

PENSION GIVING

**A SUMMARY REPORT BY CCWORKS
FOR
THE INSTITUTE OF FUNDRAISING**

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1. EXECUTIVE SUMMARY

1. Background

The Institute of Fundraising has been engaged in various projects funded by HM Government in order to grow and develop Payroll Giving in the UK. Payroll Giving is a mechanism for employees to give to charities and have their gifts deducted from pre-taxed income by their employer. The employer then forwards the money to a Payroll Giving Agency (PGA) and the PGAs distribute the donations to the designated charities each month.

Research has been requested into the option for Payroll Giving donors to continue giving directly from pensions, and for pensioners to start donating from their pre-taxed pension. This is considered to be an important issue for the development of Payroll Giving, since the number of people in receipt of the statutory pension and other pensions continues to increase (currently, 12 million are of pensionable age, from Department of Work and Pensions figures) and also, people are now living longer (life expectancy has recently been rising at 2 years per decade). The opportunity to donate to charity from pensions before tax is calculated therefore offers a real potential growth area for regular giving.

At the moment, some key employers have active Payroll Giving schemes and offer the opportunity to those retiring from their companies, who were involved in Payroll Giving at the point of retirement, the facility to carry on giving from pensions. Such companies include Pfizer, Royal Mail, Barclays Bank, HBOS, Royal Bank of Scotland and British Airways¹. In addition, there are a large number of people in receipt of HM Government pensions who are also now giving tax-free from their pensions and HM Government is keen to try to encourage as many people as possible to give regularly to charity.

Payroll Giving to Pension Giving Portability

However, recent research carried out in respect of Portability² (the ability to 'roll-over' payroll giving from employer to employer and employment to retirement) shows that about a quarter of those who stopped payroll giving on retirement said they would have definitely wanted to continue this form of donation, if offered this facility by their pension provider (**see Fig 1**). A further fifth would have at least considered the possibility of continuing. Therefore sizeable additional numbers of retiree givers might continue to give if the opportunity to do so was more widely available.

¹ BITC research

² CAF portability survey - 2007

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Fig 1: Propensity for payroll givers to continue to give through their pension

2999 Total sent				
390 questionnaires returned				
	Your Payroll Giving has stopped because?			
A	I cancelled PG myself	48	15	
B	Changed employer	110	21	
C	I retired	118		
-	I am currently not working	51		
-	Became self-employed	13		
C	I retired	Yes	No	NS
	Were you offered PG by your Pension Provider?	14	86	9
	If No, would you have wanted to continue PG automatically?	29	36	24

Steering Group

A Steering Group was established by the Institute in August 2006 to examine the main inhibitors in respect of gaining support for this pension giving option to be made available by pension providers. The group members all undertook specific elements of exploration but it was recognized that additional external input would enable the project to be developed more quickly and with extra aspects being researched, as and when these were identified.

This report was commissioned, to help the group to identify the appropriate course of action to be taken by all involved in the promotion of Payroll Giving, in order to influence Pension Providers to become engaged in the development of Pension Giving.

1.1 Overall Objective of the Report

This report sets out to identify the appropriate course(s) of action to be taken by all involved in the promotion of payroll giving in order to influence pension providers to become engaged in the development of pension giving

It was agreed that the report should:

- examine the research already gathered, in respect of facts, figures, research sources
- carry out any outstanding research not actioned by the Steering Group but identified as being necessary. In particular, it would need to identify the benefits of Payroll Giving
- provide statistics to support the case for Pension Providers to consider
- provide examples and case studies where Pension Providers are already engaged in this process
- collate reports, statistics, and case studies
- produce a report with recommendations covering the options for progressing the involvement with Pension Providers and factors which will influence such decisions

The report recommendations would need to address the following topics, amongst others:

- Since approaching employers to put Payroll Giving schemes in place, and to encourage people to become Payroll Givers is a well-documented, tried and tested formula, how can this best inform proposals to be put to Pension Providers?

