

## Archive Information Sheet

# The 100<sup>th</sup> Anniversary of the Passing of the Pensions Act: The Role of the Post Office in the Distributing the Pensions

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The Pensions Act was passed on 1 August 1908 and came into force on 1 January 1909. Roughly half a million people went to collect their pension from their local post offices on the first day. The Post Office had a very important role to play in the process of administering and distributing old age pensions, and therefore in making decisions on the best system to use for distributing them.

### Implementing the Act

Even before the Act was passed, there was much correspondence between the bodies that were to be involved in giving out the pensions, and committee meetings to discuss potential problems. For example, there was a letter from the Money Order Department of the Post Office to the Secretary on 25 May 1908 suggesting ways in which the pensions should be paid (POST 66/13). Additionally, a memorandum dated 15 May 1908 reports on the discussions with the Bank of England, about printing the postal orders which would be given to the pensioners (POST 66/13). Further correspondence on 22 May 1908 indicated that it was decided to pay out the pensions on a Friday and that married couples should receive a pension between them as a whole rather than have it paid in two halves (POST 66/13).

An inter-departmental committee was set up to look into the regulations to be issued under the Old Age Pensions Bill and advise on the procedure to be adopted for paying the pensions. This met eight times, from 22 June to 23 July 1908 (POST 30/1566). It aimed to co-ordinate and raise the concerns of different departments in the Post Office involved in implementing the Pension Act, and to work out ‘some idea of the extent of the work which is likely to fall on the Post Office in connection with the scheme’ (POST 30/1566). There was also a Departmental Committee, which, for example, criticised the use of birth certificates as proof of age as they were often incomplete or missing (POST

114/109). They suggested the census as an alternative, although people often lied about their age on that. This committee’s report also made the final decision that the Bank of England should print the postal orders (POST 114/109). The appendix to the committee’s report even included the proposed wording for the pension orders.

The next significant date was 1 October 1908, which was the deadline for claimants to apply to receive pensions. The departmental committee report states,

‘It would be sufficient to issue a notice to the effect that claimants for pensions should apply on or after the 1<sup>st</sup> October 1908 to the nearest Post Office for the necessary form upon which to make an application, and that this form can be obtained free of charge. The notice should be widely published in the newspapers and should be posted up in all Post Offices’ (POST 114/109).

The next major event was the payment of the first state pensions on 1 January 1909, but even after that, the correspondence did not end. There were revisions to the Pensions Act in 1911, 1919, 1924 and finally 1928, when the age at which it was received was lowered from 70 to 65.

### The Operation of the System

Pensioners would apply to receive a pension by handing in an application form to their local post office. This would be passed on to the Pension Officer, who would visit the pensioner and give them their pension book. This would contain 25 postal orders, of whichever value pension the applicant was due to receive. The amount could vary between one and five shillings depending on the pensioner’s circumstances and how much they had earned in their working life. Every Friday, the pensioner would visit the local post office and substitute one postal order for a pension payment of the amount specified. Pensioners would receive a new pension book every

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six months. Although there are 52 weeks in a year, there were only actually 50 postal orders given to the pensioners, which apparently saved the Post Office much money and labour (POST 30/1566).

## The Role of the Post Office

The Post Office was the point of contact for pensioners. If their address changed or they became too unwell to get the pension themselves, they or their families had to notify the Post Office, which would pass the information to the Pension Officer. According to the *Post Office Circular*: 'It will be the duty of Postmasters and Sub-Postmasters to give all necessary assistance in the filling up of the forms and they should see that answers are given to all the questions on the forms.' (*Post Office Circular*, September 1908, Circular no. 1844). It was the job of Post Office staff to make sure the applicants were who they said they were, and that they met the criteria that allowed them a pension. Pensioners had to have been 70 years old, been a British subject for at least 20 years, have earned less than £31 10s and be of good character. They could not receive a pension if they had been to prison, or habitually refrained from work when physically able (POST 66/15 and 30/1566). In an age when literacy levels were far lower, often people could not read these forms and were not capable of signing their own name. In this case, Post Office staff had to read out the forms to the pensioners and the pensioners would put a cross rather than sign their name.

Postmasters also had to try and estimate how many orders they were likely to get in so that they ensure there was enough money in the post office to pay them:

'The Sub-Postmaster should estimate as early as possible the total amount of Pension Orders likely to be presented at his office, and if it would appear that the silver in his hands will not be sufficient he should apply to his Head Postmaster for the necessary amount on the proper application form' (*Post Office Circular*, December 1908, circular no. 1857).

