

**NEW AIRWAYS PENSION SCHEME**  
**OPERATING RULES FOR THE PAYMENT OF DC FLEXIBLE BENEFITS**  
**AND INDEPENDENT AVC TRANSFERS**

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**1. INTRODUCTION**

The Taxation of Pension Schemes Act 2014 amended the Finance Act 2004 to provide that on and from 6 April 2015, trustees can allow a member to access some or all of their defined contribution (DC) benefits in two new ways: as one or more uncrystallised funds pension lump sums (UFPLSs) or through a flexi-access drawdown (FAD) account (together, Flexible DC Benefits).

Under the Finance Act 2004, trustees are able to provide benefits in either of these two ways regardless of any provisions in their scheme’s rules which prevent this. However, there is no obligation on trustees to provide these new options.

These new options have been considered in respect of BAMPS Accounts and additional voluntary contribution (AVC) funds under the Scheme.

These changes may make it more attractive for a member to transfer some or all their AVC funds out of the Scheme to access these benefits from a different provider, whilst leaving their other benefits in the Scheme (an Independent AVC Transfer).

## 2. PURPOSE AND STATUS OF THESE OPERATING RULES

- 2.1 These Operating Rules set out the conditions upon which the Management Trustees have agreed to provide Flexible DC Benefits and Independent AVC Transfers under the Scheme.
- 2.2 These Operating Rules take effect on and from 6 April 2015.
- 2.3 These Operating Rules may be changed by the Management Trustees with the agreement of the Principal Company at any time, having consulted the Actuary with regard to any financial implications. Nothing in them should be construed as conferring any rights on any Member, Pensioner or other individual to Flexible DC Benefits or an Independent AVC Transfer, or any expectation as to how Flexible DC Benefits and Independent AVC Transfers will be operated in practice.
- 2.4 For the avoidance, of doubt, these Operating Rules are separate from, and do not form part of the Scheme Rules, in spite of terms with capital letters and defined in the Scheme Rules having the same meaning as in the Scheme Rules.

## 3. FLEXIBLE DC BENEFITS - SCHEME RULES

- 3.1 Rule 10B (Uncrystallised funds pension lump sum option) of the Scheme Rules provides:

*"The Management Trustees may, on such terms as they determine, exchange all or part of a Member, Pensioner or other person's pension entitlement under the Scheme for a lump sum where the lump sum would be an uncrystallised funds pension lump sum under paragraph 4A of Schedule 29 to the Finance Act 2004.*

*Where part, but not all, of a Member, Pensioner or other person's pension entitlement under the Scheme is exchanged for an uncrystallised funds pension lump sum under this Rule 10B, his remaining entitlement under the Scheme will be applied in accordance with these Rules."*

- 3.2 The Scheme Rules do not contain any provisions which expressly permit the Management Trustees to provide flexi-access drawdown to members.

## 4. PROVISION OF UFPLS FROM THE SCHEME

- 4.1 The Management Trustees will agree to a request from a BAMPS Member or a BAMPS Accountholder to be paid an UFPLS under Rule 10B in respect of all of their BAMPS Account and, if they have one, their AVC Account. The payment of

an UFPLS will not affect the BAMPS Member or BAMPS Accountholder's entitlement to accrue FSS benefits under the Scheme.

4.2 The Management Trustees will not agree to any other request to be paid an UFPLS, including any request for an UFPLS to be paid in respect of AVC benefits only.

4.3 An UFPLS will only be paid where the relevant legislative conditions are met and this would not be an unauthorised payment.

4.4 No pension commencement lump sum will be paid under Rule 16 in respect of any benefits which are paid as an UFPLS.

## 5. PROVISION OF FAD FROM THE SCHEME

The Management Trustees will not provide FAD under the Scheme.

## 6. DEDUCTION OF TAX

Where the Management Trustees pay an UFPLS, any tax due will be deducted at source. If the Member's tax code is not known, tax code BR will be used.

## 7. INDEPENDENT AVC TRANSFERS – SCHEME RULES

Rule 36(f) of the Scheme Rules provides:

*"The Management Trustees may, upon receiving a written request from an Additional Voluntary Contributor in such form as the Management Trustees shall prescribe, transfer an amount equal to all or part of the Additional Voluntary Contributor's Final Balance, but not his FSS benefits or his BAMPS benefits, to any other Registered Pension Scheme.*

*The receipt of the person or persons who administer the Registered Pension Scheme to which the transfer payment is made shall be a complete discharge for the Management Trustees for their liability in respect of the Final Balance (or that part of the Final Balance) transferred."*

## 8. PROVISION OF INDEPENDENT AVC TRANSFERS FROM THE SCHEME

The Management Trustees will agree to a request from an Additional Voluntary Contributor for a transfer of all or part of his Final Balance under Rule 36(f):

8.1 where it is the Additional Voluntary Contributor's first such request and the transfer is to be made at or before his Pension Commencement Date; or

8.2 where the transfer is to be made at the Additional Voluntary Contributor's Pension Commencement Date and will transfer all of his Final Balance.<sup>1</sup>

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<sup>1</sup> An AVC Deferrer, who defers all or part of his AVC Accounts beyond his Pension Commencement Date, can elect to transfer his Final Balance (or the remainder) to any other Registered Pension Scheme under Rule 36(e)(v).