

# Pensions Action Group Newsletter

Issue 3

6 October 2006

## PAG members make their feelings known at the Labour Party Conference



© Robert Forty

The Labour Party Conference was held in Manchester this year and PAG members turned out in force to let the delegates know what we think about Government's handling of the pensions crisis. The theme of the demo was Laurel and Hardy ("That's another fine mess you've got me into") and, after a one-mile march through the streets, we were able to spend about an hour outside the conference hall. We raised a tremendous noise which, we are told, was clearly heard inside, and many delegates came out to see what the fuss was about. That gave us the opportunity to perform our signature 'stripped of our pensions' performance which was well received.

After the demonstration, we held a press conference at the nearby Quakers Meeting House, which was addressed by Ros Altman (our spokeslady and guide), Darrell Watkins (who has lost his pension after working at BUSM since the age of 16), Alan Simpson (Labour MP for Nottingham South), and Emma Soames (Editorial Director of Saga Magazine). This resulted in some

excellent coverage, both in newspapers and other media.

Our thanks go to all those who helped to organise such a successful and enjoyable day out; to Saga for their encouragement and support; and to the Manchester Police, for their friendly and sympathetic guidance. Our police contact wrote afterwards: "It was a pleasure to meet you all and your 'cheeky' stunt was well appreciated by all the Event Control Room. It brought some well needed light relief to the staff working in there all week!"



MP Alan Simpson addressing the press conference

© Robert Forty

## Remember, Remember the 5<sup>th</sup> of November

Even though the dust is only just settling after the Manchester demo, we are already planning the next one which will be held in Westminster on 5<sup>th</sup> November. Details are still being worked out, but it will include the presentation of a petition to Gordon Brown at Downing Street. Full information will be given nearer the time on our website at [www.pensionstheft.org](http://www.pensionstheft.org)

---

### Ros challenges Gordon Brown

*(This is the text of Dr Ros Altmann's message to the Chancellor, given at the press conference after the Manchester demo.)*

What would Britain be like under Gordon Brown? What are his 'values' and what does he stand for?

For the 4th year in a row, the Pensions Action Group has come to a Labour Party conference to highlight the failings of New Labour. Yet again, representatives of over 100,000 people are demonstrating because they have been 'Stripped of their Pensions' by the Government. This year the case is even stronger.

The Parliamentary Ombudsman and Public Administration Select Committee have categorically and unequivocally determined that the Government is guilty of letting these people down, yet Ministers have just dismissed the verdict. Saga has stepped in to publicly back this campaign and we are enormously grateful for their support.

This matter is not just about a few leaflets and is not just about schemes winding-up underfunded. It is about members who have been dreadfully wronged by a pension system they trusted, but which has taken their money away under false pretences and left them with little or nothing. This should never have happened and society owes it to these good people, who play by all the rules, to pay proper compensation immediately, as the PO and PASC investigations concluded.

Government maladministration is clearly responsible for the effect that scheme wind-up has had on these members' pensions and their lives. As the PO said, 'it's maladministration, get over it' and let's get on with sorting out a solution. But

the Government is still in denial of the obvious truth.

So what does this Government stand for? The Chancellor talks about his 'values' - what does this situation say about those values?

Does he stand for social justice? Seemingly not. This is probably the biggest social injustice of our time and remains so even after years of begging for justice.

What about fairness? - No. These people have gone through all the proper constitutional procedures in their search for justice, but the Government has just over-ridden due process. This is clearly unfair.

What about honesty and integrity? - No. The Government did not tell members the truth, misled them dreadfully and now refuses to face up to the consequences of that betrayal of trust. In its response to the PO report and evidence to the PASC, the Government has still not told the truth. It tried to pretend the costs of compensation would be £15bn, then finally had to admit the real cost would be about £3bn and only over 60 years. Mr. Hutton insisted Government leaflets were not misleading because they were not aimed at scheme members, but they actually state in the back that they are designed for scheme members!

Does he believe in playing by the rules - Well only if he make the rules and likes them! These people did everything society asked of them and did what successive Governments urge us all to do, yet they are now being punished for it. We have rules in place to stop Governments causing injustice, but this Government has just ignored all those rules and thinks it can do as it pleases

Does he really want to restore trust in politics and politicians? I hope so. But unless politicians start upholding Parliamentary processes and common decency, and stop trying to get away with lies and spin over this issue, no-one can trust politicians. Everyone can see that the Government is responsible for these people's plight and its continued denials of the clear evidence only serves to further undermine confidence in politics.

