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Dear Sir/Madam,

Ref : Myners Review comments

I note you request responses to 16 questions for the review. I am not qualified to answer a number of those questions but would still like to raise some issues.

I started a with-profits pension policy with Equitable Life in 1988 and invested until 2001. I finally transferred the money to another investment company last month. I therefore feel rather bitter, as I have watched my pension fund being destroyed.

1. **Non-executive directors and governance**
I totally agree with the comment that pension specialists and independent actuaries should sit on the board of mutual companies whether voluntarily or via government intervention. The pension rules are so complex that this is a necessity to ensure the mutual is properly run. What has really concerned me since the Equitable Life debacle is that very little appears to have changed. The chairman and the board (still lacking sufficient expertise) have continued to try to coerce the members and still behave in an arrogant manner. This was highlighted by the dealings with Equitable Members Action Group (EMAG) when an attempt was made to place an EMAG representative(s) on the board. Despite the fact that EMAG members partly own the company and have as much right to election as anyone else, the venom with which the idea was attacked in company correspondence was totally disproportionate.

2. **Lack of clarity**
I was amazed to discover that certain facts about the Equitable Life were known for a number of years (Penrose report) and never investigated properly. As a member receiving 12-13% per annum growth when interest rates were also in double figures, I did not consider this to be a superlative performance or one that should have rung alarm bells. Behind the scenes it was very different. In future, such problems must be placed in the public domain immediately because we are dealing with pensions and life savings and not "a punt on a penny share". Even after the Lords ruling I was still receiving assurances from Equitable representatives that everything was ok with the company while reading press reports stating the reverse. The whole system must be simplified so that individuals know what their fund value is on any given day and no company is allowed to fail to provide up to date information. The slightest hint of a problem with a pension fund must be thoroughly investigated immediately. If the facts about the Equitable Life with-profits fund had been published in 1988 I (and many others) would never have joined them.

3. Lack of accountability

I hope the FSA (or whichever regulatory body is in place) will learn the lessons of Equitable Life and never let it happen again. I can only talk in hindsight but the fact that my money went into the same with-profits fund as the GAR members was disgraceful. The GAR and non-GAR money should have been held in separate funds but obviously Equitable could not afford to do that (as we have learnt via the Penrose report).

4. Misleading sales information

One of the major selling points of the with-profits policy was that it was a less risky investment and was designed to "smooth out the fluctuations of the stock market". This appealed to me because I had suffered badly during the 1987 market crash. Not only Equitable, but also all the rest of the pension funds, failed to honour this major selling point of with-profits funds when the market crashed. Individuals pay high fees to such companies to ensure they react quickly to such events, not stand and idly watch the market fall and then blame the losses on pension funds on market forces.

I would like to thank you for the opportunity to add my comments.

Yours Sincerely,

Trevor Stearn.