

## The Occupational Pensioners' Alliance calls on the next Government:

- ◆ to encourage actively best practice principles of scheme governance;
- ◆ to use the power in the Pensions Act 2004 and increase Member Nominated Trustees/Directors to 50 per cent in pension schemes run under a Trust Deed;
- ◆ to introduce legislation to provide for an independent Chair of Trustees/Directors. This is vital to provide more security to scheme members;
- ◆ to provide incentives to companies to support and grow their occupational pension schemes and especially their DB schemes;
- ◆ to commit to refraining from any deregulation which could weaken the protection for pension scheme members;
- ◆ to guarantee that accrued benefits will not be reduced by future legislation. Accrued benefits have been paid for and are deferred pay;
- ◆ to review the information provided to DC scheme members to ensure that it is understandable and enables them to take informed decisions;
- ◆ to maintain autoenrolment into pension schemes, which is a welcome initiative and will ensure that many more will save for their pensions. Eight per cent contribution rate is too small and needs to be reviewed as soon as possible;
- ◆ to agree to increase the basic State pension to a level at or above the poverty line and to introduce the earnings link in the first session of the new Parliament;
- ◆ to establish an Independent Pensions Commission as recommended in the Turner Commission Report.

## About the Occupational Pensioners' Alliance

The **OPA** is a democratic, non-party-political organisation of occupational pensioners' associations in the UK.

The **OPA** represents the interests of over 2 million occupational pensioners in 30 occupational pension schemes from across the country and beyond. Speaking with one voice enables us more powerfully to engage with Government and Parliament on behalf of our members.

The **OPA** expresses the views of all member associations whether representatives of traditional Final Salary Schemes (Defined Benefit), Career Average Schemes and Money Purchase Schemes (Defined Contribution) or hybrids of these types of scheme.

For More information visit our web site:

[www.opalliance.org.uk](http://www.opalliance.org.uk)

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## Occupational Pensioners' Alliance

### Manifesto for Occupational pensioners 2010



Occupational  
Pensioners'  
Alliance

## **Occupational Pensioners' Alliance Manifesto 2010**

Occupational pensions provide a vital third plank in the UK pension system. The State pension at £98 per week, supplemented by State Second Pension, provides inadequate financial support for a comfortable retirement.

The UK occupational pension system, once the envy of the western world, is now in a state of decline. 10 years ago 45 per cent of private-sector employees were in a workplace pension scheme, whereas, according to the latest ONS Annual Survey of Hours and Earnings, only 35% of private-sector employees were active members of workplace pension schemes in 2009, down from 37% in 2008. Just 12% of private-sector employers were building up new DB pension entitlements in 2009, down from 14% in 2008. Ten years earlier, the proportion of private-sector employees in DB schemes was 30%.



DB schemes are closing rapidly and contributions to DC schemes are inadequate.

Since 1995 there have been seven major Pensions Acts, but there still remains great uncertainty amongst pension scheme members about their future benefits. The next

### **Governance**

Pension scheme members depend on Trustees and pension scheme administrators to do their jobs diligently, accurately and in a timely fashion according to their Trust Deeds and Rules. Good governance is therefore vital if scheme members are to feel confident that their fund is secure.

**To this end we believe that the new Government should actively encourage best practice principles of scheme governance.**

**In Defined Benefit Schemes (DB) the OPA believes the new Government should use the power in the Pensions Act 2004 and stated intention to increase scheme Member Nominated Trustees/Directors to 50 per cent.**

**The OPA believe that an independent Chair of Trustees is vital to provide more security to scheme members and calls on the next Government to introduce legislation to this effect.**

### **Defined Benefit Schemes**

DB schemes have been closed to new members, or all together at an increasing rate over the first decade of the 21st Century. Too many working people have no security in knowing what their pension will be, are taking all the investment and longevity risks abandoned by their employer and are contributing too little to the replacement DC schemes.

**The new Government should provide incentives to companies to support and grow their occupational pension schemes and especially their DB schemes.**

### **Regulation**

In spite of the recent example of the problems that the "light touch" regulation of the finance industry has caused for the British economy, there have been calls from the NAPF for similar deregulation of company pension schemes. Pensioners know only too well how Maxwell was able to exploit poor regulation of pension schemes and steal their retirement income. There have been many predatory attacks since then.

**The OPA therefore calls on all political parties to commit to refraining from any deregulation which could weaken the protection for pension scheme members.**

**In particular the OPA calls for a guarantee that accrued benefits will not be reduced by future legislation. Accrued benefits have been paid for and are deferred pay.**

### **Defined Contribution Schemes**

DC schemes will be the norm in future years. It will be vitally important that scheme members understand fully that it is they who carry all the investment and longevity risks and that the level of their contributions and those of their employers need to be sufficient to provide a decent retirement income.

**The new Government should review the information provided to DC scheme members to ensure that it is understandable and enables them to take informed decisions.**

**Autoenrolment into pension schemes is a welcome move and should not be abolished. Eight percent contribution rate is too small and needs to be reviewed as soon as possible.**

### **State Pensions**

The basic State pension represents a large proportion of retirement income for very many pensioners. It is set at too low a level and too many pensioners are trapped in the means test of Pension Credit. Too many pensioners live in great poverty because they do not claim Pension Credit even though they are eligible.

Pensions policy should not be subject to party politics, as it requires policy decisions to span long periods, maybe up to 40 years.

**The new Government should agree to increase the basic State pension to a level at or above the poverty line.**

**The new Government to establish an Independent Pensions Commission as recommended in the Turner Commission Report.**