

Pensions Action Group Newsletter

Issue 15

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Gordon – We're Dying for our Pensions!

Press release issued by PAG on 14 November:

The Pensions Action Group will be holding an all night vigil in Whitehall opposite Downing Street, from 16:00 on Tuesday 20th November to 10:00 on Wednesday 21st November. Widows of those who have died without their pensions will be joining workers who have become ill with exhaustion and stress, some of whom are now confined to wheelchairs. We will distribute shocking and cruel case studies of some of those affected and demand that our MPs, Gordon Brown and the Ministers involved come and talk to us, and tell us what action they are going to take to finally end this gross injustice.

A simultaneous protest will be held by ex ASW workers from 15:00 to 19:00 on Tuesday 20th November outside the Welsh Assembly in Cardiff protesting at the lack of support from Labour Assembly members in general and Rhodri Morgan in particular.

The Pensions Action Group is desperately waiting for the proper compensation package recommended by the Parliamentary Ombudsman and the Courts, and the imminent publication of the Andrew Young Review is eagerly awaited. We are fearful, however, that this government will dismiss any findings that it does not like, or will try and fudge the issue with its usual incorrect statements and misleading statistics.

The 125,000 workers affected by this, Britain's biggest ever pension scandal, are living with continuous stress over their financial future, which they had been told by this government was secure and protected by law! Five years of campaigning has unfortunately taken its toll, and many of our members have become ill, some have died while others have sadly committed suicide. People are still working in hard manual jobs well past their expected retirement age, having received no pension despite decades of regular contributions.

The Andrew Young Review, expected at the end of November, must come up with solutions to this problem. It is not going to go away. Secretary of State Peter Hain MP and Pensions Minister Mike O'Brien have both said that the victims deserve better than the meagre offerings of the disgraced Financial Assistance Scheme (FAS). They have agreed that the misleading FAS 'core' pension is far from the pensions we have paid for. To justify remaining as a leader Gordon Brown must restore public confidence in pension savings and make amends for the damage he has caused to these people's lives and our democratic process.

In July 2007 the government used obscure Parliamentary procedures to sink the all-party lifeboat fund proposal, which would have immediately provided Pension Protection Fund (PPF) levels of compensation. This proposal may shortly be re-floated, and the PAG is expecting all MPs to this time vote with their conscience and not be bullied into pushing us into further despair.

We are very, very angry and very tired, but we will not give up our campaign until we achieve full compensation for all those who have lost their pensions, including all those workers from the small number of solvent company schemes. We must have full compensation with a proper level of indexation, inflation proofing, spouse benefits, early retirement options and recognition of scheme retirement age.

If the government fails to finally seize the opportunity and to act responsibly in the 'caring' manner to which it now aspires, the PAG will demand a Public Enquiry into the mishandling of pensions protection since 1997 and the irresponsible, callous and damaging reaction of this government to the Parliamentary Ombudsman's investigation, reports from its own Select Committees, the House of Lords, the High Court and the European Court.

What you can do to help

Come and join us outside Downing Street! The main part of the demonstration will be from 16:00 until late into the evening and then again from about 7:30 until 10:00 the next morning, with a relatively small number of hardy stalwarts covering the overnight leg. Feel free to come for any part of the vigil, but if you plan to stay overnight please make sure that you have abundant warm clothing and suitable wet weather gear - it will be a long, cold night and the last thing we want is anyone going down with hypothermia.

Write to your MP If you haven't already done so, write to your MP to remind her (or him) of the issues and invite her to join us for the vigil. Time is short, so email may be best. There is a draft letter which you can adapt and personalise at: www.pensionstheft.org/pagfiles/MPletter.doc

Write to the media We need to bring our campaign back onto the media's agenda so that we can apply maximum pressure to the Government for a fair settlement when the Young report is published. The vigil provides a suitable 'hook' for coverage, but we also need to be writing to letters pages, calling phone-in programmes and responding to articles. A convenient way to do this is to join the PAG media response group - members receive notification of articles and programmes and the addresses to write to. To join, just send an email to: pagmail-subscribe@yahoogroups.com

Chancellor takes another £2 billion from pensioners

Alistair Darling, in his Autumn statement, announced that he will move forward a planned cap on the value of the new state second pension (S2P), which will limit the value of pay-outs to pensioners. The saving from this is estimated at £730 million in the first two years and could rise to £2 billion. This of course is on top of the £5 billion per year which he saves each and every year as a result of the Corporation Tax changes made by Gordon Brown in 1997.

