

**Press Release from the
Pensions Action Group**

26th August 2025

TWO “TIER” PENSIONS

We are Dying for our Pensions!

Introduction

On September 2nd next week the Public Bills Committee will start to examine the 2024/5 Pensions Bill as it makes its way through Parliament. The Bill is extensive and among many other aspects of occupational pensions it will scrutinise the current position of the Financial Assistance Scheme and the Pensions Protection Fund. The most outstanding failure of both these schemes has been the lack of the indexation that the original scheme members paid for, and specifically the lack of any indexation for a member’s pre 1997 pensionable service. We understand that various MPs and members of the Lords will introduce an amendment to the Bill to remedy this situation, as the current government is delaying such a move against the recommendations made in a Report dated March 2024 by the Works & Pensions Select Committee. We need every MP to support the amendment.

We are therefore sending this Press Release to make you and the public aware of this situation and to give you the details behind our most urgent need for this missing indexation. We would appreciate your support in highlighting this ongoing injustice so that the Committee is fully aware of the stress that this pre 1997 Zero indexation is causing.

The Pensions Action Group was founded in 2002 following the collapse of a number of companies and their so called ‘guaranteed and safe’ final salary occupational pension schemes.

We have campaigned for over 23 years at all available venues and succeeded in both the UK and the European courts. However, we are still frustratingly waiting for what we were promised and for which we paid for.

It has become clear that the headline award figure of the Pensions Protection Fund and the Financial Assistance Scheme (now administered by the PPF) providing 90% of our lost pensions is a myth with many FAS members in their 70's and 80's now receiving 50% or less than their had rightly expected.

Our campaign has been focussed on the lack of any indexation on our pre 1997 pensionable service, which members had paid for, and after not even getting to meet some previous Pensions Ministers, we turned to the Works and Pensions Select Committee, and with the support of the then Chair Sir Stephen Timms we were called to give evidence in November 2023.

Here what has happened, and not happened, since then:

- November 2023 PAG gave evidence to the Committee along with Oliver Morley and Sara Protheroe of the PPF, Roger Sainsbury of the Deprived Pensioners Association and Neil Walsh of the Prospect trade union.
- In early 2024 the WPSC published their Report recommending to the then Government changes to FAS and the PPF potentially using some of the then £13bn PPF surplus.
- In June 2024 there was a change of Government although we are told that by then the previous pensions minister, Paul Maynard, had agreed the vital indexation changes with the DWP and Treasury.
- Since then, we have met the new WPSC Chair and in early 2025 the current Minister for Pensions.
- Since that time in WPSC evidence sessions and in communications we have been informed that a solution is being 'worked on', but that it is 'very complicated'. During this period alone 5343 FAS members have sadly died since our evidence session. Since the formation of FAS in 2004 the number of recipients has reduced from 140,000 to 90,000.
- We have widespread support both inside and outside Parliament but cannot make progress with the Minister continuing to refer to the delays and issues.

Some facts that support our head headline: **"Two Tier Pensions"**.

- Kier Starmer secured full indexation to his DPP pension by a special Act of Parliament, which we understand he did not himself pay for, while most workers now receiving FAS payments did pay for pre 1997 indexation but are now denied it!
- Food inflation is now at 4.9%pa, while we have received virtually 0% over the last 20 years!

- The Mineworkers, by agreement with Parliament, are benefitting from their scheme's surplus, despite the Government still being the Final Guarantor of their schemes.
- The current PPF surplus is now currently over £14bn, with the Government claiming it cannot use these funds as they are the Final Guarantor of the PPF. The PPF surplus includes the funds and members contributions from the residual scheme assets
- Additionally, despite the PPF surplus having arrived from the levies that surviving company schemes pay to the PPF, and good investment, with no additional direct government funding, the Government now assumes this surplus to be theirs, to help improve the balance sheet.
- The tax payer argument that politicians use hides the truth about the formation of FAS and the PPF, and the £2bn residual funds from the failed FAS schemes that The Treasury quietly absorbed without ring fencing and investing it.
- To pay the pre 1997 indexation at 2.5%pa will cost £13m per year as an ongoing basis for the next 10 years. The average age of FAS recipients is now 73, so over the 10 years we should expect to see a considerable decline in costs during and after that period.

In the last few months, we have lost so many Financial Assistance Scheme members and to delay and continually ignore this major social injustice remains both financially and morally wrong, and devastating to the individuals affected, and their spouses.

We implore the Minister to act immediately to correct this major injustice. Confidence in pensions savings is at an all-time low, and the Country needs some reassurance that when workers save for their retirement their savings will be safe and secure!

For further detailed history please see www.pensionstheft.org

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