

Now, Smoking area

30 years = 52 years.
State Pension
and Occupational Pension Fund

Ladies & Gentlemen,

Welcome back to the second day
of the F.T. conference on Pensions in 1986.

There is no need for me to remind you that
today is Budget day & at this time last year
the Pension ~~industry~~ world was full of apprehension
because of the usual leaks & rumours concerning
~~the~~ what the Chancellor was alleged to be going
to do to our income Tax concessions.

Well all that proved very much a damp squib
especially when the Chancellor said that he had no
intention of doing what we feared - certainly not
before he had issued the now customary green paper.
I counted some of my political friends that the leak was
part of the Conservative plan for reducing unemployment,
when I remember the months of hard work put in
by all the interested parties in a campaign to persuade
the Chancellor not to do, what apparently he had no
intention of doing.

I understand that it was the civil servants who
wished to deliver the body blow to the pension industry,
& I hear rumours that the Inland Revenue are so
incensed that their suggestions were not followed, that
we hear stories that certain funds are now being
taxed on such things as profits arising from currency
profits when investing outside the U.K.
on the grounds that it constitutes trading
& not investing for which we get our
immunity from tax

I was sorry to hear from Lord Horris yesterday in one of his more serious moments, that he seemed to be in favour of the removal of Pension Fund Tax concessions, on the grounds that the saving to the Government, could be spread ^{what he regarded} round more equitably.

Then we had my old friend (or should I say ex friend) Edgar Palamountain suggesting that our tax concessions should be extended to the general public, to encourage them to invest more. ~~As an~~ ^{Edgar} is the ex ~~managing~~ head of one of our largest Unit Trust Groups, I ~~cannot~~ ^{couldn't} help thinking that he has a vested interest.

My vested interest is in Pensioners

In today's climate of relatively lower inflation rates, Pensioners are still those

less able to withstand the effects of inflation & not all pensioners ~~are~~ are yet fully index linked

It is worth recalling that the N.P.F. was founded in the ^{early} 1920's, following a successful campaign by a number of Pension Funds to obtain from the Chancellor the valuable tax encouragements which were written into the

I hope we won't give them up without a fight - 1921 F.A.

However the programme for today, does not specifically touch on the investment side of occupational pension Funds (~~under~~ ^{except that} Mr Wilkie will no doubt touch on it) ~~so~~ but rather on the the Government's proposals for the State Scheme benefits, contributions + the terms for contracting out.

Returning for a moment to the Budget, I have arranged with the F.T. staff that if any news of outstanding interest to Pension Funds comes through from the House of Commons before we close our conference this afternoon

I will announce it from the Postroom, but I suspect that there will no interesting announcements from the H of C until after we have finished here.

A well known figure was asked last week what he would do if he was Chancellor + quick as a flash he came back with "I'd get my hair cut". I think the Chancellor must have heard of this remark + I am informed that he has had his hair cut.

But on to our business

Our first speaker is Edward Johnston the Government Actuary who is going to talk to us on the new terms for contracting out. A week or two ago I asked Edward if there was anything particular he would like me to say in introducing him + he replied "it's all in who's who". After the recent difficulties Mr James Gulliver of Royal Society has been having over his entry in Who's Who I would have thought that might raise doubts in your minds. However you have his curriculum vitae in your papers + I can certify that they are correct.

Mr Edward Johnston