



PENSIONS AT WORK



NEWS

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Canada

05 May 2006 - N.S. unions join forces to negotiate pension and health benefits

The Canadian Press

HALIFAX (CP) One for all and all for one may be the new motto of four Nova Scotia unions joining forces to negotiate improved pension and health benefits. "It is a historic coming together," said John McCracken, president of the Canadian Union of Public Employees. CUPE has joined with the Nova Scotia Nurses Union, Canadian Auto Workers union and Nova Scotia Government and General Employees Union.

The unions are trying to get a better deal for their members and everyone whose pensions and health and long term disability benefits are administered by the Nova Scotia Association of Health Organizations. "The pension and benefits packages, they apply to all of the unions and our employers as well, so it was very difficult to negotiate changes to our benefits previously because we're all at the table at different times," said Janet Hazelton, president of the nurses union. That problem may be overcome. The four unions agreed in March to negotiate as a unit for improvements to their pension plan and benefits. At the moment, only CUPE is in contract talks and Hazelton said during those talks pension and benefit improvements will be dealt with "at a side table" with representatives of all the unions present.

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03 May 2006 - Pension rule changes to free up millions

Elizabeth Church, The Globe and Mail

Changes to pension rules in Tuesday's budget will free up millions of dollars at federally regulated companies and will likely put pressure on Ontario to provide similar relief to employers facing major shortfalls in their plans, industry experts say. "This will provide us with some immediate relief," said Greg Hyatt, director of pension management with Canadian Pacific Railway Ltd.

The new rules give employers twice as long to cover deficits in their defined benefit pension plans under certain conditions and will significantly reduce the cash they must contribute in a single year. That's welcome news for companies that have faced soaring costs for their pension funds in recent years, brought on by poor investment returns and low interest rates.

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02 May 2006 - Surprise support to major pension plans

Canadian Press, The Toronto Star

The federal government tossed an unexpected life preserver Tuesday to companies struggling with hundreds of millions of dollars in funding shortfalls with their defined-benefit pension plans. The Conservative budget has proposed major changes in how plan deficits can be paid off by companies operating in federally regulated sectors.

Some firms have been facing serious financial problems because of massive long-term pension liabilities, leading Ottawa to ease the pace at which these so-called solvency deficits must be paid. Companies will now be allowed 10 years, rather than the existing five years, to resolve solvency deficits, but only if at least two-thirds of plan members and retirees agree. They'll also be permitted to consolidate solvency payment schedules

THE PENSIONS AT WORK NEWSLETTER

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and amortize the deficit over a new five-year period, spreading out the pain. Solvency deficits arise when a plan's liabilities exceed its assets, based on required actuarial calculations that assume the plan is being wound down.

The idea is to ensure workers are protected if a company should suddenly go bankrupt. But a crisis has developed in recent years, after tougher rules were developed for calculating solvency liabilities at precisely the same time that falling long-term interest rates were driving up liabilities. Those long-term rates are used to determine whether a pension plan is solvent. All this has forced some major companies to suddenly pay hundreds of millions of dollars into their pension plans, a funding shock that has rattled investors and worried financial markets.

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Read more: <http://www.thestar.com/>

01 May 2006 - Straight talk Are the boomers really a boom market?

John Bradley, Strategy

At long last the Canadian marketing world seems to be waking up to the notion of targeting the segment that contains the highest number of people with the largest amounts of disposable income - boomers. And being of 1957 vintage, I actually qualify as one of the target market; a fact attested to by my noticing that there is barely an ad on TV these days that doesn't feature some anthem or other from the days of my youth. But why did it take so long? After all, boomers are hardly a new phenomenon; we've been appearing on demographic charts since the 1950s and have (allegedly) been redefining the previously accepted notions of growing old our entire lives.

Maybe the problem is that we have never been cool, as anyone who ever worked for me or with me can readily confirm. It has always been more fun to market to teens: There is a licence to be "edgy," and teens being brand promiscuous enables spectacular sales results should one get the mix just right. But the downside is that, even if you get them, they don't stay with you for long, and of course, they have hardly any money anyway. So finally the penny has dropped and we boomers find ourselves in the marketing crosshairs. But while we may be numerous and cash-rich, the Gen Xers and Yers who populate today's marketing departments and creative departments respectively may struggle in emptying our wallets.

While boomers might seem quite simple to market to on the surface - for example, my choice of leisure clothing seems remarkably similar to when I was 16, much to the chagrin of Levis and Nike who would still like to appeal to teens - I fear that marketers are in danger of missing the mark because quite simply they will misunderstand the boomer mentality.

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28 April 2006 - Will UN investment code tie managers' hands?

Andrew Willis, The Globe and Mail

Yesterday saw CPP Investment Board chief executive officer David Denison ringing the opening bell on the New York Stock Exchange with United Nations head Kofi Annan. While it would be great to praise this occasion as the dawn of a new enlightened investing age, there's a real risk that Mr. Denison and the two dozen major institutions who were part of yesterday's event have opened a Pandora's box of activism.

