

Pension Review Group

No plan for pension indexing - Glocer

Reuters boss Tom Glocer has poured some very cold water indeed on any hopes that the company will do the decent thing and protect its UK pensioners from inflation.

When Glocer met Reuter Society members on 21 November, we asked him if Reuters would follow the example of Thomson UK final salary schemes and make annual inflation increases automatic.

Thomson is expected to complete its takeover of Reuters in the next few months and Glocer will be CEO of the combined company.

As we all know, to our cost, Reuters only grants full annual inflation-linked increases on a discretionary basis. Full inflation protection for all pensioners was suspended for the three years before 2006.

Glocer surprised

Glocer looked surprised when he heard that some Thomson UK schemes paid annual inflation increases, said he didn't know the answer to our question, but would find out.

His answer came three weeks later in an email to Steve Somerville, chairman of the Reuter Society.

"No plan by Reuters to introduce any form of indexing of payouts,

whether or not a feature of some Thomson plan," the email said.

Trustees of the Reuters Pension Fund and the Supplementary Pension Scheme have been trying to get more information out of senior management at Reuters.

Meanwhile, we have to wait until some time in the first quarter of 2008 to find out whether we will get a "discretionary" increase in our pensions this year.

It depends on how the RPF and SPS investments have performed in the markets and whether there is a big enough surplus of funds to give us an increase.

A funding review is done at the end of the year and the trustees must then work out whether they can recommend an increase to the Company. Reuters stopped paying annual pension increases to RPF and SPS members in 2003 and only resumed in 2006 after a vigorous campaign by the Pension Review Group.

This included drawing up a resolution for the 2006 AGM proposing that UK pensions should be increased by 2.7%, in line with that year's inflation.

The final step in putting the

resolution — delivery of the supporting shareholders' signatures to the company — was cancelled after last-minute talks with the company.

Two months later, in May 2006, the company announced to the stock exchange it would be paying a 2.7% increase for 2006. A further discretionary increase was paid for 2007.

Reuters alone in FTSE100

Reuters is the only FTSE100 company thus far identified by the PRG to have suspended inflation-linked increases to its UK final salary pensioners. The vast majority have inflation-proofing written into the pension fund rules.

The 2007 increase came in the first year of a four-year agreement reached between the company and the fund trustees in 2006, which included a framework for the granting of discretionary increases until 2010.

The agreement allows the trustees to use up to 40% of any surplus in the funds to raise pensions in line with the rise in prices. The agreement makes no provision for increases if there is no surplus in the funds.

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