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Pre-1997 Indexation: Government Policy or Scheme Discretion?

An examination of the issues relating to
pre-1997 indexation in DB pension schemes

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Foreword

Defined Benefit (DB) pension schemes have a legal obligation to pay (capped) inflation-linked pension increases for pensions built up after 1997, however no such legal obligation existed (or exists) for pensions earned pre-1997. Hence many schemes only provide increases on such pensions on a discretionary basis (or not at all). Likewise, the PPF currently provides inflationary increases only on pensions earned after 1997.

The disparity in value can be stark, with pensions that increase in line with inflation (even capped) being worth 30% or more versus those that do not.

With the Pensions Regulator (TPR) estimating that the majority of UK DB schemes are now in surplus even on a buy-out basis, and the PPF having a £14bn “surplus” of its own, it is therefore no surprise that this issue is attracting debate as the Pension Schemes Bill makes its way through Parliament.

Some have argued there is a moral obligation to provide inflation-linked increases on pensions earned pre-1997, in the context of a substantial erosion of value in real terms for many members. Others have even suggested that a statutory obligation should be imposed (albeit 30 years after the event).

Imposing such an obligation to provide increases on pre-97 pensions retroactively would of course carry a significant cost in many cases. Many sponsors would argue that this cost would be unfair in the context of them having borne the risks associated with their DB schemes and having paid benefits in line with legal requirements, making discretionary payments when affordable and seeking to balance the views of their various stakeholders. Additionally, many sponsors can make a strong claim for a refund from the surpluses in their schemes, having paid large sums in deficit contributions into the arrangement over recent decades.

Another key issue to consider in this context is intergenerational fairness and the looming pensions adequacy crisis for the Defined Contribution (DC) generation. Some might question whether going back to further protect historical benefits for DB members (potentially at the expense of funds being used to enhance DC contributions for current and future employees) is fair.

There is also risk associated with imposing retroactive burdens on historic promises in terms of employers committing to appropriate long-term savings vehicles, and this is particularly important to consider in the context of the nascent Collective Defined Contribution (CDC) regime.

Irrespective of views, this a complex area with many factors to consider. And such factors will often vary by a scheme's individual circumstances.

This paper explores the key issues at play, drawing on a broad range of perspectives to outline the considerations for trustees, policymakers, sponsors, and the pensions industry more widely. Although this paper focusses on pre-1997 pension increases, many of the considerations also apply to other discretionary benefits – noting that very few private-sector schemes offer full inflationary protection on pensions.

Jon Forsyth
Chair, SPP DB Committee



Introduction

Statutory indexation for pensions in payment was introduced in the Pensions Act 1995 – with the requirement for pensions earned on or after 5 April 1997 to be increased annually in payment by (at least) inflation capped at 5% p.a. (Limited Price Indexation). Prior to this, the only requirement for inflation protection for pensions in payment applied to certain Guaranteed Minimum Pensions, which typically made up a small proportion of a member's pension in most UK DB schemes.

In both cases, the requirement to provide a measure of inflation-proofing was communicated in advance of the requirement arising. This provided the stakeholders (scheme sponsors and their employees, or representatives) an opportunity to consider the matter of retirement benefit provision (within the overall compensation package) and how it was structured. In particular, sponsors – who bore the risks associated with defined benefit provision – could consider whether the risks remained acceptable in the context of their commercial activities, their use of pensions as a recruitment/retention tool, and any desire to be paternalistic towards scheme members.

As a result, DB pension scheme members who accrued pension benefits before April 1997 do not have a statutory right to inflation-linked increases on that part of their pension. A number of pension scheme rules included more generous requirements to provide increases on pre-1997 pension benefits, but many do not.

The legislation was later changed so that for pensions earned on or after 5 April 2005, there is a lower indexation requirement – specifically such pensions must be increased annually in payment by (at least) inflation capped at the much lower rate of 2.5% p.a. Again, some pension scheme rules include requirements to pay more generous benefits but consideration of retrospective protection for pre-1997 benefits should logically also include the post-2005 group who have similarly seen the value of their pensions eroded by much higher inflation in recent years.

The price of protection

Over the past thirty years, there has been a clear regulatory direction of travel to make the guaranteed benefits of DB schemes more secure. Policy has encouraged much more robust reserving, required that DB pensions be treated as a debt on the employer and TPR has been granted wide-ranging powers to ensure regulatory compliance. This approach has been very successful, with significant protections now in place for DB pensions. The new funding regime introduced last year adds a further layer of protection, with the requirement that all DB schemes achieve full funding on a low dependency basis by the time they reach a certain level of maturity.

