

21st July 2010

REGULATED SALESFORCE NEWSLETTER

Harmonised T&C's For FA's

LTU and the Bank have been in negotiations on the new harmonised terms and conditions package for LTSB and HBOS heritage Financial Advisers. Whilst our Group wide negotiations will in most areas be dealing with an harmonised package there are some issues specific to the salesforce population across both heritages and how we deal with these issues has been the subject of discussions over the last few months.

The Bank's proposals, which are set out in more detail overleaf, are as follows:

- To replace the current FA levels with one set of salary and car allowances for both heritage populations and these will be called adviser levels. In LTSB, the Levels 1-6 will replace Levels B-G. There will be an adviser level S but that will cover specifically S FAs in the Bank of Scotland.
- New salary levels will be introduced for FAs, which are set out overleaf, and these will be based on those that currently exist within LTSB albeit there will be some slight rounding up for most staff. The exception is for Level B FAs who will see their basic salary increase from £18,149 to £22,000. Salary and target increases for this population will still be subject to annual negotiations with LTU.
- FAs will be covered by the new car scheme being introduced by the Group. The big change for FAs is that there will be one car allowance regardless of level. To mitigate the impact of this change for Levels D-G the Bank

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has increased the level of on target bonuses to 17.5% for Levels D&E and 20% for Levels F&G.

- All FAs will have an improved holiday entitlement.
- An automatic process for moving up and down the new adviser levels is to be introduced.

Members can give us their feedback using the attached proforma which they can fax to the Union's Bedford Office on 01234 262821. Members with any questions on this Newsletter can contact the Union's Advice Team on 01234 262868 or email us at 24hours@ltu.co.uk.

Mark V Brown
Assistant General Secretary

To join call 01234 262868... today!

New Grade & Levels

The FA role has been evaluated at Grade D by a joint panel of LTU and Bank evaluators. New adviser levels 1-6 will replace the current FA levels B-G. The new salary levels for the combined FA population will be based on the current scales in LTSB. In respect of salary the only real difference going forward will be at Level B where FAs will see their basic salary increase from £18,149 to £22,000. However, the level of target for FAs at this level will increase accordingly. FAs will move across to the new level automatically as follows:

Existing Level	New Level	New Salary
B	1	£22,000
C	2	£26,000
D	3	£34,000
E	4	£47,000
F	5	£60,000
G	6	£73,000

Car Scheme Changes

FAs will be covered by the new car scheme introduced by the Group which limits the number of manufacturers to 12 and restricts the choice of cars available to those with 160 CO2 emissions or less. In addition, Bancassurance has said that it will continue with the choice of car or cash option but there will be one allowance of £4,080 per annum regardless of adviser level effective from the 1st January 2011.

Those FA's in levels D-G (3-6 in the new world) will have lower cash allowances but to mitigate the impact of these changes the Bank has increased on target bonuses for Levels D&E to 17.5% and Levels F&G to 20%. The overall annual impact of these changes are set out in the table below:

Assuming Cash Vs Cash										
Level	Adviser Level	Old Salary £	New Salary £	Difference	Old Car Allowance	New Car Allowance	Difference	Impact (Salary Vs Car)	Additional OTE (D&E - 17.5% and F&G -	Overall Annual Impact Of Change
B	1	18,149	22,000	£3,851	£4,140	£4,080	£-60	£3,791	-	£3,791
C	2	25,927	26,000	£73	£4,140	£4,080	£-60	£13	-	£13
D	3	33,706	34,000	£294	£4,560	£4,080	£-480	£186	£850	£664
E	4	47,000	47,000	£329	£5,208	£4,080	£-1,128	£799	£1,175	£376
F	5	60,000	60,000	£369	£6,180	£4,080	£-2,100	£1,731	£3,000	£1,269
G	6	73,000	73,000	£403	£6,180	£4,080	£-2,100	£1,697	£3,650	£1,953

FAs will be able to keep their existing cars until the next renewal dates. The new car allowance for all those taking cash will be effective from the 1st January 2011.

Moving Levels

Last year the Bank introduced a level review process to realign FA levels to match actual performance over a rolling three-quarters. The Bank is looking to introduce an automatic process for moving up and down levels as follows:

- **FAs will move up to the next level if they achieve 100%+ of the next level for three consecutive quarters; have satisfactory risk/KPI scores and have achieved at least a 'good' rating on their balanced scorecard.**
- **FAs will move down a level if their performance falls below 90% of target for three consecutive quarters and or fail to achieve their risk KPI's or get two consecutive 'under'/'developing' performer balanced scorecard ratings.**

The process for moving up and down levels is still subject to further negotiations but LTU will be insisting that BSM's must be required to produce detailed coaching and development plans to get their FAs up to the required levels. Given the current performance levels and the level review process carried out last year we don't expect that many FAs will be moved down levels. However, as an additional control measure we will be looking to review cases for those that do to ensure that proper coaching plans have been put in place.

Pensions

The Bank proposal to limit pensionable pay increases to either 2% or RPI whichever is the lower will have an impact on the movement of FAs between levels. How that impact is going to be managed going forward will be the subject of further discussions with the Bank. We hope to be in a position to communicate on this shortly. The bonuses for a small number of FAs, most notably those with a TSB heritage background, are still pensionable. The pensionability of those bonuses, given the proposed pensions cap, is also the subject of further discussions with the Bank and an announcement on that will be made shortly. There is also the separate issue of making sure those bonuses have been properly accounted for when calculating pensionable earnings. This is a bigger project that is being looked at by the Bank and the Pension Fund Trustees.

Fuel Cards

There are a small number of FAs who still have the use of a fuel card from previous roles. From 1st October 2010 FAs with a fuel card can either chose to keep it for a further one year following which it will be cancelled or they can hand it back immediately in exchange for a one-off non-pensionable bonus of £1,000.

Holidays For FAs

Whilst it's not at the top of the list of the most important benefits 600 FAs with more than 5 years service will get an extra 2 days holiday entitlement, 300 will get 3 days and 40 will get 6 days. That said we all know that a number of FAs, who wouldn't normally take their full holiday entitlement anyway, have already chosen to exchange up to 5 days holiday for additional salary.

Tell Us What You Think

We want FAs to feed back their comments and questions on the Group's proposals and enclosed with this Newsletter is a feedback form for members to complete and fax back to the Union's Bedford Office. Members can also tell us what they think of the proposals by contacting the Union's Bedford Office on 01234 262868, emailing us at 24hours@ltu.co.uk or registering your views and debating the proposals with FAs using LTU's eForum at www.ltu.co.uk/eforum.