


AXA UNION NEWSLETTER March 2009

Pension California

When AXA first raised the possibility of a significant outsourcing exercise, Unite were clear that pension provision for members must be protected by the receiving employer. This goes beyond the requirements of the TUPE legislation and we are pleased that the final pension proposals for AXA employees that are transferring to Capita appear to be broadly equivalent to those currently provided by AXA.

Some of the main issues that have resulted in extra negotiations and member queries to Unite are as follows:

• Although there are potential circumstances where a future change of role may also involve a former AXA employee moving to a Capita employment contract, we have a guarantee from Capita that pensions will not be impacted by this. So employees will not need to change their pension scheme if they move onto a Capita contract in future.

• Due to the timing of the transfer some employees may end up with a period of service in either the Capita or AXA pension scheme of less than 2 years, which would not normally secure a pension. Capita have assured us that they will refer to the total service under both schemes to ensure that members don't miss out on the opportunity to build up pension due to their service being split.

• Many members of the AXA defined benefits (final salary) scheme have the right to retire at age 60 or 62 and some are currently paying extra contributions to maintain this. The Capita scheme will only offer a retirement age of 65. However it is still possible to request early retirement from the Capita scheme (subject to the normal legal age restrictions) and Capita have assured us there are no examples of them ever refusing to let someone take early retirement that has requested it.

• If any member of the AXA or Winterthur defined benefit (final salary) pension schemes decides to take their AXA pension but carry on working for Capita, they will still be able to join the Capita defined benefit scheme.

• One complicated area is that of the reduction factor for early payment applied to pensions when they are taken before the normal retirement age. Under the AXA scheme a greater reduction is applied to the pension of a deferred member (someone no longer paying contributions and accruing benefits in the AXA scheme) than to that of an active member. The impact of the transfer to Capita is that the employees that are currently active members of the AXA pension scheme will become deferred members and so would normally be subject to a larger reduction in their pension if they retire before their normal retirement age. It has now been agreed that the same early retirement factors as for active members will continue to apply to transferring employees for at least the first 6 months following the transfer date, when this situation will be reviewed.

• The treatment of ill health retirement will be different to the AXA scheme as Capita operate a Permanent Health Insurance scheme that looks to provide an income of 75% of salary (less any state benefits) until recovery or retirement.

AXA employees need to be aware that if they are not a current member of an AXA pension scheme they need to join before the transfer date or lose their eligibility to join the schemes that Capita is offering for transferring employees. Post transfer employees will only be able to join the basic Capita defined contribution pension scheme, which is not as good as the AXA schemes. We advise any in-scope employees that have not yet joined an AXA pension scheme to give serious thought to doing this before the transfer date. AXA will be inviting any such transferring employees to join before 30 April 2009.