

Time To Act On Pension Scheme Deficit

LTU has been concerned for some time about the size of the Group's Pension Scheme deficit, how best it might be eliminated and over what time period that should be achieved.

At the end last year LTU commissioned two reports from leading UK Actuaries, Hymans Robertson, on the size of Lloyds TSB's Pension Fund deficit. Hymans Robertson, adopting 'middle of the road' actuarial assumptions, concluded that:

- **Under the new funding regime the LTSB No 1 and No 2 Pension Funds have a combined pension deficit of £4.6 billion and not £1.5 billion.**
- **In order to eliminate the combined pension deficit over 10 years Lloyds TSB would need to make annual contributions of £610 million and not the £189 million they have said they will contribute**
- **The contributions required to fund benefits accruing in future, allowing for future salary growth, would need to increase to 31.4% of pensionable salaries for the No 1 Fund and 30.6% for the No 2 Fund. That is significantly more than the Scheme Actuary's assumption of 23.2% for No 1 Fund and 22.7% for the No 2 Fund.**

The next full actuarial valuations of the No 1 and No 2 Pension Funds under the new funding regime are not set to take place until 2008. LTU have written to the Trustees asking them to carry out those valuations now. Only then will we have a clear picture of the state of the Pension Funds. If, as we suspect, the combined pension deficit is significantly

more than reported we would expect the Trustees to reopen negotiations with the Bank on future funding and seek to agree a more realistic and favourable schedule of pension contributions.

Join LTU's Campaign Today

The Pension Fund Trustees are meeting on the 15th March 2007 to discuss LTU's proposal. The Trustees are there to represent the interests of, and act on behalf of, pension scheme members. It is imperative therefore that before they discuss LTU's proposal the Trustees understand and take account of the views of pension scheme members.

We have produced a petition postcard, copies of which are enclosed, and we would urge you to complete

and return it to the Union's Bedford Office immediately. No postage stamp is required because LTU has paid for the postage already.

It is important that we get the cards back before Monday, 12th March so that we can deliver them to Ewan Brown, Chairman of the Lloyds TSB Pension Funds before the meeting on the 15th March.

If you have any questions please do not hesitate to contact us as follows:

Mark.Brown@ltu.co.uk

24hours@ltu.co.uk

Advice Team on 01234 262868

Mark V Brown
Assistant General Secretary