

Working for you in RBS

WORKING FOR YOU IN WORLDPAY



WORLDPAY – PENSIONS

UNITE are currently in ongoing consultation with WorldPay regarding final TUPE transfer terms for those due to transfer later this year, the outcome of which will be communicated shortly. However given that there were no material changes to the Pension arrangements from the previous phase of the transfer, it has been agreed to communicate the pension arrangements which UNITE were unable to agree to, the details of which are contained in this newsletter.

Current Pension Arrangements

The current pension arrangements with the transferring business fall into one of two categories.

DB Scheme – Of the transferring population over half are members of the RBS Group Defined Benefit Pension Scheme, which is a non-contributory pension scheme; although changes to the final salary element of the scheme were imposed by RBS in 2009. The scheme has guaranteed retirement benefits based upon the pension accrual calculated in completed months of service against your final pensionable salary. RBS previously wrote to all members of this scheme to advise that the employer contribution for this scheme had increased from 21.5% to 25%. Members are very much encouraged by the bank to view membership of the DB scheme as part of their overall reward package.

The scheme also provides a number of additional benefits including death in service, long term disability (LTD) payments, ill health retirement, spouse's pension for partners and dependent's pension for children under the age of 18 all at no cost to the individual. These benefits provide members with significant peace of mind in the event of serious ill health or death. Despite the changes imposed by RBS in 2009, members consistently cite the value of the DB scheme as a key determinant in their remaining with RBS.

DC Scheme – Just under half of the transferring staff are subject to the Defined Contribution arrangements introduced by RBS when the Group closed the DB scheme to new entrants on the 1st October 2006. The Group provides a DC/Money Purchase Scheme called the Retirement Savings Plan (RSP) as well as an employer contribution of 15% of your salary element, which can also be taken in part or full as cash. The key difference with the DC scheme is that members invest monies within different investment funds and dependent upon the performance of these funds, a lump sum will be available on retirement to purchase a pension or what is known as an annuity. The amount available will depend upon how much you have invested and for how long, but also upon the performance of the funds and the economy/market as a whole. The DC scheme therefore has less certainty than the DB scheme and is exposed to the vagaries of the Market as we have experienced in recent years.

Whether members choose to take all or some of the 15% in cash or invest the full 15% (or more) into the RSP, RBS takes a small charge to fund death in service and PHI, the equivalent of LTD. If members wish to obtain additional cover, such as dependent's pensions or greater ill health cover, then these can be purchased at an additional cost.

WorldPay Proposals

WorldPay intend to introduce on transfer a DC scheme for all staff which will broadly mirror the RBS RSP. The full detail of the new scheme, which will be administered by Zurich, will be provided to members through a series of workshops to ensure full understanding of what can be a complicated subject. There will be a range of investment funds and the charges levied from the different funds broadly match up to those that exist within the RSP.

Join Unite the Union online at www.unitetheunion.org

WorldPay intends providing an employer contribution of 15% to all transferring staff regardless of their existing pension scheme membership. This can be invested within the new scheme in part or in full and there will no default contribution rate, although members can opt out and take all or some of the 15% in cash. Contributions into the scheme will be made via salary sacrifice, making these contributions tax and national insurance efficient. The scheme will provide the same death in service benefit as the RSP (3x Value Account, as opposed to the 4x Salary Element in the DB scheme; although these calculate to broadly similar amounts) and LTD benefit, i.e. circa 50% of income for up to 5 years in the event of serious ill health and subject to meeting scheme criteria. As with the RSP a charge will be taken from the 15% to fund these benefits, regardless of whether you are contributing to the WorldPay DC scheme or not. Again as with the RSP, additional benefits such as enhanced life cover, dependents pensions etc can be obtained by purchasing these at extra cost.

WorldPay have justified their position by stating that economically it would not be viable to set up a new DB scheme within the new business and that a DC scheme with 15% employer contributions represents a market leading DC scheme when compared with other large company DC schemes and the employee contributions made available. WorldPay have also stated a desire to begin the new company with no pension differential, with all staff receiving the same employer contribution, whilst also opining that any increases within the employer contribution would begin to make the scheme economically unviable.

UNITE's Position

UNITE recognises that broadly speaking, those members that are either members of the RSP or indeed currently take the cash will be provided with a pension provision that is almost like for like and this position is welcomed. Although TUPE legislation states that WorldPay would only have to offer, where an occupational pension scheme exists, a maximum 6% employer contribution, UNITE believes that due to the way RBS have structured the RSP, i.e. with a contractual 15% Benefit Funding, WorldPay would have had to legally continue that payment. What WorldPay would not have been legally obliged to provide was a pension scheme that reflects the full range of benefits currently enjoyed under the RSP, i.e. LTD, Death in Service etc, so again the efforts made here are welcomed by UNITE.

