



Pension Review

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A NEWSLETTER FROM AND FOR REUTERS PENSION FUND MEMBERS AND PENSIONERS

PENSION REVIEW GROUP

John Freeman
(Chairman)
Janice Buswell
Mike Cantly
Nick Carter
Tony Clark
Michael Cooling
Angela Dean
Peter Fanning
Barry May
Bill Ogston
Jonathan Rawes
Paul Smurthwaite
Russ Stuart
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- Hewitt Bacon & Woodrow
- Lane Clark & Peacock (actuaries)
- National Pensioners Convention
- Occupational Pensioners' Alliance
- Pensions Advisory Service
- Reuters Alumni

CONTACT US
rpf04@hotmail.com



So, farewell, Sir Christopher. Enjoy your pension (annual increases guaranteed)

PETER FANNING spent his entire career in pension scheme management with blue chip companies up to his retirement as Reuters Pensions Manager in 2000. He is an Associate Member of the Pensions Management Institute and until he retired was also an Associate Member of the Institute of Chartered Secretaries and Administrators as well as being concerned with several other pensions bodies.

So Peter knows a fair bit about pensions. Recently he was elected by an overwhelming majority – 77 percent of the vote – as a member-nominated Trustee of the Reuters Pension Fund.

Like so many of us, Peter is concerned by the sudden deterioration in RPF finances since the last valuation in December 2001. Discretionary increases are ruled out “for the foreseeable future”, we have been told.

This is a bleak prospect and seems unfair, especially since retired directors enjoy guaranteed increases each year underwritten by the Company. Other FTSE 100 companies are paying substantial additional contributions into their pension funds

to improve the position, as Reuters has done in the past. Reuters should continue its past practice, Peter says. He is also concerned about RPF administration fees – a whopping £300,000 a year – transferred to RPF by the Company when it decided to outsource the administration process from our own Pensions Department to Hewitt Bacon & Woodrow a couple of years ago.

At Reuters AGM in April Peter asked about future pension increases and requested that the directors review the situation. In response, the Chairman of the Company, Sir Christopher Hogg, invited pensioners to raise their concerns formally. Many pensioners, Peter among them, put pen to paper.

As Sir Christopher relinquishes the chair after 18 years and rides off into the sunset with his director's pension preserved and yearly increases protected, we thought it right to share with you the lengthy exchange of correspondence that Peter had. It's too long to carry here, but if you would like to see a copy let us know and we will send it to you.

Just e-mail us at rpf04@hotmail.com.

Pension Review is produced by the Pension Review Group of former employees of Reuters who are concerned about the performance and value of their pension fund.

What it means to have no pension increases

It's easy to shrug our shoulders and ignore the future on the grounds we are financially comfortable today. But if you stop to consider the effect that inflation will have, then that sense of comfort starts to disappear.

- Fact: If inflation averages 2.5 percent a year, then in 10 years' time a pension of £10,000 pa today will be worth £7,800 pa; in 15 years £6,900 pa and in 20 years £6,100 pa.
- Fact: If inflation is stepped up to five percent a year, then today's pension of £10,000 pa becomes worth £6,100 pa in 10 years' time, £4,800 pa in 15 years and £3,800 pa in 20 years. A salutary thought.

IMPACT OF INFLATION ON A PENSION WORTH £10,000 TODAY

Inflation	2.5%	5.0%
2014	£7,800	£6,100
2019	£6,900	£4,800
2024	£6,100	£3,800

It is important for everyone involved in RPF to realise the devastating long term effect that inflation can have on fixed pensions and to do something about it now.

Our message to the Company is clear – be consistent in your treatment to RPF pensioners as you have in the past and in the same way as other FTSE 100 companies who are paying more into their funds to make up deficits and to support increases for their pensioners which in the vast majority of cases are guaranteed.

And how can it be fair for some RPF pensioners to get guaranteed increases whilst others get none?

Switching RPF investments from Equities to Bonds

This makes the payment of discretionary increases more remote. Although RPF is closed to new members it still has a long life ahead of it, perhaps 40 or 50 years.

So why the rush to move 35 percent of our assets into bonds when bond prices are historically high and equity prices are relatively low? We don't want to follow the herd, we want a sensible market-based timed approach to investment.

Constitution of RPF Managing Committee

The recent issue (No 22) of Reuters Update brings us current information about RPF.

It shows the new constitution of the Managing Committee is in place and that Greg Meekings has been appointed Chairman by the Company. We wish Greg well in his new role and want him to be aware of our concerns. Greg no longer works for the Company and he has to represent the members as a whole, as do all other trustees.

Make sure you write to Greg (copy to us) with your concerns, worries and complaints about RPF. We understand his fee will be met from RPF – another example of the Company transferring a cost which it previously met when the Chairman was the Finance Director of Reuters.

The Reuters Update also gives some extracts from the Report and Accounts for the year ended 31 December 2003. Late again, as in previous years since the administration was outsourced. Be sure to telephone Hewitt Bacon & Woodrow (0808 107 1234 if you are calling within the UK, +44 1442 201049 for overseas callers) to get your copy of the full version of the Report and Accounts which are no longer being sent automatically to all pensioners.

Outsourced administration with HB&W

The recent issue of three payslips for the month of September is just another example of the inefficient administration being provided by Hewitt Bacon & Woodrow.

A number of members have told us about wrong figures and delays in providing information. We were told when they were appointed that HB&W were professional administrators and that we could expect a high level of service.

So much for outsourcing – and it's costing us, the RPF members and pensioners, £300,000 a year! We expect the Company and Trustees to sort this out quickly.

Extending our reach

We want to contact as many pensioners and RPF members as possible so that we can share our concerns and aspirations together and act in unison. Keep letting us have the names and addresses of those who want to be included.

We are an entirely voluntary group and we want to keep our costs down, so our preferred channel of communication is e-mail. However, we aware that some pensioners have not joined the Internet age (or perhaps have deliberately chosen to opt out!), so we will try to ensure they are also kept in the picture with a copy sent by post.