Just to refresh your memory, this is the same Alistair Darling who, in a pensions debate in 2000, told the House of Commons:

"The giving of wrong information by a Department is inexcusable."

As a matter of principle, we believe that when someone loses out because they were given the wrong information by a Department, they are entitled to redress."

"Whatever else [Government] do, they should not put people in a position in which they do not have adequate pension cover."

"I accept responsibility for anything that happens during the term of this Labour Government"

Yet here we are, just seven years later, and he is taking still more money from the people he should be compensating.

Government damages pensions – again

Under new plans announced recently, the Government is intending to halve the rate at which benefits can increase in the run-up to retirement for deferred company pensions. At the moment, most scheme benefits increase at the same rate as inflation (RPI) up to a maximum of 5%. Government plans to reduce this to 2.5% to make schemes 'more affordable' for employers.

At the moment, inflation is estimated at 3.9% per year. According to insurer Standard Life, if inflation averages 4%, then someone in their mid-40's could lose 25% of their benefits by the time they come to retire as a result of this change. This may be an underestimate. Alan Greenspan, renowned and respected former Federal Reserve chairman, warned last week that "the days of low inflation are gone".

If you already have a deferred pension it will be unaffected. However, once the changes are implemented, they could make moving jobs an expensive exercise.

As an aside, the pensions of MPs and Ministers have no inflation cap at all but, curiously, there does not appear any intention to make them 'more affordable' for tax payers.

Relative cost of compensation

The cost of increasing the amount provided by the Financial Assistance Scheme (FAS) up to the level currently enjoyed by those covered by the Pension Protection Fund (PPF) has been estimated at £25

million per year. Government ministers have consistently said that using tax payers' money for this purpose would be "inappropriate". Leaving on one side the issue of who pays for their own, very generous, pensions, it is worth considering how this relates to other items of Government expenditure.

The Department of Work and Pensions has revealed that it wasted £0.9 billion in 2005/6 through its own errors (excluding fraud). The figures are broken down into 11 categories, each of which is expressed to the nearest £10 million. This means that each figure is rounded up or down by up to £5 million, so the average discrepancy is likely to be around £2.5 million. Adding these up, this gives a likely total discrepancy of around £27.5 million.

So the money which the Government are refusing to allocate to put right the damage they have caused to our pensions is less than the rounding errors on their estimate of the amount the DWP wastes each year!

Labour Party Conference 25th September 2007

The by now traditional annual protest took place at the Labour Party Conference in Bournemouth on Tuesday 25th September.

The day started with an unusual event; a Conservative fringe meeting at a Labour party conference. This was well attended by the media. Chris Grayling, shadow Secretary of State for Work and Pensions, organised the meeting to give the Conservative view on the subject. He started by outlining the history of the lost pensions and then said that the Tories, if elected, would re-establish the lifeboat scheme recently rejected in the Commons.

Andrew Parr (ASW Sheerness) then described how the loss of his pension had affected him and his family. Despite having a serious heart condition he would have to keep on working for three years past his retirement date.

Dr Ros Altmann then spoke referring to the injustice that had been caused and the methods the government could, indeed should, take to restore the pensions. She said this is the worst pension scandal the UK has ever seen and we heard on Monday from the new Prime Minister about British values. These values have been

violated by his handling of this scandal and his abandonment of those whose lives are in ruins because they did what the Government encouraged them to do. She also compared the many years that have passed with the days that the government took to respond to Northern Rock.

After the meeting, the 250 or so protesters formed up in Exeter Crescent and, led by eight (!) police horses and Pete Humphrey (Dexion) and Phil Healy (ASW) in wheelchairs, marched to the conference centre. Chris Grayling and the local Bournemouth East MP Tobias Ellwood accompanied us on the march.

The protest at the centre lasted about twenty minutes when we moved on to the beach for the traditional strip. As usual this caused much media interest, particularly as Val Day and Jacquie Humphrey joined in!