The CPP, along with the Caisse de dépôt et placement du Québec, are among 25 institutions that signed off on a set of United Nation-sponsored investment principles. The idea is to "provide a best-practice framework to help integrate consideration of environmental, social and governance factors into investor decision making." There's big Canadian content in this initiative. Along with the CPP involvement, the work was led by Jane Ambachtsheer, a Toronto-based principal in Mercer's Investment Consulting. She built the team that worked with the institutional investors, creating a dedicated group of Mercer's specialists in this emerging field. To the extent the UN responsible investment program catches on, she'll be every institution's first call.

The concern with this program is similar to what crops up when ethical investing rears its head: Should money managers be making decisions on anything other than their fiduciary duty to get the best return for clients? There's an enormous body of experience that says the best course of business is to keep the money managers focused on making returns. I may not like nuclear weapons, but if Cameco is a good investment, then I want the CPP fund to hold the uranium miner. Won't trying to run an environmentally and socially conscious set of criteria just gum up decision making?

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United States

06 May 2006 - Audit: Department of Labor and Industries paid more than \$600,000 to ineligible recipients

Rachel La Corte, Associated Press Newswires

OLYMPIA, Wash. (AP) - The state Department of Labor and Industries paid more than \$600,000 in pension benefits to dead or otherwise ineligible claimants and lost more than \$180,000 in equipment, including laptops, digital cameras and camcorders, according to a state audit. The review by state Auditor Brian Sonntag identified several problem areas. It found that in addition to the pension payments and the lost items, the department appeared to have circumvented bid laws for service contracts, and that its accounts receivable system and pension payment system lacked adequate safeguards.

The 54-page audit, released Friday, covers the state budget year that ended in June 2005. The department, which has 2,600 employees, had an annual budget of approximately \$235 million. L&I officials disputed some of the findings, but said they would work with Sonntag to make the necessary fixes. "We take the findings seriously, we always do," said Steve Pierce, spokesman for L&I. "In a number of cases, we've already taken actions. We've been working with the auditor's office for some time." The department pays more than \$500 million a year in pension benefits. The audit found that \$254,694 was paid to six claimants who were dead, and that \$360,945 was paid to two surviving spouses after they were remarried. The overpayments ranged from eight months to 15 years. An additional \$1 million was paid to 59 claimants and survivors who did not return forms certifying they were still alive and informing the department whether they were in jail, had another job or remarried.

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<http://global.factiva.com.myaccess.library.utoronto.ca/aa/default.aspx?pp=Print>

05 May 2006 - DOE: No Pensions for New Contract Workers

The Associated Press

NEW YORK (AP) -- The Department of Energy has told contractors it will no longer pay for pensions for newly hired workers, following the lead of a growing number of private employers. The change is drawing sharp criticism from labor unions, advocacy groups and some

Senate Democrats. It comes as federal lawmakers are working on measures designed to shore up a listing pension insurance system, improve funding of pension plans and slow the move by employers away from the retirement mainstay.

The DOE's decision is intended to cut costs and ensure the predictability of future retirement obligations, a department spokeswoman, Megan Barnett, said Friday. "This is an internal management policy and more consistent with sound business practices in the private sector to improve the predictability" of pension funding costs, Barnett said. The move covers contractors employing about 100,000 workers on DOE's behalf, as well 100,000 retirees or their dependents. Those workers and retirees will continue to qualify for current existing benefits. The department says that for all new hires, it will pay for defined contribution retirement plan similar to a 401(k).

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02 May 2006 - Pensions in Peril Over Church Exemptions

Mary Williams Walsh, The New York Times

Mary Petti worked for 35 years at a community hospital in Orange, N.J., earning a pension with a government guarantee. But now the hospital has closed, money is leaking out of the plan, and Ms. Petti fears the funds will be exhausted by the time she plans to retire in five years. The government guarantee has vanished as well. Her plight illustrates a little-known aspect of pension law, which allows churches and organizations affiliated with them to escape the costly and complicated rules that apply to secular employers.

Tens of thousands of people work for organizations that have opted out of the law, as Ms. Petti's did. Most do not know that they are exposed to potential losses with little parallel in the corporate world. For Ms. Petti and her fellow workers, their retirements were put at risk shortly before the hospital failed, when it exempted itself from federal pension law, citing an agreement it had made with the Roman Catholic Archdiocese of Newark.

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01 May 2006 - Examining the benefits of corporate social responsibility

Kelley M. Butler, Employee Benefit News

Cross-reference the compilations of the 100 Best Corporate Citizens by Business Ethics magazine, Fortune magazine's 100 Best Companies to Work For in America and Working Mother's Best Companies to Work For, and you'll find more than a few employers that have won both distinctions over recent years. More than one-quarter, in fact.

It's no coincidence that companies engaged in the high-level corporate social responsibility (CSR) it takes to impress Business Ethics reviewers also have the top-shelf employee benefits that turn heads at Working Mother and the Great Places to Work Institute, which compiles the Fortune list. For example, Starbucks Coffee is a perennial regular on all three publications' "Best" lists as well, and shows no signs of giving any ground. To remain a responsible corporate citizen, Starbucks is working to empower farmers in East Timor, where coffee provides the livelihood of 25% of the population, according to the company's recent CSR report.

In addition to putting a coffeehouse on every corner, the company also works to protect the rainforest and provide Hurricane Katrina relief, all the while offering employees benefits as rich as its coffee - including tuition reimbursement, partner benefits, a wellness program and a 25% to 150% match in its 401(k) plan. Southwest Airlines has been similarly honored by Business Ethics, Fortune and Working Mother for its responsibility to its employees and the greater community.

