

PRESS CUTTING

efinancialcareers.co.uk

7 November 2011

If you lose your job, you'll still get substantially more than the statutory minimum payoff

Sarah Butcher

Credit Suisse made some big redundancies in its fixed income business this week and RBS is rumoured to be warming up for something similar today or tomorrow.

We've heard some bad rumours regarding redundancy payments at CS, with some senior people allegedly receiving substantially less than they'd expected, but on the whole the message from lawyers working with redundant bankers is this: banks are still paying people to go quietly.

Statutory redundancy pay in the UK is peanuts. Amounting to one week's pay per year of service (or 1.5 weeks' pay if you're over 41) and with a week's pay capped at £400, it's rare to get more than a few thousand pounds.

On the other hand, banks have had a reputation in the past for paying very generously. Lawyers say this generosity has waned, but not disappeared altogether.

"Banks are paying less money than they used to in termination payments, but they will still often pay more than the statutory minimum as an incentive for terminated employees to sign compromise agreements," says Philip Landau at Landau Zeffertt Weir Solicitors.

Compromise agreements are legal documents in which you agree to forego your right to take a bank to court for wrongful dismissal or other forms of employment-related wrongdoing, in return for a payoff. How much should you expect if you're made redundant? Here, employment lawyers are cagey, claiming it varies considerably from bank to bank.

"It's quite common for redundancy payments in investment banks to be anything from 2 weeks to one month per year of service," says Elaine Aarons, a partner at Withers LLP who acts mainly for senior executives. "One month is still very common," she adds.

However, **Ronnie Fox at City law firm Fox**, says banks are scrimping wherever possible. "One month is way over the legal entitlement. Banks are moving to paying a little bit above the legal minimum," he claims.

Financial News says people who volunteer for early redundancy are getting preferential terms, like better cash packages and early stock release. The lawyers and headhunters we spoke to said they haven't seen this but that most banks are encouraging people to resign by allowing them to keep their deferred stock, even if they join competitors.