To everyone's surprise, Neil Kinnock came down from the conference to talk with us. The reasons for this are very unclear, but he was surrounded by a crowd who accused him of letting us down by voting against the lifeboat scheme in the Lords. This meeting was reported widely in the media, with many reporters comparing Neil Kinnock's pension, said to be over £75k from his time as an MP and from his post as transport commissioner in the EU, with the pensions of the protesters.

As we were dispersing from the beach, Jack Straw MP was walking down the road to his car. With septuagenarian Alan Pollock in the lead, the group surrounded Jack Straw, asking him for help and also asking him to arrange a meeting with Gordon Brown. For the record, he said he could not do this. Alan quietly leaned on the car door, and Jack Straw had the look of a rabbit caught in the headlights of a car. Surprisingly his minders simply stood by and did not intervene. Eventually Jack Straw, and his minders, simply walked back into the conference centre.

According to press reports Gordon Brown had planned a walkabout photo-shoot, but cancelled it when he saw us outside.

In the evening, the Fabian Society was holding a meeting which pensions minister Mike O'Brien was attending. A small group stayed on in Bournemouth to lobby outside the meeting. Surprisingly they were invited in for a short talk with him after the main meeting had finished (see below for a report). The meeting went well and he was left in no doubt of how we all feel.

All told a very good day. We got excellent media coverage and were yet again lucky with the weather; in fact it was so warm that Alan Pollock and Adrian de Segundo went for a swim after the strip!

Thanks to everyone who turned up and took part, and to the Dorset police for their usual good humour and common sense. Particular thanks to Alan Marnes for doing all the paperwork and liaising with the police and local authority.

By Andrew Parr

The European view

How many PAG members know our fame spreads far beyond the white cliffs of Dover and the European Court of Justice? Are you aware our Bournemouth demo was widely reported throughout the European as well as the UK press? So far identified are:

SPAIN	El Mundo
FRANCE	Le Figaro
ITALY	La Repubblica
GERMANY	Allgemein Nebengerichte
SWITZERLAND	Journal de Geneve

They are astonished at what's being allowed to happen over here and have been all along.

Latest efforts to reform highly generous pension provisions in Italy have twice brought the government to the brink of collapse, and a 2nd series of transport strikes is about to start in France over proposals to require engine drivers and others to retire at 60 instead of 55 or even 50 – a relic of steam days!

In the UK by contrast we have over the last 10 years inflicted huge damage on final salary schemes which are still the norm in continental

Europe and guaranteed by the state. Even what's left is still being whittled away.

Take a look at the proportion of GDP (Gross Domestic Product) committed to pay pensions in:

ITALY	18%
FRANCE	17%
GERMANY	14%
USA	5%
UK	4%

Affordability may trouble the top three, but there's no doubt the UK is seriously mean when it comes to rewarding a lifetime's hard work and savings - our State Pension is currently just 18% of average earnings.

By Adrian de Segundo

Northern Rock

The failure of Northern Rock and the subsequent run on the bank, the first for over 100 years was a salutary lesson and an example of Government hypocrisy. The sight of many queues of worried people outside branches lead to the government "guaranteeing" (that word again) deposits and pledging within days what could be £21bn of tax-payers' money to solve the problem.

Many people think that with the public having seen how we have been treated they do not trust the government's promises. Five DAYS and a bucket load of tax-payers' money is found to sort out Northern Rock. Over five YEARS and we are still waiting for restoration of our lost pensions.

By Andrew Parr

Giving with one hand

Now that the FAS is starting to catch up with its backlog of cases (for which, many thanks) another little twist in the tale is revealed. If you have payments due from previous years which are all paid as a lump sum it may push you into a higher tax bracket. So, not only has the Government fought tooth and nail to avoid making these payments at all; not only is it refusing to pay interest on the backdated payments; but it also appears to be helping itself to an additional slice of tax. Nice people.

Who still trusts the Government?

The Department of Work and Pensions recently published the results of a survey they commissioned. They found that, overall, only 50% of respondents felt that putting money into a pension is the most secure way of saving for your retirement, falling to 40% among those aged 55 – 64. They also asked respondents how much they trusted different organisations to ‘act in their best interests’, when thinking about pensions. They found that employers were the most trusted at 40% (‘least mistrusted’ might be more accurate) followed by non-profit organisations (33%), the financial services industry (23%) and finally, the Government itself (20%).