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01 May 2006 - Tracking the Numbers / Street Sleuth: New Way to Play Distressed Firms: Acquire the Stock

Karen Richardson, The Wall Street Journal

DANIEL ARBESS GOT a call from a broker in early February pitching him shares of Riverstone Networks Inc., a Santa Clara, Calif., Internet-equipment company that had filed for bankruptcy protection the day before. Like others willing to take a bet on troubled companies, Mr. Arbess often buys the bonds of such "distressed" companies, as they are known by professional investors. But Mr. Arbess made the stock trade, buying an undisclosed number of shares for the New York hedge fund he manages, Xerion Capital Partners. His bet:

Riverstone should be able to get a higher price for the assets it was selling than the \$170 million Lucent Technologies Inc. had offered the company earlier. Mr. Arbess backed up his bet by helping to form a committee of Riverstone shareholders that pushed the company to hold an auction of the assets.

In late March, Lucent ended up as the winner of that auction, but at a higher price: about \$210 million. That transaction closed last week, and Mr. Arbess reckons his fund's share of those proceeds equated to a 30% return on an investment he had only held for two months. Mr. Arbess is among a small but growing band of distressed investors starting to play on the side of shareholders. The development dovetails with a broader trend of hedge funds becoming more vocal investors, sometimes even taking on corporate management with other "activist" shareholders.

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<http://online.wsj.com/public/us?mod=OHP2OSM01>

01 May 2006 - The Hybrid Hype: Will the increased adoption of hedge fund strategies in the mutual fund market protect your clients-or leave them running scared?

Lauren Barack, On Wall Street

After weathering the recent storm of a bear market, institutional clients at UBS came knocking on the firm's door with one demand: They needed less exposure to the ups and downs of the equity market as they continued to support their obligations. Payouts had to carry on, but there had to be growth to meet the next generation of retirees. So UBS got to thinking. If this is affecting pension markets, individual investors had to be anxious, too. "If you're 65 years old, and a 35% bear market strikes at your portfolio, it has a much more significant impact if you're not working at that point than it does if you're 30 years old," says Barry Mandinach, chief marketing officer of UBS Global Asset Management. "The retired investor generally cannot tolerate the bear and bull market cycles that equity markets have. They cannot tolerate it from an emotional and a financial perspective."

The firm rifled through 24 years of data and research from its global allocation strategy and devised a plan: Continue to invest long but also go short-something old and something new-via a hybrid of both the hedge fund and the mutual fund. Mutual funds are increasingly turning to the alluring world of hedge funds for new strategies that can bolster the bottom line. Investors are running scared after the recent bear market and wary of

mutual funds products following the recent scandals that rocked Wall Street, so the industry has to lure the clients back. But brokers are skeptical of these new products, concerned that mutual funds may not have the ability to handle risky investing styles like shorting and leveraging-and worried that they're just the latest marketing gimmick that could leave their clients, well, short.

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01 May 2006 - How regular savings can boost returns and reduce risk

Bloomberg Money

In the run-up to A-day the column inches devoted to pension planning, and the staggering amount of money we will need to ensure a comfortable old age, could probably have been wrapped around one of the larger continents if placed end to end. There are at least two definitive conclusions: if we rely on the Government to fund our post-working lives, we will be lucky to afford economy baked beans. Equally, the financial barrier to funding a comfortable retirement ourselves is akin to climbing the north face of the Eiger.

Not only that, but life's big-ticket items, such as buying a home, school fees and the cost of a university education, are making the official rate of inflation – 2% on the consumer price index – look somewhat fantastic. Independent financial adviser Bestinvest calculates parents would need to pay £176,274 to put their child through 13 years of private school education from age five to 18, or £395,672 to cover the cost of boarding school fees, based on figures from the Independent Schools Council 2005 Consensus and assuming inflation of 6% a year. Funding these costs purely from investments is an extremely tall order if not a non-starter, admits Justin Modray, investment adviser at Bestinvest, but squirrelling away as much as possible beforehand can obviously help to "soften the blow".

Mark Dampier, head of research at Hargreaves Lansdown, is resolute in his belief that if your saving horizon is any longer than five years, the best way to save is regularly through an investment trust or open-ended equity fund. He says these schemes, in which you can deposit as little as £50 a month, sometimes even less, are "absolutely brilliant" but are often overlooked.

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Read more: <http://www.bloomberg.com/index.html?Intro=intro3>

[HTTP://WWW.PENSIONSATWORK.CA/](http://www.pensionsatwork.ca/)

01 May 2006 - Social Security and Medicare finances headed in wrong direction

Martin Crutsinger, AP Economics Writer, Associated Press Newswires

WASHINGTON (AP) - The trust funds supporting the government's two biggest benefit programs will be exhausted a little sooner than previously thought. The trust fund for Social Security will be completely exhausted in 2040, one year earlier than previously estimated, while the trust fund for Medicare will be exhausted in 2018, two years earlier than the estimate given last year, the trustees of the two programs said Monday. Their annual report said the problems facing Medicare, the government's huge health care program for the elderly, were far more serious than the problems facing Social Security, because of the skyrocketing costs for health care. At the end of last year, 40.1 million Americans were receiving Social Security pension and survivors' benefits, 8.3 million people were getting disability benefits and 42.5 million Americans were getting Medicare benefits.

