

Offshore Banking Redundancies

Since the last Newsletter we have had a number of calls from members asking about when Jamie Hill and Mark Annetts will be visiting the islands to speak to members. Mark Annetts will be visiting the Isle Of Man on Monday, 29th June to Wednesday, 1st July and he will be based in Room 2 of the Peveril Building. Jamie Hill will be visiting the Payment Centre in Jersey on Monday, 29th June. Further visits will be announced nearer the time. If you would like to make an appointment to see either Mark or Jamie please email Nick Perkins@ltu.co.uk and he will make the appropriate arrangements.

There appears to be some confusion regarding which severance and pension terms apply to which groups of staff. The 2006 severance terms which we have published below apply to staff on UK contracts working in Offshore Banking and that will mainly be staff on secondment and those working in London. The rest of the staff in Offshore Banking (non UK contracts) are covered by a separate set of severance terms and those are detailed below. Whether staff choose to leave the Bank through Voluntary Severance or are forced out by Compulsory Redundancy, the Redundancy Terms they receive will be exactly the same irrespective of the circumstances.

OB Severance Terms (Non UK Contracts)

The first stage of calculating entitlement involves working out an individual's weekly earnings upon which Redundancy Payments would be based. Weekly Pay would include:

- Basic Salary
- Car Allowance
- Shift Allowance

The total pay figure is then divided by 52 to arrive at a weekly figure. The formula for calculating the severance payment is as follows:

LENGTH OF SERVICE	ENTITLEMENT
Under 2 years' service	Nil
Service between 2–10 years	2 weeks' pay per year of service (min 5 weeks)
Service of 11 years or more	3 weeks' pay per year of service

Payment is based on each individual's length of service in the Bank, up to the date of termination and is rounded up to whole years. The maximum entitlement is 104 weeks' pay.

Pensions

Staff aged 50 and over at the redundancy date and who are members of the final salary pension scheme will be entitled to an immediate pension. **Unlike on the mainland, staff in Offshore Banking (Non UK Contracts) leaving on redundancy will be entitled to an immediate non-actuarially reduced pension.**

2006 Redundancy Terms (UK Contracts)

The first stage of calculating entitlement involves working out an individual's weekly earnings upon which Redundancy Payments would be based.

Weekly Pay would include:

- Basic Salary
- Car Allowance Limit
- Shift Allowance
- Contractual Overtime (regular, rostered, predetermined - including On Call Payments).
- For Sales Staff, Personal Sales Related Pay averaged over the last 12 months.

The total pay figure is then divided by 52 to arrive at a weekly figure. Under the 2006 Redundancy Terms, the formula for calculating Severance Pay is as follows:

2006 REDUNDANCY TERMS

2 weeks' pay for every year of service under age 22

4 weeks' pay for every year of service aged 22 to 40

6 weeks' pay for every year of service aged 41 and over

- Only the last 20 years service is used in the calculation and payment is capped at a maximum of 104 weeks' pay.
- The first £30,000 of any Redundancy Payment is paid tax-free.
- Severance payments apply to all staff aged between 16 and 65.

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

The actuarial factors that apply for pensions drawn early are a 6% per annum reduction for deferred pensioners and 3% per annum reduction for those retiring from active service until April 2010 and 4.75% thereafter.

Staff aged 50 or over taking severance therefore have the choice of:

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

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

Mark V Brown
Assistant General Secretary