- Employers can benefit by being able to assess at any time the amount of money being generated for charitable causes as a result of a successful scheme – RBS Group raises over £3 million each year as they double match what their employees give. They can then use this information to demonstrate their commitment to Corporate Social Responsibility, and to being seen to be a good employer. Would the same benefits be appealing to Pension Providers?

- Most of the large financial organisations have schemes including Legal and General and Prudential. Would these employers act as a model for other companies and if so, how could sharing this be progressed?

- To what extent would it be necessary to ‘court’ pension fund trustees, and what would be the key selling points?

1.2 Conclusions

The research undertaken for this report has reached some pertinent conclusions. In particular:

- The growth of 65+ age band gives greater opportunity for giving through pensions, and is important as the working population shrinks.
- However, working and saving for old age are more complex processes, with more options, than they used to be.
- Those with private pensions or in Money Purchase schemes face a more uncertain future than do those in Final Salary schemes. Some of the former may, however, be very well off, and still very much a target for pension giving.
- But there is little doubt that the ‘softer’ target would seem to be the smaller number – but still a very important proportion - that are in Final Salary occupational schemes.
- Increasingly, these are concentrated in the Public Sector – the number of people in Public Sector pension schemes has actually risen steeply in the last decade.
- Although most pension professionals – and probably politicians – recognize the need to rein in Public Sector pensions, this is unlikely to happen in a way that changes the prospects of those now in their 50s (who would constitute a very vocal and powerful lobbying group).

1.3 Key Recommendations

Key recommendations include:

- Final salary occupational pensions are the prime target market and currently account for 9.8million employees and 9million pensioners³. The Institute of Fundraising, Payroll Giving Agencies and occupational charities should concentrate marketing and development efforts on this market.
- There is also benefit in working with FTSE100 employers to offer pension giving to their pensioners and to make the process portable from payroll giving. The Institute of Fundraising, Payroll Giving Agencies and national charities should develop this market.
- Develop marketing strategies for these two audiences.
- Engage with occupational charities to promote and market pension giving to appropriate pensioners via direct mail.

2. RESEARCHING THE MARKET

2.1 DIFFERENT TYPES OF PENSION

There are four key types of pension scheme:

- **a state pension** – anyone paying national insurance and achieving enough qualifying years will qualify for a basic state pension. Some people in full time employment and paying class 1 national Insurance payments may qualify for an additional state pension.
- **a personal pension** – useful for those who move job frequently or are self employed
- **a stakeholder pension** - primarily for people who don't have access to a company pension plan and for whom personal pensions are unsuitable - in other words, those on low incomes
- **a company (occupational) pension** - there are two kinds of occupational pensions, Money Purchase/defined contributions and Final Salary/defined benefits (the later of which are currently on the decline due to the economic climate)

2.1.1 Relative importance of the two types of occupational pensions

In 2004 it was estimated that there were still about 96,000 occupational pension schemes in existence. Only 338 of these were in the Public Sector – but, of course, some of these are enormous. 37% of the largest schemes (with 10,000+ members) do indeed come from the Public Sector, whilst there are about 80,000 private sector schemes with only between 2 – 11 members⁴. Of private sector schemes, a large majority (71,000) are of the Money Purchase type.

³ Pensions Policy Institute – Fact Sheet – January 2007

⁴ Pension Policy Institute – Pension Facts 2007

The Final Salary scheme is a particularly threatened species in the private sector – the number of these offered has fallen from 35,000 in 2000 to only 18,000 in 2004. Currently, it is only the most profitable companies that still offer Final Salary schemes to all employees. This means more and more people are having to live with uncertainty as to what their income might be at retirement.

However, the fall of 1.7 million in the numbers subscribing to private sector pensions to 2004 has been accompanied by a 1.0 million rise over the same time frame of those with public sector pensions (from 4.2 to 5.2 millions). This reflects the growth of public sector employment – and, since most/all of these will involve Final Salary pensions, this will in the future mean an even greater charge on public expenditure, and thus on tax revenues from those at work.

