TR funds 10-year pensions inflation agreement

Thomson Reuters has agreed to pay for a 10-year arrangement to increase pensions in line with inflation, up to a maximum of 2.5% each year, the latest Update newsletter for the Reuters Pension Fund said.

In a briefing to the Reuter Society on March 6, Trustees Chairman Greg Meekings said the 2.5% cap had been agreed partly because it was in line with current legislation that requires pensions to keep track of inflation up to this level.

In response to a question, he told the meeting, "If you're a pensioner who retired in 1997, you'll get (up to) 2.5%. If you're a pensioner who retired in 2005 or thereabouts, you'll get (up to) 2.5% but there'll be a little sliver you'll get (up to) 5% on because of the government's guarantee."

For pensions earned from 1997 to 2005 the law requires inflation to be matched up to a limit of 5%.

Increases to match RPI

Meekings said the increase for 2012 would be backdated to January 1 and would probably be paid around May. He said the Retail Price Index (RPI) would be used as the measure of inflation for both the RPF and SPS funds.

Thomson Reuters has also agreed to pay off fund deficits over eight years, Meekings said. At end-2010 these stood at £85m for RPF and £52m for SPS. He said the pension fund deficits had got significantly worse for 2011 but in relation to other schemes they are, relatively speaking, well funded.

Some deferred members also benefitted from the agreement. The newsletter said, "For members who stopped accruing benefits... before 31 December 1990, the arrangement awards revaluations for the next ten years to pensions accrued before 1 January 1985 which do not receive automatic revalutions before members retire."

Revaluations will be based on the Consumer Price Index (CPI) with a maximum of 2.5%.

PRG welcomes agreement

The PRG welcomes the new Agreement on pensions, which now provides a degree of certainty of an increase for the next 10 years.

Obviously, we would have hoped for larger increases each year when the September inflation figures are higher than 2.5%, and also compensation for the loss of value to our pensions over the years when there has been no increase. However, we have to be realistic and recognise the tough economic climate in which our pension fund has to be managed.

Greg Meekings, in his talk to the Reuter Society last week, endorsed the contribution made by the PRG over the last 8 years, saying that "the PRG has served us all very well" and adding that it was "a very valuable group".

We should also acknowledge the achievement of the Chairman of the Trustees, Greg Meekings, and his colleagues on the Managing Committees in reaching this settlement, as well as the support from Thomson Reuters, and in particular from Tom Glocer to enable a fair deal to be concluded. The PRG will not be disbanding, however, and will be monitoring pensions issues both within Thomson Reuters and trends externally.

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