The trustees, who include the head of the Social Security Administration and three members of President Bush's Cabinet, painted a sober assessment of the health of the two programs in advance of the looming retirements of 78 million baby boomers. They stated that the projected long-term growth rates for both Social Security and Medicare are not "sustainable under current financing arrangements." The trust funds contain the equivalent of government IOUs. To raise the actual cash to meet obligations, the government must either borrow more money from the public by issuing marketable Treasury securities, raise taxes or cut spending in other programs.

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30 April 2006 - Concerns Increase Over State Pensions

Avi Salzman, The New York Times

CONNECTICUT teachers have rallied throughout the state this year for a constitutional amendment ensuring that the state will pay into their pension fund, which officials say is more than \$5 billion short. Teachers want to stop lawmakers from repeatedly failing to pay into the plan at required levels. But the teachers are not alone in their predicament. Other state pension funds are in the red, causing concern among union leaders and catching the attention of bond rating experts.

Steven Kreisberg, the collective bargaining director for the American Federation of State, County and Municipal

Employees, said the problem with Connecticut's pension shortfalls is worse than most other states. "It's a situation that the state needs to start addressing and seriously addressing," he said. "The employees are making their contributions. One would expect that the employer would make its contributions as well."

For at least a decade, the state has not met its full obligation to the pension fund, causing Connecticut to fall behind all but three states in its ratio of pension assets to liabilities, according to a report from the bond rating agency Standard & Poor's that was released in February. The state had covered less than 60 percent of the liabilities in its pension fund as of 2004, the report said. The national average was 83.5 percent. The report said the state was \$12.1 billion short.

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30 April 2006 - The Bell Tolls for the Future Merry Widow

Kate Zernike, The New York Times

MEN are catching up to women in the life expectancy game; the National Center for Health Statistics reports this month that the gap between them has shrunk to five years, the narrowest since 1946. If current trends continue, in 50 years men and women will live the same length of time. This is better news for men than for women, if you believe some economists and therapists. It's not just the extra years; it's all those extra meals to prepare.

By necessity, women have gotten used to a life lived for long periods without men. They have had the advantage in life expectancy since the late 19th century, when overall longevity started to climb. More than men, women have developed strong friendships to support them in their frailest hours. They have forced doctors to pay attention to their health concerns. They no longer have to cater to men. Travel companies now cater to their interests. "Women don't need men as much as men need women," said John Gray, the therapist and author of, most famously, "Men Are From Mars, Women Are From Venus."

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30 April 2006 - A Real Estate Boom That Keeps on Giving

Vivian Marino, The New York Times

INVESTORS in commercial real estate have profited handsomely in the last two years or so as a stable economy, job growth and keen interest from pension funds and other institutions drive demand for properties or companies that hold them. In fact, investors who put their money into the companies that broker deals, manage buildings and provide related services have reaped particularly rich returns. "The real pickup has been on the transaction side — with the commercial real estate brokers," said William L. Baldwin, a principal at Baldwin Anthony Securities of Dallas, who follows the stocks of companies in the sector.

Shares of the biggest publicly traded commercial real estate services companies, bolstered by robust earnings, outpaced most other stocks in 2005 and are trading near their 52-week highs this year. Leading the pack is CB Richard Ellis, whose shares are up 167 percent for the 52 weeks that ended on Friday. The stock of Jones Lang LaSalle has soared 131 percent in that period, while Trammell Crow has climbed 82 percent. The stock price of Grubb & Ellis, which struggled in the early part of the decade, has gained 128 percent in the most recent 52 weeks.

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27 April 2006 - The Shareholder Spring

Gretchen Morgenson, The New York Times

Annual shareholder meetings are typically dull, scripted affairs, but as executives and directors of public companies step into the spotlight at this year's gatherings, some for the first time are hearing organized and articulate shareholder discontent. And officials at many of those companies are digging in their heels, using stockholder-financed war chests to resist shareholder demands for more say in executive pay practices and director elections. "Even if there's any inclination to concede the shareholder is right, these guys are not going to say it in a public forum," said Daniel J. Steininger, chairman of the Catholic Funds, a mutual fund company in Milwaukee, and author of proposals on director compensation that are under consideration at seven companies this year. "Having to meet with the shareholders when your stock is down over a four-to-five-year period is not a fun experience; they'd rather be at the dentist having a root canal." Shareholders at Cendant, Home Depot, AT&T and other companies will consider proposals intended to rein in

executive or director pay. Shareholders of companies like Pfizer and AT&T are being asked to withhold votes for executives or directors.

The new aggressiveness by some shareholders this year seems to be a result of several factors. Some appear to be taking up the issue of director elections after the demise last year of a proposal by securities regulators to allow greater shareholder participation in these matters. Another reason for activism seems to be a view that executive pay at some corporations is reducing shareholder returns, even among top performers.