2.2 PENSION STATISTICS

2.2.1 Current Pension Statistics

Pensioners

The number of people in receipt of the statutory pension and other pensions continues to increase (currently, 11.4 million are of pensionable age, from Department of Work and Pensions figures) and, also, people are now living longer (life expectancy has recently been rising at 2 years per decade).

It is estimated that there were 9 million occupational pensions being paid in 2004 (up by 29% since 1991) – the fact that only 7 million people (as above) are in receipt of such a pension reflects the fact that many people accrue several small occupational pensions over the course of a working lifetime.

The State pension is not particularly generous – and is expected to become even less so in future. In 2005 the UK basic state pension was £82 a week, 16% of National Average Earnings. The average state pension paid out in 2004/5 was £61 a week to women and £74 a week to men (not everyone qualifies for a full pension).

69% of pensioners receive at least half their income from state pensions and benefits.

The 61% of pensioners who also receive an occupational pension get, on average, £97 as a single person or £182 as a couple from occupational schemes, but only £76 as a single person and £89 as a couple from private schemes. Overall, the average UK worker's retirement income is similar to the minimum wage.

Those approaching retirement

In 2003/4, 60% of men and 45% of women aged 40 – 49 were accruing a non-state pension (similar to the figures for the proportions now drawing occupational pensions), only 41% of men and 36% of women aged 50 – SPA were doing this.

This last drop in pension scheme activity reflects early retirement, sickness/disability and also changing patterns of employment in the 50s.

Working population as a whole

Overall, 9 million of the working age population were in occupational pension schemes in 2004 – 5.0 in the Public Sector (therefore Final Salary) and 4.8 in the private sector (and therefore primarily Money Purchase). For an average individual, the current pension savings shortfall is around 15%. A pension company estimated that the proportion of people (of all ages) saving an adequate amount for retirement was only 46% in 2006, whilst a worrying 23% said that they did not currently know what their main source of income will be in retirement.

2.2.2 The potential market for pension giving

There are two complimentary ways to look, and think of accessing, the potential pension giving market:

■ **Existing payroll givers likely to retire in the next few years – potential size of market:**

Size of Market (no. payroll givers)	Est. no. retirees annually	Potential conversion (33%)	Annual Income (@ £60/annum)
600,000	24,000	8,000	£480,000

■ **Existing pensioners of schemes which open up to pension giving-potential size of market:**

Size of Market (no. of pensioners)	Estimated no. accessed	Potential conversion (1%-8%)	Annual Income (@ £60/annum)
9 million	2.25million	22,500 – 180,000	£1,350,000 - £10,800,000

After the first year, conversion rates to pension giving would inevitably decline – many of those likely to be converted would have been converted in the first year and only a relatively small number of new retirees would be added each year.

2.2.3 Challenges/barriers to pension giving

There are a number of factors that are still likely to challenge/restrict pensioners’ charitable giving in the future:

- the move from Final Salary to Money Purchase schemes in the private sector will increase the prevalence of uncertainty as to income and (probably) lead to lower pensions
- increasing burden of taxation on all pensioners
- many people are now taking the maximum lump sums available from pension funds on retirement (which reduce pension income levels)

- in private pensions, there is an increasing trend to contracts that allow the holder to withdraw money via drawdown of capital, as and when required, rather than by buying an annuity and taking a fixed income
- as more retirees chose to live abroad, this may have some effects on how their pensions are paid to them, and on their taxable situation.

