

A brief history of pensions

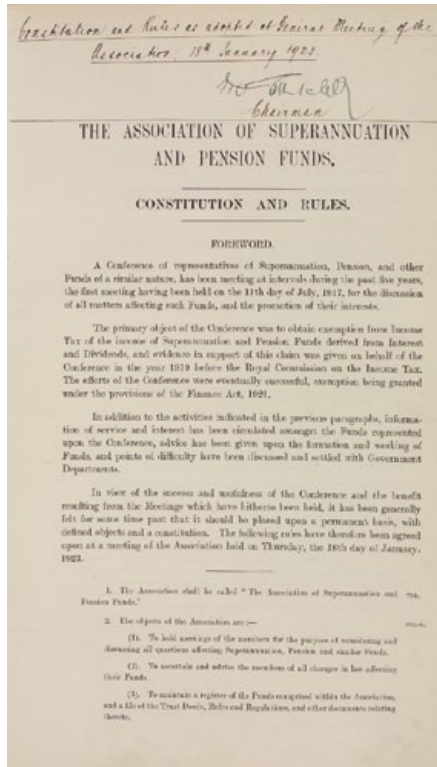
▶ It's said that 'the past is like another country, they do things differently there'. With this in mind, Laura Blows speaks to the Pensions Archive Trust (PAT) chairman Alan Herbert about why there is a need for the PAT and what can be learnt from past pensions events

▶ What are the aims of the PAT?

The formal objectives of the PAT are to establish and maintain a library and archive relating to all matters affecting the management and development of occupational pensions and personal pensions in the UK and other countries that might have a relevance to pension provision in the United Kingdom. It also aims to further education in pensions knowledge.

▶ How do you determine what artefacts are suitable for the PAT? What are your criteria?

We look for collections of minutes, Trust Deeds and Rules, booklets, correspondence and other records relating to occupational and personal pensions that give an insight into how pension provision has developed. They may come from schemes or representative and professional bodies, as well as personal collections from pension professionals. A number of pension managers and actuaries have collections stored away in lofts and garages at their homes. We have an extensive collection from schemes within Associated British Foods and we also hold the archived records of Lloyds of London Superannuation Pension Fund, established in 1929. The general rule is



Front page of the constitution of the Association of Superannuation & Pension Funds (now the Pensions & Lifetime Savings Association) going back to 1923 (from London Metropolitan Archives collection reference: LMA/4494)

that we normally only take documents that are more than 10 years old. There can be exceptions if papers are in danger of being destroyed or in the case of magazines, held in the PAT library.

▶ What is the oldest artefact you have in the Pensions Archive? And in contrast, what is the most recent addition to PAT?

The oldest archival item in the Pensions Archive collections is a 1905 pension scheme booklet of Christ's Hospital held within the George Ross Goobey collection. A recent addition to the Pensions Archive was a collection of scheme booklets, which were added to the United Pension Services collection of over 1,400 pension scheme booklets. London Metropolitan Archives houses

▶ The Pensions Archive Trust (PAT)

The Pensions Archive Trust is charitable company limited by guarantee, which was formed in August 2005 to preserve the history of pensions. It provides a resource for study and investigation that is of value to students and academics as well as the public in general. It also provides a point of reference for those involved with running pension schemes.

It was created to tell the story of the development of occupational pension schemes, which give a fascinating insight into social and economic change in the UK. Since the early schemes began in the 1860s many employers, companies, trades unions, individuals, representational and professional bodies have made their contribution to developing schemes that have helped many people enjoy a better retirement. However, it was a story at risk of being forgotten. The years of progression and success were in danger of being hidden behind the damaging headlines of company failures, which have led to some employees losing a significant part of their pensions.

The PAT is run by a board of directors of experienced people drawn from the pensions world, supported by a president and five vice presidents. The current president is Michael Pomery, a former president of the Institute of Actuaries who succeeded the late Alastair Ross Goobey in 2008.



▶ Alan Herbert

In 2001, Alan Herbert, chairman of the Pensions Archive Trust, saw the need for establishing a Pensions Archive to record the history and

development of pension provision in the United Kingdom. The project was announced in 2002 after he had taken a number of soundings that confirmed there was general support for it.