However, this extra protection has had consequences. The cost associated with providing DB benefits has been significantly increased, and many sponsors have been burdened with large bills to secure legacy benefits with large 'deficit' contributions. This has unfortunately contributed to (alongside many other factors) the closing of the vast majority of UK private sector DB schemes and adoption of DC solutions both at much lower cost and without the same risks of requests for additional retrospective funding. In effect, some have argued that DB schemes have been *"killed by kindness"*.

Discretionary payments in practice

For some pensioners, any pre-1997 increases that are paid are entirely at the discretion of the trustee and/or sponsor of the scheme, depending importantly on the specific rules of that scheme. Such increases are typically dependent on the financial strength of the particular pension scheme, the strength of its sponsor, and the willingness of the trustees/sponsor to agree to such increases.

To give some idea of how common this is, the Pension Regulator's recent analysis found that only 17% of members of private sector DB schemes do not receive any pre-1997 increases on benefits. As well as varying by scheme, the scale of the issue will be hugely member dependent too – with some members having earned all of their pensions pre-1997, but others having a (potentially substantial) portion of their retirement income earned post-1997 (providing a degree of inflationary protection).

In practice, such discretionary increases on pre-97 pensions are often not granted – a recent Aon survey found that 13% of schemes granted a discretionary increase in 2024, down from 17% in 2023¹. There are lots of potential reasons for this, many of which are discussed in the section on sponsor considerations below, and this is despite TPR estimating that the majority of UK DB schemes are now in surplus even on a buy-out basis.

Against this backdrop many pensioner action groups, and others, have previously called for a review of the current system which they do not feel is fair to members. With the passage of the Pension Schemes Bill, which includes new flexibilities relating to the use of pension scheme surpluses, the issue is generating increasing interest and renewed lobbying.

Member perspectives

The argument for using surplus funds to provide (some) pre-1997 increases has come to the forefront in recent years. This is in part due to the increased prevalence of DB scheme surpluses, but also due to the clear erosion of value that some DB pensioners have experienced at a time when inflation has remained high whilst their pre-1997 pensions have not increased. Some have argued that what they are now receiving in terms of increases goes against historical communications or implied agreements with their sponsors.

For some, the state pension triple-lock offers a partial offset to lower increases on their occupational pension – but this mechanism is under increased scrutiny due to questions as to its medium to long term sustainability.

Some of these affected pensioners are therefore campaigning for the government to intervene and impose a requirement that schemes must provide inflation protection on pre-1997 pensions.

Their personal perspective is often understandable, particularly in the context of the current decision-making framework for discretionary increases, which can be opaque and leave members believing this issue is not receiving appropriate consideration (see below).

However, whilst the views of this cohort of current pensioners are important, we must also consider the perspective of younger individuals. Those approaching retirement age should not be forgotten, not to mention subsequent generations who may be almost entirely dependent on DC pension provision – with the government's own figures suggesting 15m of them are not saving enough for retirement and that there is therefore a very real risk of tomorrow's pensioners being poorer than today's².

These groups are unlikely to campaign on the subject for various reasons, including a lack of familiarity with the benefits they might receive, as well as concerns that pushing for higher pension benefits may well have implications for their salary prospects or even job security. Considering the wider picture across all generations will be critical, particularly when decisions are being made centrally.

Of course in some cases it is possible to improve provision for both current and future pensioners – but this is not always the case and any improvements will have cost implications.

Trustee duties and decision-making frameworks

Depending on the balance of powers in a particular pension scheme's rules, when it comes to considering discretionary pension increases, trustees will likely sit at the heart of these debates and will need to consider a range of factors in line with their fiduciary duty:

- > They must act in the best interests of scheme beneficiaries but are not required to treat every group identically.
- > Decisions must be rational, well-advised, and properly documented, especially in the face of competing claims for benefit improvements.
- > In most cases, trustees do not have unilateral powers in rules to implement discretionary increases and will require employer agreement.
- > As such, collaborative negotiation between trustees and sponsors remains essential, with legal, financial, and member perspectives all taken into account.

