

## Press Release

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Immediate Release

### **NAPF SUPPORTS LIBERAL DEMOCRAT CALL FOR GOVERNMENT GUARANTEE FOR PENSION PROTECTION FUND**

The National Association of Pension Funds (NAPF) has today welcomed the call by **Dr Vincent Cable, Liberal Democrat Deputy Leader and Shadow Chancellor**, for the Government to be the ultimate guarantor of the Pension Protection Fund (PPF).

Dr Cable's comments, in a speech today to the NAPF Investment Conference in Edinburgh, echo calls made by the NAPF earlier in the year, as part of its Action Plan: *Pension Provision and The Economic Crisis*. The Association believes that Government guarantee of the fund would enhance scheme member security and help to rebuild confidence in workplace pensions.

**NAPF Chief Executive, Joanne Segars**, said: "In these exceptional times, maintaining confidence and security in pensions is vital so it would be a sensible measure for the Government to be the ultimate guarantor of the Pension Protection Fund.

"We welcome the support of the Liberal Democrats on this crucial issue."

## Excerpt from *Pension Provision and The Economic Crisis*<sup>1</sup>

### Enhancing scheme member security

One consequence of the economic crisis is likely to be much higher calls on the Pension Protection Fund as more employers with insolvent schemes cease trading. Already we have seen victims of the credit crunch such as Lehman Brothers, Woolworth, and Nortel enter the PPF assessment. The architects of the PPF did not envisage the economic conditions which we are now experiencing when they set the levy basis or their predictions of the numbers of people needing PPF support.

It would be unjust to expect existing DB schemes, already struggling with deficits and weakening employer covenants to meet the additional costs of a larger than expected demand on the PPF.

The NAPF believes the Government should give a clear assurance that it will act as the guarantor of last resort for the PPF.

This would have the dual benefit of providing scheme members with the security that their benefits will be paid in the event that their scheme falls into the PPF. It would also provide much-needed security to levy payers and scheme sponsors that they will not face unlimited levy demands.

### ENDS

- 1 The NAPF report *Pension Provision and The Economic Crisis* can be found at:-  
<http://www.napf.co.uk/policy/research.cfm>

Press Release can be found at:-

<http://www.napf.co.uk/News/Index.cfm> (23rd January 2009)

The NAPF is the leading voice of workplace pensions in the UK. We speak for 1,200 pension schemes with some 15 million members and assets of around £800 billion. NAPF members also include over 400 businesses providing essential services to the pensions sector.

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