

# Does The 2% Pensions Cap Fit?

Not if you're Eric Daniels, Chief Executive, and Archie Kane, Group Executive Director, Insurance.

**LTU has discovered that the pensions of Messrs Daniels and Kane, the only two members of the GEC who are in Final Salary Pension Schemes, will not be subject to the same 2% cap that they themselves are attempting to impose on everyone else.**

When the changes to the Final Salary Pension Schemes were announced, Angie Risley, Group HR Director, said they were needed "to ensure that they remain sustainable" and she went on to say the Bank's proposals would "live up to our values that we act as one and succeed together".

**An interesting choice of words because it seems that in the case of Eric Daniels and Archie Kane the Bank is quite happy to protect the interests of probably the top two earners and stick two fingers up to everyone else. The sheer level of arrogance exhibited by this decision will stick in the throats of all right-minded members of staff, regardless of what they think about the changes to pensions schemes.**

The pension changes are not needed and no case for them has ever been made out in negotiations with LTU. The reason is quite simple: those responsible know that they cannot prove that the changes are needed to ensure the pension funds remain "sustainable".

But if there are to be changes, they ought to apply to everyone equally or to no one at all.

**LTU has never criticised the pay of people at the top of the Bank: but in this case it's going to be hard not to question their judgement.**

## Defending The Indefensible

The Chairman of the Group's Remuneration Committee said in the recent Report and Accounts "The committee does have concerns that by continuing to hold base pay levels at 2008 levels, remuneration for the executive directors is likely to become uncompetitive versus our peer group". The implication of that statement is that when salaries are reviewed again in December 2010 and 2011, Messrs Daniels and Kane can expect extra large salary increases all of which will be fully pensionable.

**What on earth makes the Bank's Remuneration Committee believe that the Bank's plans are morally defensible?**

**The Bank has sought to argue that because Messrs Daniels and Kane are moving from a final salary to a money purchase pension scheme in 2012 then the 2% cap shouldn't apply. That's complete rubbish and they know it.** The fact is that because of the imposition of the pensions cap, in order to protect their pension large numbers of staff will have no alternative but to leave the Final Salary Pension Scheme, in order to build up benefits as deferred members, and then join the new money purchase scheme.

When politicians become aware of this scandal they will no doubt focus on the fact that taxpayers money is being used yet again to increase the pension pots of highly paid bankers. That kind of publicity the Bank can do without. We have told the Bank that the Board should tell Messrs Daniels and Kane that if there is a 2% cap, they should be subject to it in the same way as everyone else in the Group.