Importantly though, in general, there is no formal consultation process with members when decisions are taken on discretionary increases in ongoing schemes. Members can of course make representations to trustees and sponsors, but many feel they are struggling to make their voice heard.

Often the most common time that additional benefits are granted to members is when a pension scheme winds up. Here the rules are slightly different – members are written to with any proposal for surplus use, and members can also make representations to TPR. However, individual scheme rule requirements can vary greatly – with some rules requiring the whole surplus on wind-up to be used for member benefit augmentations, some requiring it all to be returned to the sponsor, and everything in between.

The current framework allows trustees to take into account a range of factors in making any decisions. This flexibility is important as every scheme is different, and the decision-making process should take this into account.

² Government revives landmark Pensions Commission to confront retirement crisis, July 2025: <https://www.gov.uk/government/news/government-revives-landmark-pensions-commission-to-confront-retirement-crisis-that-risks-tomorrows-pensioners-being-poorer-than-todays>

For example:

- > Some schemes were non-contributory, others required member contributions.
- > In some cases, sponsors have made large deficit contributions in recent years, which may have now proved not to be needed.
 - Both of these factors could influence thinking on *“who owns the surplus”*.
- > In some cases, scheme rules may have been modified so that pensions were accrued more slowly once there was a requirement to pay increases in payment. As such, the difference in value of the pension earned pre 1997 versus post 1997 would not be as clear cut as simply looking at the difference in the value of increases.
- > Similarly, some schemes introduced or increased member contributions to help cover the growing costs of benefits. Members in these schemes might reasonably expect the later accruing benefits to be more generous, reflective of the (additional) funding they have contributed.
- > During recent periods of high inflation, for many schemes post 2005 benefits (and even post 1997 benefits) also lost significant *“real”* value due to the capping of increases.
- > DB surplus can often be used to fund DC contributions (either directly, or indirectly through aspects such as meeting short term expenses, thereby freeing up sponsor ‘pension’ funding). However, many DC schemes also offer much less generous benefits than those in the DB scheme or section – and so there are clear intergenerational fairness issues (see later).

Parliament should therefore think very carefully before taking any actions that consider pre-1997 indexation in isolation as this risks overlooking any such scheme-specific factors which may have impacted on the scheme’s overall benefit design (of which pre-1997 increases is just one element).

In our view, Trustees and sponsors are best placed to assess affordability, risk, and fairness across the member cohorts in their own scheme before deciding how any surplus should be used.

TPR has indicated that it intends to release guidance for trustees in relation to the new surplus rules and that this will include thoughts on outcomes for members (presumably focussing on discretionary pension increases). This guidance is likely to be very helpful as long as it respects scheme autonomy and heterogeneity and avoids a *“one size fits all”* stance.

Considerations for sponsors

Sponsors, like trustees, must consider a range of factors when deciding whether to grant discretionary pension increases. Some of the factors they are likely to consider include:

- > Sponsors have a responsibility to consider the impact of any financial decision on all of their stakeholders. This includes the scheme members, but also shareholders, customers, current employees, creditors, and members of other schemes they sponsor (e.g. DC members). Many sponsors are particularly mindful of the *“fairness”* of paying additional benefits to DB members when current employees and DC members often feel they are already worse off. It is therefore common for sponsors to conclude that granting a discretionary increase to DB members is an inappropriate action in the context of their legal duties.
- > Many sponsors have been badly burned by DB schemes in the past in terms of finding themselves with an unexpected financial burden for legacy benefits. They are therefore understandably wary of increasing DB benefits or spending a currently perceived surplus due to potential future funding risks. Furthermore, up until the last few years many schemes still had substantial funding shortfalls and so adding to that shortfall via the granting of discretionary benefits would not have been appropriate.
- > Accounting rules require that where a discretionary pension increase is granted (either as a one off or a commitment to future increases) the full capitalised value of any such increase will feed into the Profit & Loss figures for that accounting period. This can have significant negative implications for corporates.
- > Rather than viewing the surplus as *“spare money”* sponsors will be acutely aware that once a scheme is wound up (and potentially sooner under upcoming rule changes – see below) they are likely, depending on the scheme rules, to be entitled to a refund of the surplus, albeit subject to a tax charge. As such, every £1 spent on discretionary increases is less money that will ultimately be returned to them to invest in the business or use for other purposes.

