

Pensions Action Group

March 2022

UPDATED

Our outstanding FAS issues, in a nutshell



Why are we still fighting for justice?

The Pensions Action Group (PAG) are still pursuing the missing occupational pensions that approximately 150,000 workers had paid for (since 2004, sadly 22,089 members have died) 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 get the Government headline of 90% of our lost pensions?

No, and after 18 years Nowhere near it! The Financial Assistance Scheme (FAS) supposedly pays 90% of the member's accrued pension, already reduced from the 100% we paid for, but actually only pays 90% of what FAS deems to be the lost pension. Most of our original schemes had inflation proofing, similar to the current public service and MP's pensions, FAS only pays any inflation increases, to a maximum of 2.5% pa using CPI, on post 1997 pensionable 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 or no inflation proofing.

So, anyone receiving FAS payments since they retired in 2004 could now be receiving 40% less than their original payment, and it continues to decline each year! In 2022 with ever increasing inflation this decline continues at a rapid rate!

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!

FAS does not recognise the indexation relating to 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

There is total confusion regarding Contracted Out Benefits (GMP) the minister states only post 1997 service gets increase and GMP increases 1988 to 1997

SO WHAT IS IT? PPF/ FAS web site states GMP does not exist

WHICH IS RIGHT? GMP INCREASES FROM 1988 OR THE LOSS OF INCREASES?

Other issues still to be resolved

The CAP

There is a cap only FAS annual payments, The PPF no longer has a cap which seriously affects workers with longer service who have built a career with one company.

The Works and Pensions Select Committee are helping with this issue.

Interest on back payments

PPF are paying interest on much delayed payments however FAS (DWP) refuse even though they have discretion

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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 will not 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 20,000 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 the Treasury has not had to pay a penny yet, and won't have to for many years to come. If the £1.8bn 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% pa and those levels were used to calculate the original DWP figures. Inflation was virtually nil for several years after that 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!

PAG and other individuals have had to spent hundreds of thousands of Pounds to get the justice the ECJ ruling demanded in several high profile court cases.

There have been high profile demonstrations going back to 2002 all covered by the National Media.

The Governments costs are paid by the Tax Payer, yet the Government talk about affordability!

So what do we want?

In an article in the Mail on Sunday, 1st October 2017, written by Guy Opperman, MP and the current Minister for Pensions and Financial Inclusion, who proudly stated:

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

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

That means:

Full original scheme level escalation and indexation.

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

Removal of the annual cap.

AND

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 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?

Guy Opperman has been in office for nearly 5 years and not once has he met PAG, so how can he understand the issues listed above, many of which would help provide the very security he states it is his ambition to provide!