



Association of Mirror Pensioners

www.mirrorpensioners.co.uk

**ASSOCIATION OF
MIRROR PENSIONERS**

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From: Rosemary Cook, Chair, AMP

Date as postmark/e-send

Dear

Members of the Association of Mirror Pensioners are anxious and dismayed about the lack of safeguards for pensioners in the government's proposed Pension Schemes Bill. No doubt you will remember the AMP's life vice-chair's article in the spring Mirror Pensioner.

It's worth a recap to recall how and why the AMP was formed, and is still fighting for and protecting its members: In 1984 Maxwell bought Mirror Group Newspapers for £96million. The pension scheme had a surplus in excess of the price Maxwell paid for the entire company. After Maxwell fell off his yacht in 1991, we eventually discovered our pension scheme had been robbed of £400million. Such was the state of the scheme that the government took over the SERPS payments. For a considerable period, current pensioners didn't know whether they would continue to receive their pension payments. And deferred pensioners wondered whether they would ever receive their due rewards after decades of pension contributions. I have attached/enclosed a Daily Mirror front page of the day.

More than 30 years later, this current government appears not to have learned from our bitter experience, because the Pension Schemes Bill (PSB) is designed to relax the rules which enable the employer to extract surplus pension scheme funds to invest back into the company.

Any surplus extracted would be taxed at a rate of 25 per cent. Although lower than the previous 35 per cent, it represents an instant loss to the pension scheme. It would be a nice earner for the government at an estimated £3billion over a decade. A good reason, perhaps, for the government's enthusiasm at pensioners' expense.

An impact assessment for the proposed changes, written by civil servants at the Department for Work and Pensions, stated: "If schemes choose to modify their rules to enable surplus extraction, this adds an indirect cost to members in terms of the increased likelihood of members not receiving their pension benefits in full."

We are outraged that the Maxwell scandal seems to have been forgotten. In its response to the "Options for Defined Benefit schemes" consultation, the government said that trustees of defined benefit (DB) pension schemes will be granted a "statutory resolution power" to permit modifications to scheme rules. It continued: "Use of this power will be at the discretion of the trustees, who remain best placed to make decisions in the context of their individual scheme circumstances and their duties to scheme beneficiaries."

So pensioners are being encouraged to take comfort from the fact that trustees will have to risk-assess and agree any extraction of a pension fund's surplus. Well that's all right, then, because nobody has ever bullied or bribed or circumvented a pension scheme's board of trustees before misappropriating pension scheme funds, have they?

Safeguards are vital. We're confident that if scheme members were to be balloted about the destination of their surplus – it is not the company's money, nor the trustees' money – there would be a majority NO to surplus extractions. Pension scheme funds belong to its members, the current and future pensioners, and should remain ring-fenced.

Many lobby groups and industry watchers have voiced fierce opposition to the Bill, including the National Pensioners' Convention, which said: "It is astonishing the government would risk the pensions of millions. Defined Benefit schemes should be protected. Even the original Conservative government consultation on the idea said the



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plan would 'reduce security' for DB pension members. The NPC believes the regulatory reforms introduced following the Maxwell-Mirror and Brown-BHS pension scheme raids should be enough to provide protection for today's DB Schemes. Any loosening of regulations puts schemes at risk from unscrupulous people – and there are many of them out there."

There is disagreement among experts about the benchmark used to measure whether a scheme is deemed extractable. Insurers have expressed doubts. Hetty Ahern, head of long-term saving policy at the Association of British Insurers, said: "DB scheme members will want confidence that this [extraction] will only happen once the core purpose of the scheme – to pay members their pensions – is met.

"It's right that the government has committed to protecting member interests, but we maintain that the safest funding threshold for members, before surplus is extracted, is buyout levels."

AMP members' concerns are understandable, given all that we went through. Our current trustee chair and board have been in post for some considerable time, and our scheme is expected to be deficit free by 2028. But the chair of the trustees is retiring in 2027; Reach plc has recently installed a new CEO. Things can change in an instant, and who knows about the future?

If Reach were to be taken over, new owners will have their own ideas. With print revenue and circulations falling drastically, they might "convince" the pension scheme's trustees of the day that investing a pension surplus would be in the pensioners' interests. And once the money is extracted and transferred to the company, as far as we have been able to ascertain there will be no restrictions on how the funds will be invested, nor any recourse available to the trustees – nor the pensioners, whose money it was – if failure follows, new projects collapse, and the money lost. It's a recipe for disaster.

As members of the MGN Pension Scheme we have our own personal axes to grind, but there is also concern for smaller pension schemes facing an intimidating employer.

The Pensions Regulator (TPR) is "the public body that protects workplace pensions in the UK", and it lists the following among its core objectives:

"Protecting people's savings in workplace pensions

"Improving the way that workplace pension schemes are run

"Making sure employers balance the needs of their defined benefit pension scheme with growing their business"

The TPR has issued reams of advice and guidance for trustees in relation to the PSB, including this, which clearly illustrates the TPR is well aware of possible pitfalls:

"...As a trustee you will have to agree to the release [surplus extraction]. We expect you to work collaboratively with your scheme sponsor. At the same time, we would expect scheme sponsors not to put trustees under any undue pressure including, for example, aiming to replace trustee board members with the sole aim of the new trustee board being able to agree a release."

How is that guidance to be enforced?

Mirror Group pensioners and workforce of 1991 oppose the Bill in its current form. We were principally saved from penury by the Government – and now, in near incredulity some 34 years later, we find this time our adversary is the Government.

We ask for your support in strengthening the safeguards for pensioners in this Bill.

Yours sincerely

DAILY Mirror

Thursday, December 5, 1991 **NEWSPAPER FOR THE NINETIES** Last month's cover sold 1,000,000 copies (including Sat. & Sun. editions) **25p**

WIN A GAME BOY



WE'VE GOT 100 TO GIVE AWAY

PLUS 10% OFF GAMES AT COMET — PAGE 34

STILL GOOD FRIENDS



See Centre Pages

MAXWELL:

£526m is missing from his firms

A STAGGERING £526 million vanished from Robert Maxwell company coffers in the weeks before the tycoon died, it was revealed last night.

And there is NO trace of the money, which includes £408 million from pension funds.

Exclusive from the Evening Standard



PRESSURE: Robert Maxwell had huge debts at the time of his death.

EXCLUSIVE

By GORDON HAY

Office have moved in to probe the mystery of the colossal Maxwell multi-billion pound dark sink of secret midnight meetings called to shift billions from place to place.

At the time of his death a month ago, 61-year-old Mr Maxwell was coping under increasing pressure to meet creditors being harassed by his private companies.

And the new chairman of Mirror Group Newspapers, Ernst Sutcliffe, spoke last night of "the increasingly desperate actions of a desperate man".

Most of the lost money disappeared in September and October from the pension funds of

three firms: the Mirror Group, Maxwell Communications Corporation and the market research company AGF.

A further £100 million went missing from Mirror Group accounts — half of it in the last few days before Mr Maxwell's ill-overlooked from the yacht off Tenerife.

Company lawyers have so far failed to turn up a penny.

Only £10 million of the missing pension money is likely to be retrieved.

And Mirror staff were told: "It is a nightmare scenario. It's a case of going through drawers and waste-paper baskets looking for scraps of paper."

Unaccounted for night savings amounted to having ready cash — and thousands of other authorising signatures.

"There were hundreds of thousands of pounds of cash in the

'The increasingly desperate actions of a desperate man'

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