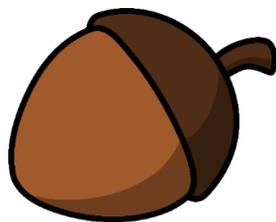


## Pensions Action Group

### Our outstanding Financial Assistance Scheme 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 150,000 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 Government 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, to a maximum of 2.5% pa using CPI, on post-1997 pensionable service. **There is no recognition of, or indexation applied to, a member's pre-1997 pensionable service.** Many of our members served 20 or 30 years prior to that date, and as most schemes closed between 1998 and 2001, there is in effect very little or no inflation proofing.

**So, anyone receiving FAS payments since they retired in 2004 would now be receiving 40% less than their original entitlement, and it continues to decline each year!**

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

**There is also a cap on FAS and PPF annual payments**, which seriously affects senior staff and/or workers with longer service. This Government, following legal challenges in the ECJ, recognise the 2018 ECJ ruling (Hampshire v PPF) which reduces some of the impact of the cap in a few cases; this is one the subjects that will hopefully be clarified in the forthcoming Judicial Review of implementation of the potential benefits arising from the Hampshire case.

**FAS also does not recognise the indexation relating to the Guaranteed Minimum Pension (GMP)** 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 our full 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!

**The average recipient's annual FAS payment is between £4000 and £5000.**

#### 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 too high, but consistently fails to mention that they have already received over £1.8bn from the residues of our schemes. This money was not ring fenced for FAS but swallowed up immediately by The Treasury. So far, over 15,000 FAS recipients have died either during retirement or before it, further reducing the amount needed.

Up to the end of 2018/19 FAS has paid out approximately £1.5bn, so in effect **neither the Treasury nor the taxpayer have yet had to pay a penny**, and wouldn't have had to for many years to come if the £1.8bn of residual funds from our funds had been invested.

**We need an updated figure for the cost of providing the original scheme level inflation proofing.** We are only asking for what we paid for. In 2007 inflation was running at 3% to 4%pa and those levels were used to calculate the original DWP figures. Inflation was virtually nil for several years after that, so overall costs will now be significantly less.

**The 2006 Ombudsman's Report 'Trusting in the Pensions Promise' found the Government guilty of maladministration, so why does it accept its own responsibility?**

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 often 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 immediately get 100% of what they had invested overseas, they got interest as well!

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 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 original 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, when we trusted the governments promise that our pensions were safe?

## **So what do we want?**

We were 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'.***

In an article in the Mail on Sunday, 1<sup>st</sup> October 2017, written by Guy Opperman, MP and Minister for Pensions and Financial Inclusion, he proudly stated:

***'...current and future pensioners can rely on this Government to deliver positive change that helps them enjoy a more financially secure retirement'.***

And even more recently, while not referring directly to pensioners, both Boris Johnson and Rishi Sunak stated that ***'People should not be penalised for doing the right thing'.***

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

That means:

**A full Review of the FAS** and its administration, starting with an open dialogue and meeting with the Pensions Minister, as most of our attempted communication with him is being deflected by his communications team who unfortunately do not seem to be aware of either the above unresolved issues or the stress they are causing. This is despite our offers of constructive suggestions on how FAS structure can be improved, even saving money for the taxpayer in the future.

**What we need is:**

- **Full original scheme level escalation and inflation proofing;**
- **Payments from the member's normal retirement date, not just 2004;**
- **Removal of the annual cap;**
- **Immediate and final implementation of the 'Hampshire' case, subject to the Judicial Review;**
- **Uplifts from the 'Hampshire' case to be applied to all FAS recipients, including those from the "Solvent Company" schemes, equally let down by poor legislation, through no fault of their own.**

We pressed the DWP to make provision in the recent Pensions Bill to include workers from these "solvent company" schemes but the DWP are refusing, stating that the ECJ insolvency directive only applies to schemes where the sponsoring employer was or had become insolvent. For the pensioners involved this anomaly and disparity is financially painful, particularly as it the UK Government that legislated to include them in FAS.

We are in correspondence with both the DWP and PPF/FAS about this subject, but it looks unlikely to be resolved in the immediate future, leading to even more mental stress for those affected. Further, we are lead to believe that solvent schemes do not form part of the current Judicial Review.

**Are we being unrealistic or unfair?**

[www.pensionstheft.org](http://www.pensionstheft.org)

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