

# Pay and pensions

**Unite's ballot on the most recent announcement on Terms and Conditions includes pay and pensions.**

This is to confirm members still feel incensed at the way LBG treated members and colleagues over the 2010 pay proposals and the pension cap.

Remember:

- Members overwhelmingly rejected these proposals in the previous ballot and the Company chose to ignore this.
- Members and colleagues rejected these proposals in the Company's 'Have Your Say' consultation and the Company chose to ignore this.
- Members and colleagues rejected these proposals in the Company's consultation focus groups and the Company chose to ignore this.

Unite recognises these are still very live and contentious impositions and members remain angry and feeling undervalued.

Pay inequality and the pension cap issues will not go away with impositions – in fact by taking this course of action, the Company has infuriated colleagues further.

## Impact on pay 2010

The Company 'offered' a 2% pay pot. However the proposal kept back 0.5% of this pot – your pot – to be paid at manager's discretion. This is just plain wrong and will most likely have equal pay challenges. The pay gap between

men and women in the Finance Sector is the largest in any industry and Unite are determined to close this gap.

That is why we have called for equality audits across all diversity strands for:

- 2010 Pay Awards
- 2010 Bonus Awards
- Total Reward

It is vital that the Company demonstrates its position on equality in those important matters.

## Impact on pensions cap

The imposition of the final salary pension cap of 2% or RPI whichever the lower will impact a significant number of members and colleagues.

Remember colleagues will only get this increase if they receive a pay rise – which is questionable with the current performance management system operating in Lloyds Banking Group.

The Company has in essence removed the final salary element to the final salary pension schemes – so in reality it should no longer be referred to a final salary scheme as it has no relevance to an individual's final salary. Instead it has a relevance to today's salary with the possibility of an increase of 2% or RPI, whichever is the lower – If you have performed and are recognised for that.

## In simple terms this means:

- the salary figure used to calculate your pension when you retire, can only increase by a maximum of 2% each year
- this would be a maximum of 2% of your pensionable salary not your actual salary
- unless you never had another pay rise before you retire, your pensionable salary would be lower than your actual salary and the gap would only widen between the 2 figures year on year
- if your pay rise in any year was lower than 2% or RPI your pensionable pay would increase by the amount of your pay rise
- if you didn't get a pay rise in any one year your pensionable salary would not increase.

For example in the first year after this capping took effect for someone earning £20,000 year who receives a 3% pay rise, and the rate of RPI is 1.5% it means:

- 1) your actual annual salary would increase by 3% to £20600.
- 2) your pensionable salary would increase by 1.5% to £20300 (you could call this a shadow salary).

Ignore all future promotion awards and market movement uplifts, multiply this with the number of years before retirement and you will see that this can have a huge impact on your pension – something that many members and colleagues have been relying on for the future.

**Unite will continue to campaign on really important issues such as pay, equality and pensions.**

**Join Unite's campaign – to demand Lloyds Banking Group re-open negotiations on Pay and Pensions in your Ballot paper.**

**Join this campaign – encourage colleagues to join Unite.**

**To find out more on what Unite can do for you, go to [www.unitetheunion.org](http://www.unitetheunion.org)**