

Pension Review Group

PRG Presses Glocer to Underwrite Pension Increase

The Pension Review Group pressed CEO Tom Glocer to underwrite an inflation increase for UK pensioners this year as a gesture of solidarity, as shareholders met to approve the takeover of Reuters by Thomson of Canada.

"To celebrate the birth of the new Thomson Reuters, and as a gesture of solidarity with the old guard, would you undertake to underwrite an inflation increase for UK pensioners in the event that the funding agreement does not allow for one this year?" we asked Mr Glocer at the 26 March Extraordinary General Meeting (EGM) called to vote on the takeover.

In the event, it was outgoing Reuters chairman Niall Fitzgerald who replied: "I can't give that undertaking because it's not within my powers to do so."

Positive investment returns

He said it was up to the trustees of the pension funds to decide whether they would award an increase this year and noted positive investment returns in 2007.

The optimistic view on investment returns was reiterated by another

very senior management source after the meeting, together with the view that the RPF and SPS should pay annual inflation increases whenever their funding positions allowed.

Not everyone is so bullish about the prospects for an increase for 2008, or the years to come. This is why the PRG was anxious to press the case for pensioners to be treated decently as Reuters embarks on a new and very different chapter in its 157-year history.

We should hear the verdict from the trustees in the coming weeks.

Here is the text of our EGM question to Mr Glocer, put by Tony Winning:

"As a Reuters shareholder and pensioner, allow me to congratulate you on today's successful conclusion of the merger with Thomson. We live in hope that the new enlarged company will go forward and prosper, and we wish you the same good fortune.

"By the same token, we pensioners in Reuters live in hope that we too will benefit from this merger, as you have done.

"That said, we do not yet know whether we shall receive any increase in our pensions this year to meet the ever rising cost of living.

"When I joined Reuters in the late 1960s, the company barely made a profit of a few millions. My generation and those that followed helped to build it into the company that Thomson reckons is now worth paying nearly nine billion pounds for.

"Important stakeholders"

"At the last three AGMs, Chairman Niall Fitzgerald described pensioners as 'important stakeholders' in the fortunes of Reuters. But we still live under a dark cloud of uncertainty over whether pensions will again be eroded as they were in the dark days of 2003 to 2006.

"To celebrate the birth of the new Thomson Reuters, and as a gesture of solidarity with the old guard, would you undertake to underwrite an inflation increase for UK pensioners in the event that the funding agreement does not allow for one this year?"

"Thank you and good luck."

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