But I don't want to get into the personal blame game. I want to look forward. To find a solution. The person who has the power to put this right is the Chancellor. He controls this aspect of Government policy. We want a clear, simple solution from him - not a complicated play on

words. The Financial Assistance Scheme is a sop to pretend to backbenchers that something is being done, but has merely compounded the injustices.

No more spin!

This is a test of Gordon Brown and whether he has it in him to lead this country - is he up to the job? We will all be watching to see whether he steps in to uphold the British values of justice, fair play, decency and Parliamentary democracy. Or whether he doesn't really care.

I hope he rises to the occasion for the sake of the Labour Party and for the sake of this country.

*Dr. Ros Altmann*

---

### **Sign the Saga petition**

Saga have launched an online petition which is to be presented to the Government, calling on them to restore our lost pensions. You can get to it here:

[www.petitiononline.com/Pensions/petition.html](http://www.petitiononline.com/Pensions/petition.html)

The aim is to reach 10,000 signatures by the start of November so sign it, get your friends and relatives to sign it, get your MP to sign it - get your whole neighbourhood to sign it! And as a bonus, you can add a comment. (Note that you have to scroll down and click on the 'preview my signature' button to get your signature to register).

You can see the background to the petition on the Saga site here: <http://tinyurl.com/pn942>

---

### **Solvent schemes update**

*by Richard Nicholl*

Many more solvent scheme members have reacted to our calls to go and see their MPs. This is having a great effect in raising awareness of where we stand at the moment, i.e. no help from FAS, PPF or anywhere else!

If you have not seen your MP yet, please make sure you make an appointment in the next two weeks. It may be that a debate on compensation is called quite soon, and if your MP is not aware of anyone in his constituency being affected, he may

abstain from any vote or even vote against us. One single MP's vote could lose us our fight. That is why you MUST see your MP, irrespective of his political party. Get your colleagues and family to do likewise. MP's will always react better with a face-to-face meeting. Don't forget your local media as well, a campaign run by them will also add weight.

I am due to meet the Pensions Minister James Purnell at the end of October to discuss the Burgess Scheme, and obviously solvents in general. This has been arranged by my Conservative MP. Please see if you could get your MP to request a similar meeting for you!

Remember, both the Parliamentary Ombudsman and the PASC recommended that solvent and insolvent scheme members should be compensated equally!

*Richard Nicholl*

---

### **What's wrong with the PPF?**

*by Adrian de Segundo*

The Pension Protection Fund (PPF) is the Government's long-term solution for schemes which wind up in deficit, and is intended to protect all those affected. However, when you look at it closely, it proves to be a safety net with big holes in it.

Let's start with five fundamental flaws:

#### **1. Loss of indexation**

A PAG member recalls his father retiring in 1970 on a private final salary non-indexed scheme with a pension double what the state provided. When he died 25 years later this had shrunk to 1/8th of that. Inflation had made his private pension worthless.

Companies later had to index pensions, typically up to 5%pa, yet here we are in 2006, and the Government believes that an indexation of only 2½% maximum and only on contributions since 1997 is somehow a fair deal.

Inflation comes and goes - right now almost everyone expects it to go up. Why can't private pensions be protected in the same way as public pensions?

## 2. Discrimination against those yet to retire

For no reason that's ever been properly explained, deferred and active members of company schemes will get only 90% of promised pensions and of course the severely restricted indexation. Why ?

## 3. Benefits are capped

The maximum benefit you could receive (including any payments from your scheme) is capped at £26,400 pa. You've worked for your pension and paid for it so you should receive it - all of it.

## 4. Penalties for early retirement

Many faced redundancy in the 1980s and 90s through no fault of their own and retired early on reduced pensions. If you haven't reached your scheme's normal retirement age by the time it comes to be 'assessed' for the PPF you'll be hit by further reductions. Typically:

Retiring age	Reduction
60	30%
55	45%
50	54%

And there will be a further cut if you took part of your pension as a lump sum. Some will and are having their pensions cut by 70%. And these sliding reductions are counted from age 65 even if your scheme had a lower retirement age.

