

The truth about financial services: those bonuses are s...

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Fifteen years ago Guardian Money reader Michael Rundell started saving in a pension scheme with Scottish Life. In September 1994, the FTSE 100 was just above 3000. He paid into the plan every month, investing £70,000 in total. This month, with the FTSE above 5000, he asked Scottish Life for the value of his fund. He was stunned by the reply. Despite the share index rising some 60% over the period, Scottish Life had turned the £70,000 into ... just under £70,000.

"What a splendid wheeze this pension business is," says Rundell. "There was me thinking the fund was a mechanism for maximising my retirement income, when it's really a job-creation scheme for people who — judging by their performance as fund managers — would be otherwise unemployable. Would someone explain how it can be legal for these people to make a good living out of my [savings](#) while doing absolutely nothing for me?"

This is the reality of our financial services sector: those bonuses and large salaries are all stolen from out future incomes to fund the current excessive lifestyles of a tiny minority today.

The sooner we wake up to this reality and reform pensions and the whole financial services sector the better.

Promoting [People's Pensions](#) would be a start.