

2023

# Member Handbook

## Airways Pension Scheme (Part 6)



Updated on:  
12 September 2023

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Important note: This handbook is only intended as a summary of the benefits available under APS and does not confer any rights to membership or benefits. Those rights are conferred solely by the Scheme's governing documentation (as amended from time to time) as it applies to you and by applicable legislation and subject to certain discretions and factors which may change from time to time. Some benefits may differ depending on when you left Service and which part of the Trust Deed Rules applies to your benefits. This handbook has been prepared based on Part 6 of the Rules. If there is any conflict between the information set out in this handbook and relevant legislation, or the Scheme's governing documentation (as amended from time to time), it is the relevant legislation, or the Scheme's governing documentation which will prevail.

As a result, you should not rely on the contents of this handbook when making any decisions relating to your pension benefits and the Trustee does not make any representations as to the benefits provided nor warrant the accuracy of the information in this handbook.

# Glossary of terms

We try hard to avoid jargon where we can, but there are some technical terms that we need to use to describe your benefits and the Scheme. To help you understand these terms we have put together this short definitions list. There is also an online glossary which contains simple English definitions of all the technical terms used on the website.

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**Active Member:**

A member of the Scheme working for the Company who is still building up benefits in the Scheme.

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**Additional Voluntary Contributions (AVCs):**

Extra tax-free contributions (if you made them) on top of your standard pension to provide additional benefits for you and your dependants when you retire or die.

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**Adult Survivor's pension:**

This is the pension payable to your legal spouse or civil partner from date of death, in respect of any pension you built up over the period of time that higher rate contributions have been paid by you. If you do not have a legal spouse or civil partner when you die, the pension may be payable, at the discretion of the Trustee, to a Pensionable Dependant.

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**APS:**

Airways Pension Scheme.

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**Band Earnings:**

Your total pay within a band set by the government each year, on which employee National Insurance rates are based. To find the current rates, visit the [Gov.uk website](#).

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**BAPP:**

The British Airways Pension Plan was introduced by BA in 2018. The Plan is administered externally by Aviva Life & Pensions.

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**British Airways (BA) Pensions:**

The in-house service provider jointly owned by the Trustee and the Trustee of the New Airways Pension Scheme (NAPS). BA Pensions administers and provides other services to the Scheme.

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**Cash Equivalent Transfer value (CETV):**

The equivalent cash value of the benefits you have built up in a pension scheme available to be transferred to another Registered pension arrangement

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**Company or BA:**

British Airways Plc.

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**Contracted Out:**

Historically UK pension schemes could choose to opt-out of the State Second Pension (S2P), formerly known as the State Earnings Related Pension Scheme (SERPS). The Scheme was contracted-out until 5 April 2016. As the Scheme was Contracted Out it has to provide most members with Guaranteed Minimum Pension (GMP) benefits (see below).

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**Crystallised Member:**

A member of the Scheme who is still working for the Company but has chosen to stop paying contributions to the Scheme at or after Normal Retirement Age (NRA) and whose benefits have not yet come into payment. For the purposes of this handbook only, a Crystallised Member is treated as an Active Member, unless otherwise stated and can continue to save AVCs to APS (but members who save any AVCs should be aware that both AVCs saved and crystallisation uplifts must be counted towards their annual allowance in the relevant tax year, see page 10 for further information).

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**Deferred Member:**

A member who has benefits in the Scheme that have not yet come into payment and, in most cases, has left the Company.

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# Glossary of terms

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**Flexible Retirement:**

An option allowing Active Members (with the consent of BA) one opportunity at any time from age 55 to permanently reduce their working hours and at the same time to draw all or part of their pension benefits built up to that date.

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**Flying Staff:**

Pilots, flight engineers, navigating officers and air cabin crew.

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**Ground Staff:**

All employees other than pilots, flight engineers and air cabin crew.

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**Guaranteed Minimum Pension (GMP):**

Most members will have a GMP. This is a small part of a member's overall pension relating to any Pensionable Service completed between 6 April 1978 and 5 April 1997 whilst the Scheme was Contracted Out. If you have a GMP the Scheme must pay you at least a minimum amount of pension as a condition of the Scheme being Contracted Out. The amount of GMP is very small for most members, broadly equal to the State Second Pension you would have built-up had you not been Contracted Out. GMP is included in your Scheme pension and you may see it referred to in benefit statements and certain parts of this handbook and the Trust Deed & Rules.

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**Normal Retirement Age (NRA):**

This is the age at which you can retire on your full pension entitlement. You may choose to retire before, at or after NRA. Your NRA depends on whether you are Ground Staff or Flying Staff, and in most cases is:

**Ground Staff:** NRA of 60.     **Flying Staff:** NRA of 55.

Some members may have an NRA of 63 depending on their dates of service in the Scheme.

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**Pensionable Dependant:**

When you die the Trustee has discretion in some cases to award pension benefits to an individual that meets the definition of "Pensionable Dependant". It means someone who, in the opinion of the Trustee is, at the date of your death, either: (i) living with you in a relationship closely resembling marriage and with whom you are financially inter-dependent e.g. a long term unmarried partner, or (ii) someone who is financially dependent upon you to a substantial extent for the everyday necessities of life. Children's pensions are dealt with separately in most cases (see **Dependent Child Allowance**) however, where a member's pension commenced before 1 July 2008, an adult child who is age 23 or over may potentially qualify as a Pensionable Dependant subject to the circumstances set out in (ii) above.

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**Pensionable Pay:**

This means the part of your pay that is used to calculate your pension benefits. The Company determines the elements of pay that are counted for pension purposes and over what period those elements apply. In the case of a SmartPension member, Pensionable Pay is the Active Member's pay before the deduction of SmartPension contributions. Annual Pensionable Pay increases will be no more than increases in inflation (Retail Price Index) but any increments and promotions in addition to any standard annual increase will generally continue to be pensionable.

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**Pensionable Service:**

This means the time during which you contributed to and built up pension in the Scheme, plus any service provided as a result of a transfer of pension from a previous scheme. If you worked part-time for any periods, your Pensionable Service is adjusted in line with the percentage of full-time hours you work. Any non-pensionable breaks will be deducted, such as unpaid maternity leave that you decide not to make pensionable when you return from leave.

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**Pensioners:**

Any members who are receiving a pension from the Scheme, apart from individuals that are receiving a pension following the death of a member (see **'Survivors'** below).

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**Qualifying Recognised Overseas Pension Scheme (QROPS):**

A scheme that falls within the definition of "recognised overseas pension scheme" in tax legislation.

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# Glossary of terms

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**Recognised transfer:**

A transfer representing a member's accrued rights under a Registered Pension Scheme to another Registered Pension Scheme (or, in certain circumstances, to an insurance company) or a Qualifying Recognised Overseas Pension Scheme (QROPS).

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**Registered Pension Scheme:**

A pension scheme that has been registered by Her Majesty's Revenue & Customs (HMRC), or through acquiring registered status by virtue of being an approved pension scheme on 5 April 2006 and is registered under Chapter 2 of Part 4 of the Finance Act 2004. The Scheme is a Registered Pension Scheme.

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**Retiring Pay:**

This is generally calculated as the average of the best two years' Pensionable Pay in the five years before you leave the Scheme, retire or die. Retiring Pay always uses the full-time equivalent of Pensionable Pay even where part-time hours are worked (Pensionable Service is adjusted to any applicable part-time rate).

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**Schedule of Contributions:**

A formal document agreed between the Company and the Trustee which sets out the contributions payable to the Scheme by the Employer and by Members. This document is certified by the Scheme Actuary and revised at regular intervals in line with the actuarial valuations of the Scheme.

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**Scheme:**

The Airways Pension Scheme.

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**SmartPension:**

A Company salary sacrifice arrangement which changes the way you make normal pension contributions to the Scheme. Instead of contributions being deducted from your pay, the Company pays them to the Scheme and, in return, reduces your pay by exactly the same amount. By reducing your gross pay neither you nor the Company pay income tax or National Insurance Contributions (NICs) on Scheme contributions. For more information on SmartPension, visit the BA ONE intranet.

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**SmartAVCs:**

The Company's salary sacrifice arrangement for Additional Voluntary Contributions (AVCs). Instead of AVCs being deducted from your weekly or monthly pay, the Company pays the contributions directly to the Scheme on your behalf and reduces your pay by exactly the same amount. By reducing your pay neither you nor the Company pay income tax or National Insurance Contributions (NICs) on AVCs. Where AVCs are made via SmartAVCs, the Company also pays an extra amount, currently equal to 10% of your SmartAVC contribution, to your chosen AVC fund. You can find the full details in the SmartAVC Factsheet on the BA ONE intranet.

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**State Pension Age (SPA):**

The age at which you become eligible for a State pension. Originally State Pension Age was age 65 for men and age 60 for women. State Pension Age increased for men and women to age 66 by April 2020. It is set to increase to age 67 by April 2028. You can find out your actual State Pension Age by using the State Pension Age calculator on the [Gov.uk website](#).

