

the commutation factors in the past because it knows full well that the overwhelming majority of staff would commute part of their pensions anyway. There was no way the Bank would be able to get away with that kind of treatment if it was dealing with customers. In the case of commutation factors we said the Bank should do the right thing and help its own staff to prosper.

ROLE OF TRUSTEES

Members will recall that a number of months ago we said the Trustee should undertake an immediate review of the commutation factors for all its pension schemes. The results of those individual reviews should be published together with advice from the Scheme Actuary. If the individual scheme reviews proposed changes to the commutation factors then those should be introduced immediately.

If the Scheme Actuary proposed changes to the factors for the Lloyds Bank No 1 Pension Scheme we would expect the Trustee to make it clear to the Bank that those factors should be introduced. If the Bank refuses, the Trustee should undertake an immediate review of its discretionary powers to see what pressure it could bring to bear on the Bank.

We wrote to members with a suggested letter they could send to the Chairman of the Trustee Board. A copy of that letter is set out opposite.

WHAT'S IT WORTH

LTU has looked at ten typical jobs across the Group. Our research, which is set out opposite, shows that the average increase in the tax-free payments of those individuals commuting the maximum amount would be £16,670. Each example shows what members of staff would get with the 'old' and 'new' commutation factors.

In the meantime, members with any questions can contact the Union's Bedford Office on 01234 262868 or email us at 24hours@ltu.co.uk.



Mr. Harry Baines
Chairman
Lloyds Banking Group Trustee Board
25 Gresham Street
London
EC2V 7HN

7th April, 2017

Dear Mr. Baines

Lloyds Banking Group Pension Schemes – Commutation Factors

The commutation factors for the Lloyds Bank Pension Scheme No 1, Lloyds Bank Pension Scheme No 2 and the HBOS Pension Schemes have not been increased since 1996, 2013 and 2010 respectively.

I have noted that members asking for cash equivalent transfer values are being quoted up to 50 times the value of their pension benefits. I accept that the assumptions used in calculating CETVs and commutation factors are different but I'm sure you will agree with me that the current factors, especially those of the Lloyds Bank Pension Scheme No 1, represent poor value for members and need to be increased immediately.

I understand that, for the Lloyds Bank Pension Scheme No 2 and the HBOS Pension Scheme, the rules say the formula for converting pensions into lump sum payments is left to the discretion of the Trustee and the Scheme Actuary. The Lloyds Bank No 1 Pension Scheme rules say that the formula for converting pensions into lump sum payments must be agreed between the Bank, the Trustee and the Scheme Actuary. The Trustee proposed changes to the commutation factors in 2013 but those were rejected by the Bank.

One of the key legal duties of the Trustee is to act in the best interests of the scheme's beneficiaries and to that end a review of the current commutation factors for all the defined benefit pension schemes should be undertaken by the Scheme Actuary urgently. The results of that review should be published and any proposals to increase the commutation factors should be implemented immediately for those members where the Bank's agreement is not required. If the Scheme Actuary proposes changes to the Lloyds Bank Pension Scheme No 1 then the Trustee should seek the agreement of the Bank to increase those factors. If the Bank refuses, I would expect the Trustee to use whatever powers are at its disposal to increase the factors.

I look forward to your response.

Yours sincerely



MEMBERSHIP APPLICATION 2017

Title _____

Surname _____

Forename(s) _____

Address _____

Postcode _____

Date of Birth _____

Payroll Number _____

Work Address _____

Work Location Code _____

Home Telephone _____

Mobile Telephone _____

Work Telephone _____

Personal Email _____

Job Title _____

Pay Grade/Band _____

Date of Joining Group _____

Vassar Smith Fund

The Vassar Smith Fund is a registered charity providing support and financial assistance to current, retired and former members of staff and their dependants. To contribute to the Fund tick this box to make a monthly contribution of 10p or, to donate more simply write the amount you would like us to add to your subscription in the same box.

Monthly Subscription Category 2017

	Per Month	
Full Time Grade E and above (25 hours and more)	£14.25	<input type="radio"/>
Full Time Grade D (25 hours and more)	£13.55	<input type="radio"/>
Full Time Grade A-C (age 21 & over: 25 hours and more)	£12.60	<input type="radio"/>
Full Time Grade A-C (age under 21: 25 hours and more)	£11.15	<input type="radio"/>
Part time (15 hours and under 25 hours)	£7.10	<input type="radio"/>
Part time (under 15 hours)	£5.35	<input type="radio"/>

If at the time you join LTU you are either awaiting disciplinary action or have an existing grievance or are on an Action Plan or have a similar employment issue that pre-dates membership, that matter will not be covered for advice or representation. If you are unsure whether you might be affected by this rule you should seek confirmation from us before joining the Union.

For the purposes of the Trade Union Act 1984 and other statutory requirements I authorise the Union to use my work address as my 'proper address' to which any communications may be sent.

Signature _____

Date _____

Please tick if you do **NOT** wish to receive marketing information from LTU and LTU's insurance partner Plus Insurance Partners Ltd.

To receive LTU newsletters by email, please tick here.

To receive LTU newsletters by text message, please tick here.



INSTRUCTION TO YOUR BANK OR BUILDING SOCIETY TO PAY BY DIRECT DEBIT



Please fill in the whole form using a ball point pen and send to:
Affinity, St John's Terrace, 3-7 Amptill Street, Bedford MK42 9EY

Name and full postal address of your Bank or Building Society

To: The Manager	Bank/Building Society
Address	
Postcode	

Name(s) of account holder(s)

Name(s) of account holder(s)									
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Bank/Building Society account number

--	--	--	--	--	--	--	--	--	--

Branch sort code

--	--	--	--	--	--

Service User Number

8	3	0	2	7	1
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Reference

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Instruction to your Bank or Building Society

Please pay Affinity Direct Debits from the account detailed in this Instruction subject to the safeguards assured by the Direct Debit Guarantee. I understand that this Instruction may remain with Affinity and, if so, details will be passed electronically to my bank/building society.

Signature(s)

Date

Banks and Building Societies may not accept Direct Debit Instructions for some types of account. This Guarantee should be detached and retained by the payer.

The Direct Debit Guarantee



- This Guarantee is offered by all Banks and Building Societies that accept instructions to pay Direct Debits.
- If there are any changes to the amount, date or frequency of your Direct Debit Affinity will notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request Affinity to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit by Affinity or your Bank or Building Society you are entitled to a full and immediate refund of the amount paid from your Bank or Building Society.
 - If you receive a refund you are not entitled to, you must pay it back when Affinity asks you to.
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.