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The World

06 May 2006 - Run for cover with your pension; The guide

Paula Hawkins, The Times

STANDARD LIFE has become the latest life insurer to launch a pension term assurance policy, joining a small but growing group of companies that are taking advantage of this new market. For those who are not familiar with pension term assurance (PTA), it is a specific type of policy that could help taxpayers to make significant savings on their life cover. It has been possible to purchase life insurance within a tax-free wrapper before now, but the rules on buying life cover within your pension have now been relaxed. Before April 6, the sums permitted within pension policies were so small that it was barely worth the bother. Now, however, you can purchase as much life cover as you like, although it will count towards your pension fund's total value for tax purposes, so you need to stay within the lifetime allowance limit, currently Pounds 1.5 million.

Mick James, of Standard Life, says that staying within the lifetime limit is unlikely to be a concern for most customers. "It is something to keep an eye on, but given that only 250 of our individual pension customers have benefits of more than Pounds 1 million, I do not think this will be a problem for most people." The advantages of purchasing PTA instead of a conventional term-assurance policy are significant. Justin Modray, of Bestinvest, the independent financial adviser, says: "Buying term assurance within a pension has the advantage of tax relief on premiums, which can mean significant savings over a conventional policy."

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Read more: <http://www.timesonline.co.uk/global/>

06 May 2006 - Dignity for all in retirement *South China Morning Post*

It is high time the government started planning for universal retirement protection. Citizens aged 65 or above will make up 27 per cent of Hong Kong's population by 2033, and more than 50 per cent by 2040, according to Census and Statistics Department estimates. The city's elderly dependency ratio - or the 65-and-over population as a proportion of the 15-64 population - is set to rise from 161 per 1,000 in 2003 to 428 per 1,000 in 2033. That means more elderly dependants will have to be supported by a smaller working population. The ageing population is an urgent problem that no responsible government should overlook.

Unfortunately, we have yet to come up with a universal retirement protection scheme. We have only the Mandatory Provident Fund (MPF), established in December 2000. It still fails to provide sufficient protection for retirees. First, the MPF benefits only people with good, full-time jobs. Housewives and low-income groups are not protected. Second, MPF contributions by people with low incomes are too small to enable them to enjoy a basic, reasonable living standard after retirement. Third, under current legislation, employers are allowed to lighten their MPF contributions by making severance or long-service payments. Therefore, employers' MPF contributions are actually much lower than the 5 per cent required by law.

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04 MAY 2006 - German public housing attracts foreign buyers

Mark Landler, The New York Times

DRESDEN Ingolf Rossberg is the mayor of this majestic Eastern German city. But watching him stride around his ballroom-size office - wreathed in smoke from his cigarillo - one could mistake him for a real estate tycoon, European style. And in fact, he is that too: Rossberg cut a deal in March to sell Dresden's entire stock of 48,000 city-owned apartments to an American private-equity firm, Fortress Investment Group, for \$1.2 billion. In a single stroke, Dresden wiped out its burdensome public debt.

"We had to move fast," he said, "because if you had 10 German cities selling their property, it would be a

buyer's market." That may soon be the case. German cities are lining up to catch a mammoth wave of foreign investment in German property. Lured by low interest rates, a property market that has stagnated for more than a decade, and a vast supply of well-kept public housing, the foreigners have already snapped up dozens of projects in Berlin, Bremen, Essen, and other German cities.

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04 May, 2006 - Unions give BBC ultimatum on pensions

Leigh Holmwood, MediaGuardian.co.uk

Broadcasting unions have given the BBC until tomorrow to agree to further negotiations over planned changes to its pension scheme or face the prospect of renewed strike action. Bectu, the National Union of Journalists and Amicus wrote to the BBC at the end of last week setting the new deadline. The unions are angry the corporation is refusing to negotiate over its plan to make major changes to its final pension scheme, including closing the scheme to new members, raising the retirement age of 16,000 current staff from 60 to 65 and increasing contributions.

If the BBC refuses to budge, the unions have said they will ballot their members for strike action, which could affect the corporation's coverage of major summer events, including the World Cup and Wimbledon. The BBC is already facing strike action over its programme of compulsory redundancies, and Bectu official Luke Crawley said the union planned to put the two strike options to their members in one go. He added the corporation's current two-month consultation exercise with its 25,000 staff and the unions on the pensions issue was not enough.

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<http://www.guardian.co.uk/print/0,,329472253-103690,00.html>

03 May 2006 - Eurotunnel's shares suspended in London

Andrew Clark, Guardian

Eurotunnel's shrinking army of British investors will have to trade their shares in Paris following a decision by the Financial Services Authority to delist the company in London for failing to produce any annual accounts. The FSA yesterday suspended trading in

Eurotunnel's stock because the cash-strapped company did not meet a 120-day deadline for compiling its results for the year to December 2005. The move is likely to prove highly inconvenient for nearly 120,000 British investors, some of whom have held the stock since its 1987 flotation which offered generous cross-channel travel incentives for shareholders.

However, they still have the option of buying and selling stock on the Euronext exchange in Paris, where trading in Eurotunnel shares is continuing as usual. A Eurotunnel spokesman described the delisting as a "technical issue" and described London as a "minor market" for its equity. "It's a local issue as far as we're concerned and it's on a relatively small scale." He pointed out that on a typical day, 500,000 Eurotunnel shares change hands in London against 18m in Paris. French investors have dominated the company's share register since a grassroots coup two years ago which led to the company's British-led board being replaced by a maverick group of French entrepreneurs.