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**Surviving Dependant:**

An individual whom the Active member, Deferred member or Pensioner wishes to register to be considered by the Trustee for an Adult Survivor's pension in the event of the Active Member or pensioner dying without leaving a legal spouse or civil partner. Before qualifying for an Adult Survivor's pension, the Trustee must agree that any Surviving Dependant meets the criteria of a Pensionable Dependant.

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**Survivors:**

Any individuals who are receiving a pension from the Scheme following the death of a member.

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**Trust Deed & Rules:**

The governing documentation of the Scheme in force at the relevant time.

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**Trustee:**

The Trustee is currently made up of individual Trustee directors under the corporate trustee company Airways Pension Scheme Trustee Limited. The Trust Deed & Rules provide that half of the Trustee directors are appointed by the Company and half of the Trustee directors are elected by the members. The Trustee company is responsible for managing all aspects of the Scheme, such as making decisions in relation to Scheme benefits and ensuring that contributions are paid. More information on who your Trustee Directors are can be found on our [website](#).

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# Welcome

This handbook explains the benefits members may be entitled to under the Airways Pension Scheme (APS or the Scheme). It sets out how benefits work before and after retirement, and also any benefits your dependants may receive if you die. It is designed to allow members to access all the key information about their benefits in one place. However, the handbook does not cover every detail about the Scheme. The full details can be found in the Trust Deed & Rules, as amended from time to time. You can find the latest copy of the Trust Deed & Rules and any amending Deeds on the member [website](#). The website also contains further useful information on things like:

- AVC arrangements and fund choices
- Tax allowances
- Scheme operating rules
- Useful forms, e.g. for death benefits, transfers out, changes of circumstances
- Information about your Trustee Directors and BA Pensions
- Our service standards, and our vision and strategic objectives
- Annual report and financial statements
- Statement of Investment Principles

The handbook is updated periodically to reflect any changes to how benefits work under APS, for example following changes in the law affecting pensions or changes made to the Trust Deed & Rules. Members are also kept up to date on important changes through our website where we regularly update the [news page](#) and frequently publish online bulletins.

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## How to navigate this handbook

Each page of the handbook is marked as Active Member, Deferred Member, Pensioner, and/or Survivor, or All. You can use the guide below to work out which category you are in and then look for sections of the handbook marked as relevant to you.

- A** **Active Members** are members of the Scheme working for the Company who are still building up benefits in the Scheme.
- D** **Deferred Members** have benefits in the Scheme that have not yet come into payment and in most cases have left the Company.
- P** **Pensioners** are any members who are receiving a pension from the Scheme, apart from individuals that are receiving a pension following the death of a member.
- S** **Survivors** are any individuals who are receiving a pension from APS following the death of a member.

## Contact us

APS is administered by British Airways Pension Services Limited (referred to as BA Pensions throughout this handbook) which is an in-house service provider jointly owned by the Trustee and the trustee of the New Airways Pension Scheme (NAPS). You can contact BA Pensions if you have any questions about your benefits or encounter any problems. They can be reached at:

**British Airways Pensions**  
**PO Box 2074**  
**Liverpool**  
**L69 2YL**

**E-mail:** [Contact us via our website](#)

**Telephone:** 020 8538 2100  
(9am to 1pm, Monday to Friday)

**Fax:** 020 8538 2190

**Website:** [www.mybapension.com/aps](http://www.mybapension.com/aps)

# 1. General information about the Scheme



APS is a final salary, occupational pension scheme (sometimes referred to as a defined benefit scheme) established by the Company in 1948. It was closed to new members on 1 April 1984 and was contracted-out of the State Second Pension (S2P – formerly known as SERPS) until 5 April 2016.

APS is a final salary pension scheme. This means that your pension benefits are calculated using a defined formula linked to your Pensionable Service and the Pensionable Pay. This is a very valuable pension benefit and all members should consider this when making any decisions in relation to their pension, e.g. a decision to transfer out of the Scheme or to top-up pension benefits by paying Additional Voluntary Contributions.

The way benefits operate are governed by the Scheme's Trust Deed & Rules (**latest copy available on our website**) and by pensions and tax law. Some are subject to certain factors and discretions which may change over time. The Trustee of the Scheme is responsible for managing all aspects of the Scheme, including making decisions on pension benefits and ensuring contributions are paid on time.

BA also sponsors the New Airways Pension Scheme (NAPS). APS and NAPS are wholly separate pension schemes with separate Trustee Companies, key advisors and governing documents. They are run independently of each other but sometimes discuss issues that are common or of relevance to both Schemes where it is practical and permissible to do so.

## Managing your pension online

You can access lots of other useful information on our website, such as:

- Online pension modeller (active members)
- Pension statements (for example: yearly active or deferred pension statements, AVC statements, pension increase statements and P60 certificates, pension payslips etc)
- Online e-Forms (change of address, change of bank details, AVC investment changes, Notice of Wish etc)
- Video guides
- FAQs to a variety of commonly asked questions
- Leaflets and infographics (e.g. AVC Plan information leaflet and investment commentary, drawing your deferred pension leaflet, pensions and divorce)
- Latest news updates from BA Pensions and your Trustee
- In Focus – our yearly update provided to all beneficiaries of the Scheme
- Scheme documents, such as: Valuation reports, Trustee Reports & Financial Statements, Summary Funding Statements



## 2. What do I pay into the Scheme? A

An Active Member's pension contributions are determined by the Trust Deed & Rules. The contributions you pay may include up to three separate parts: a percentage of Pensionable Pay, a percentage of Band Earnings for members under State Pension Age and who are not 2016 Lower Accrual Members (explained below) and a salary deduction to unfreeze your Pensionable Pay if applicable. The table opposite shows the percentage of Pensionable Pay that active members who are Higher Rate Contributors are required to contribute.

Contribution rate	(% of Pensionable Pay)
General Staff	7.25%
Air Cabin Crew	8.50%
Pilots and Officers	8.50%

Full details of contributions are in the Trust Deed and Rules.

Members under State Pension Age (SPA) who are not 2016 Lower Accrual Members pay an additional contribution of 3.1% of their Band Earnings. This was introduced by the Company following the launch of the government's new State Pension arrangements from April 2016. If you are under SPA and select the lower build-up rate (1/54 Flying Staff or 1/58 Ground Staff) you do not pay the additional 3.1% of Band Earnings but your pension will build up at a lower rate. You usually have opportunities, on 1 April and 1 October each year, to review the build-up rate of your future pension benefits from that date onwards.

Active Members were offered a one-off option to irreversibly "unfreeze" Pensionable Pay up to the level of inflation. Active Members could take up the option by 31 December 2014 in return for additional contributions of 4.5% of Pensionable Pay. The contribution level will be reviewed at each Scheme triennial valuation – but it is capped at a maximum level of 4.5%.

The Company also pays contributions into the Scheme, in respect of Active Members, in accordance with the Schedule of Contributions of the Scheme in place from time to time.

### Adult Survivor's pension

The standard pension package includes a pension for your spouse, civil partner or partner when you die. If you do not want this cover, you can choose to be a Lower Rate Contributor, which means you will pay 1.5% less than each of the contributions rates outlined above (i.e. a Ground Staff Active Member who opted out of this cover would pay 5.75% instead of 7.25%). Should you wish to opt out of paying for this cover, or if you presently do not pay for the cover and wish to do so, you should contact BA Pensions. As a general rule, you are permitted to opt out and then opt in to paying for this cover once. Opting in to paying for this cover will require you to pass a medical examination. If you decide not to have Adult Survivor's pension cover, a minimum pension may still be payable as required by legislation. If you choose to increase your contributions to have this additional cover, the Adult Survivor's pension will be calculated only on the pension you built up while paying higher contributions.

### Making pension contributions

Pension contributions not deducted through the Company's SmartPension arrangement are automatically deducted from your regular pay before tax is deducted. You do not pay tax on your

contributions (including any Additional Voluntary Contributions) and you receive tax relief at the highest rate appropriate to your pay. Whether or not you make your Scheme contributions using SmartPension, the contributions paying for the cost of unfreezing your Pensionable Pay are made via SmartPension.

### SmartPension

Whilst contributions deducted from regular pay attract income tax relief, Active Members still pay National Insurance Contributions (NICs) on this part of their pay. Under SmartPension, the Company pays your pension contributions for you in return for reducing your basic salary by the exact amount of your pension contribution. As a result, not only do Active Members benefit from paying less tax, but both they and the Company pay less NICs. The Company checks the status of each Active Member to ensure that only those who will benefit from SmartPension are included. More information about SmartPension can be found on the BA ONE intranet.

Throughout the handbook, where a reference is made to pension contributions you make to the Scheme, or a benefit based on the value of your contributions, this will include any amounts credited by the Company on your behalf via SmartPension, unless stated otherwise.

# Putting members first



## Can I add to my pension (AVCs)?

While you are an Active Member\*, you can opt to pay additional contributions to the Scheme to provide extra retirement pension if you choose. These are known as Additional Voluntary Contributions (AVCs).