So, after 10 years of Gordon Brown’s stewardship, 50% of people do not consider pensions to be safe and 80% of people do not trust the Government to act on their behalf.

The man himself promised in his 2004 conference speech:

“... to do what it takes to tackle the gross injustice of workers who through no fault of their own find their pensions have been destroyed.”

"We will do what it takes to make sure that all workers can have security and dignity in retirement."

And again in 2005:

*"Our values: fairness for all, responsibility from all."
"Our country: united as one moral community."*

Well, he got the “united” bit right – united in suspicion and distrust of Government!

Fine words from Peter Hain

Ros Altmann and seven PAG members met with Peter Hain (Secretary of State for Work and Pensions) and Mike O’Brien (Minister of State for Work and Pensions).

Hain told them: “It’s robbery. I feel very strongly – you were robbed, straight daylight robbery.”

Dave Baker told him that the pension losses were “the biggest social injustice of our time” and Hain agreed. He said: “I think that’s the way it’s seen by everybody, including me.” He went on to

explain that O’Brien has had further talks with the Treasury and promised “We will do more.”

Peter Hain is new to the pensions portfolio and has a well-developed social conscience dating back to his days as an anti-apartheid campaigner. We therefore welcome his support and are sure that it is sincerely intended. However the meeting was conspicuous for its lack of any quantifiable new promises and we have heard fine words from ministers before but been left disappointed. We trust he will understand if we don’t start hanging out the flags just yet. In the end, it is certain that no progress can be made without the consent of the Prime Minister and of course, it is he who has been the stumbling block all along.

Meeting with Mike O’Brien

After the Demonstration at Bournemouth, a group of eight PAG members met with Pensions Minister Mike O’Brien under the auspices of the Fabian Society. This account of the meeting is by Pat Sargent.

“The Pensions Action Group are Tories.” This misunderstanding was promptly corrected, PAG being beyond party politics. Mr O’Brien also expressed concern at not having been invited to attend the fringe meeting at the Belvedere! It was made clear that attendance had been open to all interested parties. Also that, given our concerns regarding trust and confidence in pensions provision, we’d specifically sought out the Fabian Society fringe meeting – ‘Pensions: increasing saving, preserving provision.’ [Note: The Fabian Society has offered to broker a meeting to specifically address Pensionstheft issues.]

2. Experts confirm that the additional cost of restoring our pensions is now minimal and is available within the DWP’s budget. Whilst Mr O’Brien argued that other expenditure would have to suffer, we argued that the benefits, not least in terms of renewed confidence, would be great.

3. Some Northern Rock investors interviewed highlighted stolen pensions’ assurances given by the Government as one of the reasons why their trust / confidence was so low. Mr O’Brien appeared unaware of this associated lack of trust in Government.

4. The particularly tragic predicament and need for urgent help for those in ill-health and those past their Normal Retirement Ages was described. Also, the utter waste, particularly of key

campaigners' lives - time, energy, intelligence and conviction that could otherwise have been well utilised in society over the last 5 to 6 years.

5. Mr O'Brien re-outlined the current position - moving towards '90%' of core pension. Also, the difficult decisions that would have to be made once the Young Review reported, i.e. in terms of priorities - for example, payment from Normal Retirement Age versus improved percentages overall. Also, that we hadn't paid PPF levies, yet were expecting PPF-level benefits. This again was promptly corrected, pension restoration being our goal. Also that, not only had, for example, Rover not paid levies, but that the Government's 'self-insuring' standard, the MFR, should have done its promoted job - ensuring schemes' liabilities would always be met!

6. We re-posed our first Summit (2003) and Election (2005) question: why we weren't even warned, given that the Government was not only aware of the risks and lack of protection, but was also itself warned - as early as July 1997 (by leading actuary, Harvie Brown) - that members were in danger of being lulled into a false sense of security thinking their pensions were 100% funded when in fact they could be considerably less. With Normal Retirement Ages of 60 or 62 years, and 96% funded to MFR, Dexion's 1005 deferred members are now due to receive less than GMP at 65! Appearing a little disconcerted at this, unfortunately Mr O'Brien did not answer the question - which should continue to be posed at every opportunity.

