lower amount will continue for the pensioner's remaining lifetime, not just until the overpayment has been repaid, so he or she could end up repaying the overpayment two or three times!

When some FAS recipients have challenged the alleged mistakes they have proved that there in fact hadn't been an overpayment – should people in their later years be subject to this frightening and stressful experience?

In contrast when the MP's final salary, inflation linked scheme was found to have overpaid a large number of MPs, it quietly wrote off the majority of demands.

So what do we want?

We are encouraged by David Cameron's comments about retired workers, made in March 2015:

'To the pensioner who put money aside for decades – we are with you. This is the point, the purpose, the whole reason for the Conservative Party This is a generation that stands for one word above any other: duty ... and we must always do our duty by them'.

We just need Government to stand by it's words ... Guarantee, Justice and Duty.

That means:

Full original scheme level escalation and inflation proofing

Payments from the member's normal retirement date, not just 2004

An increase in the cap.

No demands for repayments of overpayments over 3 years old.

Any reduction in ongoing FAS payments to cease once the overpayment amount has been repaid.

A full Review of the FAS and its administration, starting with an open dialogue and meeting with the Pensions Minister, as this communication is currently being blocked by civil servants who seem to have very little understanding of the issues and stresses involved. They are also dismissing the need

for a meeting with the Minister, despite our offers of constructive suggestions on how FAS administration can be improved, even saving money for the taxpayer in the future.

Are we being unrealistic or unfair?