

Only the last 20 years service is used in the calculation and payment is capped at 104 weeks' pay.

A week's pay is defined as follows:

- Basic salary (in addition for sales staff, where Personal Sales Related Pay (PSRP) is payable, PSRP will be averaged over the previous 12 months)
- Territorial Allowance
- Car Limit
- Shift Allowance
- Contractual Overtime (regular, rostered, pre-determined).

The calculation of a week's pay is uncapped.

The first £30,000 of any payment remains tax-free.

Severance payments apply to all staff aged between 16 and 65.

Payments are based on service to date of termination and are rounded up to whole years based on age at last birthday. For example, service of 12 years 1 month at date of leaving would be rounded up to next whole year - 13 years.

The table above can be used to determine how many weeks pay you would be entitled to as a Severance Payment.

Early Retirement

Under the new arrangements there is no augmentation of pension for early retirement – either payment of non-actuarially reduced pension for staff in the Defined Benefit Schemes or extra pension payments for staff in the Defined Contribution Schemes.

Whilst it is still possible to provide non-actuarially reduced pensions as part of an early retirement arrangement for staff in the Defined Benefits Scheme (Final Salary Scheme) it will not be possible to augment pensions by making extra pension payments to staff in the Defined Contribution Schemes. The Bank said it did not want to treat the two groups of staff differently and therefore chose not to do anything for the staff it could help - those in the Defined Benefits Scheme.

The actuarial factors that apply for pensions drawn early are 6% per annum reduction for deferred pensioners and 4.75% per annum reduction for retirement from active service.

Staff aged 50 taking severance therefore have the choice of:

- taking their full severance and leaving their pension to be drawn at age 60
- drawing an immediate pension and sacrificing some or all of that severance payment to mitigate the actuarial reduction (if part or all of the severance payment is waived in this way there is no tax liability)
- taking their full severance payment and draw an immediate actuarially reduced pension.

Female staff who joined Lloyds Bank before the July 1974 will retain their rights to retire at age 55 with a non-actuarially reduced pension.

Finally, the Severance Terms are exactly the same irrespective of whether staff choose to leave the Bank through Voluntary Severance or because of Compulsory Redundancy.

LTU Support & Advice

The measure of any trade union is the quality of support it is able to provide its members when they are most in need of help.

LTU's highly experienced staff, our focus just on Lloyds TSB and complete independence from the Bank means that no-one comes close when it comes to being able to provide members with professional advice and support.

Any members needing advice, support or representation should telephone LTU's Advice Team on 01234 262868.

NICK HOLT
Assistant General Secretary

22 MARCH 2007

Registrars

Today's Announcement - LTU Advice

Today's announcement that Registrars are looking to remove 80 roles at Band 6-3 across the whole business and involving all locations is clearly going to be an unsettling time and members need to know where they stand and what rights they have. This newsletter sets out members rights under the job security policy and explains the new Severance Terms. It has been sent direct to you because according to our records you are part of the management population at Registrars. It does not signify that we know anything specifically about you or your situation.

If you are affected or concerned by this announcement you should contact the Union's Advice Team without delay on 01234 262868 to ensure you get independent professional advice and assistance.

Suitable Alternative Employment Explained

Members should be aware that during any reorganisation such as this they have a number of legal rights and rights under the Bank's Job Security Policy. In particular, staff whose jobs are redundant have a legal right to be offered 'suitable alternative employment' if it is available. If suitable alternative employment is not available they must be offered the Bank's Voluntary Severance Terms as an alternative.

'Suitable Alternative Employment' would be:

- A position at the same Band or level of seniority (see 'Transfer To A Lower Grade')
- Within the skills, competencies and experiences of an individual, subject to adequate training

INSIDE

Suitable Alternative Jobs How To Calculate Your Severance Terms LTU Support & Advice

- A 'proper job' rather than one of only a short-term nature
- With the same working patterns
- Within recognised mobility parameters.

It may be possible that staff will be offered temporary secondments or projects, but these would be treated as 'suitable alternative employment' only if there was a real prospect of the individual continuing in the post for the foreseeable future.

