

Agreement Reached On Improved Severance & Retirement Terms

Whilst we have our differences on a range of issues, from pay to offshoring, we are pleased to report that following intense negotiations over the last few months, LTU and Top Management have agreed to revised severance and retirement terms for those staff leaving through redundancy until 2010.

Members may recall that following the introduction of new legislation last year that made treatment on the grounds of age illegal, the Company introduced new severance and retirement arrangements. Under those arrangements there was no augmentation of pension for early retirement - either through the payment of non-actuarially reduced pensions for staff in the final salary scheme or extra pension payments for staff in the money purchase schemes. Coincidentally the Pension Scheme Trustees announced at the same time new actuarial factors for pensions drawn early. These were reductions of 6% per annum for deferred pensioners and 4.75% per annum for retirement from active service.

As a result of further negotiations we are pleased to have agreed the following arrangements:

- **From the 1st January 2007 to the 31st December 2008 staff leaving Lloyds TSB or C&G through redundancy will have the choice of either taking the 1997 Redundancy Terms and for staff aged over 50 drawing an immediate non-actuarially reduced pension or taking the 2006 Redundancy terms with an actuarially reduced pension. Staff covered by the previous transition terms will not be able to change their decision or choose different terms.**
- **Members of the money purchase scheme will also have their pension pot increased.**
- **The Company will write to all those staff that have left since the 1st October 2006 to offer them the opportunity to take advantage of the new arrangements.**
- **From the 1st January 2009 to 6th April 2010 staff leaving through redundancy who choose to take their pension early will have the actuarial reduction limited to 3% per annum rather than 4.75%.**

Of course, this is just the latest example of where negotiations taking place at a Group level have a direct bearing on C&G Staff. With LTU representing over 40,000 staff from across the Lloyds TSB Group of companies - and Amicus Unite under 4,000 - only LTU can exert genuine influence on key issues affecting staff.

£270k Better Off - Courtesy of LTU

When you are discussing these issues you can sometimes forget that they involve real people with real problems and in the case studies below we try to show how LTU's agreement with Top Management is going to change two members lives for the better.

Case Study 1

We have a member aged 54 who currently works in a C&G Branch, which we suspect will close down later this year. She's got 31 years and 4 months service with C&G. Her leaving salary is £18,325 which under the 2006 Redundancy terms would produce a pension of £7,149 and a severance payment of £36,650. Under the new arrangements she can now choose to take the previous C&G terms which would produce an annual pension of £9,570 and a severance payment of £36,650. That's an extra £2,421 in pension per year, 25% more, which will be payable for the rest of her life.

Case Study 2

Take the case of the Local Director aged 51, with 35 years service and a salary of £72,800 at Band 2. He was recently made redundant from Lloyds TSB. Under the terms then he received a severance payment of 104 weeks' salary (including car allowance) which equates to £157,080. His pension, with an actuarial reduction applying to the period of service prior to May 1990, would be approximately £36,100 per annum.

Under the new arrangements agreed by LTU and Top Management the same Local Director would still receive a severance payment of £157,080 but his pension would be about £43,854 per annum, because the actuarial reduction under the current arrangements would not apply.

So, whilst the severance payment is the same, the pension under the new arrangements is some £7,700 more each year. And that's for the rest of his life. According to the mortality tables he's likely to live until 86 given his current age and on that basis he will get some £269,500 more in pension payments over the next 35 years. Should he die, his widow will now pick up a much bigger pension than under the old arrangements.

LTU - Commitment, Independence & Influence

For C&G staff who want to depend upon professional, independent representation there is only one Union ... LTU. With LTU members can count on:

- **Independent representation by highly trained Officials that are paid direct by the Union; not employed and paid for by management.**
- **A Union that has real influence, just look at what we have achieved on the severance and retirement terms, with the Company because we represent over 40,000 staff working in the Lloyds TSB Group.**

Joining LTU couldn't be easier. Just pick up the telephone today and speak to Claire Thompson in the Union's Membership Department on 01234 262868 or you can join online at www.ltu.co.uk.

Advice For Members

Any members who have any issues regarding the new arrangements or any other problems which they are encountering at work should contact the Union's 24 Hour Advice Line on 01234 262 868 (or by email at 24hours@ltu.co.uk for independent professional help and guidance.

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