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HEADLINE: Pension reform: time is running out

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BODY:

From Mr **Tim Lefroy**.

Sir, The action by Rentokil Initial to curb its pension scheme costs emphasises a chilling reality in the pensions debate.

Company pension schemes can be unreliable as a predictable source of income in retirement and are likely to become more so. This in turn places greater emphasis on the other two sources - personal savings and the state, via the basic pension or means-tested benefits.

The current government has done little to encourage personal savings. In fact it has done the opposite by increasing the tax burden. It has done very little to secure the basic pension - preferring tactical bribes such as the winter fuel allowance.

The real value of the basic pension continues to decline. The government has done a lot to support the poorest pensioners, yet its regime of targeted benefits is deemed by most commentators to be unaffordable in the longer term. Moreover, it actively discourages personal saving.

Your editorial "A pension plan not lightly to be followed" (December 21) forces the conclusion that the government must act to underpin the pensions system - making the basic pension adequate and reliable, giving people the bedrock on which to plan their own savings if they wish.

Only the proposals of the

Pensions Reform Group provide

for such certainty. By giving a guarantee above the minimum wage they also signal an end to the benefits culture.

The government has delayed

action but even on its own timetable the time for debate is running out. In the spring it must produce its own proposals for long-term pensions reform. It need look no further than the five principles espoused by the Pensions Reform Group.

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