

Letter 3

AIG arrived in the UK just after World War II and had a worldwide protocol to provide benefits consistent with those of the country of operation. In insurance terms my enquiries confirmed that would require fixed increases or a formula. Instead they offered discretionary increases and these were paid every year until 2002 when without warning they ceased.

I was a director for 10 years we paid 2/3rds of RPI. This was always agreed at the Christmas board meeting as a fixed agenda item.

Below is a schedule of what they have paid since 2002 until 2019. There was a 2% increase granted in 2022 and this is applied to the excess of the GMP amount so it's not 2% on the pension. It's a much smaller percentage..

I retired in 1997 and the buying power of my pension has evaporated just like for my fellow colleagues.

As a trustee I did my best but the Trust Deed made it clear it was the Company that exercised the discretion and not the Trustees. We took legal advice confirming this. The change was at the direction of the New York HR office.

AIG is a major sports sponsor Women's Open Golf in the UK and in the USA, New Zealand rugby, Man U shirts \$90 million! Brokers were being flown into the UK from the Far East for home matches whilst our pension increases were being denied.

In 2002 the year the first time no inflation increase was applied AIG reported that their two largest overseas operations, the UK and Asia were very strong and highlights of the year included record consolidated assets as at the 31st of December of approximately \$563 billion. There was a record shareholders equity at \$59 billion and a return on equity of 13.2%. The general insurance cash flow i.e. without the life insurance side was \$6.92 billion in the year.

The company has returned to profitable trading following the well publicised bailout in 2008.

We can perfectly understand why AIG would not want to offer discretionary increases during the brief recovery period.

The scheme is currently well funded and according to the summary funding statement of 2024 at April 2024 the assets were £109.2 million against liabilities of £90.1 million a surplus of £19.1 million or 121% funding level. Like almost every other scheme, they were looking for buyout. The company stopped making any contributions many years ago. They just paid £35,000 a month for the expenses of running the scheme.

At the time I left as a Trustee I calculated the surplus had been earned by not paying any discretionary increases to me and to my colleagues.

I haven't got the up-to-date figures but in 2016 the plan had 291 pensioners of these 261 had pre-1997 pension which meant the part of their pension was not indexed to inflation but a proportion is subject to pension increases. Of this number 126 are lucky enough to have limited statutory increases but there was a rack of a 135 pensioners who relied entirely on the discretionary increases. You know, the ones who retired earlier on lower final salaries and who were likely to be older than the rest of the group.

I remember one in particular who was lying dead on the kitchen floor for three days who was a long-term employee and who we found out at his funeral had been a radio operator in Guy Gibson's squadron. What a sad end that was.

I have reviewed the Facebook link and let me say straight away what a fantastic job you are doing for your people. In comparison, my own campaign was just one of quite frankly a lone wolf doing what he thought was right but looking back I had left insurance to pursue a career in antique furniture restoration and that's what I was focused on. I'm sure my fellow Trustees regarded me as a pain in the arse. That said they showed a great deal of sympathy and we made spirited appeals for an increase to the company every year which inevitably fell on stony ground.

I hope this helps. You are not alone in your quest for justice for your people. The 1995 Finance act was an appallingly ageist and unfair piece of legislation and shame on the companies who took advantage of it.