## 5. No guarantees

The Pensions Act 2004 specifically provides for 'compensation' to be reduced if the PPF runs short of funds. The PPF is funded primarily by a levy on other 'solvent' schemes. With so many in trouble due to the Government mismanagement, it is quite possible that the PPF will become underfunded. The legal machinery for reducing payments is already in place.

The weakness of the PPF is not just a theoretical possibility. The PPF office has already used its discretion to change the terms of pensions coming under its control. With effect from 11 September the PPF have revised the commutation factors which could reduce the amount received when commuting a part of the pension to take a tax-free lump sum, and can ultimately affect the total amount of money received from the pension scheme.

One member of the T&N scheme, who should have started receiving his pension on September

1st has already had a dispute with the pension scheme administration about the meaning of 'effective date'. They have finally agreed that the effective date is the retirement date, not the date on which the calculation might eventually be done. Others in the same position, who should have received their pension before September 11<sup>th</sup>, will want to ensure that they too get the higher rate.

So don't be lulled into thinking the PPF is some kind of social justice. It's THREADBARE AND FULL OF HOLES.

FULL AND FAIR PENSIONS FOR ALL  
PROMISES MADE MUST BE PROMISES KEPT  
NOTHING LESS WILL DO

*Adrian de Segundo*

---

## What happens next?

The campaign for pensions justice is moving forward on several fronts.

### Parliamentary action

The Parliamentary Ombudsman and the Select Committee on Public Administration (PASC) - which oversees her work - have both emphatically called on Government to admit their error and arrange full compensation, but they are refusing. The ultimate authority rests with Parliament, so it is likely that this will be laid before MPs when Parliament reconvenes. They will then have to decide whether the Executive should be bound by Parliament's watchdog or whether they can ignore her when they choose.

This obviously has implications which go far beyond pensions and which go to the heart of our constitution - should Ministers have absolute power?

October therefore is the time when you need to contact your MP and persuade him or her to demand a debate and a vote in the House of Commons, and then to use his vote in support of the Ombudsman

### Judicial review

As a fall-back, in case Parliament does not back the Ombudsman, PAG are sponsoring a judicial review of the Government's rejection of her report. Earlier this year, the Government threatened the

named individuals in the case with unlimited costs if they should lose, but thankfully they now appear to be back-peddalling on that. We owe a debt to those involved for remaining steadfast in the face of possible personal ruin.

The latest position is that Government lawyers have asked for the case to be deferred (again) but we have refused to agree and are in the process of preparing the final papers for submission.

### **Amicus/Community court case**

The unions Amicus and Community are backing the employees of ASW in a High Court case against the Government, based on their failure to comply with the EU Insolvency directive (which says that pensions should be protected). A number of issues were referred to the European Court of Justice for clarification. The ECJ were due to produce their judgement this Autumn but a date has not yet been announced.

---

### **ECJ Legal Action – personal claims**

All bills for this have now gone out either by e-mail (where available) or post. If you lodged a claim form and haven't already paid, could you please settle your bill as soon as possible. If you have filled in a Bindmans form but heard nothing

from the Pensions Action Group, please contact us at [pensionsgroup@yahoo.co.uk](mailto:pensionsgroup@yahoo.co.uk)

---

### **Windscreen stickers**

If you would like to help spread the word locally, why not put a sticker on your car windscreen? The sticker shown below measures 19 x 5 cm and sticks to the inside of the glass.

They are available from Pensions Action Group, 36 Seaside Avenue, Minster on Sea, Sheerness, Kent ME12 2NN for 75p each including postage. Cheques (made payable to Pensions Action Group) or postal orders please.

**Your Pension is Not Safe**

You could lose it tomorrow  
[www.pensionstheft.org](http://www.pensionstheft.org)

---

### **Keep in contact**

If you would like to keep in touch with events as they happen, to chat and exchange notes with others in the same boat, why not join our email group? Full details at <http://tinyurl.com/ruams>



© Robert Forty

---

### **The fight goes on!**

To receive future copies of this newsletter direct by email, send a blank message to [subscribenews@pensionstheft.org](mailto:subscribenews@pensionstheft.org)