Where UNITE have been unable to agree with WorldPay is in respect of the treatment of those members that are currently members of the DB scheme. There have been lengthy exchanges on this issue and no agreement could be reached, with WorldPay insistent that they were unable and unwilling to increase the 15% employer contribution for members of the DB scheme. UNITE recognised that legally WorldPay were not required to offer a DB arrangement and that economically employers are closing or attacking DB schemes and as such it was unrealistic to expect that WorldPay would create such a scheme. UNITE were also willing to recognise that whilst the DB scheme remained valuable to staff, the overall value of the scheme has diminished since the changes imposed last year.

What UNITE were not prepared to accept was that the RBS DB and DC schemes were of equal value and as such should attract the same level of employer contribution in the new scheme. Whilst some of the monies are being channelled to manage the RBS Group Pension Fund deficit, the current DB scheme employer contribution is 25%. Consistently within other TUPE transfers that have been conducted within RBS in the last 24 months, it has been successfully argued that the overall value of the DB scheme is higher and a greater level of employer contribution has been secured in relation to pension provision. UNITE members have made their views well known as to the value that they place on the DB scheme, however WorldPay have remained steadfast that they believe that the pension offering is competitive, in line with the provision made to those former member of RBS staff who previously transferred to WorldPay and that members are excited about the transfer to WorldPay and will embrace the new terms and conditions positively.

UNITE, knowing the views of members in the DB scheme, were unable to agree these proposals. Many members face membership of an inferior scheme to the one that they currently enjoy, with less certainty of their retirement benefits and less protection for themselves and their families. Pension related benefits that previously were included within the scheme with no employee contribution such as death in service, LTD and dependent's pensions will now come at a cost. UNITE argued that this does not meet the Core Principle set out by WorldPay that they were "committed to ensuring that the package is broadly similar". The union believe that the new pension arrangements are far from similar and indeed members within the DB schemes will be worse off on transfer. Ultimately UNITE stated that they would be unable to justify to the membership their position had agreement been reached with WorldPay on the existing pension proposals.

Next Steps

Workshops will be conducted across WorldPay to provide understanding of the new pension arrangements and the options available to you. RBS will provide you with details of your soon to be deferred pension arrangements with the Group and any options available to you. UNITE would welcome feedback from members in respect of the pension arrangements, whether they believe that they are fair and reflect the reality of the current economic environment or whether they believe that these arrangements are detrimental. Members are also encouraged to let their managers and senior managers know what they think of the new pension arrangements, both positive and negative.

If members have any questions or concerns regarding pension arrangements then they should be directed in the first instance to your Line Manager; however in the event that this proves unsatisfactory or the query remains unresolved please contact your local Workplace Rep, the Unite RBS Helpline on 0870 241 4425 or email rbsinfo@unitetheunion.org

Are you in Scope?

If members have been identified as being in-scope, it is important that leading up to the transfer that we begin to identify which members will be transferring to the new employer. This enables the union to communicate directly with its members within a given institution and will ensure that post-transfer you do not continue to receive UNITE RBS communications. If you are in-scope, and have not already contacted the union, please e-mail your name, membership number (if known) and home address to www.rbsinfo@unitetheunion.org

Unite Representatives

Unite last year signed a new and improved Unite Representative agreement with the Group and we are always seeking members to take on one of the four Unite Representative roles, i.e. Workplace, Union Learning, Safety and Equality. Any Unite members interested in finding out more about becoming a Unite Representative please contact the Unite RBS Helpline or email rbsinfo@unitetheunion.org

Unite Updates & Update Your Details

If you would like to receive regular updates electronically from the union please email from your preferred email address to rbsinfo@unitetheunion.org

It is also important that members ensure that your membership details are up to date and accurate, i.e. home address, workplace address, whether you are full time or part time etc. If you believe that your membership details are out of date, please also e-mail rbsinfo@unitetheunion.org with your updated details, alternatively you can contact your local District Office by phoning 0845 850 4242 or logging onto 'My Unite' at the website www.unitetheunion.org where you can update your own details.

Not a Member?

Join Unite's one and a half million members and have a voice on this and other issues, as well as receiving support, advice and representation for £10.96 a month for full time staff and £4.98 per month for part time staff working less than 21 hours a week. Membership forms can be obtained by phoning 0845 850 4242 or emailing rbsinfo@unitetheunion.org plus you can join on line at www.unitetheunion.org

Alison Maclean & Stuart Davies – Joint Lead Officers
Unite RBS Helpline – 0870 241 4425

www.unitetheunion.org