AVCs are kept in a separate AVC account and you can choose how they are invested. There are currently three AVC funds to choose to invest in,

- Short-dated Gilts Fund (SGF),
- Equity-Biased Fund (EBF) and
- Mixed Portfolio Fund (MPF).

For further information, please [click here](#). You are able to switch between the three funds by completing an online 'AVC Switch form' by logging onto the secure section of our website. Or if you prefer, you can download a paper form from our 'Forms' section on the website.

The balance of your AVC account will depend on the amount of AVCs you have paid in and the investment returns achieved over the time your AVCs have been invested. Investment returns in the MPF are not guaranteed and the value of your AVCs may go down as well as up.

\*If you are a Crystallised Member, you can save AVCs while your pension remains crystallised. Crystallised pensions do not normally need to be assessed for Annual Allowance (AA) purposes. However, saving SmartAVCs and/or normal AVCs within the AVC funds is deemed as ongoing benefit build-up. If you save AVCs in any tax year, the total growth in your benefits, including all increases to your pension under the crystallisation option, must then be assessed against your Annual Allowance for the relevant year. You can find out more about the Annual Allowance in [Tax information](#).

## What can I do with my AVCs at retirement?

At retirement your AVCs plus any investment return can be used to provide extra tax-free cash (which will mean you have to give up less pension to take your maximum tax-free cash lump sum) or pension benefits. Alternatively, you can choose to:

Transfer some or all of your AVCs to a different pension provider independently of your Scheme benefits if you wish, instead of drawing them from the Scheme.

Buy an additional pension called an 'annuity' - either from the Scheme or externally from an insurance company of your choice (known as the 'Open Market Option'). All members with AVCs have the right to choose between these options if they wish.

If you have AVCs your options will be clearly explained to you in your retirement pack, together with illustrations.

AVC forms are held on the 'Forms' page of our [website](#) and you can also find more details in the 'AVCs' section of the website and in the '[AVC Plan – Information Leaflet](#)'.

## What happens to my AVCs if I leave the Scheme?

If you leave service or opt out of the Scheme, you cannot save any more AVCs. Your AVC account will continue to receive any investment returns until you draw it or transfer it to a different pension arrangement. You can still choose to switch your AVC account balance between funds.

## What about transferring other pension pots into the Scheme?

APS is not currently accepting transfers into the Scheme from other pension arrangements.





## 3. What happens if my circumstances change? A

### What happens if I change jobs in BA or my pensionable pay goes down?

At some point in your career, you may face a situation where your Pensionable Pay decreases, for example: if you move from Flying Staff to Ground Staff or vice versa. If you move from Flying Staff to Ground Staff or vice versa your NRA, pension build up rate and pension contribution rate will also change.

If this happens you will normally have two choices:

1. Keep aside the pension that has built up for the Pensionable Service in the old occupation or up to the date your Pensionable Pay changed. Then start a separate pension in the new occupation or from the date your Pensionable Pay changed. You cannot start a new pension in APS but you can choose to join the British Airways Pension Plan (BAPP) for future service. BAPP is currently administered by Aviva Life & Pensions. Contact Aviva Life & Pensions by emailing [ba.mymoney@aviva.com](mailto:ba.mymoney@aviva.com) or call **0345 030 7964**.
2. If you have changed occupation – convert your previous Pensionable Service to Pensionable Service in your new occupation. Your previous Pensionable Service will be adjusted to reflect any differences between the build-up rates and NRA.

If you change from Flying Staff to Ground Staff at, or after, NRA and you are an Active Member you can:

3. Convert your Flying Staff Pensionable Service to Ground Staff Pensionable Service in the Scheme; or
4. Take a pension for your Flying Staff Pensionable Service and either draw this straight away or defer it until you finally retire. You can start building up benefits in the British Airways Pension Plan (BAPP), which is currently administered by Aviva Life & Pensions, for future Pensionable Service.

Currently, BA Pensions will provide full details of the options available to you should you choose to change your occupational category (from Flying Staff to Ground Staff or vice versa), or if your Pensionable Pay drops by more than a certain amount (currently £1,000 a year but this will be reviewed from time to time).

## What about other changes?

The **changes to my life** section on our website provides information on other changes you may face (such as being temporarily absent, going on parental leave or changing your working hours).

## What happens if I get divorced?

You can find our current Divorce leaflets here.

There are various ways that pensions may be taken into account when a divorce settlement is being finalised. Your solicitor will need to discuss the options available with you and determine the most appropriate course of action for your individual circumstances.

Depending on the circumstances, your ex-spouse or ex-civil partner may become entitled to some of your benefits through a pension sharing order or a pension attachment order. If you have previously divorced, the options available may be different. The Trustee may apply a charge to cover the administrative cost of processing the order. Details of the charge are set out in the Divorce leaflet.

These options are very complex and there are many factors which need to be taken into consideration in assessing the appropriate action. You should make sure that you obtain comprehensive legal and financial advice.

## Can I opt out of the Scheme?

If you are an Active Member you can choose to opt out of APS by giving one calendar month's notice in writing to the Trustee. While you remain a BA employee you cannot rejoin APS at any time. However, you can continue to save for your retirement and qualify for certain death-in-service benefits by applying to join the British Airways Pension Plan (BAPP) for future service. Visit the 'Reward@BA' section of the BA intranet for full details of BAPP and how to apply for membership. If you opt out of APS and do not choose to join BAPP, BA may automatically enrol you into BAPP to comply with its legal requirements. See **page 26** for further details about auto-enrolment.



## 4. What are my benefits on retirement?



### Pension calculation

When you retire you will be entitled to a pension and a tax free cash lump sum (subject to available LTA) from the Scheme. You may also have other benefit options available, such as transferring out of the Scheme before you take retirement, and/or different ways to use any AVCs you may have paid to the Scheme. You'll receive a retirement pack at least three months before your NRA which provides all of the details for your options. In the meantime this section gives an overview of the benefits you could receive.

#### Ground Staff

For Ground Staff, the standard pension benefit calculation is:

$$\frac{\text{Retiring Pay} \times \text{Pensionable Service}^*}{56^{**} \text{ (build up rate)}} = \text{Pension payable from Normal Retirement Age}^* \text{ (60)}$$

#### Flying Staff

For Flying Staff, the standard pension calculation is:

$$\frac{\text{Retiring Pay} \times \text{Pensionable Service}^*}{52^{**} \text{ (build up rate)}} = \text{Pension payable from Normal Retirement Age}^* \text{ (55)}$$

\*Retiring Pay, Pensionable Service and Normal Retirement Age are all defined in the [Glossary](#).

\*\*Since 6 April 2016 you can choose a slower build-up rate (1/54 Flying Staff or 1/58 Ground Staff) whilst you are under State Pension Age. If you choose the slower build-up rate, BA then covers the cost of the additional employer's National Insurance Contributions (NICs), currently 3.1% of Band Earnings, introduced following the introduction of the revised State Pension arrangements from April 2016.

Where benefits are drawn earlier than NRA, the pension will be reduced for early payment. Equally, where payment is made later than the NRA, the pension will usually be increased for late payment. If you retire before age 65 (men) or 60 (women) then the pension equal to the amount that will be your GMP will not receive these increases until you reach that age.

### Tax-free cash lump sum

As well as your pension, under current legislation you can also choose to take a tax-free cash lump sum when you draw your pension. The amount of lump sum paid to you will depend on the amount of your pension and various actuarial assumptions which are dependent on your age and subject to review from time to time. For example:

A member retiring at age 65 on a pension of £10,000.00 pa can choose a lump sum of:  
 $(F \times C) / (0.15 \times (C + 1))$

#### Where:

F = Full pension before commutation = £10,000.00 pa

C = Commutation factor = 18.78\*

\*varies with age and subject to regular review

$(£10,000 \times 18.78) / (0.15 \times (18.78 + 1)) = \text{£49,200.94}$  lump sum plus a reduced pension.

Currently the amount of pension that would need to be given up to provide the lump sum is:  
 $£49,200.94 / 18.78 = \text{£2,619.86}$

This would give the member a reduced pension of £10,000.00 - £2,916.86 = **£7,380.14 pa**

Your tax-free amount is limited to a maximum of 25% of the standard or protected Lifetime Allowance (LTA) or 25% of your remaining LTA if you are already drawing other pension benefits. Members who have an AVC account within the Scheme can take some or all of their AVCs as part of their lump sum. Currently, in most cases, the whole AVC balance can be taken as a lump sum (up to the same tax-free limits). More details on AVCs can be found on [page 9](#).

When you're coming up to retirement, BA Pensions will provide you with an illustration of the maximum tax-free lump sum available to you and the residual pension that you will be left with. You can choose to take as much or as little of the available lump sum as you want.

Taking a lump sum at retirement does not affect any Adult Survivor's pension (legal spouse, civil partner or dependant) or the dependent child allowances, which are payable upon your death. Full details about the benefits payable on death can be found on [page 19](#).

Please remember that any lump sum must be taken at the same time that you draw your pension benefits.

