

2008 Targets & Incentives

The Bank will announce today its target and incentive proposals for Mortgage Specialists for 2008.

Whatever definition you care to use 2006 and 2007 have been a extremely difficult years for Mortgage Specialists and 2008, if you believe the forecasters, is going to be another difficult year. Historically high interest rates, subdued real earnings growth, slowing economic growth, the sub-prime mortgage melt down and the Northern Rock disaster have all had a negative impact on the financial services industry generally and the Bank's mortgage business in particular has steadily got worse against target since the beginning of the year.

The Bank's new Senior Management team understand the scale of the problem and have been working intensively to put in place a targeting model that is going to give Mortgage Specialists a realistic opportunity of earning bonuses in 2008.

The Bank's proposals for 2008 are as follows:

- **The volume mortgage target is decreasing by some 13% from £9.3 billion in 2007 to £8.13 billion in 2008 and that will be reflected in individual targets. In 2007 the target for completions was 3.6 compared to 3.3. for 2008.**
- **To increase the bonus participation rates for Mortgage Specialists the Bank has agreed to lower the performance thresholds that need to be achieved to**

earn bonuses. For Q1 the 91% needed to earn a bonus will be reduced to 76% and the 100% threshold that triggers the 'champagne moment' will reduce to 85%. Threshold levels for the three cross sale products will also be reduced. These changes should ensure that significantly more Mortgage Specialists participate in the bonus scheme. Towards the end of Q1 we will discuss with the Bank incentive arrangements for Q2 and beyond.

- **Minimum performance thresholds, 14 policies for home insurance, 6 policies for PPP and 14 P4L benefits, will introduced from the January.**
- **From January 2008 Mortgage Specialists will be subject to the Network Protection Offer rules. Where a new policy is sold and an existing policy is cancelled the Mortgage Specialist will only receive the reward for the incremental business.**

Tell Us What You Think

Mortgage Specialists with any comments on this Newsletter can either contact me directly at Mark.Brown@ltu.co.uk or phone the Union's Bedford Office on 01234 262868.

Mark V Brown
Assistant General Secretary



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