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Read more: <http://business.guardian.co.uk/>

02 May 2006 - Trustee of a Pension Fund can be sued for breach

Monitor Business & Finance

There is a growing body of specialised pension fund managers in East Africa today. And it is pleasing to see how much safer a pensioner's life savings are from just a few years ago. These days the board of trustees of a pension fund acknowledge the awesome responsibility entrusted to them by the members of schemes and so are educating themselves to ensure that they discharge their fiduciary responsibilities adequately. But do you as the trustee of a pension fund actually understand how important your job is? Do you realise how easy it is to be sued for breaching the trust the members have put in you?

One thing that any person must think very carefully about before taking a job as a trustee is the fact that if they fail to act in best possible interests of the member at all times, they are open to legal liability. It would not take a smart lawyer much effort to put together a strong case on behalf of the members of a pension fund if they were found to be acting neglectfully with other people's life savings. A key principle to remember as a trustee is that you are looking after other people's life savings. Think about that - LIFE SAVINGS. You have worked your whole life, sacrificing and saving a small amount every month, hoping to build up a nest egg for your twilight years. When saving you placed your trust in a

board of trustees, who by accepting their appointment, accepted the responsibility of your trust and promised to act in your best interests at all times.

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01 May 2006 - Pension fund shortfalls cut by more than half

Nicky Burridge, Daily Post (Liverpool)

THE pensions shortfall faced by some of the UK's biggest companies has more than halved since the beginning of the year, new figures showed. Aon Consulting said the country's 200 biggest defined benefit pension schemes, which include final salary schemes, now collectively faced a deficit of £28bn, well down on the £72bn shortfall at the end of 2005. The deficit fell by around £20bn during April alone due to a 2% increase in the stock market and a further rise in yields from long-dated bonds and gilts.

It said the rise in equities had helped wipe £6bn off the shortfall during the past month, but the main impact had come from a 0.2% rise in the bond yield, which had reduced it by £14bn. It added that one in four pension schemes was now fully funded under the accounting standard FRS17, compared with less than 5% at the beginning of the year. Andrew Claringbold, principal at Aon Consulting, said: "The combination of rising stock markets and bond yields has been good news for pension schemes.

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<http://www.mondotimes.com/1/world/uk/156/4259/10462>

01 May 2006 - The pensions regulator is to target trustee competency in the coming years, but improving the system requires more than some extra training.

Financial Times

With the ink barely dry on the UK Pension Regulator's Medium Term Strategy plan, the knives are out. Raising doubts about the quality of scheme governance generally - and the integrity and competence of trustees particularly - is not politically correct. The plan singles out the need to raise standards among trustees as one of its three most important tasks in the years ahead. The National Association of Pension Funds wasted no time in rushing to the defence of the trustee system.

Chief executive Christine Farnish responded: "Overall, pension schemes are well governed and continue to

succeed in delivering decent, cost-effective pensions to millions of people. Many trustees are doing a good job in difficult circumstances and we want to encourage them to continue to do so." Fidelity, the fund management giant, says the regulator "may have missed the boat a bit", and is focusing on the wrong issue. Instead, Simon Fraser, president, UK and Europe, Institutional Business says: "Surely the regulator's top priority is to address the lost returns from the misallocation of investments as schemes seek to control risks at all costs? Choice of appropriate investment strategy is the most important issue in meeting the challenge facing so many of the UK's corporate pension schemes." In fact, the regulator's decision to focus on the quality and independence of trustees is to be wholly welcomed and is grossly overdue.

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Read more: <http://news.ft.com/home/us>

01 May 2006 - Poor can retire to a pension too

Malini Goyal, The Economic Times

MUMBAI: It's a small beginning. But if things move as planned, India's 360m workers, especially the poorer among them, will be able to retire with some money and dignity soon. The journey began early this month when finance minister P Chidambaram unveiled a novel pension scheme from UTI targeting the extremely poor among the Indian workers. For a minimum contribution of Rs 50, women working with SEWA (Self Employed Women's Association) are being offered a pension plan, under which they can contribute throughout their life to a pension account and start drawing a pension when they retire.

This is the first time that poorly-paid workers in the unorganised sector, with virtually no statutory benefits, will have an option to save in a pension plan. So far only 26m government employees have access to pension, besides the 20m workers (who come under the EPFO scheme) who get some kind of pension. "The response has been overwhelming," says UK Sinha, chairman and managing director, UTI AMC. By April-end, around 50,000 women working with SEWA are likely to join the scheme.

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Read more: <http://economictimes.indiatimes.com/>

01 May 2006 - Two out of three back compulsory pension call

Shane Hickey, Irish Independent

MOVES to introduce mandatory pensions have grown in strength, with a new survey showing almost two out of every three people believe the system should be compulsory. The support has emerged as people aged between 25 and 39 are to be targeted in an intensive advertising campaign through this week to encourage them to begin providing for their future. Yesterday, a survey from the Pensions Board revealed that 64pc of people said it should be compulsory to start a pension, while 47pc said they would be willing to pay a higher PRSI rate to provide for compulsory pensions.

Social Welfare Minister Seamus Brennan is due to get a report from the Pensions Board in June on the issue of mandatory and compulsory pensions. Pensions Board ceo Ann Maher said Ireland will undergo a dramatic change in population profile over the next 50 years.