## Pension increases

Once your pension is in payment it will increase annually. Your pension will increase at the rate set out in the Government's yearly Pensions Increase (Review) Orders. These Orders currently reflect the increase in the Consumer Prices Index (CPI) but the method of measurement is determined by the Secretary of State and may change from time to time.

The Trustee has a power to pay increases in addition to those set out in the Orders if, after taking professional advice, it agrees this to be appropriate. The first increase you receive will be a proportion of the full increase to reflect that your pension has not been in payment for a full year.

If you have any GMP, then this will instead increase at the rate required by the Government's yearly Orders for GMP, and only for any GMP built up for Pensionable Service between 6 April 1988 and 5 April 1997. These Orders currently reflect the increase in the CPI update to a maximum of 3% a year but the method of measurement is determined by the Secretary of State and may change from time to time.

## Can I take all of my benefits as a cash lump sum?

In some cases you can take all of your pension benefits as a cash lump sum if you have a small pension, currently around £500 a year or less, and:

- If you have a GMP, you are a man aged at least 65 or a woman aged at least 60, or
- If you do not have a GMP, you are over 55.

You may also be able to take all your benefits as a lump sum if you are suffering from serious ill health. Details can be found on [page 18](#).

This applies for both Deferred Members and Pensioners. You can find more details about this on our [website](#).



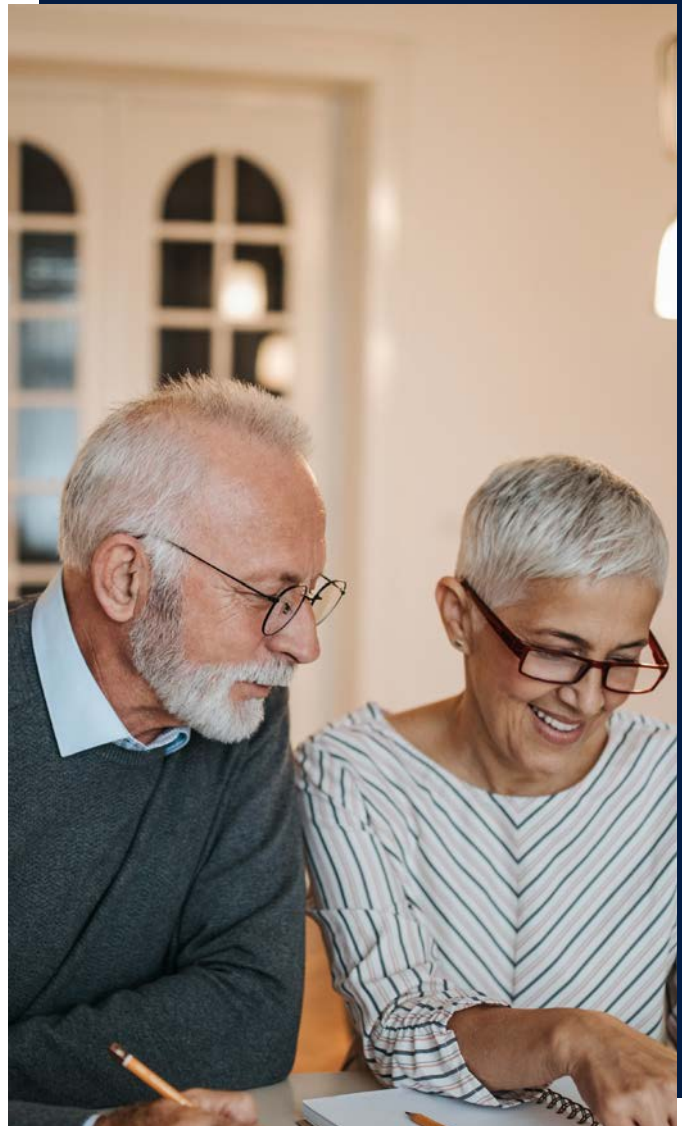
## How is my pension paid?

Your pension will be paid monthly, in arrears, into your bank or building society account in the UK.

The first payment is generally made at the end of the month after the month in which you retire. For example, if you retire on 11 August your first pension payment will be made on 30 September (covering the payment due for both part of August and the whole of September). We will provide a pension pay slip when your first pension payment is made. Further pay slips will only be provided if the amount of your pension (after the deduction of income tax, if applicable) changes by more than 99 pence.

BA Pensions will need to deduct UK income tax from your pension under the Pay As You Earn (PAYE) system unless you are resident abroad and tax authorities have notified us that you are exempt from UK income tax.

If you live abroad, your pension can be paid to an overseas account. Payment is dispatched in UK Sterling and converted by the Scheme's bankers into the local currency, free of charges, and is generally paid in the local currency to your overseas bank for remittance into your account. Alternatively, you can of course, continue to have your pension paid to a UK account.



It is important that you notify BA Pensions of any changes to your address or bank details as soon as they occur. As a general rule instructions that are received by the 10th of a month can be applied to your pension payment for that month. Later notifications will be applied to the following month's pension.

If you have registered for online communications and you are a Pensioner or Deferred member, you can update your details online rather than by post. Login to **'Mybapension online'** to access our range of online forms. If you haven't registered for online communications, you can do so at any time by clicking on 'register' at the top of the screen.

We can also accept address changes in writing, with your signature (our address is on the **'Contact us'** page of our website). Please quote your pension reference number in all correspondence (you can find this at the top of any letter or statement you receive from BA Pensions).



## 5. I am still an Active Member A - when can I retire?

### When is my Normal Retirement Age (NRA)?

Your pension has a different Normal Retirement Age (NRA) depending on whether you are Ground Staff or Flying Staff. In general:

**For Ground Staff your NRA is 60**  
**For Flying Staff your NRA is 55**

If your pension is made up of several elements with different NRAs (e.g. if you have changed from Flying Staff to Ground Staff), when you retire your entire pension must all be drawn at the same retirement date. Where benefits are drawn earlier than the NRA, that element of pension will be reduced for early payment. Equally, where payment is made later than the NRA, that element of pension will usually be increased for late payment.

### Can I retire before or after my NRA?

Yes you can:

**Retiring early:** Active Members can choose to retire from age 50 if they wish. If you opt to retire early your pension benefits will be reduced to take account of early payment.

**Retiring late:** If Active Members work past NRA, they will automatically continue to pay contributions and remain an Active Member. However, you can choose to stop paying contributions at any time from NRA. If you opt out of the Scheme, your pension benefits will be based on your Pensionable Service and Retiring Pay at the date you leave the Scheme. Those benefits will then usually be increased to take account of late payment.

We will automatically provide you with full details of these options shortly before you reach your NRA.

### Flexible retirement

As long as BA agrees, from age 55, an Active Member can take one opportunity to draw all or part of their pension and also to continue to build up benefits for future service. Please see the [website](#) for further details on flexible retirement.



## Can I retire early if I am in ill-health or serious ill-health? A

### Ill-health pension

If you are an Active Member who is retired before NRA by the Company on the grounds of Medical Incapacity, the Company may authorise the Trustee to pay you an immediate ill-health pension, whatever your age, if you are:

Retired by the Company because you are unable to perform your normal duties because of ill-health, or  
A pilot or engineer officer who loses your licence due to medical reasons before NRA.

The granting of an ill-health pension for an Active Member is decided by the Company and actioned by the Trustee once it has received notification of the Company's decision. This is because it requires a Member to leave employment before NRA on grounds of medical incapacity. This is decided on by the Company. The Trustee does not have power to decide whether an ill-health pension should be granted.

### How your ill-health pension would be worked out

We calculate your pension as a percentage of your Pensionable Pay based on the years and days that you've been a member of the Scheme plus half the Pensionable Service you would have completed between the date you retire on ill-health grounds and your NRA. The additional service will be added to your pension already built up, using the standard pension build up rate of 1/52 (Flying Staff) or 1/58 (Ground Staff). If you are currently building your pension up at the slower rate of 1/54 (Flying Staff) or 1/58 (Ground Staff) this will be calculated using the slower build up rate.

Special arrangements apply to Ground Staff who were in Pensionable Service on 1 December 1989. As long as there has been no break in your Pensionable Service, when we calculate the ill-health pension we will include half your potential Pensionable Service to age 63.

If you are part time at the point of retiring on grounds of ill-health, the half potential service will be at the part-time rate. For example, a 55 year old Ground Staff member would have potential service of 8 years to age 63 and thus half service of 4 years. If that same Member was on a 50% contract, the half potential would also be at the 50% rate, i.e. 2 years. Retiring Pay is always calculated using the full-time equivalent of Pensionable Pay.

Because your pension includes half your future potential Pensionable Service there is a greater possibility of you incurring an Annual Allowance Charge than with other benefits.

The Trustee strongly recommends that members take time to read and understand the provisions of the ill-health pension rules, before retiring on ill-health grounds. Leaving the Company due to Medical Incapacity does not necessarily mean that you qualify for an ill-health pension. A copy of the current Trust Deed & Rules is available on the '**Scheme Documents**' page of our website or upon request from BA Pensions.

