

# Pension Review Group

## Pension Increase Ruled Out for 2009

**Thomson Reuters** has turned its back on members of its UK pension funds and ruled out any inflation-linked increase for 2009, their fourth pay freeze in the past seven years.

The bad news, which effectively means that RPF and SPS pensioners are 13 per cent worse off, was confirmed at the Thomson Reuters annual general meeting in London on 13 May.

At the AGM, Pension Review Group (PRG) chair Angela Dean asked CEO Tom Glocer when the newly merged company would "do the right thing by its pensioners and pay them index-linked increases, as do other FTSE100 companies with defined benefit schemes, and as did the old Thomson company for its UK pensioners?"

Glocer ducked the question and passed it to former Reuters chairman Niall FitzGerald, who speaks for "legacy Reuters issues" on the new Thomson Reuters board of directors.

### **RPF/SPS in deficit**

FitzGerald noted that the RPF and SPS were in deficit at the end of 2008. This meant that under the terms of the 2006 funding agreement between old Reuters and the pension fund trustees, there could be no inflation increases this year.

FitzGerald reminded us there had been increases in the three years since the funding agreement, when Reuters put in £230 million to shore up the funds and wipe out their deficits at that time.

If the funds returned to surplus by the end of this year, the trustees would be in a position to resume increases, he said.

The funding agreement between RPF/SPS and the company runs out in 2010, when it will be renegotiated. When Thomsons took over Reuters last year, they said they were standing by the agreement.

Allan Ferguson, another Reuters UK pensioner who attended the AGM, said he understood that former employees of Thomsons "get cost of living increases automatically."

FitzGerald replied that Thomson Reuters had many pension schemes in many different countries. "Some have automatic indexation, some don't. I really can't add anything to what I said."

### **Serious consideration of concerns**

David Thomson, chairman of the board and head of the Canadian company which has the controlling interest in Thomson Reuters, ended on a more conciliatory note by saying, "We will take into serious consideration your concerns."

The PRG wrote to CEO Glocer in April, ahead of the AGM, setting out the concerns of RPF/SPS pensioners and asking the company to resume annual inflation increases, which was very much the custom and practice prior to the first freeze in 2003.

The PRG letter, which the company has acknowledged but not yet

provided a substantive reply, noted that Thomson Reuters was doing well and paying Glocer and other senior executives multi-million dollar salaries and bonuses.

Pensioners, meanwhile, were getting poorer. We shall publish the full text of the PRG letter and the company's substantive reply, when it arrives. The question asked by the PRG chairman at the AGM was as follows:

*At a time when the new Thomson Reuters company is forging ahead, and its top executives from old Reuters are earning multi-million dollar salaries and bonuses, why are Reuters pensioners suffering yet another pay cut?*

**Fourth year of pension freeze**  
*Elderly members of the Reuters UK defined benefit schemes are facing their fourth pension freeze in seven years, which means they are 13 per cent worse off. And this at a time when any savings they might have are producing greatly reduced returns.*

*When will Thomson Reuters do the right thing by its pensioners and pay them index-linked annual increases, as do other FTSE100 companies with defined benefit schemes, and as did the old Thomson company for its UK pensioners?*

16 May 2009