Upcoming changes to rules around surplus release

The Pension Schemes Bill currently going through Parliament is intended to make it easier for surplus to be accessed for ongoing DB schemes. Broadly, trustees will have the power to amend scheme rules to allow surplus release to the sponsor and trustees will then decide when and how much surplus should be released. (This is expected to be possible provided a scheme remains fully funded on a low dependency basis, though that is subject to regulations yet to be consulted on.)

Both the government and TPR have indicated that a key part of this new legislation, and something that should factor into decision-making, is better outcomes for members as well as sponsors.

The SPP is broadly supportive of the direction of travel of this new legislation, as set out in greater detail in our recent paper, *"DB Surplus Release: risks, rewards, & responsibilities"*³.

Importantly, although the new law appears to favour sponsors it is in fact trustees who will hold the cards and can choose to only change rules and allow surplus release if they are given something in return – for example discretionary/one-off benefits for members.

The aforementioned upcoming TPR guidance will be important, but for some schemes at least, the new legislation will likely benefit the members in terms of the potential for future discretionary pension increases.

Defined Contribution Adequacy

As we have already mentioned, DC members are another important stakeholder in discussions around DB surplus. From a sponsor's perspective this is true even where the DC scheme sits outside the DB trust.

DC pension scheme members are generally less well protected than their DB counterparts, and concerns are growing around the potential for inadequate retirement outcomes for DC savers. Indeed, Department for Work & Pension research shows that 46% of working age people (equivalent to 15 million people) are not saving enough for retirement⁴.

Low engagement, insufficient contributions, and a lack of guaranteed income mean DC savers face a materially different retirement risk profile to their DB counterparts.

Improving DC adequacy may involve increasing auto-enrolment contributions, enhancing value for money across investment strategies, administration, and decumulation products and targeted communication, guidance and support amongst a range of other factors comprehensively identified in the SPP's recent *"Saving Retirement"* paper⁵.

Given the scale and immediacy of this DC challenge, many feel that industry and policymakers should concentrate their efforts on this large-scale problem as opposed to making further improvements in legacy DB schemes where members are typically expected to be better off in retirement. In addition, the Pensions Commission has been revived to examine why *"tomorrow's pensioners are at serious risk of being poorer than today's"*⁶ and to make recommendations for change.

Of course it is possible to fix two problems at once, but many have argued that the surpluses in DB schemes could or should in part be used to boost outcomes for DC members who have received less protection to date and are at greater risk of poverty in retirement. This is certainly worthy of more detailed consideration before rushing to a quick fix for a small minority.

Potential law change: the dangers of unintended consequences

While the sentiment to support long-serving pensioners is strong, the complexity and variability of individual scheme circumstances makes taking a scheme-specific approach more appropriate than universal legislative solutions.

Whilst it is recognised that around three quarters of DB schemes are currently in surplus, a quarter are not. Requiring all DB schemes to provide for pre-1997 increases would result in many schemes and sponsors bearing additional funding burdens, especially difficult for those already in deficit. At an extreme, it could even perhaps lead to some sponsor insolvencies with schemes being forced into the PPF. At a time when UK plc is struggling, many corporates would argue that this would be an additional burden for some sponsors which would not be welcome.

3 SPP Paper, Past Lessons, Future Gains, September 2025: <https://the-spp.co.uk/wp-content/uploads/SPP-Past-Lessons-Future-Gains-September-2025.pdf>

4 DWP Official Statistics, Analysis of future pension incomes, published July 2025: <https://www.gov.uk/government/statistics/analysis-of-future-pension-incomes-2025>

5 SPP, Saving Retirement: who is at risk and why?, August 2025: <https://the-spp.co.uk/wp-content/uploads/SPP-Saving-Retirement-21.8.25.pdf>

6 Finishing the job: Launching the Pensions Commission, August 2025: <https://www.gov.uk/government/publications/finishing-the-job-launching-the-pensions-commission#:~:text=Most%20starkly%2C%20we%20are%20currently,have%20an%20adequate%20retirement%20income.>

Some might argue that this issue could be addressed by only imposing the liability on schemes that have a surplus, but even this has issues and there are plenty of potential complexities. For example, what (consistent, objective) measure should be used for surplus? And what would happen if a scheme that was in surplus, then goes into a deficit, would the obligation then cease? Even if this obligation were to cease in these circumstances there still could be knock-on implications for schemes in terms of their long-term ability to provide the benefits already promised (for example, where the sponsoring employer's covenant is weak).