2.3 **MARKET PLAYERS**

■ **In-house administration** – such as Local Government Pension Schemes which between them account for 3.5 million pensioners on Final Salary Schemes

■ **Outside Pension Administrators** - it will be necessary to engage with these third party administrators where they are acting as intermediates between companies and pensioners. Many of them will belong to the Society of Pension Consultants (SPC)

■ **Pensioner Representative Bodies**- There are a variety of pensioner representative bodies including: The Occupational Pensions Alliance, Public Services Pensioners Council, Civil Service Pensioner's Alliance, First Division Pensioner's Group, National Association of Retired Police Officers, National Association of Retired Firefighters, Armed Forces Pension Scheme, UNISON Retired members

■ **Associations of pension fund managers** – this is an outline of several bodies that represent a large proportion of Britain's pensioners: NAPF (National Association of Pension Funds), The Employers Retirement Association, The PMI (Professional Institute for Pensions Managers and Administrators)

3. PENSION GIVING – THE PROPOSAL

3.1 **THE ARGUMENT FOR DEVELOPMENT OF PENSION GIVING**

3.1.1 Defining the benefits for individual stakeholders

Pensioners' Benefits

- It is an easy way to donate
- It offers continuity of giving from payroll
- It is tax efficient – with full tax relief
- It reduces the tax you pay on your pension
- It is a painless way to give – the deduction won't be noticed
- It provides another option to give tax efficiently
- It is the only method to get full tax relief for a 40% tax-payer
- It allows donors to plan their giving in retirement
- Small but regular donations are more beneficial to charities than ad-hoc donations

Pension Providers' Benefits

- Could be positioned as a 'should do' i.e. Responsible and best practice
- Could qualify the employer for a Quality Mark Award
- Provides a 'value added' service for pension funds
- It could align pension funds with major charity brands which are attractive to their client base
- It aligns pension providers with their peers who do offer pension giving
- It is easy to set-up and administer
- It demonstrates commitment to the causes that your clients support

Pension Administrators' Benefits

- Great 'value add' service for clients which can be provided FOC at little cost to the Administrator
- Conversely an additional 'paid for' service to add to the portfolio
- Good marketing hook – positions the administrator as a good citizen
- Matches your potential and existing clients' CSR values

Charities' Benefits

- It provides charities with regular, reliable donations
- It enables charities to plan ahead and budget for the future
- It is a tax efficient donation, more cost-effective as there is no need to reclaim Gift Aid
- It enables charities to receive the full benefit of donations from 40% tax payers
- It forms a bridge between payroll giving and legacy giving (giving for life)
- It is a new route to market for regular giving
- ROI will become greater if payroll givers continue into pension giving (PFO and other recruitment costs)
- Attrition rates will drop, reducing administration and re-recruitment costs

Employers' Benefits

- An additional 'responsible corporate citizen' tactic, extending community investment to ex-employees.
- A 'no cost' service for ex-employees
- Flexible benefit
- Best practice
- An extension of the same benefits as payroll giving -it's quick and easy to set-up and administer and you can deduct any administrative costs from company profits for tax purposes
- It is a great way for you to demonstrate commitment to the causes that your ex-employees care about
- It can also aid retention and recruitment of staff
- Better relationships with staff
- More staff engagement
- There are tax advantages to matching pensioners' donations

The Governments' Benefits

- Attractive benefit for the 'grey vote' - very important for all parties
- Good news story if government facilitates pension giving in any way
- Another regular, therefore sustainable method of income generation for Charities
- Another tax-effective method of giving – largely untapped
- Extends the 'culture of giving' potentially up to Legacy Giving

3.2 POSITIVE CASE STUDIES

There are only a few, but notable, success stories in pension giving. A few occupational charities and benevolent funds have already identified pensioners as a key target audience and pension giving as the ideal mechanism to use to collect funds. Those that have, have either used direct mail effectively (Teachers Support Network) or have retained the loyalty of their payroll givers as they have transferred to pensioner status (Civil Service Benevolent Fund and Roland Hill Benevolent Fund).

In the case of the Teachers Support Network, the Civil Service Benevolent Fund and the Roland Hill Benevolent Fund the old adage of 'charity begins at home' is evident – these charities offer the donor the potential to use their services, increasingly likely as the donor ages.

