

# Pension Review Group

## "No need for talks" over Thomson takeover

**No talks** are needed between the trustees of the Reuters UK final salary pension funds and Reuters management, following Thomson Corp's bid for the company, according to a report commissioned by the trustees.

Accountants Ernst & Young were appointed to assess the impact of the proposed takeover.

"No immediate negotiations appear to be required between Trustees and the Group," its report said.

"However, Trustees should continue to monitor the Proposed Transaction as further information becomes available, take advice as appropriate and consider the impact on the covenant to the Schemes," it said.

### **No additional risk**

In a statement, trustees chairman Greg Meekings said trustees did not believe the planned deal posed any additional risk to the security of pensions earned to date.

Meekings is chairman of the trustees of both the Reuters Pension Fund and the Supplementary Pension Scheme, both of which are final salary funds.

The full text of Meekings' statement is as follows:

*You will have read that Thomson has made an agreed bid for Reuters Group plc.*

*Your Trustees have been pro-active in responding to this proposed Transaction in order to check that it does not have an adverse impact on your Scheme.*

*Let me start by making our position clear. The Assets of the Scheme are held in Trust by the Trustees for the exclusive purpose of meeting the Schemes' liabilities. They cannot be impacted by this Transaction.*

### **Firms have no right to assets**

*Neither Reuters nor Thomson have any current or future rights to our assets. At the time of writing both RPF and SPS are, on an ongoing basis, showing a small surplus i.e. the value of our assets exceed the value of our liabilities.*

*Further the Company does not have, nor will it have, any power to change any accrued benefits, or pensions in payment. These will remain unchanged.*

*The surplus referred to above may be eroded over time, for example investment performance may not meet expectations, or our actuarial assumptions of our increasing longevity may prove to be wrong, or interest rates could fall. We could move into deficit as happened last year.*

*We look to the Company to fund any deficit revealed on a formal valuation. Our primary interest in the proposed acquisition is therefore to establish*

*whether after the transaction the Company's ability and propensity to make up such a shortfall is affected.*

*Were it to be adversely affected then the Trustees would wish to consider appropriate action to mitigate this weakening of Sponsor Covenant.*

*The Trustees have appointed Ernst & Young to assess the impact of the proposed transaction on the Sponsor Covenant. They have now produced their interim report which concludes that: "No immediate negotiations appear to be required between Trustees and the Group, however Trustees should continue to monitor the Proposed Transaction as further information becomes available, take advice as appropriate and consider the impact on the covenant to the Schemes".*

### **Continue to monitor situation**

*In other words if the transaction goes ahead as currently envisaged, Ernst & Young have concluded that there is no adverse impact on Sponsor Covenant.*

*The Trustees will continue to monitor the situation until the Transaction completes.*

*However I wanted to reassure Members that at this time the Trustees do not believe that the Thomson acquisition of Reuters poses any additional risk to the security of your pension earned to date.*

15 June 2007

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