

Pension Review

The business' intention to review pension arrangements did not catch us by surprise. Even prior to the merger, periodic reviews of the schemes were undertaken resulting in the closure of the defined benefit (DB or final salary) to new entrants in the early 2000's, changes to contribution levels from both members and the company, options to convert to 1/80 scheme, etc. Since early this year, we have been meeting regarding the review.

Given the challenges facing the company over the costs of running all of the existing schemes and the changes in legislation concerning auto-enrolment, BSU and fellow unions understood the context. Naturally, we were initially very fearful at the potential outcome of the review however, in general, we are relieved to see the proposals.

The issue of sustaining the final salary scheme was faced by CFS about five years ago when PACE replaced the existing provision. Nevertheless it is still disappointing to see the proposal to close Britannia DB at the end of 2012. Staff who leave the company's employment, before taking the pension, will have their final salary protected by the link to RPI .

Those who continue to serve will, if they wish, be able to take out a new career average pension (PACE) which is still an excellent scheme. In addition, those staff who are members of the company's defined contribution (DC) scheme, and staff who currently have no company pension, will be able to join PACE which will be more beneficial, representing an excellent opportunity.

Whilst we are broadly happy with the schemes, we are challenging the business over the normal retirement age which, under PACE, is set at age 65 years. The Britannia final salary scheme is set at 60. This would result in anyone taking their Britannia pension at 60 having to wait until they are 65 to draw from the PACE element or take a penalty for taking it sooner. BSU is also working to ensure that the Britannia Income Protection Scheme (BIPS) is preserved going forward.

If you do have any concerns over the changes, please address them through the consultation channels and advise BSU of any unresolved points.

Adrian Northcott
Chairman