

PRESS RELEASE

Attention: news and business correspondents

UNION WINS LANDMARK DISCRIMINATION CASE

In the most anticipated pension case for 30 years, the High Court has ruled today that the Lloyds Banking Group pension schemes must equalise guaranteed minimum pensions (GMPs) for men and women.

The outcome of this case will have profound implications for both public and private sector pension schemes in all industries across Britain.

We estimate that up to 5 million pension scheme members in 6,000 private sector pension schemes, the vast majority of whom are female, will benefit from today's ruling. The Government has estimated that the cost of this case will be £10bn - £20bn.

The legal action involved three female members of Lloyds Banking Group's final salary pension schemes who claimed sex discrimination because their pensions increase at a lower rate than male members. There are 230,000 members of the LBG pension schemes who are affected by the Court's decision.

There are various methodologies that can be used to equalise pension benefits and that was one of the key issues that were put to the Court.

The method chosen by the Court for equalising benefits in Lloyds Banking Group will cost over £100m.

THE ISSUE IN DETAIL?

The issue is about how Guaranteed Minimum Pensions (GMPs) are increased. GMPs arrived on the pension scene in 1978. Individuals could accrue an entitlement to an earnings-related addition to their basic state pension, called the State Earnings Related Pension Scheme (SERPS). Employers could 'contract out' of their pension schemes, which is what most employers including Lloyds and HBOS did, if they provided a pension at least as good as a statutory minimum known as the Guaranteed Minimum Pension (GMP).

It's been accepted by almost everyone that GMPs are by their nature discriminatory between men and women, and that's because:

- Men and women accrue GMPs at different rates;
- Men and women are entitled to GMPs at different ages (65 for men, 60 for women); and
- Many schemes, including the Lloyds schemes, apply different increases to GMPs than to non-GMP pension benefits.

This legal case brought by the three female members has major financial implications for all pension schemes that 'contracted out' of the additional State Pension Scheme. Most of the FTSE 100 giants will have massive GMP liabilities which could add millions to their burgeoning pension deficits.

UNION COMMENT

Mark Brown, General Secretary at BTU, has said:

"This landmark judgement resolves this pension discrimination issue for good and will bring equality to millions of women across the country. It's simply unacceptable that 48 years since the passing of the Equal Pay Act in 1970 we are still fighting for equal treatment in the workplace".

ABOUT BTU

BTU is the largest independent trade union representing staff working in the Lloyds Banking Group with over 30,000 members.

FOR MORE INFORMATION

For more details see a copy of Union's latest Newsletter at www.btuonline.co.uk. You can contact Mark Brown, BTU General Secretary, on 07595 219573 or send an email to mark.brown@btuonline.co.uk.

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