

Concessionary Rate Staff Loans/Mortgages & Banking Benefits

Compensation for the loss of banking benefits such as Bank Accounts, Overdrafts, Staff Loans and Credit Cards on preferential (concessionary rate) staff terms will be a one-off cash payment of £100.

Concessionary rate staff mortgages will move to the Bank's commercial rate. However, agreement has been reached that any rate increase will be deferred for 6 months i.e. to April 2008 to allow staff time to change the type of mortgage they have or to change provider to obviate the increase in cost.

In addition staff with concessionary rate mortgages will receive as compensation a one-off cash payment equivalent to 3 x their P11D taxable benefit for the last tax year together with a flat rate payment of £500. The maximum compensation therefore will be £1,916.

Car Scheme

Cash limits will be the same as in the Bank.

Agreement has been reached with Lloyds TSB Autolease for managers with company cars to retain them until the end of the year whilst either extended arrangements with Autolease are agreed or a new scheme developed with a new provider.

Service

Service with Lloyds TSB will be retained for all statutory and service related benefits.

Medical Cover & Health Screening

Health Screening will continue unchanged with the existing provider. Medical cover will continue on the basis of providing the same level of benefits but this scheme will be more expensive than the Bank's and will result in an increased taxable benefit. For managers paying tax at 40% the tax liability increases by £28.90 a year.

Individual Representation & Collective Bargaining

LTU will be recognised by Equiniti for both individual representation and collective bargaining. Continued recognition means that members transferring to Equiniti will still have access to independent, professional advice and assistance.

This is vitally important as it is clear from the Company's approach to this transfer that staff are not valued fully and are going to need to be represented.

Compensation Payments

Any compensation payments due will be made in September through payroll. At present all payments will be subject to tax and National Insurance though representations are being made to the Inland Revenue about making the payments tax-free.

LTU Advice

Members requiring advice on any aspect of the transfer terms should contact the Unions's Advice Team on 01234 262868.

3 SEPTEMBER 2007

Registrars/Equiniti

Equiniti Transfer Terms

In June I reported that we had started talks with the Bank regarding the transfer of Lloyds TSB Registrars to Advent International. The aim at that time was to conclude our discussions by the end of August with neither party providing piecemeal updates until a complete set of transfer terms had been established. Our discussions have now concluded and whilst most terms and conditions will be unchanged I have to report that we have not been able to reach agreement overall on the terms that will apply to staff employed by Equiniti when the transfer takes effect on the 30th September 2007.

Transfers of Undertakings are fraught with difficulties and because not every term and condition can be replaced and some vital benefits such as pensions are excluded altogether from the legal protection TUPE offers, invariably the transfer terms fail to satisfy everyone. Regrettably that will undoubtedly be the case in this situation as all sides agree the new package is not as good as staff have enjoyed to date.

Inside this Newsletter I set out the main terms and conditions that will apply in Equiniti. In the vast majority of cases existing terms and conditions have been lifted and will apply in their entirety in Equiniti. These include working hours, leave, sick pay, redundancy terms, pay, grading, job evaluation and parental leave arrangements.

INSIDE Summary Of Equiniti Transfer Terms

The areas that have proved the most complex and controversial and where agreement has not been possible have not surprisingly been pensions, which shamefully are excluded from TUPE protection rules and compensation for the Share Schemes which will not be available in Equiniti.

In short what has been proposed will leave large numbers of staff not just financially worse off whilst they remain working for the new company but also in retirement. It is the worst possible start to life in Equiniti and sends staff a simple and unpalatable message that not only will they not share in any future success but that any growth will be at their expense.

NICK HOLT
Assistant General Secretary

Summary of Equiniti Transfer Terms

Pensions

Lloyds TSB Pensions

Existing pensions with the Bank will be frozen on the day of transfer and will be deferred until drawn at Normal Retirement Age.

Deferred pensions for those in the Bank's Final Salary Scheme, also known as the Defined Benefits Scheme, will increase in line with the Retail Prices Index, subject to a maximum of 5%, each year.