Of course, all of this meant quite a lot of extra work for Post Office staff. In recognition of this, they got paid a commission of one shilling for each pension application they dealt with (*Post Office Circular*, 1844, September 1908). Staff had to sign and date

stamp the forms in order for it to be worked out at the end of each month how many each member of staff in a particular post office had processed. In a few exceptional cases, pensions were hand delivered to the recipients by postmen. Sending payment by post was deemed unsafe and pensioners were sometimes incapable of getting it themselves (POST 30/1566). Every order processed cost the Post Office ¾ d for every order it processed too. (POST 66/13).

The system was not completely new though, as the Post Office was also responsible for distributing army pensions. However, these were paid out quarterly instead of weekly and did not involve the use of postal orders as the state pensions did. Interestingly, an effect of the introduction of the Old Age Pensions Act was to add weight to the argument ongoing at the time that army pensions should also be paid weekly. However, this never got changed, as for various reasons, it was decided that weekly payments were not appropriate for army pensions (POST 30/1477A).

## Problems and Solutions

Of course, introducing an Act on this scale was not without its problems. There were administrative issues as it was expected that people would fill in the application form in the post office. Sometimes, they took it home instead, and then addressed it incorrectly or sent it to the wrong place:

'Cases have occurred in which the forms have been taken away by the applicants to fill in at their own home, and have been posted bearing simply the address "The Pension Officer." Other forms have been sent to Somerset House, and some to the General Post Office. In future, when the applicant desires to take the form away and does not intend to bring it back to the Office, the address of the Pension officer should be written on the back by the Counter Officer or Sub-Postmaster.' (*Post Office Circular*, September 1908, circular no. 1846).

Problems like this were unsurprising though given the extra work and bureaucracy involved as a result of dealing with the pensions. There were also some cases of pensions being allocated to people who were not entitled to them. (POST 66/14). This was an

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infrequent occurrence, but when it did happen, there was, surprisingly, no external investigation made into the matter (POST 66/15).

Further problems occurred as a result of pensioners changing the post office at which they received their pension, either permanently or temporarily. According to the Interdepartmental Committee report, there were problems stopping payment at the original paying office and the procedure for changing paying office was 'likely to cause much trouble to Postmasters and Pensioners, and the precautions to be taken seem unnecessarily elaborate' (POST 66/14). There was also concern that changing the post office of payment temporarily would cause a large amount of work for the Inland Revenue. It was therefore decided that pensioners could only go to a different post office to collect their pension if they were absent from their usual post office for more than four weeks (POST 30/1566).

Another issue which seemed to provoke much comment was the commission given to Post Office staff for dealing with the pension applications. The General Secretary to the National Federation of Sub-Postmasters states that, 'My executive instruct me to draw your attention to the general and deep dissatisfaction of Sub-Postmasters with the rate of remuneration notified as intended to be paid to Sub-Postmasters for the payment of Old Age Pension Orders' (POST 66/14). This, apart from anything else, shows how much extra work the introduction of the Pension Act caused the Post Office and its staff.

In 1927, it was discovered that the rule book did not cover the issue of whether an agent collecting a pension for somebody else could witness the pensioner's signature (POST 66/15). The pension rules were also criticised by the Post Office Investigation Branch because the rules treated the payment of an Old Age Pension Order in the same way as a Postal Order, which the Investigation Branch did not believe that it was (POST 30/1566).

## Success

Despite these relatively minor problems, there was also a lot of praise for the way the Post Office dealt with Old Age Pensions. There was a comment in *The*

*Universe* that, 'A word of praise is due to the splendid organisation by which the first payments were effected, as well as the courteous and sympathetic demeanour of the Post Office Officials, who did not conceal their own pleasure at being a means towards giving happiness to others' (POST 66/13). The Post Office staff obviously made a good impression. Likewise, there is a letter from the Money Order Department controller stating that 'I am glad to be able to report that, so far as has come under observation in this department, the paying of Old Age Pensions at post offices has been satisfactorily carried out' (POST 66/13). The Post Office seemed to be satisfied with how things had gone internally and the press seemed impressed too.

It is difficult to underestimate the scope of what the passing of the Pensions Act involved. Although pensions were available to a very small percentage of the population, they did, for the first time, allow half a million pensioners to have some sort of an income to supplement their savings and therefore keep them out the poor house. The Post Office had a hugely important role to play as it was the institution that dealt with processing the applications and providing the pensions. All things considered, the Post Office coped remarkably well. It started and carried on to successfully play a vital role in the Old Age Pensions system.

## Sources

**POST 30:** Registered Files, England and Wales Minuted Papers (1792-1952).

**POST 66:** Post Office: Staff Pensions and Superannuation (1713-1992).

**POST 114:** Post Office: Acts and Warrants (1657-1986).

## Post Office Circulars

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Please bring proof of identity to get an archive user card. In most cases there is no need to make an appointment, but please contact us in advance if you have any questions.

The Royal Mail Archive [www.postalheritage.org.uk](http://www.postalheritage.org.uk)

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