For full case studies for Teacher Support Network, Civil Service Benevolent Fund, RNLI Individual pensioner - British Airways Pensions, RNLI Individual pensioner - British Airways Pensions, Royal Mail Payroll Giving and Pensioners and The Roland Hill Benevolent Fund **see Appendix 2.**

3.3 MARKETING PENSION GIVING

Information gathered for this report indicates that mass marketing of pension giving will not be successful. The market is too complex in its make-up with various routes to market and differing market players. In addition, the benefits of pension giving to both the pensioner and to the pension providers are intangible. Payroll giving itself suffered in the early days because employers were not convinced of the benefits. Unless pension giving can be successfully positioned as a seamless transition from payroll giving, the same doubts are likely to apply.

However, targeted niche marketing is likely to be more successful. The report has identified two key market segments. All efforts should be diverted to these key market segments. These are, in order of potential success/market size and ease of access:

1. Public Sector Final Salary Occupational Pensioners
2. Private Sector Final Salary Occupational Pensioners

Limiting and targeting marketing to these sectors will bring the best chance of success. There are existing successful case studies, in particular for Public

Sector Pensioners. i.e. The Lifeboat Fund and Teachers Support Network which prove that if tapped, public sector pensioners will give to charities that they feel an affinity with. Both charities have used direct mail to access their donors.

The total target market size is 9 million existing pensioners and 10 million existing employees subscribe to a final salary pension.

The success of the Roland Hill Benevolent Fund in keeping their payroll givers as pension givers shows the potential for 'conversion' from payroll giving to pension giving if an employer facilitates the changeover and the donor has an affinity with his chosen charity.

Other market segments that **should not** be considered at this stage include:

3. Money purchase occupational pensioners
4. Personal Pension pensioners
5. Stakeholder pensioners

It is unlikely that these pensioners will be able to be targeted successfully or cost-effectively at this stage, because of the complexities of the market.

3.3.1 Market Size

Public Sector Final Salary Occupational Pensioners

- Employees: 5.2million public sector employees are currently subscribing of which c. 180,000 are current payroll givers
- Pensioners: 5 million are current pensioners

Private Sector Final Salary Occupational Pensioners

- Employees: 4.8million private sector employees are currently subscribing to a final salary pension
- Pensioners: 4million are current pensioners

3.3.2 Key Stakeholders

A marketing strategy should be developed for each market segment separately as the messages and the participants will be different in each case. The key stakeholders for each segment have been identified as follows:

i. Public Sector Final Salary Pensioners

- The Local Government Pension Scheme
- Local Government Employers Association
- The Teachers Pension Scheme
- The Civil Service Pension Scheme

ii. Private Sector Final Salary Occupational Pensioners

- FTSE 100 employers still operating Final Salary Pensions (95 employers)

3.4 Public Sector Final Salary Occupational Pensioners

The three largest Public Sector Pension Schemes are the Local Government, Teachers and Civil Service schemes, accounting for over 4.5million members. As such they should be key targets for pension giving.

■ **Local Government Recommendations** - We recommend that the Institute of Fundraising/HMRC, commissions a marketing campaign specifically to the 99 Local Authority Pension Funds. As the majority are administered in-house there is no need to target pension administrators. Individual Local Authorities should also be targeted to allow rollover of payroll giving into pension giving.

■ **The Teachers Pension Scheme (TPS)** – We recommend in conjunction with Teachers Support Network, draft a Case Study of their promotion. Use the Case Study to engage other Benevolent Funds/Occupational Charities to approach the Pension Schemes for their industries.

■ **The Civil Service Pension Scheme** – recommendations fall into two areas – existing Civil Service Payroll Giving and existing Civil Service Pensioners.

1. Existing Civil Service Payroll Givers

- Charities should communicate their need for their Civil Service payroll givers to continue to give through their retirement, highlighting the benefits to the donor and the Charity
- Charities should consider attempting to gather information on the age of their Civil Service payroll givers and tailor mailings
- The Civil Service should market the benefits of continuing to give through pensions as part of their pre-retirement preparations for staff.

