

AGE DISCRIMINATION: NORMAL RETIREMENT AGE AND SEVERANCE ARRANGEMENTS

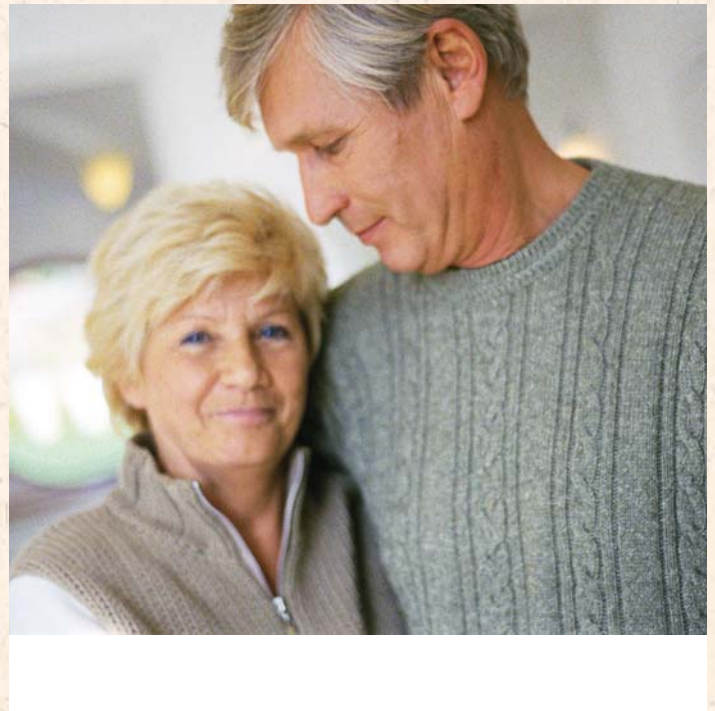
The RBS Group has consulted with Amicus over the impact of The Employment Equality (Age) Regulations 2006, which come into force on 1 October 2006.

The Regulations apply to many aspects of employment and vocational training. They prohibit unjustified direct and indirect age discrimination, and all harassment and victimisation on grounds of age, of people of any age, young or old.

As well as applying to retirement where a national default retirement age of 65 has been introduced, they:

- remove the upper age limit for unfair dismissal and redundancy rights, giving older workers the same rights to claim unfair dismissal or receive a redundancy payment as younger workers, unless there is a genuine retirement;
- allow pay and non-pay benefits to continue which depend on length of service requirements of 5 years or less or which recognise and reward loyalty and experience and motivate staff;
- remove the age limits for Statutory Sick Pay, Statutory Maternity Pay, Statutory Adoption Pay and Statutory Paternity Pay, so that the legislation for all four statutory payments applies in exactly the same way to all;
- remove the lower and upper age limits in the statutory redundancy scheme,
- provide exemptions for many age-based rules in occupational pension schemes

Two primary areas of impact of the regulations for the RBS Group are Normal Retirement Age (NRA) and severance.



RBS Group Normal Retirement Age (NRA)

From the beginning of October 2006 the Normal Retirement Age will be increased to 65 but existing Group employees (i.e. those employed before October 2006) will still be able to draw down their pension from age 60.

Employees wishing to work beyond the new NRA will be able to apply to do so.

The wind down to retirement policy is being amended to reflect this changed position.

Severance Terms

The RBS Group have advised Amicus that in their view a number of their existing redundancy and voluntary early retirement schemes, (e.g. NatWest Appendix 14, Coutts Scheme, RBS SERPA – referred to as “the Existing Schemes”) which contain enhanced age related benefits, are rendered unlawful as a consequence of the change in legislation. Amicus does not agree with the Group on this and considers that employees are contractually entitled to receive the benefits provided for under the existing schemes.

The Group proposes to apply the following severance terms with effect from 1 October 2006 to **all employees in all divisions** in England, Scotland, Wales, Channel Islands and Gibraltar (“the RBS New Terms”). The Group has however agreed that for the six month period up to 31 March 2007, employees facing redundancy and who have a termination date during this period will receive either their benefits under the existing schemes or the terms set out below if better. A three month notice period, where appropriate, will also apply during this period.

3.5 weeks pay per year of service capped at 104 weeks for all employees irrespective of division or date they joined the group.

Employees who are eligible for an undiscounted pension will have the following options:

A discounted pension and a severance payment based on 3.5 weeks per year of service capped at 104 weeks, or

An undiscounted pension and a severance payment based on 2 weeks pay per year of service capped at 80 weeks.

Notice Periods

A minimum notice period of 2 months will apply for all employees in a redundancy situation (or the employee's contractual notice if greater)

Here to help

You may be better or worse off under The Existing Schemes rather than the RBS New Terms depending on which Scheme you are in, your age, service and likely time left to retirement or possible redundancy. You need to consider your own circumstances carefully and if you consider you would be worse off under the RBS New Terms you should object to their imposition without delay otherwise you may be taken to have accepted them. You can obtain advice on how to object by contacting the union as soon as possible by fax on 0141 204 3315 or by e-mail at rbsinfo@amicustheunion.org

Please note this facility is only available to Amicus members.

Amicus Comment

The new progressive legislation introduced this October whilst welcome, has presented a series of challenges for both the Group and its employee representatives.

For its part Amicus will continue to monitor the impact of the employer's response to the regulations and will make representations to safeguard our members interests where appropriate. The RBS Group has invited Amicus to actively contribute to the Age Diversity agenda, a move the union has welcomed and we will keep our members advised of developments.