

LTU Produces T&C Impact Analysis

Staff have reacted angrily to the Bank's plan to cut their pension benefits by limiting future salary increases.

What the Bank is doing is simply trying to save money. That's it, nothing more and nothing less. The actual amount of money it will save from the decision to limit pensionable pay increases is not very much in the grand scheme of things and can easily be afforded by the Bank. However, as we now know the consequences of the Bank's opportunism for you and your families will range from bad to devastating. There are some 31,226 LBG staff aged between 30 and 44 in the No 1 and No 2 Pension Schemes and they, like the member opposite, are going to see their pensions devastated by the Bank's proposals. Depending on salary at retirement some of them could see their pensions reduced by up to £400k. There are over 15,000 staff in the No 1 and No 2 DC Pension Schemes and other Schemes in the Group who will see their employer pension contributions reduced by up to 4.5% if they continue to pay their current contribution rates. Many of those staff, who are paid some of the lowest salaries in the Bank, cannot afford to increase their contributions and the Bank's response to that is to deliberately make them worse off.

But pensions are just one element of your terms and conditions package that would be affected by the Bank's proposals. For some staff their basic pay is going to be managed downwards over the next few years, medical insurance is going to be withdrawn, health screening finishes next year, overtime would be slashed for the lowest paid staff, the Bank is already trying to change working hours in branches to fit in with the new working window and staff will be moved around branches/offices at the whim of the Bank on the pretext

The Impact

"In my mid-thirties I am at a pivotal age in respect of Pension planning. I would like to caveat that I am making a few assumptions in my computation, however, it would be expected that my salary will increase at a level significantly above the 2% cap as it has increased nearly 5 fold over the last 14 years. With inflation and RPI historically and most likely to be averaging out at 5% I have put a prudent assumption that my salary will mirror this increase (5% per annum).

So what does this tell me? Well I can see that my assumed final salary will be £128,004 when I retire after 40 years service. I can also see that my capped pension salary is £42,170 assuming I stay in the scheme and continue to accrue added years. The difference in salary bases is therefore massive and equates to a difference in FS Pension of £47,433. With an annuity rate of 6% this shortfall will require an additional pension fund of £790,546 to provide an equal pension.


that the move is 'reasonable'.

LTU has produced an impact analysis matrix, overleaf, showing how the proposed new terms and conditions will impact on staff by Band. We'll update this again in the New Year once the new salary scales have been announced.

Members with any questions on the matrix, or on the terms and conditions generally, can contact the Unions' Bedford Office on 01234 262868 or email me at Mark.Brown@ltu.co.uk.

Mark V Brown
Assistant General Secretary

LTU's T&C Grade Impact Analysis

Band (LBG)	Band (LTSB)	Pensions (Final Salary) 	Pensions (Money Purchase) 	Salary  	Status Cars  	Medical Cover  	Health Screening  
A	8	Increase in Pensionable Salary restricted to lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000	2% default rate of staff contribution will lead to cut in Bank contribution of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Pay based on Local Market rates. No real change.	No change.	No change.	No change.
B	7	Increase in Pensionable Salary restricted to lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000	2% default rate of staff contribution will lead to cut in Bank contributions of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Pay based on Local Market rates. No real change.	No change.	No change.	No change.
C	6	Increase in Pensionable Salary restricted to lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000.	2% default rate of staff contribution will lead to cut in Bank contributions of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Move from National rate to pay based on Local Market rates. Could lead to significant limitation on pay expectation for staff in lower pay areas.	No change.	No change.	No change.
D Lower	5 Lower	Increase in Pensionable Salary restricted to lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000.	2% default rate of staff contribution will lead to cut in Bank contributions of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Pay based on generic or specific market rate. No real change for most staff.	No change.	No change.	No change.
D Upper	5 Upper	Increase in Pensionable Salary restricted to lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000.	2% default rate of staff contribution will lead to cut in Bank contributions of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Pay based on generic or specific market rate. No real change for most staff.	No change.	No change.	No change.
E Lower	4 Lower	Increase in Pensionable Salary capped at the lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000.	2% default rate of staff contribution will lead to cut in Bank contributions of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Pay based on generic or specific market rate. No real change for most staff.	Managers travelling less than 12,000 business miles will be forced to take cash allowance. Must pass 'permit to drive'.	Approx 3,000 Managers will lose protected family cover	Benefit to be removed from 1.1.2011. Worth up to £270.
E Upper	4 Upper	Increase in Pensionable Salary restricted to lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000.	2% default rate of staff contribution will lead to cut in Bank contributions of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Pay based on generic or specific market rate. No real change for most staff.	Managers travelling less than 12,000 business miles will be forced to take cash allowance. Must pass 'permit to drive'.	Approx 3,000 Managers will lose protected family cover	Benefit to be removed from 1.1.2011. Worth up to £270.
F	3 Lower & Upper	Increase in Pensionable Salary restricted to lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000.	2% default rate of staff contribution will lead to cut in Bank contributions of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Pay based on generic or specific market rate. But, removal of Upper/Lower split will lead to lower pay expectation for thousands of staff.	Managers travelling less than 12,000 business miles will be forced to take cash allowance. Must pass 'permit to drive'.	Approx 3,000 Managers will lose protected family cover	Benefit to be removed from 1.1.2011. Worth up to £270.
G	2 Lower & Upper	Increase in Pensionable Salary restricted to lowest of 2%, RPI or increase on offer. Depending on salary pension benefits slashed by up to £400,000.	2% default rate of staff contribution will lead to cut in Bank contributions of up to 4.5%. Staff will have to pay more to get higher Bank contributions.	Pay based on generic or specific market rate. But, removal of Upper/Lower split likely to lead to lower pay expectation for thousands of staff.	Managers travelling less than 12,000 business miles will be forced to take cash allowance. Must pass 'permit to drive'.	Approx 3,000 Managers will lose protected family cover	Benefit to be removed from 1.1.2011. Worth up to £270.



Negative Impact



Neutral Impact



Positive Impact

Overtime	Working Hours	Mobility	Bonus	Sick Pay	Holidays
!	!	!	+	!	+ =
New 'Working Window' will lead to significant reduction in overtime earnings for the lowest paid staff.	New contract will lead to attempts to move to full flexible contracts for all staff.	Removal of 75 mins/25 miles limits will lead to significant increase in mobility requirement for all staff.	Slight increase in on-target bonus dependant on Group performance.	Significant reduction for all staff with less than 4 years service.	Increase of 1 or 2 days depending on length of service.
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