There is also the argument that any change to mandate pre-1997 pension increases would create different inequalities and issues of "unfairness". This could apply, for example, in relation to post 2005 pensions which have been capped to only provide very limited protection, and schemes where the benefit design was already tailored to adjust for the difference in pension increases for different tranches of benefit.

There is also the potential for wider negative unintended consequences of imposing a retrospective burden on DB schemes. In particular, this affects trust in long term financial products. From an individual perspective, will the benefits promised necessarily be what is provided? Whilst this particular change is positive for the member, it reinforces the view prompted by changes in State Pension Age etc. that you cannot necessarily rely on retirement products to deliver to their original terms. From a sponsor perspective, it reinforces the view that you should be very wary of making any binding commitment as you may find significant additional costs are imposed at a later date.

The nascent CDC market relies on predictable costs for sponsors, facilitated by schemes having flexibility to reduce pension increases, and in the extreme reduce pensions, in the event of negative experience. Would sponsors exploring such schemes be put off if the government were to start retrospectively imposing additional benefits in DB schemes. In particular, specifying that benefits which were originally discretionary should in fact be mandatory and secured like any other defined benefits?

As the SPP recently highlighted in its "Past Lessons, Future Gains" paper exploring the future of DB and CDC schemes, "...the role successive governments and regulators have played in extending and 'gold-plating' the promises made under DB schemes, and increasing the cost of providing these, lives long in the memory of many company directors and pension managers. The

risk of generous DB promises being further gold-plated still exists today, with calls from some MPs and member groups for discretionary increases on benefits accrued before 6 April 1997 to be made mandatory for DB schemes in surplus and for the Pension Protection Fund. This suggests the lessons from history have not yet been learned and it risks undermining the assurances given by policymakers that collective CDC schemes (which benefit from conditional indexation and even the ability to reduce benefits, in extremis) will not suffer the same fate that has befallen DB schemes."

What law changes would be helpful for DB schemes?

The above inevitably begs the question of what could be done to improve the current situation.

We have already argued that the upcoming legislation changes around surplus release could be a positive influence, giving trustees additional leverage in negotiations with sponsors. Government and regulators should ensure that for any trustees who want to pay discretionary increases, they have the flexibility, tools and leverage to do so.

However, arguably, the biggest change in this area could be achieved by allowing schemes to make lump sum payments to scheme members rather than restricting any discretionary benefits to being pension increases. This is currently not possible as such payments would be treated as unauthorised under the current tax regime. The SPP therefore suggests that the government consider making a change here considering:

- > Members are highly likely to value a one-off lump sum payment – e.g. in the run up to Christmas – much more highly than a potentially very small increase to part of their DB pension.
- > Trustees should find it easier to weigh up how to spend any discretionary fund in an equitable way across their membership and not just a (small) minority.
- > And for sponsors, payment of lump sums rather than pension increases would mitigate the accounting difficulties that sponsors face and give certainty of cost associated with the decision, making them more likely to agree to such payments.
- > Depending on the tax charge applied to such payments this could also increase the quantum of income tax collected by the Government in the short term – albeit we expect the Government would wish to carefully consider at what level such a tax charge should be applied.

What about the PPF?

The Pension Protection Fund (PPF) is often mentioned in relation to the potential use of its surplus to provide pre-1997 increases. The PPF's £14bn reserves make demands for pre-1997 indexation superficially more appealing because many would argue it has sufficient funds to do so, particularly for those schemes that would be providing increases to pre-1997 pensions had they not entered the PPF. The PPF itself has suggested that its strong financial position makes indexation levels worthy of consideration⁷.

The SPP agrees that this is something that should be considered. We would however urge that any changes are only undertaken having considered all the available factors and the likely impact, both intended and unintended.

Any changes to compensation levels for PPF members would require changes to the legislation that was set in 2004. In 2024, the Work and Pensions Select Committee recommended that new legislation should be drafted to provide increases on compensation for pre-97 benefits. In the government's response to the report, published in April 2025, the Minister for Pensions said the government would “consider” the PPF's compensation framework, particularly pre-97 indexation.

