

Pension Review Group

Chairman says increases not company's decision

Pension increases for Reuters retired staff are not a decision for the company, Reuters chairman Niall FitzGerald has told the Pension Review Group.

Replying to a letter from PRG chairman John Freeman, he said, "Please note that decisions regarding the award of discretionary increases rest with the Managing Committee of RPF, in conjunction with the Scheme Actuary, and not with the Company." ([Click here for the full text.](#))

The exchange of letters follows Reuters' decision to fund a 2.7% increase in UK pensions for 2006, which was paid in July, backdated to May.

Earlier this year, in a statement to the London stock exchange Reuters said the one-off discretionary payment, in line with inflation, was part of a financial package to fund deficits in the UK final salary pension funds. The 2005 balance sheet showed the deficits totalled £265 million.

The company said it had agreed the package with the trustees of the Reuters Pension Fund and the Supplementary Pension Scheme. It will pay an extra £188 million cash into the two funds in 2006 and a further 42 million in 2007.

Increase announced at lunch

Details of the agreement were handed out at a lunch for retired staff at the Grosvenor House Hotel in London on May 24.

The statement said: "The package of measures also includes a framework under which the potential for future discretionary increases will be determined."

Further details on the Reuters website said: "Where a surplus has arisen due to investment performance higher than our expectations, part of that surplus may be set aside to fund future discretionary increases." But the company gave no indication of how much of the surplus could be used.

The agreement is in line with earlier details given by Reuters chairman Niall FitzGerald at the annual meeting in April.

Apology for delay

At that meeting, FitzGerald apologised to pension fund members, who he described as "an important part of the stakeholder community", for the long delay in reaching an agreement between the company and the pension fund trustees. He said it was essential to reach a conclusion which was equitable to all company stakeholders.

PRG chairman John Freeman told the annual meeting that pensioners welcomed the confirmation of a pension increase in 2006, the first since 2002.

Freeman said: "This is a step in the right direction and we hope it will lead to a full restoration of annual increases which was company

policy until 2002. We will need to look closely at the final agreement to see what process is planned for inflation-linked increases in 2007 and beyond."

FitzGerald also thanked the trustees and "...your group (the PRG) who helped us engage with the problem..."

In March, The Pension Review Group decided not to go ahead with its planned resolution at Reuters' AGM on April 27.

This resolution would have called on the company to increase pensions by 2.7%, in line with last year's rate of inflation. (See [February newsletter](#) for the text of the planned resolution.)

PRG drops resolution

The decision not to submit the resolution followed a meeting and subsequent correspondence with the company.

Although the text of the planned resolution had been delivered to the company, as reported in the February newsletter, delivery of the shareholders' signatures to the company was required by March 16 to have the resolution presented at the AGM. The PRG decided not to take this final step.

Nearly 190 shareholders had offered their support for the resolution.

16 August 2006

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