Where members of staff are offered genuinely 'suitable alternative employment' they cannot unreasonably decline the alternative jobs.

Travel & Mobility

In some cases staff may be concerned that they could be offered alternative jobs that are some considerable distance from where they live.

The guidelines agreed between LTU and the Bank specify that staff should not normally be expected to transfer where;

- The journey from home is more than 25 miles, or;

- The journey time for staff travelling by public transport is more than 1 hour 15 minutes.

Of course, each case needs to be judged on its own merits. In some circumstances (such as quick driving routes) a longer journey may be reasonable; whilst in other cases 25 miles may be too great a distance (i.e. congested or cross-country journeys). The Bank must also take into account the "personal and domestic circumstances" of staff, for instance their child or family care responsibilities, when considering asking them to transfer.

Trial Periods

Members accepting new jobs, or agreeing to consider positions that are not deemed 'Suitable Alternatives' by the Bank, should be offered trial periods of between four and twelve weeks before they confirm final acceptance of any new positions. It is essential that members establish the right to trial periods in advance of taking up new positions and get it clearly understood in writing that if they deem a job to be unsuitable and no further job is offered, they can take Severance. This decision can be made at any time during the trial period.

Job Size & Duties

Any members considering accepting an alternative job should:

- Ask for the Hay Job Units score for the new job. Members must remember the fact that two jobs are in the same Band doesn't mean that the salaries attached to them will be managed around the same Market Indicator. This can and will affect the salaries actually paid. Members must check the job sizes of alternative jobs to establish whether the same Market Indicators apply.
- Ask for a clear description of the responsibilities and tasks of the new job and, where necessary, find out what training will be provided by the Bank.

Transfer To A Lower Grade

Under certain circumstances staff might be asked to accept a lower grade. It is important to note, however, that:

- This must be no more than one Band lower than their current job.
- Their current salary will be protected and managed using the Band and Pay Zones applicable to their new job.
- If they are above the mid-point of the market zone for their new job, they can expect to be managed at their current level

(adjusted for general market movement) for a period of three years, subject to satisfactory performance.

- Anyone downgraded from Band 3 to Band 4, Band 4 to Band 5, or Band 5 to Band 6 must be offered Voluntary Severance as an alternative.

It is important that any staff facing the prospect of being downgraded should discuss their circumstances with LTU's Advice Team.

Transfer To A Different Business Unit

It is particularly important that staff who consider transferring to another part of the Lloyds TSB Group are sure that their existing terms and conditions are protected.

Whilst the branch network, for example, has the same terms and conditions as operate within Group Operations, other areas - such as C&G, Asset Finance, etc - do not.

It is therefore essential that any members contemplating transferring to another part of the Lloyds TSB Group first discuss their circumstances with LTU's Advice Team.

Job Security Appeals Procedure

Where members feel they have been treated unfairly during a reorganisation - either through being pressurised into accepting unsuitable alternative jobs or having been told they are being made compulsorily redundant - they can pursue Job Security Appeals with full representation from LTU.

This procedure, which has been used successfully by a number of LTU members, means that staff can have their cases presented by experienced Union Representatives in front of Panels consisting of an equal number of senior Union and Bank Officials.

It is up to the Appeals Panel to decide whether individuals have been treated fairly in terms of redeployment and, where they believe this hasn't been the case, they can decide that staff should be offered either a different role or offered Severance Terms instead.

It is essential that any members who are concerned with their treatment contact LTU's Advice Team on 01234 262868.

How To Calculate Your Severance Terms

In October 2006, the Bank introduced a single set of Severance Terms that now apply to all staff working for the Bank; irrespective of when they joined Lloyds TSB or which of the Bank's they worked for when Lloyds and TSB merged.

Though the Bank had to make some changes to the Severance Terms in order to comply with Age Discrimination legislation, it has also admitted

that it exploited the opportunity to slash up to £125 million from its costs.

The calculation formula for determining how much Severance Pay staff receive is as follows:

- Two weeks' pay for every year of service under the age of 22;
- Four weeks' pay for every year of service aged 22-40; and
- Six weeks' pay for every year of service aged 41 and over.

