

# Pensions Action Group Newsletter

Issue 20

12 September 2008

## Moving Forward

It is now four months since our last newsletter, which may have given the impression that nothing has been happening, but nothing could be further from the truth. Representatives from PAG have been in constant touch with officials at the FAS, working with them to ensure that the money that is now available reaches its recipients with the minimum of delay. In particular, Ros Altmann has been negotiating with the DWP and Ministers to improve the treatment of the seriously ill and to ensure that the tax treatment of payments received is fair.

Negotiations have been on the basis of the proposals made by Peter Hain to the House of Commons last December and considerable progress has been made. However, all of the "difficult" issues have been deferred until the third round of consultations, which are expected later this autumn. These will put forward the

Government's position on the issues of indexation, retirement age, the cap and many others.

We need to be sure that Government doesn't feel that our campaign has gone off the boil, or that more delay will enable them to dilute the promises already made. For that reason, and to continue pushing for the goal of 100% compensation, as demanded by the ombudsman, there will be a demonstration at the Labour party Congress on Tuesday 23 September - details below.

The good news is that the first of the 90% payments that were promised last December were paid in June and now all those who are retired and eligible should be receiving the new payments (including backdating). This has been a major step forward, with money going to those who most need it. It's good to see some fruits from our years of campaigning.

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### Labour Party Conference Demo

This demo in Manchester is to appeal to the Government for Fairness for All. It is not a criticising, name-calling or condemning exercise. Remember the Government is in power - they are the only people who can help us.

The demo will be held on Tuesday, 23rd September 2008. We will meet at Castlefields (Science Museum on Liverpool Road) at 11:30 a.m. then march to Labour Party Conference at Manchester Central (formerly known as GMEX/MICC) and hold the demo outside at 12:00 noon. For a map to Castlefields, enter M3 4FP into Google search. The nearest station is Deansgate, which is about 7 minutes walk away and can be reached from Manchester Picadilly by train and tram (free to over 65s with concession card after 9:30am).

All are welcome.

Posters, banners and tee-shirts with appropriate slogans asking for the same fairness for us as has been provided to farmers and Northern Rock investors, i.e. full compensation.

For example: -

"The pension we paid for, as we paid for it IN FULL" i.e. £8.7 Billion to Farmers over 10.5 years: £2.9 Billion to pensioners over 60 years - is that Fairness for All P.M."

"If our money had been in Northern Rock we would have been fully compensated."

"£3.9 Billion at today's value over 60 years would fully compensate 140,000 pension losers."

"Why are we, the working classes, being treated less fairly than middle class Tory farmers by Labour?"

"Has Labour forgotten its roots with the working classes."

140,000 of us generate 3 million associated votes in families alone. Do you want these votes?"

"Restore our faith in our Labour Party - fully compensate us for our losses."

"Would you, as an M.P., accept losing 10% of your life-savings?"

Please make up your own banners, etc. in this mode but please no rudeness as we have been held back over the years by that kind of behaviour.

*Willie Riggans*  
*Organiser*

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### **PAG negotiations**

Over the last month or so PAG have been following up individual member queries relating to such matters as taxation on FAS income, contracted out benefits, ill-health issues and where we can chasing up progress on members benefits as well as the inclusion of all "solvents".

Ros Altmann has been very active in sorting out the taxation of back payments and working closely with the Minister and DWP to try and improve the ill-health provisions, particularly for seriously ill members

Some of these discussions are still ongoing and it is very important that they continue for the benefit of all members and as such the PAG relationship with FAS and the Minister must be retained

Terry through his role with his company Independent Trustee Services Limited is a member of the FAS advisory panel which includes other trustees, Lawyers and scheme administrators. The purpose of this panel is to discuss the processes and implementation of FAS benefits including discussing future regulations at an early stage

Following the last meeting (19/08/08) PAG met with FAS and a report of the meeting follows below. The continuation of these meetings and the relationship are vital to the delivery of the December 2007 announcement.

