

## Visteon Pensions meeting Unite the union and pensioner representatives



**Overview:** Ford spun off its global components activity in spring 2000 to the new company, Visteon, after providing undertakings to employees and having made agreements with Trades Unions. In the UK this affected 3200 people who were transferred from Ford to Visteon. Ford did not ask for individual agreements to this transfer and pensions were transferred without knowledge of employees of the funding status or capability of the new Visteon pension fund. All Terms and Conditions including pensions were promised by Ford to be mirrored by Visteon. On the 31<sup>st</sup> March 2009 Visteon UK was put into administration with the US Visteon Corporation citing UK losses of £400million. 650 jobs were immediately lost in the UK and redundancy payments were only achieved after plant sit-ins and widespread protest. Visteon had been aggressively reducing its headcount with the support of Ford, a total of 2,500 people having previously left through early retirement, voluntary redundancy, selling of plants or transfers back to Ford. We now find the pension fund is in serious deficit and Ford is not recognising its commitments which facilitated the original spin-off undertakings.

**We call upon the UK Government to hold a parliamentary enquiry to examine the handling by Ford of the separation of 3,000 workers into its spin-off daughter company Visteon UK Ltd.** Terms, conditions and pensions described as 'copper bottomed promises' were set out by Ford and these rights are now denied by Ford and any responsibility for their dumped workers and pensions. The Visteon daughter company never made a profit in the UK: whilst Ford was its majority customer and **price setter**, Ford was dictating the level of financial viability of Visteon UK. We believe the strategy from the outset by Ford was to dump responsibility for pensions and people. This deplorable and immoral action demands public examination and determination of punitive actions against Ford. Employees, partners & families are significantly affected by these activities and Ford should be judged to have crossed the line between legitimate business practice and immoral activity. We encourage the Government to look into the activities of companies trying to use the PPF as a dumping place for failing funds and restructuring activities in the manner we believe Visteon has deliberately acted. Employees with up to 38 years service with Ford and accumulated pensions rights were transferred to Visteon for simply a few months before leaving – and have lost Ford pension rights in the process.

**We request the support and expertise of the UK government agencies to pursue the deficit in the pension fund (approx £300 million) with the Visteon Corporation and the Ford Motor Company.** Both companies had provided financial undertakings that were relied upon by UK pension regulatory authorities, fund trustees and pension fund members and both companies are now failing to uphold these guarantees. The Visteon UK pension plan will join the PPF with this debt unless fund contributions are made by these companies or they fail to become contributing employers. We understand the Pensions Regulator is looking at the Visteon UK case and we urge the Minister to provide all possible support for this activity including pursuing the debt to the Global activities of Ford and Visteon, both headquartered in the US.

**As Visteon pension fund members we recognise the value of the PPF, where it is needed.** The PPF is structured to support pensioners at Government retirement age at 65. Very few (if any) members of the Visteon fund retired at 65, built into our plan was the right for an employee to request early retirement at 58, similar to Ford Visteon operated an aggressive early retirement program with many people leaving in the early days of Visteon (2000 – 2004) to secure pensions. The current application of PPF rules dictates significant capping penalties – a 'triple capping' in many cases for early retirees, in our view this capping is not applied in a logical way and should be examined as a priority. We recommend the capping for retirement before the age of 65 should be made clear when the PPF is presented by Fund Trustees in member fund statements. The Normal Retirement Age for any fund – specifically our Visteon fund - should be determined by the PPF to be the average age of retirement, not the latest age for retirement. The interpretation of latest retirement age as 'normal' distorts and fails pension fund members and lowers the level of real funding level Pension funds should achieve.

**2004 retrospective Pensions legislation**, many people left Visteon by early retirement to secure pensions and become priority members of their pension scheme under the then current rules, however retrospective Government Pension Legislation introduced in 2004 withdrew this priority status. This unique and questionable retrospective legal change ignored and discounted the previous individual right to a full and secured pension from the fund whilst denying the balancing right to reverse a decision to retire. The legislation requires amendment to reverse this retrospective action.