

# AIRWAYS PENSION SCHEME

## OPERATING RULES OF THE PENSION ADVICE ALLOWANCE FACILITY

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### 1. INTRODUCTION

The 'Pensions Advice Allowance' (PAA) payment was introduced as a new type of authorised member payment by The Registered Pension Schemes (Authorised Payments) (Amendment) Regulations 2017 with effect from 6 April 2017. A PAA payment must be paid from a money purchase or hybrid arrangement.

Under Clause 30(fa) of the APS Trust Deed, which took effect on and from 1 January 2018, the Management Trustee may at its discretion agree to a request from a member with an AVC Account to pay from their AVC Account a PAA payment which meets the conditions set out in regulation 21 of the Registered Pension Schemes (Authorised Payments) Regulations 2009.

These Operating Rules set out the terms on which the Management Trustees will make PAA payments.

These Operating Rules may be amended by the Management Trustee at any time, having taken suitable advice.

## 2. DEFINITIONS

In these Operating Rules:

- 2.1 terms beginning with capital letters shall have the same meaning as defined in the Scheme Rules; and
- 2.2 “**Regulation 21**” means regulation 21 of The Registered Pension Schemes (Authorised Payments) Regulations 2009.

## 3. ELIGIBILITY

Where requested by a Member or Pensioner, and where that Member or Pensioner provides a declaration, in a form acceptable to the Management Trustee, confirming points (a), (b) and (c) below, the Management Trustee will pay a PAA payment which meets the conditions set out in Regulation 21.

The conditions for a PAA payment in Regulation 21 include the following:

- (a) the payment must be:
  - (i) made for retirement financial advice or its implementation; and
  - (ii) made for “regulated financial advice”; and
  - (iii) made directly to an adviser regulated and authorised by the Financial Conduct Authority;
- (b) the Member or Pensioner must have used a PAA payment fewer than three times throughout their lifetime under any Registered Pension Scheme;
- (c) the Member or Pensioner must not have used a PAA payment in the current tax-year under any Registered Pension Scheme; and
- (d) the PAA payment must not exceed £500.

## 4. REDUCTION IN BENEFITS

### 4.1 Funds that can be used

The only benefits that can be used to provide a PAA are funds held within a Member’s or Pensioner’s AVC Account.

### 4.2 Member or Pensioner must specify which funds to be used

A Member or Pensioner must confirm which AVC Account is to be used to provide a PAA payment. There is no default position.

#### 4.3 **Insufficient funds**

If a Member or Pensioner has insufficient funds to pay the amount of the PAA payment requested, a PAA will be paid equal to the Member's or Pensioner's funds.

#### 4.4 **Unit prices**

The reduction in the Equity Biased Fund and/or the Short-dated Gilts Fund will be the values as at the date the PAA payment is paid.

The unit price to be used when determining the amount of Mixed Portfolio Fund AVC units to be given up in lieu of the PAA payment shall be:-

- a) If benefits are to be drawn before the fifteenth of the month following receipt of the PAA request, the PAA amount shall be deducted from the Member's or Pensioner's AVC Account; and
- b) for benefits not coming into payment immediately:-
  - i) if the request is received before or by the twentieth of a month, the mid-market unit price announced for that month e.g. the request is received on 5 October, the mid-market unit price for September which would become known around 15 October; or
  - ii) if the request is received after the twentieth of a month, the mid-market unit price used for the month following receipt of the request e.g. request is received on 26 October, mid-market unit price for October which would not be known until around 15 November.