### Serious ill-health lump sum

If you are suffering from a life-threatening illness it may be possible to receive your entire pension as a tax-free lump sum (calculated on reduced actuarial terms) whilst continuing to provide a pension for your Survivors should you die. The current tax legislation will only allow such payments if you have a short time to live. We will ask you to provide written confirmation from a registered medical practitioner that you have less than 12 months to live. You must have Lifetime Allowance available and you must not have previously drawn any of your APS benefits. Please contact us if you wish to learn more about this option.

### Reviewing an ill-health pension

As explained above, granting ill-health pensions is a Company decision not a Trustee decision because it requires a Member to leave employment on grounds of medical incapacity, which is decided on by the Company. However, once an Active Member starts drawing an ill-health pension, it is then the Trustee's responsibility to periodically review the continued eligibility of the pensioner over the period from retirement until NRA. Where appropriate, suggested review dates are passed to the Trustee by British Airways Health Services at the time of retirement.

If, during a periodic review, the Trustee is advised by its own medical advisers that the pensioner is capable of working but is not doing so, or is capable of working more than is being undertaken, the ill-health pension may be reduced or suspended until NRA, or stopped completely. Where an ill-health pensioner returns to work, the Trustee needs to ensure that the total income – ill-health pension plus any earnings – does not exceed the earnings received immediately prior to leaving the Company on ill-health grounds.

Once you have reached NRA, no further reviews will be carried out. Your ill-health pension will continue at the full amount or, if the amount being paid has been suspended or reduced, a standard non-ill-health pension will be paid if this is a greater amount.

### What if I am re-engaged by the Company?

If having drawn an ill-health pension you are re-engaged in employment with the Company, your ill-health pension must cease immediately and you will be re-instated in the Scheme. The pension you built up before commencing your ill-health pension will be actuarially adjusted to allow for any tax-free lump sum taken.

## 6. I am a Deferred Member- when can I retire? D

### When is my normal retirement age (NRA)?

Your pension has a different Normal Retirement Age (NRA) depending on whether you are Ground Staff or Flying Staff. In general:

**For Ground Staff your NRA is 60**  
**For Flying Staff your NRA is 55**

If your pension is made up of several elements with different NRAs (e.g. if you have changed from Flying Staff to Ground Staff), when you retire your entire pension must all be drawn at the same retirement date. Where benefits are drawn earlier than the NRA, that element of pension will be reduced for early payment. Equally, where payment is made later than the NRA, that element of pension will usually be increased for late payment.

### Can I draw my deferred pension before or after my NRA?

Yes you can:

**Retiring early:** Deferred Members can choose to retire from age 50 if they wish. If you opt to retire early your pension benefits will be reduced to take account of early payment.

**Retiring late:** Deferred Members can choose to retire after their NRA if they wish. If you opt to retire late your pension benefits will usually be increased to take account of late payment.

### Can I draw my deferred pension early if I am in ill-health or serious ill-health?

#### Ill-health pension

Deferred Members can, in some cases, draw a pension on the grounds of ill health, however the Trustee must be satisfied that the requirements of the Trust Deed & Rules and the tax legislation are met.

As with other types of early retirement, the pension will be reduced by an amount determined by the Actuary as it is being drawn earlier than NRA. If your reduced benefit would mean that you receive less than your GMP at age 65 (men) or 60 (women), then you will instead receive the reduced amount of the part of your pension that is above GMP and you will receive your full GMP from age 65 (men) or 60 (women).

To be considered for early payment of a pension on grounds of ill health, a registered medical practitioner (such as your GP) must provide written confirmation that you are medically incapable (either physically or mentally) of continuing your current occupation as a result of injury, sickness, disease or disability, and as a result of the ill-health you have ceased to carry on that occupation. The Trustee may also need to be satisfied that further criteria have been met.

#### Serious ill-health lump sum

If you are suffering from a life-threatening illness it may be possible to receive your entire pension as a tax-free lump sum (calculated on reduced actuarial terms) whilst continuing to provide a pension for your dependants should you die. See [page 18](#) above for more information about this option.

### Is there a time limit for claiming my benefits?

Yes, the Trust Deed & Rules states that benefits must be claimed within six years of the payment date they are due and any claims made outside this limit will not be met unless the Trustee decides otherwise.

You also cannot give or 'assign' your benefits to anyone else. This includes, for example, trying to use your benefits as security for a loan. If you attempt to assign any part of your benefits, you will lose your benefit rights under APS.

# 7. What happens to my benefits when I die?



When you die, your dependants may receive the following benefits from the Scheme:

<b>1</b> An Adult Survivor's pension for your legal spouse or civil partner, or in some cases, for another adult survivor (see <b>page 21</b> ) provided you chose this option and paid higher contributions.* This is calculated as 2/3rds of your pension for the period of time you paid higher contributions.	<b>2</b> An allowance for your Dependent Children (see <b>page 22</b> ) generally calculated as: <ul style="list-style-type: none"><li>• One child – 1/6th of your pension</li><li>• Two children – 1/6th of your pension each</li><li>• More than two children – Generally a total of 1/3rd of your pension divided as the Trustee sees fit.</li></ul>	<b>3</b> Your dependants may also receive a lump sum of: <ul style="list-style-type: none"><li>• If you have an AVC account, it will be paid as a lump sum</li><li>• If there is no Adult Survivor's pension payable, there may be a lump sum payable calculated as the difference between the pension and lump sum you have received (if any) and your Scheme contributions plus interest.</li></ul>
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\*If you did not choose this option as part of your pension benefits your legal spouse or civil partner may still be entitled to a minimum amount of pension which is required by the Trust Deed & Rules and applicable legislation in respect of Pensionable Service before 6 April 2016.

## Death whilst in Pensionable Service

When you die, your dependants may receive the following benefits from the Scheme:

- A lump sum death benefit equal to three times your Pensionable Pay at the date of death.
- An Adult Survivor's pension for your legal spouse or civil partner, or in some cases, for another adult survivor (see **page 21**) provided you chose this option and paid higher contributions. This is calculated as 2/3rds of your pension for the period of time you paid higher contributions.
- For a pension for your children see number 2 above.
- Your dependants may also receive a lump sum, please see number 3 above.

## Death after you leave Pensionable Service

- An Adult Survivor's pension for your legal spouse or civil partner, or in some cases, for another adult survivor (see **page 21**) provided you chose this option and paid higher contributions. This is calculated as 2/3rds of your pension for the period of time you paid higher contributions.
- For a pension for your children see number 2 above.
- Your dependants may also receive a lump sum, please see number 3 above.

## Adult Survivor's pension

If you:

- are legally married or in a registered civil partnership at the date of your death; and,
- chose the Adult Survivor's pension option and paid higher contributions to the Scheme,

a pension calculated as 2/3rds of your pension for the period of time you paid higher contributions will automatically be paid to your legal spouse/civil partner. This is known as an Adult Survivor's pension.

When calculating the pension benefits payable to your dependants when you die, BA Pensions will take your basic pension calculation before any reduction applied to your own pension for early payment (i.e. if you took your pension earlier than Normal Retirement Age) and before any reduction applied for exchanging part of your pension for a tax-free lump sum. If you are a Crystallised Member, the Adult Survivor's may be made up of two elements - a 'frozen' pension element and an 'additional' pension element. There may be two types of additional pension element.

If this applies, your Adult Survivor will have the option to decide on which additional element they wish to take, which will consist of either non-increasing (or fixed) pension, or increasing pension.

If you die whilst still in Pensionable Service and you were paying the higher rate of contributions for Adult Survivor's pension cover at the date of your death, BA Pensions will include half of your potential service from date of death to Normal Retirement Age in

the basic calculation used to work out the pension benefits for your survivors. If you worked part-time at the time of your death your potential Pensionable Service will be adjusted according to the number of hours you worked.

If your legal spouse or civil partner is more than ten years younger than you, the Adult Survivor's pension is reduced by 1.25% for each complete year by which the age difference exceeds ten years (e.g. 13 complete years difference = reduction of 3.75%).

The normal Scheme increase arrangements apply to Adult Survivor's pensions and they are payable for life. If you die before your pension commences payment or before the first annual increase of your pension, the first increase of the Adult Survivor's pension will be a proportion of the full increase to reflect the pension has not been in payment for a full year.

Please remember, if you elected not to pay towards an Adult Survivor's pension and die leaving a legal spouse, civil partner or Pensionable Dependant, they will not receive benefit from this important pension cover. However, a legal spouse or civil partner may still be entitled to a minimum amount of pension required by legislation in respect of Pensionable Service before 6 April 2016.

## What if I don't have a legal spouse or civil partner?

If you do not have a legal spouse or civil partner when you die, the Trustee has discretion to consider paying a pension to another adult who, to the satisfaction of the Trustee, meets the criteria of a Pensionable Dependant.

This means someone who, at the date of your death and in the opinion of the Trustee, is either:

- living with you in a relationship resembling marriage and with whom you are financially interdependent; or
- someone who is financially dependent on you to a substantial extent. (i.e. for the everyday necessities of life).