Herbert retired as head of pensions of BP in 1997, after a career in pensions in the brewing, food and oil industries spanning 37 years. He was a non-executive director of Liberty International Pensions (1997-2000) and of Dunnett Shaw & Partners (2000-2005). He has been chairman of the Advisory Council of The Occupational Pensions Defence Union since 1997 and retired during 2007.

Herbert sits on three trustee boards and chairs two of them. He is a Fellow of both the Institute of Chartered Secretaries and Administrators and the Pensions Management Institute. Herbert was a member of the Occupational Pensions Board and of the Pensions Panel of the Confederation of British Industry. He served for a period as a council member of the National Association of Pension Funds.

the Pensions Archive and manages it on a day-to-day basis and has in addition extensive business archive collections. London Metropolitan Archives is the pan-London and City archive repository managed by the City of London Corporation. Malcolm Deering, a PAT volunteer, has researched the wider collections held by LMA and extracted details of pensions that go back even further. Seventeenth century examples include Middlesex Sessions papers documenting the Royal Navy scheme for naval officers, of which details can be found on the PAT website.

▶ Which artefacts within the Pensions Archive do you think are the most significant?

The largest and most significant personal collection is that of George Ross Goobey. It covers his time as pension fund manager of the Imperial Tobacco Pension Fund, where in the 1950s he introduced the cult of equity investment to his trustees, which was also taken up by other pension schemes in the UK, through his involvement with the then National Association of Pension Funds. It also covers his time in retirement when he took on many roles related to pensions and was much in demand as a speaker at conferences and other events when he was able to express his views on pensions and investment issues.

▶ Which is your personal favourite piece in the PAT, or which you are most proud to have obtained?



Maxwell: The Game 1991 (courtesy of the Pensions Archive Trust)

Again it must be the Ross Goobey collection, when we were given access to his papers, which had remained in six rusty filing cabinets in the garage of his home in North Somerset until the sale of the property following the death of his widow. I and a colleague were given the opportunity of recovering the files from which the Pensions Archive has been able to build a picture of his professional life and his many other interests.

▶ Why is the PAT needed? How do these examples of different pensions eras relate to the rapidly changing (especially lately) pensions systems of today?

Pensions history timeline

1590: The Chatham Chest was established to provide pensions to disabled seamen.

1601: The Poor Law made parishes responsible for the care of their aged and needy.

17th century: The first company pension schemes were set up in the late seventeenth century in private firms associated with the government, such as the Bank of England and East India Company.

1672: Establishment of a pension scheme for retired Royal Navy Officers provided by the state.

1684: The first civil service pension was provided to Martin Horsham, an official in the port of London.

1712: A Superannuation Fund for the lower ranks of the Customs and Excise department was established, with officers receiving a third of their final salary on the conditions of making a regular yearly contribution, seven years' service and good behaviour, which was payable when staff were unable to continue regular employment.

1739: The Bank of England first pension was granted in 1739.

1803: A separate pension scheme for senior Customs and Excise officials was established.

1806-7: Customs and Excise Superannuation Fund extended to all grades of the department.

1810: Superannuation Fund extended to the whole civil service.

18th and 19th centuries: Friendly Societies – in the 18th and 19th centuries, groups of workers formed mutual and friendly societies to save for funeral costs and put money aside for old age, illness or unemployment. One of the earliest was established in 1707 for Oxford University's printers.

1834: Poor Law Amendment Act led to a much harsher regime aimed at deterring the so-called 'undeserving' poor from relying on support from the parish.



The PAT is needed to record the evolution of occupational pensions (or workplace pensions as they are now called) in the UK. Changes in pension provision have to a large extent followed changes in tax rules laid down in various Finance Acts over the years. In more recent times a series of Pensions Acts have also brought about changes that have added to the cost of pension provision and led to employers changing the type of benefits they are prepared to provide. These developments can be followed in the minutes and papers of the representative and professional bodies held in the Pensions Archive.

