

Pension rights for all

✔ Steve Wardlaw asks whether the pensions industry will push for LGBT equality or be pushed into it via court cases



The case of John Walker, currently awaiting judgement in the Supreme Court, reminds us that many contributors to pension schemes still face inequality. I'm optimistic he'll win, but that's not the end of the story. Pension schemes, like so much of the financial services industry, are based on family models that do not reflect today's diversity. This needs to change.

Currently, when calculating spousal benefits for same-sex couples, private-sector employer pension schemes are only required to take into account contributions made after December 2005 (when civil partnerships became legal). This is not the same for heterosexual couples. And the differences are extremely stark. If Walker divorced his husband and married a woman tomorrow, she would get half of his full £85,000 per year pension when he died, while his husband is in line for a paltry £500.

As Walker says: "it's not just unfair, it's absurd."

There are two arguments against Walker's case. Some say the law shouldn't be made to apply retroactively. However, the Marriage Equality Act itself applied retroactively to extend the deemed date of a marriage back to the date of any earlier civil partnership.

Others say it's financially unfair. Actuaries calculated defined benefits before the law changed, so it would put financial strain on the scheme to increase same-sex spousal benefits. However, the vast majority of private schemes have voluntarily extended matching benefits for same-sex spouses without complaint. The outliers, such as the scheme from Walker's employer Innospec, are citing a reason that most employers have taken in their stride.

This case highlights a familiar theme facing the LGBT community – a general inequality of treatment or benefits when looking at financial services. If LGBT people have paid the same contributions as everyone else, why should they receive a lesser benefit in the same circumstances?

Compare and contrast to the recent Supreme Court case where, despite being unmarried, Denise Brewster won her right to receive a survivor's pension from her partner William McCullan, based on hers being an analogous situation to surviving a married partner. It is frustrating that Walker's case still needs to go to the Supreme Court, when the court has already, in effect, extended the concept of marriage equality.

I expect Walker to win his case, but there is still much to do before we can argue that there is full equality in the

financial services sector.

Just look at customer service, all aimed at the straight experience. Why aren't call centres properly trained to deal with same-sex couples? Why do forms have to be manually corrected from the assumption that a partner is of the opposite sex? All these small indignities add up to a material result – disengagement with the financial services sector.

In addition, more thought should be given by employers to the process of awarding employee benefits. On the first day of a job, a starter pack arrives on your desk and you're told to nominate your defined beneficiary for your pension or life insurance should you die, thereby revealing your sexuality. But many people don't want to come out on the first day of their job; workplace discrimination is still too rife for that. In the US, 63 per cent of people who were out of the closet at university go straight back in when they enter the workplace. There are similar figures in the UK. How many people have avoided the issue by deferring starting a pension?

We're told every day that the UK faces a looming pensions crisis. It's criminal that the industry continues to act in ways that alienate the LGBT community. People don't pay for services where they don't feel included and if LGBT people and their partners can expect to get less than straight colleagues on retirement, they're hardly incentivised to save.

Let's hope the Supreme Court reaches the right decision for Walker and that the entire industry does more to include everyone, including the next set of questions coming up about transgender issues. Before the next court case, the pensions industry needs to think carefully whether equality is something it pushes for, or is pushed into.

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