

# Whitbread to end its final salary pension for all staff

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Whitbread, the owner of the Costa coffee and Premier Inn chains, yesterday became the latest company to cut into workers' pension provision as it outlined plans to shut its generous final-salary scheme to existing staff.

The leisure group said that 800 employees, or about 3 per cent of the workforce, would be affected.

Staff contributing to the final-salary plan, which pays out a pension whose size is based on their earnings, will be transferred into a more risky defined-contribution scheme, whose performance is based on rises and falls in investment markets.

The final-salary scheme, which was shut to new entrants in 2002, was labouring under a deficit of £233 million at the end of February — a huge increase on the £33 million shortfall recorded the previous year.

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Whitbread joins a growing list of British companies that have embarked on programmes to shut their final-salary schemes to current as well as new employees. More and more cash-strapped businesses are claiming that the cost of offering such generous retirement provision has become unsustainable.

Wm Morrison, the supermarket group, IBM UK, the technology giant, and Costain, the builder, have all announced plans to wind up their schemes in recent months.

Barclays, the banking group, and Fujitsu, the UK arm of the Japanese technology company, have both faced the wrath of their workforce, including strike threats, after embarking on similar plans.

Whitbread, which carried out a four-month consultation over its pension provision, denied that it was shutting the scheme because of the deficit.

Lesley Williams, pensions director at Whitbread, said: "The changes will bring the pension benefits across the business into line and ensure that we offer a fair provision of pension benefits to all."

The company also explained that it was extending the eligibility of its defined-contribution scheme to include a further 14,000 staff. Whitbread plans to increase company contributions to the scheme and said that 28,000 of its 33,000 employees are now eligible for a pension.