➤ **Arguably pensions artefacts should be preserved as a means of helping individuals learn from past success and mistakes. What examples of past success and mistakes come to mind when thinking about pensions provision – and do you have any objects in the PAT relating to these mistakes and success?**

It will be 25 years in November this year that the Maxwell saga came to light. The PAT holds papers relating to the saga and the action taken to compensate the pensioners exposed to loss. Whilst final salary pensions were a great benefit to

many people and were a success story, if something went wrong due to weak governance the consequences for pension scheme members could be disastrous. In those days there was no Pension Protection Fund.

One of our vice-presidents, Dame Jane Newell, who donated the papers, was very involved as she was a founder trustee of the Maxwell Pensioners Trust, which was set up in 1992 to appeal for funds to assist Maxwell pensioners. She subsequently became its chairman. In writing about her experiences she said:

“For my part, the Maxwell years were a baptism of fire into the world of pensions. Having seen what happens when everything goes wrong with a pension fund gave me a very clear perspective on why members’ benefits need to be protected through strong governance, legislation and regulation. The recommendations of the Pension Law Review Committee (the Goode Committee), set up as part of the government’s post-Maxwell initiatives, led to the 1995 Pensions Act and significant changes to how pension schemes operate, changes that have been built upon in subsequent regulation and legislation leading to better standards of governance and a properly robust regime.”

The notoriety of the Maxwell event even led to a board game being produced one of which is held in the Pensions Archive [see picture].

➤ **Successive governments have been accused of short-term thinking with**

regards to creating pensions policy, and pension funds themselves have also been criticised for having short-term investment thinking. How can the PAT help counter these ‘short-term attitudes’?

By reviewing the effects of past decisions relating to pensions it can often help with planning the future. We particularly had politicians and their researchers in mind when we set up the Pensions Archive. On the investment front, the Ross Goobey papers illustrate the advantage of taking long-term investment decisions.

➤ **What are the future plans for the PAT?**

The Association of Consulting Actuaries has recently financed the digitisation of its archived records held in the Pensions Archive. Some of the Ross Goobey papers have also been digitised and can be viewed online. It is planned that further selective digitisation of records should take place to give easier access to them.

Looking to the longer term the PAT would like to see pension archives set up at regional records offices across the country, recording the part played locally by employers, trustees and pension professionals in establishing occupational pensions.

It is all part of creating a greater understanding of pensions and savings amongst the public. If *Pensions Age* readers are interested in being involved in this project do contact us.

➤ **Written by Laura Blows**

1841: The Chartered Gas Light and Coke Company Superannuation Fund was set up, one of the earliest private occupational pension schemes.

Mid 19th century: Many railway companies established pension schemes for their staff.

1890s: Public sector employees granted pensions modelled on the civil service scheme, including teachers, the police (1890) and poor law officials (1896).

Late 19th century: The establishment of company pension schemes increased, such as Reuters creating a pension scheme in 1882 and WH Smith in 1894.

20th century: Rowntree’s and Cadbury, firms who demonstrated great concern for the welfare of their staff, established pension schemes at the start of the 20th century.

1908: A state pension was first established for a limited section of the older population.

1922: A uniform pension scheme for local government staff was established

1940: The Old Age and Widows’ Pension Act broadened the benefits available to women by reducing the pensionable age to 60 for unmarried insured women and the wives of insured male pensioners, with an associated increase to women’s contributions.

1959: A National Insurance Act introduced a top-up state pension scheme, based on earnings, which was also known as the graduated pension.

Late 20th century: Privatisation led to many workers being transferred from public sector pension schemes into private company schemes, and changes to tax legislation in 1988 saw many employees move over to personal pension schemes from their employer’s pension scheme.

1995: The Pensions Act created the Minimum Funding Requirement and equalised the retirement ages of men and women.

2012: Auto-enrolment begins, requiring employers to automatically enrol eligible employees into a workplace pension scheme, unless the staff member chooses to opt out.

2015: ‘Freedom and choice’ begins, enabling pension savers to take their pension pot as cash and removing the effective requirement to purchase an annuity.

2015: Launch of Pension Wise, a free and impartial government guidance service.