"At present, there are over four workers contributing to the support of every pensioner. This will fall to 2.7 in 2026 and to less than 1.5 workers per pensioner by mid-century," she said. "Clearly this will present serious problems in the future if those without a private pension don't take action in time." She said ensuring pension provision into the future was a serious issue facing the entire country.

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Read more: http://www.unison.ie/irish_independent/

01 May 2006 - Pensions Management: News: Pension reform criticised.

Ruth Emery, Pensions Management

Lord Turner has failed to silence his critics with the publication of the Pensions Commission's final report, as industry experts warned parts of the state pension reform and the creation of the National Pensions Savings Scheme (NPSS) are still unpalatable. The key proposals of the concluding report are broadly the same as before - to increase the state pension age to 68 by 2050, to raise the state pension and link future increases in it to earnings rather than prices, and to automatically enroll people into the NPSS. Punter Southall urged swift action to implement the NPSS, and Mercer Human Resource Consulting (Mercer) said the government must move quickly to reform the state pension.

However, Mercer's Dr Deborah Cooper admitted that the recommendations for the new basic state system were "overly complex". "Introducing two flat-rate pensions

with different eligibility criteria and different rates of increase will only add to the existing complexity," she said. Doubts also persisted over the creation of the NPSS from some corners of the industry. Paul McGlone, a senior actuary at Aon Consulting, said if the NPSS was adopted, the UK's retirement income would effectively all be channelled in the same direction.

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Read more: <http://www.pensions-management.co.uk/>

01 May 2006 - The new pension scheme is fraud proof - Sigma Vaughn boss

Vanguard-Nigeria

Alhaji Adamu Modibbo is the Managing Director /Chief Executive of Sigma Vaughn Sterling Pensions` Limited, one of the 12 Pension Fund Administrators (PFAs) licensed by the National Pension Commission. In this interview, he discusses the challenges confronting the new pension scheme, its strength compared to similar system in other countries as well as the uniqueness of Sigma Vaughn Sterling Pensions.

What informed the establishment of Sigma Vaughn Sterling Pensions? The Federal Government embarked on the reforms of the pension system in 2004 which led to the enactment of the Pension Reform Act 2004, which brought about the reform in the industry and introduced the contributory pension scheme in place of the defined benefit pension scheme. The law also provided for the licensing of PFAs (Pension Fund Administrators) to privately manage contribution by all employers and their workers.

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Read more: <http://www.lagosmart.net/news/vanguard/>

01 May 2006 - Mitchell goes for growth in social responsibility sector

Neil Shoebridge, Australian Financial Review

The media buyer Harold Mitchell has moved into a new area, paying an undisclosed sum for the corporate social responsibility consulting company Positive Outcomes. The six-year-old Sydney company becomes the ninth business in The Mitchell Group, which is owned by Mr Mitchell and his children, Stuart and Amanda. The other companies are the media agencies Mitchell & Partners and MPG (a joint venture with the French marketing group Havas), the online agencies emitch (41.1 per cent owned by the Mitchells) and Media Contacts, the outdoor ad company Stadia Media, Generator, Drive Communications and D-mitch.

The founders of Positive Outcomes, Anthony Lupi and Louise Redmond, will continue to run the business. Mr Lupi worked at Westpac in the late 1990s, helping establish its social responsibility program. Stuart Mitchell, the group's chief operating officer and Sydney managing director, said the acquisition was designed to tap Australian companies' growing interest in community-based marketing programs. "It's also part of our ongoing strategy to evolve The Mitchell Group from a media planning and buying business to a communications business," he said.

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Read more: <http://www.afr.com>

29 April, 2006 - Who'd be a Pensions adviser?

John Crace, Guardian

Let me start by declaring an interest: I have no pension worth mentioning. Don't get me wrong - I've been making regular pension payments for many years, but my predicted retirement annuity will scarcely keep me in teabags. Surprisingly, or perhaps stupidly, I'm not that bothered. I've long since been resigned to the fact that I will have to work until I die and my overwhelming feeling is one of relief that I never put in all those extra contributions that my pension adviser said I should make if I wanted a happy old age. Because then I would have only lost even more money.

You might imagine, then, that I have a fairly jaundiced view of those who work in the pensions industry - and, undoubtedly, there are as many shysters and incompetents in pensions as there are elsewhere. The thing is, though, I still have a fairly soft spot for my pension adviser. He's a decent enough bloke and, when he told me I needed to put more money into the pot, he may have had one eye on his commission and the other on his sales targets - but he was right.

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Read more:

<http://money.guardian.co.uk/print/0,,329467606-117763,00.html>

29 April 2006 - Cost of living soars for over 75s. Recent rises in the price of gas and electricity mean inflation is rising far faster for pensioners than it is for younger people, research has found.

BBC News

Older people are spending more of their income on things that are rising in price and far less on items

younger people buy like clothes and electronics which are getting cheaper. Hyman Wolanski, head of pensions at Alliance Trusts which carried out the research, told BBC Radio 4's Money Box the rate of increase is about 50% more than for younger people. The group believes this renders the headline inflation rate meaningless for the elderly and needs to be built into the pensions debate.

