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AXA UK UNION NEWSLETTER DECEMBER 2006

Pensions deal reached

In August AXA and Amicus commenced talks over the Defined Benefit (Final Salary) Pension Scheme, of which 3,782 of AXA UK's 9,914 staff are currently members. The background to the talks was not favourable given the cost cutting agenda the AXA Group had been driven to adopt and that was being implemented through the Libra and Scorpio projects. The assumptions that must be used in calculating pension scheme valuations had also been further toughened increasing the pressure on the funding level of the scheme.

These talks have been long and difficult with the Amicus AXA National Company Committee (NCC) rejecting the company proposals. However, following a series of further negotiations, the NCC has reluctantly agreed to the company's latest proposals as the best that can be achieved for members through negotiation.

The good news is that we have ensured that the Defined Benefit Scheme remains open. From the feedback we received from members this was the number one priority. We have also ensured that the scheme has not moved to a career average basis and that the annual benefit accrual rate is not reduced (these were all options put forward by **AXA**). Also, after much campaigning on our part, Clawback on future service has been removed for the 928 staff still subject to this iniquitous practice.

Whilst the situation in respect of the scheme has improved compared to three years ago, regulations do require more stringent assumptions be used in calculating the funding position, which increases the deficit. However, this does mean that the scheme is much stronger than it was previously. The bad news therefore, is the increase in the Normal Retirement Date (NRD) to 65 and the extra employee contributions required for scheme members who wish to receive their pension in full at their existing retirement age of 60 or 62. Members who increase their retirement age to 65 will still have the right to retire at their previous lower NRD, however an actuarial reduction will be applied to pension earned from the date that the change to NRD 65 takes place.

The **NCC** rejected the Company proposals as they placed too much of the additional costs on the members. **Amicus** took the lead in pushing the Company to reduce the amount of additional contributions it expected staff to pay to maintain their NRD and has now brought the company to the position we are now in. Clearly we would have wished to have no change in the NRD (or increase in contributions for those who wish to maintain their existing NRD) but given the actuarial valuation and **AXA UK**'s financial position this was not a viable option.

There will be some of you reading this that will be unhappy with the agreement reached. The NCC fully understands this. Please bear in mind that many of them are directly impacted by this agreement themselves, but have recognised the reality of the position and the cost environment in which we find ourselves. The simple fact of the matter is that AXA will still be increasing their contributions to the scheme by £4 Million at the same time as the Company is reducing headcount to meet its cost challenges.