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### **Meeting with the FAS 19 August 2008**

As many of you are aware we met with FAS on Tuesday 19 August to discuss the next round of consultation on the detailed implementation of the December package and it has to be pointed out that if the detail is not right it could have a detrimental impact on members' benefits

We continue to reflect the concerns and comments of all of us with regard to the less technical issues including pre- and post-97 escalation and the rate of escalation provided, these are however political matters that the FAS admin team will report back to the Minister

The key issues on the agenda and discussed were:

- Revaluation of benefits pre-retirement and how it works
- Retaining the value of the cap
- Ill-health provision and the current restrictions
- Early retirement
- Tax-free cash
- Protection of benefits that are in excess of FAS levels
- Spouses & partners (including unmarried partners) and children's benefits
- Pre 2004 benefits
- Schemes with split retirement ages
- Scheme retirement date definitions
- Solvent schemes
- Schemes where there are different tranches of benefits at different retirement dates
- A number of questions raised by members where we will reply directly to members

We are told that FAS have now dealt with 99% of the uplifts from 80% to 90% 7574 members have been paid, 1022 will be paid following completion of personal details forms, 1652 have data submitted and will be paid when retirement age is reached

The next round of consultation will commence late autumn when FAS have worked through the detail and legal (pension) issues and will take through to the middle of next year to complete the consultation and the subsequent regulations

We have expressed concern about the time scales and have been told that any improvements

following the consultation will be backdated , we are hoping for an earlier resolution to the ill health issues (This is something that Ros is very close to and leading the discussions with the Minister)

The reason there is now so much detail is that FAS rightly dealt with the headline benefits first (scheme NRA and 90%) and to have considered the detail at the same time would have delayed payments significantly.

*Terry Monk,  
Richard Nicholl  
Andrew Parr*

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### **Negotiations on ill-health – the issues**

The main problems on the ill health regulations that are firstly that they only include people within 5 years of scheme pension age, secondly that the payments will not be backdated to when the member first became ill and thirdly that the payments will be actuarially reduced.

Excluding people more than 5 years from scheme pension age is leaving out some people who we already know are seriously ill but are in their late 50's and therefore more than 5 years below their retirement age of 65. This is so unfair. The Government says it considers it 'appropriate' to only allow payments for those within 5 years of pension age, but does not say why this is 'appropriate' at all! This also, of course, fails to reflect the Parliamentary Ombudsman's recommendations, PASC recommendations and our victory in the Court of Appeal, which upheld the Ombudsman's findings of maladministration and judged that the Government was responsible for both financial and non-financial injustices which had to be remedied.

By refusing to backdate payments for those who have already been ill for many years and only paying from 2008 or when notified - whichever is later - the FAS is taking the hardest line possible against such people. Again, this is clearly contrary to the recommendations of the Ombudsman and the findings of the Court of Appeal, since it treats people who would have had pensions from their scheme as if they would not have been entitled to anything at all! I can see no rational reason for refusing to backdate payments for people who can demonstrate with medical support that they have been so ill for many years.

In future, the issue won't arise, but there is a group of people from the past who have been dreadfully

affected by this scandal - a scandal of the Government's making. The reason they are not receiving their pension - and why they also have no alternative ill-health cover - is that they believed their company scheme was fully safe and protected by law and would provide for them in case they became seriously ill, as the Government always - falsely - assured them.

The December 17 announcement promised that "all scheme members will be guaranteed 90% of their accrued pension at the date of commencement of wind-up, revalued to their retirement". However, for members in serious ill-health who have been ill for years, especially those who were not yet within 5 years of pension age, this is not the case at all. They are being denied their pension by these Regulations but they would have had a pension from their scheme if it had still been ongoing. There is also unfairness between people of different ages here, since someone who becomes ill at age 58, in a scheme whose normal pension age was 65, will be excluded, but someone who is ill at age 55 with a scheme pension age of 60 will get their payments. (This is the same false logic as was applied to the original terms of the FAS in 2004 which only included members within 3 years of scheme pension age. That included people who were age 57 but had a pension age of 60, while excluding people age 61 who had a pension age of 65).

Furthermore, the payments are made with actuarial reductions, so are not the full pension they might have received from the scheme.

*Ros Altmann*

(Note: the current rules on early access to FAS payments are given here:  
<http://tinyurl.com/5vbgao>)

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### **Compare annuity rates**

If you are planning on purchasing an annuity then it is helpful to have some idea of what income you can expect and how much the different providers can vary. There is a useful annuity income calculator at [www.annuitydirect.co.uk](http://www.annuitydirect.co.uk)

Click on the link marked "Do a test quote now" and fill in the boxes. Note that the 'age' box refers to the age at which payments should commence. As always, take advice from a qualified advisor before making any commitments.

## **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>

## **Previous issues**

You can download previous issues of the newsletter from the following link (inserting the number of the issue you want):

[www.pensionstheft.org/newsletters/  
newsletter01.pdf](http://www.pensionstheft.org/newsletters/newsletter01.pdf)

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