

## Press Release

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Immediate Release

### **NAPF REACTION TO THIS WEEK'S FINAL SALARY PENSIONS SCHEME ANNOUNCEMENTS**

Joanne Segars, National Association of Pension Funds' (NAPF) Chief Executive, speaking today at the Actuarial Profession's Annual conference in Leeds said:

"A number of employers have recently announced their decision to close their final salary schemes either to new or existing members. This continues a trend seen over the last five years and more.

"Such changes do not mean that employers are less committed to providing a good workplace pension. Indeed, some of the employers in the news have replaced their final salary scheme with very generous alternative arrangements. Workplace pensions cover nearly half the UK workforce and they remain a very effective and good value way to save for retirement.

"While we all recognise that these decisions are based on a range of factors, not least the cost of people living longer – indeed the Pensions Commission noted that the cost of providing such a scheme has doubled in the five decades since many were first introduced – a large measure of responsibility rests with successive Governments that have ratcheted up the cost of provision through waves of regulation."

**Joanne Segars, added:** "We have long warned the Government that it must radically reform pension regulation and create a flexible regime that allows employers to offer workplace pensions to meet the needs of a modern workforce. While the Government has made some helpful changes, I am sad to conclude that Ministers have not taken this issue seriously enough.

"The Government must not sit on its hands. We urge Ministers to adopt the NAPF's Action Plan for pensions proposed in January."

## NAPF ACTION PLAN

The NAPF Action Plan<sup>1</sup> (issued January 2009) called on the Government to help pension funds by implementing a number of measures that would:-

**Enhance scheme member security** by making the Government the ultimate guarantor of the Pension Protection Fund.

**Build member confidence** through joint Government/industry information campaigns on the importance of pension saving.

**Improve scheme efficiencies** to reduce costs (for example, by facilitating scheme consolidation) by Government, regulators and the pensions industry working together to mitigate the drags on pension provision.

**Ease pressure on scheme sponsors** through the greater issuance by Government of long-dated gilts which will ease the pressure on scheme sponsor balance sheets and, beneficially, provide Government with access to funding at low rates of interest.

**Help schemes manage their liabilities** by allowing them flexibility in setting their scheme rules on the key issues of retirement ages and indexation.

**Help schemes manage their deficits** by allowing longer periods over which these schemes can make good funding shortfalls, including pushing back trigger points (that is, the point at which the Pensions Regulator will investigate schemes) from 10 to 15 years. In the current environment this will give schemes some flexibility.

**ENDS**

**Notes To Editors**

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

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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