

Wealth Management - PBIFA Targets 2004

In December I reported that the Bank had wanted to increase PBIFA targets, based on its belief that Retail Introductions during 2004 would increase massively. In the event targets for Q1 were carried over because the Bank accepted our view that there should be no increases in targets until it could properly demonstrate that the expected level of business was actually being delivered.

Our negotiations have now resumed and not surprisingly the Bank says that there is now overwhelming evidence to justify 'significantly increased targets'.

The Bank has told LTU that:

- if the business is to achieve its targets for 2004 from the change in strategy, PBIFA targets ought to increase by over 40%
- levels of introductions, first appointments and conversion rates so far this year indicate that increases of this order are achievable.

We still believe that with actual levels of business written currently massively below target, there is no justification for target increases of 40%.

The Bank has responded positively and is now proposing that:

- **as a first step, Q2 Targets should be the original 2003 Targets (i.e. before the**

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Targets Increases Negotiations Explained

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reduction of 15% due the withdrawal of With-Profit Bonds).

Targets for the rest of the year can then be assessed against a further quarters data.

- **in recognition of our concern that there is insufficient evidence to justify its proposals, the salary protection guarantee should be extended for a further quarter.**

This would mean that salary levels would be protected until October 2004.

- **all PBIFA salary ranges should be increased by 2.5%, backdated to 1st January 2004.**

I will keep Members informed of developments.

The Bank's Case

The Bank has gone to great lengths in its attempt to justify why a substantial increase in PBIFA targets is first needed, and second achievable. It has told us that for Private Banking to increase its Market Share and deliver on the Bank's new strategy it must place £1,200M New Funds Under Management. It is apportioning some £850M to PBIFA's.

According to the Bank in order to achieve this level of business, PBIFA Targets should actually increase by some 43% over current levels. It believes all the evidence now justifies significant increases, among them that:

- 'Introductions' from Retail and 'First Appointments' are at record levels. Retail's commitment to provide 8,800 'New Leads' this

year is so far being met (123% of target to date) and 'First Appointments' are double the levels seen for the same period last year

- there is increasing evidence that 'Banking Only' clients are now signing up for AMS
- the UK's Economy and financial markets are much more settled and house price growth continues to fuel increase in wealth
- initiatives such as on-line quotes, CQI and 'e'-forms are delivering real time savings
- whilst FUM and Insurance are both well below target they are improving week on week and there is a historic trend of increased business in the last 2 or 3 weeks each quarter which should dramatically improve the position.

Not Proven

The simple fact is that to increase targets at a time when the vast majority of PBIFAs are not meeting even present target levels is unrealistic and demotivating.

The very fact that FUM is currently only 62% of target and Insurance 34% says it all. At best these figures suggest that there is a significant time lag between leads and written business which the Bank is failing to recognise and which cannot yet justify massive increases in targets.

As well as making it unlikely that few if any PBIFAs would earn any bonuses, the Bank's original proposals also raised the prospect of a potential 'Double Whammy'. With Q2 performance being the second quarter against which performance would be measured to determine whether a change in Level was required, failure to achieve target would almost certainly have resulted in a drop in basic pay.

The Bank has acknowledged our concerns and is proposing to extend the salary guarantee for a further quarter. Staff would therefore have their current Levels protected until the end of Q3.

Our negotiations continue and we want to hear members views. For example:

- **Do you believe the Bank is right to say that the business is there and that these increases are justified?**
- **What more can the Bank do to assist PBIFAs?**

To make their views heard members can either complete and return the faxback sheet opposite, email Graeme Down or telephone on 01234 262868.

NICK HOLT
Assistant General Secretary

FAX

..... with your comments/questions to **01234 262821** **LTU**

Date:

Subject: **PBIFA Targets 2004**

From:

Membership No:

Alternatively, you can e-mail your comments and concerns to [Graeme Down@ltu.co.uk](mailto:Graeme.Down@ltu.co.uk)