Most of these schemes are negotiated benefits freely entered into by employer/employee and enhancements to these schemes are usually as a result of a lower percentage wage increase.

Since the early 1980’s these schemes have been used to fund redundancies, ie early retirement, and because of a rising stock market and good return on investments the funds were not affected by people drawing their pension 5 or 10 years earlier than they should have been.

Also though these schemes were abused in this manner by the employer, the employee as a contributing member, especially after retirement seen no increases to their pension despite the fact their 35/40years of contributions were making money to fund redundancies, and so it was until 1995/96 when the Greede report changed that.

With the implementation of Limited Price Index rises to pensions, it only applied to people in superannuation scheme returning after April 1997, and as such these people who retired prior to that date, were at the caprice of the company, and for those, rises became few and far between, and in the case of Ford’s increases were only to that part of your pension above your Guaranteed Minimum Pension GMP.

Then came the down turn, and in a lot of cases the closing of Final Salary schemes the massive deficits in these schemes, the employees were still paying their contributions the small print, never divulged during pension negotiations were, they gambled on the stock market with our pension fund, and when good reduced their contributions, as used pension enhancement as a means of a lower percentage wage increases, came the bad times, how can we afford these freely entered into pensions, and how do we get to look at the victims in this case was the companies/firms only.

Actuaries for a lot of these set up Backfill plans for these schemes, which were to bring the schemes back into surplus, and as a result of the upturn in the market, some of these schemes see the backfill plans being pain into schemes that are not far to being viable again, hence the introduction of Escrow Accounts.

Quite a number of schemes have opted for these accounts, which pay 20% of agreed backfill into the pension fund and 80% into a separate account, (escrow), for a specific period of time, and on conclusion, if pension fund is in a healthy condition, reverts back to company/firm, albeit employee’s increased their contributions in these dire times, and in the case of Ford’s discretionary rises to prior 1997 pensions two in 12 years to their pension over GMP, and employees still paying that increase which 80% is going back to the company.

How many companies/firms still have deficits in their Fund, while at the same time paying dividends to their shareholders.

Pensions are deferred wages, and should come before any shareholder dividends and an agreement is an agreement, I don’t want you gambling with my pension fund, but then 35/40 years of contributions does entitle me to the benefits you agreed to, as you have reaped the benefits of reducing labour by early retirement schemes.

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