Where a member's pension commenced after 1 July 2008, an adult child who is over age 23 may only qualify for consideration by the Trustee as a Pensionable Dependant if they are physically or mentally impaired.

## Registering a Pensionable Dependant

If you are not legally married or in a registered civil partnership but think you may have a Pensionable Dependant, you can register details of your dependant online. Simply log in to Mybapension online and fill out the Surviving Dependant Form. If you have not registered for online communications please visit our [website](#) and click on 'Forms' to print off a Surviving Dependant Registration form, complete it, sign it and send it to BA Pensions. Whilst not legally binding on the Trustee, registering your dependant provides clear information to the Trustee. Please ensure you keep the information about your dependants up-to-date.

## Dependent child allowance

When you die any Dependent Children may receive an allowance, generally calculated as:

- One child – 1/6th of your pension
- Two children – 1/6th of your pension each
- More than two children – generally a total of 1/3rd of your pension

If you paid higher rate contributions but no Adult Survivor's pension is payable, the above amounts are trebled.

The calculation of pension benefits for Dependent Children is on the same basis as for the Adult

Survivor's pension, that is BA Pensions will take your basic pension calculation before any reduction applied to your own pension for early payment (i.e. if you took your pension earlier than Normal Retirement Age) and before any reduction applied for exchanging part of your pension for a tax-free lump sum.

The dependent child pension can be paid to children up to the age of 16, or up to the age of 23 if in full-time education/vocational training or if seriously and permanently incapacitated and unable to earn a living. Eligible children are your own children, legally adopted children, step-children and any child for whom, in the opinion of the Trustee, you are legally responsible immediately prior to death.

## Lump sum death benefit



When you die your dependants may also receive a lump sum of:

- If you die whilst still in Pensionable Service, a lump sum death benefit equal to three times your Pensionable Pay at the date of death.
- If you have an AVC account, it will be paid as a lump sum.
- If there is no Adult Survivor's pension payable, there may be a lump sum payable calculated as the difference between the pension and lump sum you have received (if any) and your Scheme contributions plus interest.

## Notice of wish forms

Any lump sum death benefits are payable to beneficiaries selected by the Trustee and as a consequence this lump sum is not liable to Inheritance Tax. Members should complete a Notice of Wish to let the Trustee know how they wish their lump sum to be distributed – the form is available on the 'Forms' page on our **website** or if you are registered for online communication, you can complete our online form by logging into the secure section of the website. Whilst not legally binding on the Trustee, the Notice of Wish gives the Trustee guidance as to how you would like the lump sum to be distributed.

You should keep your Notice of Wish regularly updated and especially if your personal circumstances change. Updating your Notice of Wish is easy – simply log in to **Mybapension** online and fill out the online Notice of Wish. If you have not registered for online communications please go to the website and click on 'Forms' to print off a Notice of Wish, complete it, sign it and send it to BA Pensions.

## Additional optional dependant pension



At any time before your pension starts you can decide to arrange to permanently give up a part of your own pension in order to provide for a pension to be paid to a named dependant on your death in retirement. Before you can take up this option you will need to pass a medical examination. Full details of this option can be obtained from BA Pensions.

## 8. I'm a Deferred Member - what happens to my benefits before I retire? D

### I'm no longer contributing to the Scheme but I haven't drawn my pension

If you have left the Scheme you will normally be entitled to a deferred pension and your benefits will be based on your Pensionable Pay and Pensionable Service built up to the date you left the Scheme. This is called a deferred pension.

Your deferred pension remains in the Scheme until you decide to draw it or transfer its value to another pension arrangement. See [page 24](#) for more information about transferring your benefits.

### Increases before NRA

If you have not yet drawn your deferred pension, it is held in the Scheme and is increased each year to help protect against the effects of inflation. Your pension will increase in line with the rate specified within the Government's yearly Pensions Increase (Review) Orders as a right under the Trust Deed & Rules up to your Normal Retirement Age (NRA). These Orders currently reflect the increase in the Consumer Prices Index (CPI) but the method of measurement is determined by the Secretary of State and may change from time to time.

The Trustee has the power to pay discretionary increases in addition to those set out in the Orders if, after taking professional advice, it agrees this would be appropriate.

### Can I choose to transfer my benefits to another pension arrangement?

Yes, you are currently able to transfer your benefits to another pension arrangement before you retire. See [page 24](#) for full details of transferring your benefits out of the Scheme.

### Where can I find out more information?

There is a section for Deferred Members on our [website](#) if you click on the Deferred Members tile.

You'll find other useful leaflets such as the Deferred Retirement leaflet [here](#).

Please remember it is your responsibility to keep your contact details up-to-date. If you have registered for Online Communications you can now inform us of address changes online rather than in the post. Simply **login** and click on 'Change postal address' in the 'My account' panel on the home page of 'Your benefits online'. If you have not registered for Online Communications you can do so at any time by clicking on 'register' at the top of the screen.

Address changes can also be accepted in writing with a signature (our address is on the **Contact us** page). Please quote your pension number (which is the same as your old BA staff number) in all correspondence. For security reasons address changes cannot generally be accepted by email.



# 9. Transferring your benefits out of the Scheme

## Can I transfer my pension rights to another provider?

Yes, you can currently transfer your pension rights to another registered pension arrangement before you retire.

Transferring out of the Scheme means asking the Trustee to transfer the value of all of your pension benefits in the Scheme to another pension arrangement. This must be a registered Pension Scheme in the UK or a Qualifying Recognised Overseas Pension Scheme (QROPS) outside of the UK.

A pension transfer from a defined benefit (DB) pension scheme (such as APS) means giving up your own benefits in the Scheme (and any dependants' benefits you have paid towards) in return for a cash value which is invested in another pension scheme of your choice. This value of your benefits is called a 'Cash Equivalent Transfer Value (CETV)'.

The Trustee has the right to refuse to pay a transfer value to a scheme if it is not satisfied that the new arrangement meets the current legislative requirements governing transfer payments.

Before transferring benefits out of the Scheme you should:

- Get free guidance from **PensionWise** to make sure any new arrangements meet your needs and that you fully understand how this will affect any tax you have to pay
- Beware of pension scams (see **page 25** for more information about this)
- Seek financial advice from an FCA-regulated financial adviser (see **page 25** for more information on finding suitable financial advice)

## Transferring AVCs only

The Government allows greater flexibility over how you may use your AVCs from age 55 where they are defined contribution (DC) pension savings. If you wish to access them under the Government's flexible access rules, you will have to transfer any AVCs out of the Scheme to one or more different providers.

Currently, up until the point you retire, you can transfer your AVC account together with, or separately from, your main Scheme pension. Pensioners who are in receipt of their Scheme pension but did not draw all of their AVCs when drawing their Scheme pension, can make a transfer of the AVCs they left behind up to

the age of 75. Legislation also allows further transfer options, details of which are available on request.

The **Money Helper leaflet** 'Your pension: your choices' explains the features of the options available. Before transferring benefits out of the Scheme you should get free guidance from **PensionWise** to make sure any new arrangements meet your needs and that you fully understand how this will affect your overall pension benefits and any tax you have to pay.

Before transferring out your AVCs you should also be aware:

- That drawing DC benefits flexibly can affect the amount of pension saving you can make in the future (see Important tax information on **page 27**).
- Potential pension scams (see **page 25**).

## Transferring part of your benefits

You may ask the Trustee to be allowed to transfer only part of your main Scheme pension and/or only part of your AVCs. You can choose to transfer just your AVCs out of the Scheme or you may choose to transfer your main Scheme pension out as well. You have one opportunity to request a transfer of part (or all) of your pension and/or AVCs at the time of, or before, drawing your main Scheme pension. You can then draw or request to transfer any remaining pension or unused AVCs later.

The Trustee has a right to refuse a request to transfer only part of your benefits.

To find out more information about this option please read the "**Can I take a partial transfer out**" FAQs.





## Requirement to obtain financial advice

You will have to show that you have taken financial advice from an FCA-regulated financial adviser if the amount you want to transfer from your main Scheme pension is more than £30,000. If you decide to transfer your Scheme pension to another pension provider, you will no longer be entitled to any other Scheme benefits (including pensions for your spouse, civil partner or other adult dependant and any dependent children). You do not need to obtain financial advice if the equivalent value of your main Scheme pension is not more than £30,000 or if you wish to transfer your AVCs in isolation of your main Scheme benefits, but we strongly recommend that you do. You can find out more about where to find an FCA-regulated financial adviser on page 30.

Full details about transferring out your AVCs, or your main Scheme pension, are available in the **transfer out pack** available from the 'Forms' page of our

website in the 'transfer out' section. The Pensions Regulator has issued guidance on 'retirement risk warnings' that you should read. A copy of this guidance is also available on the 'Forms' page of our **website**.

By law, the Trustee must pay transfer values that are at least as much as the actuarial best estimate of the cost of providing your benefits within the Scheme in most circumstances. Transfer values must take account of the Scheme's investment strategy and are adjusted each month to reflect changes in investment conditions. The factors that are used to work out Scheme options, including transfer values, are reviewed by the Trustee and the Scheme's Actuary from time to time, usually at least every three years.