There are various factors that must be considered:

- > The PPF's “surplus” is really a funding reserve that functions as a reserve against future scheme failures and should not be considered as a “surplus” in the traditional sense of an individual pension scheme surplus. The uncertain nature of scheme funding positions in future and a lack of knowledge as to which schemes (especially large schemes that would have large costs) may end up in the PPF in the future make decisions about indexation much more challenging. Ultimately the PPF is the backstop for the whole £1 trillion DB market, and the reserve is maintained to protect the PPF against future risks, including longevity and claims.
- > Using PPF reserves to fund benefit improvements could affect the PPF's long-term sustainability, making legislative action riskier.

- > If any change were made to provide increases on pre-1997 pensions, we would strongly recommend it is only made in respect of members who were transferred into the PPF from schemes that already provided such increases. This will avoid members having a windfall in the form of higher benefits in the PPF than they had in their own scheme, which has clear negative consequences when thinking about fairness and reputational impact.
- > This of course assumes the PPF has the data to be able to identify such schemes – we assume this is the case, but this should be carefully analysed and considered.
- > Careful consideration should also be given to whether any change would be only forward-looking or if pensions will be retrospectively increased and back-payments made – clearly this would have significant cost implications. For members who have since died, would a payment be made to their estate?
- > The PPF state that they take members' needs very seriously and keep the decision whether to increase the rate of indexation for post-97 compensation under review⁸.
- > The PPF's 2024/5 Annual Report and Accounts acknowledged that *“If, in the future, it is decided that indexation should be offered for pre-1997 compensation then, all else being equal, the PPF's transferred scheme and provision liabilities would increase, along with our claims expectations for the years ahead.”*⁹
- > There would be an impact on the government's balance sheet because PPF's assets and liabilities are included in the measurement of the public sector fiscal metrics. Granting indexation for relevant pre-1997 benefits would increase the PPF's liabilities.
- > Arguably if improvements to PPF compensation are to be considered at all, it might be considered appropriate to first consider uplifting benefits for members who had previously received a haircut to their benefits on entry into the PPF.
- > Sponsors who have paid significant sums in terms of PPF levies to fund a specified level of benefit may feel they too deserve a share of the PPF additional reserves.
- > Reducing the surplus, by increasing compensation levels, also increases the likelihood of PPF levies being reintroduced in the future – an additional cost on sponsors that could impact their growth.

⁷ PPF submission to the Pension Schemes Bill Committee, August 2025:

<https://bills.parliament.uk/publications/62519/documents/7015>

⁸ PPF Annual report and accounts 2024-25:

<https://www.ppf.co.uk/-/media/PPF-Website/Files/Annual-Report/PPF-Annual-Report-and-Accounts-202425.pdf>

⁹ Ibid

Ultimately the PPF is a compensation scheme – any decision on the level of compensation is political and should be made recognising the associated cost (including opportunity cost).

As noted above, any changes to compensation levels for PPF members would require changes to the legislation that was set in 2004. It may therefore be prudent for the government to legislate to permit indexation if the PPF wishes to do this, rather than legislate that it must. This would be in keeping with wider DB scheme operations where the individual scheme makes the decisions that are best for it rather than being compelled by legislation. The PPF would then have the flexibility to allow increases if it chose to whilst retaining the option to continue as at present if it felt that the best course of action.

Other PPF-related issues

If a change were made to PPF compensation on pre-1997 pensions, the following also need careful consideration:

- > PPF+ cases would all likely need to be paused. Such schemes may in fact end up being better off entering the PPF.
- > Members of historic PPF+ cases could potentially find they would now have been better off if the scheme had been allowed into the PPF.
- > Compensation for the Financial Assistance Scheme (FAS) would also need looking at – currently the level of compensation here is lower than for the PPF so arguably the members are even more deserving.

Conclusion

The issues surrounding pre-1997 DB indexation are multifaceted, and solutions are unlikely to be uniform. A balanced, scheme-specific approach appears to offer the most sustainable path forward, recognising the differences in stakeholder needs, scheme finances, and legal structures.

Maintaining flexibility, enhancing trustee guidance, and focusing on member outcomes—without imposing blanket obligations on schemes and their sponsors — will be critical to preserving trust and sustainability in the UK pension system and avoiding unintended consequences.

With this in mind, the SPP believes that pre-1997 indexation (and wider discretionary practice) is a scheme specific issue that should remain subject to negotiation rather than being subject to new legislative requirements.

Instead, we would encourage policymakers to focus on the adequacy of pension provision for future generations as well as legislative change to permit one off discretionary payments to members instead of requiring longer term commitments.

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