Mr Wolanski said over 75s appear to be hit the hardest and the older a person is, the worse the problem becomes. "Elderly people have a much higher proportion of their income spent on gas, and electricity, and those have gone up by 15% in the last year. "Now that is a massive increase and if you are spending a significant proportion of your income in those areas, that is going to hurt," he told the programme. The state pension has risen ahead of inflation - up 2.7% this month - and Pension Credit goes up with earnings, up 4.2% this month. But Mr Wolanski said that if pensions are going up just in line with normal inflation, then they are not keeping up with price rises for elderly people.

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Read more: http://news.bbc.co.uk/go/pr/fr/-/1/hi/programmes/crossing_continents/4957838.stm

29 April 2006 - Following the world events that signpost road ahead

Jennifer Hill, The Scotsman

WHAT happens when you put five IFAs in a room with leading fund managers? The answer to that very question was answered at our IFA of the Year round table dinner this week. A range of subjects were debated, chief among them the outlook for global markets, the definition of risk, and the Financial Services Authority: friend or foe?

The gathering, staged at Edinburgh's Balmoral Hotel, brought Edward Bonham Carter, joint chief executive of Jupiter Asset Management, and John Chatfeild-Roberts, a director of Jupiter and head of its fund-of-funds team, together with our five contestants - Alan Adam, of Alan Steel Asset Management, and winner of The Scotsman IFA of the Year 2006, Philip Church, of Pension Investment Management Services, Lesley Collins, of Independent Women, Andy Cowan, of JS&P, and Duncan Mackenzie, of Johnston Carmichael Financial Services. Bill Jamieson, executive editor of The Scotsman, chaired the event.

The consensus on markets going forward was generally bullish, although many of the participants recognised the potential for geopolitical events to derail progress.

Offering introductory remarks, Bonham Carter said: "When he was asked [to predict] what markets would do, JP Morgan famously replied: 'fluctuate'. "If your clients ask you the very same question, you can always start with that.

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Read more: <http://www.scotsman.com/>

28 April 2006 - Wanted: Good corporate citizens

Chok Suat Ling, Business Times

MORE than 10 years ago, sportswear giant Nike was under fire from human rights activists. Nike's Asian factories were branded "sweatshops" - with workers as young as 13 paid as little as 10 cents per hour and toiling up to 17 hours daily. Since then, public pressure has forced Nike and other shoe corporations to make changes. All the negative publicity could have been avoided with good corporate social responsibility (CSR), analysts argue. But what is good CSR? While CSR has developed over the last 20 years and is now an industry in its own right, for many companies CSR does not go very deep.

For the Securities Commission (SC), the root of CSR is the professional and ethical management of companies. "Enterprises should integrate social and environmental concerns in their business operations and interaction with stakeholders, over and above what is required by law," says a spokesman. "As countries evolve and society gets richer and better educated, expectations of a company's behaviour become more demanding. So what was good enough yesterday may no longer be good enough today, and certainly not good enough tomorrow," the spokesman adds. Recognising this, the SC is supporting an industry-driven initiative to set up a CSR Institute in Malaysia, expected to be in operation next year, to encourage better CSR practices. Its steering committee will also look at establishing a CSR Index, which will rank companies in Malaysia based on a survey. (Whether participation in the survey would be compulsory has yet to be decided.) John Zinkin, CSR expert and secretary of the committee, says many companies in Malaysia are still unclear what CSR entails.

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Read more: <http://business-times.asia1.com.sg/>

28 April 2006 - 300 retirement funds in danger of collapse, warns watchdog

Phillip Inman, Guardian

Up to 300 occupational schemes are at risk of collapse and need to be monitored closely, the Pensions Regulator said yesterday. More than 400 employers have reported that their staff retirement funds are badly run or at risk of collapse, it said, giving rise to concerns that the number of firms calling on the new Pension Protection Fund (PPF) is set to rise sharply.

The watchdog said the number of firms in breach of basic governance rules reached 450 last year. Officials said it was obvious from the number of breaches of governance codes "that standards are below what is needed". The PPF, which will take on the deficits of collapsed company schemes, wants to raise £575m to cover the cost of running schemes of companies that go bust. There is concern the fund will be overwhelmed if the number of firms heading into receivership grows and a large number of schemes call on the PPF to bail them out.

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24 April 2006 - Corporate Social Responsibility: opportunities and challenges

Business Recorder

The above statement is a reflection of the changing role of business. Whereas for Milton Friedman a few decades back the business of business was business for Anita Roddick today the business of business is responsibility. The changing role of business has serious implications for Pakistani businesses. The main aim of businesses in Pakistan has always been profit maximisation. Now due to the increasing pressure of western consumers, media and local NGOs as well as globalisation Pakistani businesses have been forced to think about whether they need to look beyond profit maximisation. Our fish sector is at crossroads.

The carpets and sports sector despite the best efforts of business community and the government of Pakistan still have to do a lot of work to overcome the reputation damage caused by the child labour issue. The business community has been criticised for polluting natural resources like air and water. Our textile and leather industries have lost lucrative contracts to EU consumers due to non-availability of effluent treatment plants and waste disposal management systems. All these issues have resulted in a number of questions being asked. A question commonly asked at different discussion forums

is that can our industries create waste that damages the health of our citizens and not be responsible to the citizens? Can our industries deprive us of natural resources like water or pollute water and not even acknowledge the damage to water? Do the businesses have no role in promoting education among our masses?

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