Details of the Scheme's relevant transfer value basis (including the underlying assumptions) are available on request.

## Pension scams

Beware of pension scams. Pension scams have increased in the past few years and all Members should be on the lookout for them. Scammers often actively target individuals with valuable, final salary pensions, such as the ones provided by APS. A scammer will try to persuade you to transfer your benefits into another pension scheme. They may claim that you can access the value of your benefits earlier than you can under APS or they can provide high investment returns.

Falling foul of a scam could mean you lose some or all of your pension.

Further information about pension scams can be found at

[www.tpr.gov.uk/pension-scams](http://www.tpr.gov.uk/pension-scams)

[www.pension-scams.com](http://www.pension-scams.com)

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



The Pension Schemes Act 2021 introduces two new conditions that must be met before a transfer can be paid from a defined benefit pension scheme such as NAPS to another UK or overseas pension arrangement. The two conditions are applied in order and, if neither condition is met, any statutory right you may have to transfer is removed and the Scheme's Trustee can stop the transfer from going ahead.

**Condition 1** identifies certain pension arrangements that are deemed to be safe. These include public sector pension schemes, authorised master trusts and authorised collective money purchase schemes – but not personal pensions with an insurer. If this condition is met, the transfer can proceed and there is no requirement to meet condition 2.

**Condition 2** checks for specific warning signs of a pension scam or high-risk investment that could result in an individual losing a significant portion of their fund value (defined as red or amber flags in the Pension Schemes Act 2021). A red flag is likely to mean that the transfer cannot go ahead. An amber flag is likely to mean that the transfer can only go ahead if you can demonstrate that you've received expert free scams guidance from the Money and Pensions Service (MaPS), a body sponsored by the Department for Work and Pensions.

For more information about the conditions and red and amber flags, please visit the '**Can I transfer my pension out?**' page of our website.

# 10. Other useful information

## When do I receive pension statements?

You can view all your statements online if you are registered for online communications. If you have registered for paper communications your statements are posted to your home address.

If you are an Active Member, you will receive an annual statement showing your benefits you have built up, usually in June/July each year.

If you are a Deferred Member, you will receive an annual update of your pension, usually in June/July each year, followed by an AVC statement (if you have AVCs).

If you are a Pensioner or in receipt of an Adult Survivor's pension, you will receive a yearly P60 certificate online by the end of March (or at the end of April if you receive paper communications). If your pension includes elements that are eligible for Scheme increases you will also receive a pension increase statement each year at the end of April.

While your pension is being paid to you, if your payment after tax deductions changes by more than 99p in any month, you will receive a pension pay slip. If your monthly payment does not change by more than 99p, a pay slip will not normally be issued.

Detailed explanations of your benefits can be found on our [website](#).

If you are an Active Member or a Deferred Member who is considering retiring soon, you can obtain a retirement pack that will outline your pension benefits, including details of the tax-free lump sum you could take from the Scheme by contacting BA Pensions.



### Auto enrolment

If you are currently employed by the Company but have opted out of APS or become a Crystallised Member, and you have not chosen to join the British Airways Pension Plan (BAPP), BA may automatically enrol you into BAPP as part of a rolling three-year cycle to comply with its legal requirements.

BA's auto-enrolment date occurs every three years from 1 January 2013. You may be automatically enrolled in BAPP if you have been opted out of APS for more than 12 months on the next auto enrolment

date. If you do not wish to remain in BAPP once you have been automatically enrolled (for example you have Fixed Lifetime Allowance Protection and do not wish to invalidate it by building up further benefits), you should complete the BAPP opt-out notice. You can access this via the BA intranet using your BSAFE password, usually within one month of being notified that you have been automatically enrolled. You cannot provide advanced notice of your wish to opt out of BAPP. BAPP is administered on behalf of BA by a separate company, Aviva Life & Pensions.

## Tax information

### Lifetime Allowance

HMRC sets a 'Lifetime Allowance' (LTA) for all members of UK-registered pension schemes. The LTA covers the 'value' of the total pension benefits you have built up from all sources (apart from State and dependant's pensions). The 'value' of your Scheme pension, to be assessed against the LTA when you retire, is currently worked out as 20 times your annual rate of pension and the face value of any retirement lump sum. You will usually pay a tax charge if the value of your pensions is more than the LTA.

The current LTA can be found [here](#).

When you draw your NAPS pension, we must check the 'value' of your pension and lump sum entitlement against the standard lifetime allowance. If you have previously drawn lump sum or pension benefits from other pension arrangements, we must check this against your remaining lifetime allowance.

For most people, the value of their total pension benefits will fit within their LTA.

The combined 'value' of your pension and lump sum entitlements from all UK-registered pension arrangements you belong to must be compared against the LTA applicable when you draw them.

For most people the value of their total pension benefits will fit within their LTA. If your Scheme pension (or the combined value of your Scheme pension, pensions that are already being paid to you and retirement lump sums received from other UK-registered schemes) exceeds your available LTA, then the excess benefits will incur a Lifetime Allowance Charge. The value of your Scheme pension is generally worked out as 20 times your annual rate of pension plus the cash value of any retirement lump sum and the cash value of any AVCs held.

For any pension benefits earned above the LTA, the tax charge would be either:

- 25% of the value of your excess yearly pension when it starts (you will also pay income tax on the regular pension payments); OR
- 55% of any excess lump sum taken (this is similar in value to a 25% tax charge on top of 40% income tax).

It is your responsibility to check the total value of your pension benefits from all UK-registered pension schemes (excluding any State, widow/er's, civil partner's or dependant's pensions you receive) against the LTA. We will automatically confirm the amount of your LTA that has been used up by your Scheme pension when you draw it.

### Protection from the Lifetime Allowance tax charge

Generally, you will have to pay a lifetime allowance charge if the value of any benefits you earn is over your available LTA unless you have some form of lifetime allowance protection in place. There are several types of lifetime allowance protection, including 'primary protection', 'enhanced protection', 'fixed protection 2012', 'fixed protection 2014', 'fixed protection 2016', 'individual protection 2014', and 'individual protection 2016'. You can read more about the Lifetime Allowance on the [HMRC website](#).

If you have registered for any of these protections you should notify BA Pensions as soon as possible.



## The Annual Allowance (AA)

The AA is set by HMRC and is currently £40,000 a year. Members whose Scheme pension value increases by more than the AA in any tax year could pay an additional tax charge at their marginal tax rate.

### What types of pension build up count towards the AA?

Generally, all pensions that you build up within the BA Scheme must be included in any AA assessment. Any AVCs you save and savings to other UK-registered pension arrangements must also be included.

### If you are a Crystallised Member

Crystallised pensions do not need to be assessed for AA purposes if you do not build up future benefits within APS. However, saving SmartAVCs and/or normal AVCs within the AVC funds is deemed as ongoing benefit build-up. If you save AVCs in any tax year, the total growth in your benefits including crystallisation uplifts must then be assessed against the AA for the relevant year.

### How will I know if I have exceeded the AA?

You are responsible for working out any liability for an AA tax charge and for reporting it directly to HMRC via your self-assessment tax return. We will issue formal statements automatically by the end of October each year to individuals who exceed the AA and may therefore be liable for a tax charge. If you have made pension savings in other schemes you are responsible for checking the amount saved towards the AA. You can request a statement of your 'pension increase amount' from BA Pensions at any time. If you have drawn any defined contribution (DC) benefits flexibly since 6 April 2015 you may have a reduced Money Purchase Annual Allowance (MPAA) for your pension savings instead of the standard AA. The MPAA is currently only £4,000 a year.

### Reduced AA for individuals earning £200,000 or more

From 6 April 2016 a 'Tapered AA' applies which may affect active members who have earnings (defined by HMRC as Threshold Earnings) above a certain level. From 6 April 2020 that level was £200,000 or more. This is calculated using your income from all sources including employment, pensions and investments, not just your salary. Depending on your total earnings, your Tapered AA could be as low as £4,000 a year. You can find out more information on the AA [here](#).

### Must I pay an Annual Allowance (AA) charge myself?

You can choose to have an AA charge paid under a Scheme Pays facility. This enables members to have the AA tax charge paid straight from their pension in return for a reduction in pension benefits – either by

a deduction from the member's AVC account or an immediate reduction in deferred pension. There are two options for using Scheme Pays – a "mandatory" Scheme Pays arrangement and a "voluntary" Scheme Pays arrangement. In overview:

- The mandatory Scheme Pays arrangement means a member has a legal right to use the Scheme Pays facility. It requires members to meet certain conditions and enter into an agreement with the Trustee before 31 July in the year after the AA year to which the charge relates, i.e. by 31 July 2023 if the charge relates to the 2021/2022 AA year, and before starting to receive all of their pension benefits from APS.
- The voluntary Scheme Pays arrangement can be chosen if a member doesn't meet all of the conditions for the mandatory arrangement. To use the voluntary arrangement members must meet certain conditions and enter into an agreement with the Trustee before 31 December after the end of the AA year to which the charge relates, i.e. by 31 December 2022 if the charge relates to the 2021/2022 AA year and before you start to receive all your pension benefits from APS.