2. Existing Civil Service Pensioners

- Capita Hartshead should be engaged in order that they understand Civil Servants' facility to donate through their pension – they already administer thousands of pension giving arrangements
- A simple, generic pension giving form should be designed for retired Civil Servants. Charities could over-brand and use this form if carrying out direct mailing to Civil Service Pensioners
- A simple flow chart procedure should be designed for Pension Administrators such as Capita
- A generic mailing to Civil Service pensioners should be explored through the Civil Service Pensions Division in the Cabinet Office, the ultimate 'owners' of the Pension scheme.

3.5 PRIVATE SECTOR FINAL SALARY OCCUPATIONAL PENSIONERS

We recommend the following:

- There is a rapidly closing window of opportunity for Private Sector final salary pension schemes – employees of FTSE100 companies aged 50+ are a key target market for charities
- PGA's should market pension giving and the benefits to their FTSE 100 clients and ensure pension giving is available to all pensioners
- PGA's should produce a list for charities of FTSE100 companies which currently have a pension giving scheme in place for their pensioners
- Existing payroll givers of FTSE100 companies can then be targeted to roll-over their giving into pension
- Using the Royal Mail case study, FTSE100 companies should be persuaded to offer roll-over into pension giving for their payroll givers
- Charities should target their payroll givers who work for FTSE100 companies to persuade them to ask for roll-over into pension giving/complete a generic pension giving form

Appendix 1: Sources and other useful Websites

The Institute of Fundraising
www.institute-of-fundraising.org.uk

Department of Work and Pensions
www.dwp.gov.uk

Royal Mail
www.royalmail.com

Royal Bank of Scotland
www.rbs.co.uk

British Airways
www.britishairways.com

RBS Group
www.rbs.com

Society of Pension Consultants
www.spc.uk.com

CAF
www.cafonline.org

Civil Service Benevolent Fund
www.csbf.org.uk

Roland Hill Benevolent Fund
www.rowlandhillfund.uk.com

Local Government Pension Schemes
www.lgps.org.uk

Capita Hartshead
www.capitahartshead.co.uk

Hewitt Associates
www.employeebenefits.co.uk

HM Paymaster General
www.opg.gov.uk

Teachers' Pension Scheme (TPS)
www.teacherspensions.co.uk

Department for Education and Skills
www.direct.gov.uk

The Occupational Pensions Alliance
www.opalliance.org.uk

Public Services Pensioners Council
www.dwp.gov.uk

National Association of Pension Funds
www.napf.co.uk

UNISON Retired members
www.unison.org.uk/retired/index.asp

The Employers Retirement Association
www.employers-retirement.org.uk

Professional Institute for Pensions
Managers and Administrators

Pensions Managements Institute
www.pensions-pmi.org.uk

The Communications and Public
Service Lifeboat Fund
www.thelifeboatfund.org.uk

Civil Service Pension Scheme
www.civilservice-pensions.gov.uk

Pension Capital Strategies
www.pensionstrategies.co.uk

Pensions Policy Institute
www.pensionspolicyinstitute.org.uk

Business in the Community
www.bitc.org.uk

Appendix 2: Positive Case Studies

1. Teachers Support Network

A major campaign carried out by the Teacher's Support Network has produced great take-up with retired teachers. They had a Pension Drive in 2005 and increased the number of people giving through their Teacher's Pensions to the charity. They currently have 40,000 donors of which 10,000 give through their pensions, before the drive the number giving was around 4,000.

The Teacher's Pensions Agency provided them with a list of retired teachers and the TSN did the mailing. There were no real data protection issues reported. The amount being asked for was £2.00 per month, and they think it was the small amount which encouraged so many to become donors.

2. Civil Service Benevolent Fund

When Civil Servants retire and become pensioners they are given a form which gives them the opportunity to transfer any deductions they make from salary to pension payments, including payroll giving. The CSBF calculate they get support from 23% of Civil Servants, but this drops to 9% of Pensioners.

3. RNLI Individual pensioner - British Airways Pensions

Capt RB of Halifax was employed by British Airways as an airline pilot. He used to fly regularly across the North Sea, where he often saw different lifeboats operating, especially the Humber and Cleethorpes all weather lifeboats. Capt RB decided to support the RNLI regularly, and on his retirement chose to support them through the pension giving scheme as part of his British Airways pension.