For those in the Bank's Defined Contribution Scheme - the Pension Investment Plan (PIP) - their individual pension account will grow in line with the return on the relevant investment fund.

Lloyds heritage scheme members who joined the Final Salary Pension Scheme before October 1988 will, in line with the agreement LTU reached with the Bank in 1997 when the scheme was made non-contributory, have 5% added to their pensionable salary for the purposes of calculating their pension.

Equiniti Pension Schemes

There will be two new pension schemes in Equiniti: one for staff who were in the Final Salary Scheme and one for all other staff i.e. those who were in the Pension Investment Plan and those who were not yet eligible to join.

Former members of the Final Salary - Defined Benefit Schemes

A new Defined Contribution scheme will be established. Unlike the Bank's Final Salary Scheme this will not be contracted out of the

State Second Pension System. This means that in addition to a company pension staff will receive when they reach state pension age an enhanced pension from the state. Contracting in will increase employees National Insurance Contributions by 1.6% up to a maximum of £485 a year based on current NI thresholds.

The Investment Pension Scheme will remain non-contributory for employees and the ongoing company contribution will be 11.5%, with a further 2.5% going into an individuals enhanced state pension through increased employer National Insurance payments.

On the first and second anniversaries of the transfer staff still in employment will receive an additional one-off contribution equivalent to 7% of salary. Making a combined employer contribution rate of 21% of salary for the first two years.

Normal Retirement Age will be 60 but staff will be able to retire at any time from age 55. At retirement the amount invested/secured can be used to purchase a pension/spouses pension. There will also be an option to take up to 25% of the amount secured in the form of a tax-free lump sum before purchasing a retirement pension.

It is very unlikely that the new scheme will be in place by the transfer date but any employer contributions will be backdated and we still have to finalise the composition of the Pensions Trustee Board.

Approximately 700 staff currently in the Bank's Final Salary Scheme will move to this

new scheme. Although additional one-off contributions have been secured, there is no disguising the fact that even with these, this pension arrangement will not provide anything like the same level of retirement benefits. Indeed staff may need to add-in something like 10% of salary annually to make up the shortfall in retirement income.

Former members of the PIP - Defined Contribution scheme

The new scheme will largely mirror the Bank's scheme. However, the scheme will also be contracted into the State Second Pension Scheme and will become non-contributory.

This scheme will apply to all new staff and because the minimum age for employer contributions has been reduced from 25 to 18, to all existing members of staff currently too young to be eligible.

Share Schemes

As I commented recently about the one-off investment opportunity Equiniti will not be offering staff any long-term reward schemes. This means the Save As You Earn (SAYE) scheme and Shareplan will cease to operate on transfer.

SAYE Scheme

Staff will have what is known as 'Good Leaver' status and will be able to make 5 further payments to existing schemes, but must exercise their options within 6 months of the date of transfer.

There will be a one-off cash payment to compensate for the loss of this scheme comprising 3 x the total Maturity Bonus/es being lost.

For a member of staff saving the maximum £250 a month in the 2003A 5 Year Scheme this would equate to £4,275.

For the same level of saving in the 2006A 3 Year Scheme the compensation would be £1,050.

Shareplan

To compensate for the loss of Free Shares all staff will receive a one-off payment equal to 2.25% of salary. This equates to 3% of salary for the first 9 months of the year that staff will have been employed by the Bank.

For the loss of Matching Shares (where appropriate) staff will receive a one-off payment. This will equate to one years employer contributions - the maximum payment being £360.

This means that staff will lose not only benefits worth a minimum of 3% a year but the tax free investment opportunity payment in shares offered.

Flexible Benefits

A new scheme has been agreed with a new provider 'Asperity' that will expand the number of offers available to staff from 90 under the Bank's scheme to 1,300.

The new scheme will come into effect from the end of the year until which time the existing Bank scheme will continue. The only real exception being the 'Pensions Extra' option which will cease on transfer.

The flex payment of 4% of salary remains unchanged.