7. The issue of 'taxpayers' money' was raised, with us making clear that we are taxpayers - taxpayers, without pensions, many on low to moderate pay and working beyond our Normal Retirement Ages, yet 'volunteered' by the Government to act as guarantors to Northern Rock investors, including the millionaires and those overseas.

8. The as yet unknown results of the Young Review were again re-visited, Mr O'Brien describing the previously proposed lifeboat as 'Tory' and 'conning' us, and as a cover for an unwillingness by the Tories to use taxpayers' money to help us. There also appeared, however, acknowledgement that the Government's handling could have been better. New to his role, M O'B acknowledged, like Peter Hain, that the issue was a 'real scandal'. We lamented the fact that, since having met our first Pensions Minister back in 2003 (Andrew Smith), step by tortuous step, the Government were adopting our long-proposed ideas. Within weeks of Dexion's scheme going under, we'd collated fund data, and within

months had prepared sufficiently to both challenge the Government re its responsibility and start proposing solutions - such as the stopping of annuities. Yet now we're still awaiting a further review's results, and still annuities (albeit bulk purchased) will be considered.

9. Mr O'Brien also acknowledged the strength of feeling and argument from the unions that he'd encountered on the Pensionstheft issue.

10. On parting (after a long, productive day and with a 5hrs+ drive still ahead of some of us), we asked that the Group be specifically remembered to Gordon Brown, our sharing of his Kirkcaldy Count platform being noted. We asked that he be reminded again of his promise - 3yrs ago now - that he would "tackle the gross injustice of workers who through no fault of their own find their pensions have been destroyed." We're still waiting. We won't go away, and with lost trust and confidence in pensions, the Government's forthcoming 'Personal Accounts' may prove dead in the water if we remain 'stripped of our pensions'!

by Pat Sargent

The election that never was

Few people in the UK can have been unaware that Gordon Brown almost called an election in October but decided against it after the Tory leader David Cameron gave a strong performance at his party conference. What was particularly interesting was the way that the parties started to deploy the arguments that they would use in the campaign and it was striking that the pensions injustice and the way that we have been treated was one of the few areas where Gordon Brown was seen to be vulnerable.

There is a valuable lesson for us there. We hope that we will achieve a just settlement following the report of the Young enquiry. However, if the Government follows past form and tries to fudge the issue with smoke and mirrors, and claw backs in the fine print, then we will have to fight on. But we will do so knowing that we have a powerful weapon ready for when the next election is finally called.

Interim FAS payments

The FAS team have been contacting all trustees over the last few weeks to make sure that they are aware of all cases when interim payments can be made. If you are eligible or are aware of people in your scheme who are eligible and not receiving interim payments they should contact FAS directly at:

Financial Assistance Scheme, PO Box 702, York,
YO32 9XR.

Telephone: 0845 601 9941

Email: FAS-Operational-Unit@dwp.gsi.gov.uk

Of course, the payments which you may receive from the FAS depend on what assumptions they make about the level of annuity which you would have got for your residual pension when your scheme was wound up. There is some evidence that the FAS are using unrealistically high assumptions for the annuity rate, which correspondingly reduces the payments they have to make. It is therefore critically important to keep any documents which show the actual rate you were offered so that you can check and, if need be, challenge, their assumptions.



Pension rebate for mothers

Hundreds of thousands of mothers who gave up work to care for their children but missed out on pension credits because of poor record-keeping by the Government are in line for a windfall.

Files dating from the 1970s are to be reviewed to identify mothers who are owed a reported average of £3,000.

The Department for Work and Pensions and HM Revenue confirmed last night that they will carry out a search of national insurance records to find women who are over or approaching retirement

age and are recorded as not being entitled to a full pension.

Mike O'Brien, the Pensions Minister, pledged that any losses of pension rights arising from miscalculations would be "remedied".

Usually, a person needs to work for 39 years to have sufficient national insurance contributions to qualify for a full state pension. But Home Responsibilities Protection, introduced in 1978, reduces the number of years women need to qualify. However no checks were made by the Child Benefit Office to verify national insurance numbers, which were administered by a different department, until 1994.

Many women were unaware that they qualified for protection and did not receive full pensions because the Government's system failed automatically to adjust their qualifying years.

*by Ben Quinn and Greg Hurst
The Times (November 10, 2007)*



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>



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