He visited Cleethorpes lifeboat station and told them about flying over the North Sea. The lifeboat station personnel told him to contact RNLI head office to discuss making donations from his pension. Capt RB phoned head office in Poole, as he was keen to know that the RNLI would receive his donation. They were able to re-assure him, by agreeing to copy him in on the letter they sent to British Airways Pensions with his donor form. The RNLI simply sent him a donor form to complete (with a freepost return address). As soon as the form was returned, his details were entered on to the RNLI supporter database and the form was sent to British Airways Pensions for processing. His donations were soon being received regularly by the RNLI.

Capt RB's generous monthly donation is invaluable to the RNLI. It also demonstrates that the process can work very easily and effectively, if everyone has the correct procedures in place to operate a pension giving scheme.

4. The Lifeboat Fund

The Communications and Public Service Lifeboat Fund, formerly CISPOTEL (Civil Service, Post Office and Telecommunications workers) is a charity in its own right. But it exists to 'raise money to further the work of the RNLI'.

In October 2005 the fund did a mailing to 100,000 retired civil servants to ask them to support The Fund through payroll/pension giving and were disappointed by what the Secretary called the 'very poor response' - some 200 people responded. In another situation this might not have been perceived as too bad a result in absolute terms, even if a very low response rate. However, further examination of figures suggests that, for some reason, this charity seems to have a fairly low saliency even to its supporters.

Although the Fund runs an annual appeal, the majority of its income actually comes from payroll giving, of which 85% comes via pensioners. Its success in having such a high percentage of pensioner donors must be assumed to reflect pensioners' ability to continue donating once they retire from the Civil Service or associated profession. Also, investigation shows that the amounts these pensioners give are relatively low - of the 1,443 donors in one particular month, less than 1% gave more than £10 a month. 7% gave £10 - but the majority (66%) gave less than £5 a month.

Given that the Lifeboat Fund is considered to be a Civil Service charity and they offer pensioner payroll giving to staff when they retire (in fact they can transfer the donations straight across to their pension), the relatively low levels of support suggest a lack of affiliation to the charity.

However, an exception to the general pattern was Mr. H, a retired civil servant living in London, who chose to continue making payroll giving donations when he retired and donated £20 per month. He is an example of those on higher pensions who are in a position to make a valuable contribution to charity on a regular basis, more of whom might do so via pension giving, if this were more widely available.

5. Royal Mail Payroll Giving and Pensioners

Royal Mail currently accepts applications from pensioners to have payroll giving deductions taken from their pension. Each person due to commence pension is sent a form to complete to ask if they wish for deductions to continue from pension. The pensioner/employee completes and returns the form and the deductions are started from the next available pay period. The forms are usually included in any Courier magazine articles, but forms can also be obtained from the Charities Trust.

If an employee does not choose to donate at retirement, it is possible to start donating later by completing and returning a form, obtained from either from the Courier magazine or the Charities Trust.

Payroll giving is promoted to pensioners via periodic articles in the Courier magazine giving information. The Courier magazine is sent to employees and pensioners (who have opted to receive the magazine) and both have the opportunity to return the attached forms to start deductions from their pay. In the past HR have been responsible for arranging the articles in the Courier. For employees there are also poster campaigns on Notice Boards promoting payroll giving. However, the majority of the Royal Mail's payroll givers are recruited by its chosen Professional Fundraising Organisation, Payroll Giving in Action.

6. The Roland Hill Benevolent Fund

The Roland Hill Benevolent Fund is the Royal Mail's in-house charity.

In 2006 the Fund helped 400 current and past employees, disbursing over £300,000 in grants.

Fund currently has 10,000 pension givers donating £170,000 annually (note low level of individual donation @ £17.00/annum). 30% of the pensioners donating are 80+ and presumably were recruited at a time when payroll giving donations were much lower. This low level of donation has carried over into their pension giving.