If you would like to learn more about Scheme Pays or enter into a Scheme Pays agreement with the Trustee click [here](#).



## If you need to make a complaint

We strive to provide all our members with an excellent service in relation to their APS pension. However, if you do encounter any problems or have a complaint, please **contact us**.

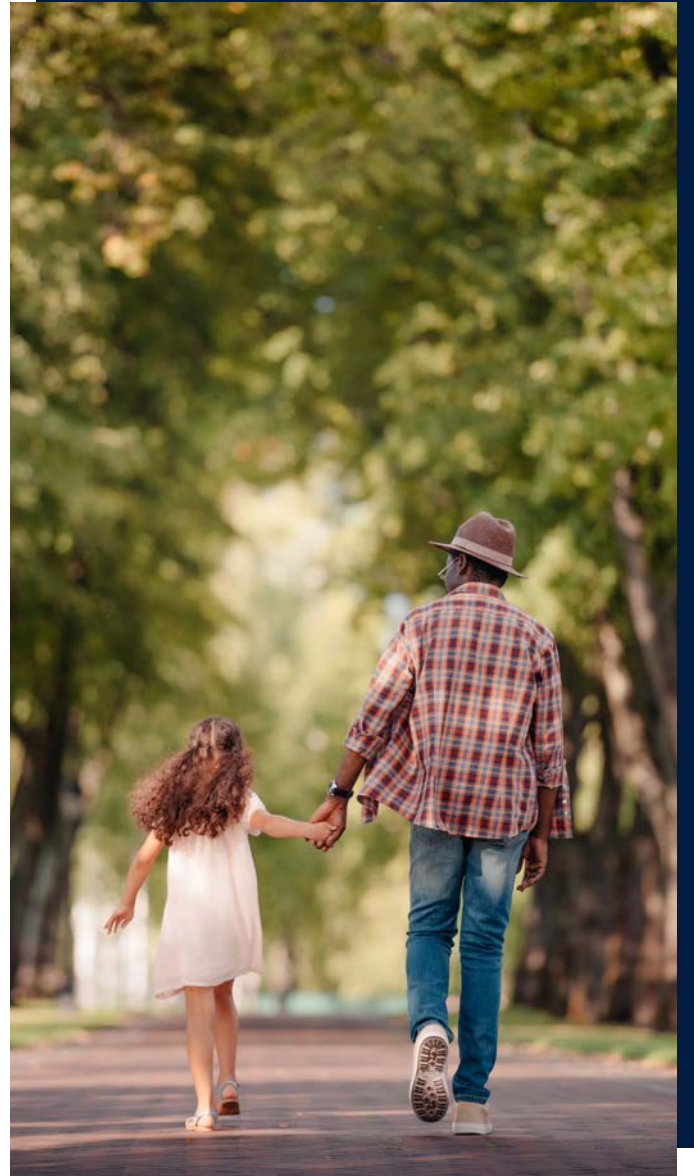
Our complaint process operates as follows:

### Complaints Handling Committee

BA Pensions aims to resolve complaints quickly and fairly for all members without the need to use the formal Internal Dispute Resolution Procedure (see below).

Where possible we will consider your complaint through the Complaints Handling Committee to try and reach early resolution, but particularly complex cases may need to go straight to the Internal Dispute Resolution Procedure.

The Committee includes representation from the Member Services Team (the team which administers your benefits and deals with members day to day), the Trustee Services Team (the team which supports the Trustee in its meetings and decision-making) and the Legal Team (which supports the Trustee and BA Pensions on all legal matters). This process can offer a faster resolution to complaints than the Internal Dispute Resolution Procedure. If this process does not resolve your complaint, you can still refer the matter to the Internal Dispute Resolution Procedure.



### Internal Dispute Resolution Procedure (IDRP)

The IDRP is the Scheme's formal complaint process under pensions legislation. There is a set structure and timing requirements for bringing complaints under the IDRP. Your complaint will be acknowledged as soon as reasonably practicable and IDRP decisions are normally issued within four months of receiving the complaint. Full details are contained in the IDRP Leaflet. A copy of the IDRP Leaflet, which sets out how to make a formal complaint, can be requested from BA Pensions. You can find the contact details for BA Pensions on **page 7**.

Both the Complaints Handling Committee and IDRP are free processes designed to resolve any issues Members may have with their pension benefits.

**MoneyHelper** is available to assist members and beneficiaries of the Scheme with any query. MoneyHelper is part of the Money and Pensions Service (MaPS), which is an arms-length body of the Department for Work and Pensions. It is a free service and is independent from the Scheme.

## Your data

Your personal information, and that of your beneficiaries, is collected and used by the Trustee and BA Pensions in order to calculate and pay your pension benefits and administer the Scheme as a whole. The Trustee and BA Pensions are required to keep your personal information secure in accordance with the Data Protection Act 2018 and the UK General Data Protection Regulation.

The Trustee and BA Pensions may share your personal information with certain third parties in order to administer the Scheme, but we do not share your personal information with third parties for marketing purposes. The Trustee and BA Pensions may also share your personal information to help prevent fraud or to the extent that it is required to do so by law.

If you would like to find out more about how your personal information is used and secured or your right of access to your personal information, please read our full **Privacy Notice**.

## Legal

### Investment Governance

Information on investment governance and the Scheme's Responsible Investment Policy can be found on the **Responsible Investment page** of our website.

The page includes links to the overarching Responsible Investment policy, and other relevant reports.

### Scheme's governing documents

The Trust Deed & Rules are the main governing document of the Scheme. They set out the powers of the Trustee and give full details of the benefits available from the Scheme. Some Scheme options are discretionary options provided by the Company, which may be changed or withdrawn at the Company's discretion and some benefits are subject to the Trustee's discretion. Further options are set out within 'Operating rules', which describe how certain processes operate, such as Scheme Pays and Flexible Retirement.

The Scheme is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 with a pension scheme tax reference number (PSTR) of 00306884RH.

The Scheme's formal documents are also available on the '**Scheme Documents**' page on our website. These include the:

- Trust Deed and Rules;
- The Trustee's Annual Report and Financial Statements
- Operating Rules; and
- The Trustee's Statement of Investment Principles.



# 11. Keeping in touch

Signing up for online communications is a good way to keep yourself up to date, if you have not already done so. Many members and pensioners now access their benefit statements, AVC statements, Annual Allowance statements, deferred pensioner statements, pension increase letters, P60s, pension payslips, Trustee letters and newsletters securely via the **member website** rather than by post. Modernising our communications in this way is secure, convenient, kinder to the environment, and saves the Scheme money.

An email is sent to you if you have registered your email address whenever a new statement or news item is available to view on the website.

The following statements are currently available via the **website** for most members:

**Active & Deferred Members** – yearly personal benefits statements & AVC statements (if you saved any). Pension modeller, a tool which estimates pension and lump sum figures at different retirement ages.

**Pensioners** – pension payslips (if more than 99p change to your pension), yearly pension increase statements, P60 certificates, AVC statements

Members can register for online communications at any time by visiting the **website** and clicking the 'Register' button, then following the on-screen instructions. Members and pensioners who change their mind later can opt to receive future communications by post by writing to BA Pensions.

## Online forms

As well as accessing many communications online a range of online forms, that submit your request directly to the Pensions team, are available within the secure area of our **website**, providing members with a faster and more convenient way to update their address and account details, select Scheme options and to register details of their dependants. The forms currently available online are:

### Notice of Wish

A Notice of Wish lets the Trustee know who you would wish to receive any lump sum benefits that are due if you die. Lump sum death benefits mainly apply in respect of Active Members or Deferred Members (but can occasionally apply in respect of a Pensioner if no Adult Survivor's pension is payable and the sum of pension payments is less than contributions paid with interest added). You can update your preferred beneficiaries for lump sum benefits at any time by submitting a new Notice of Wish.

### Change of address

Members can inform us of address changes online rather than in the post.

### Retirement options

If you have received a Retirement pack within the last four months, you can make your retirement choices by completing the online retirement options form.

### Surviving Dependant Registration

If you have paid higher contributions to the Scheme to build up an Adult Survivor's pension, this will be paid to your legal spouse or civil partner automatically if

you die. If you are not married or in a civil partnership when you die, the Trustee can decide to pay the Adult Survivor's pension to a 'surviving dependant'. This could be a long term partner, or someone else who meets the requirements under the Trust Deed & Rules and who is financially dependent on you to a substantial extent. If you have someone who you would like the Trustee to consider for this pension in the event of your death, you can update the Trustee at any time by submitting a Surviving Dependant Registration.

### Smart Additional Voluntary Contributions (SmartAVCs)

Active Members can use this form to start, change or stop the amount of SmartAVCs they save. Deferred Members and Pensioners who saved any AVCs can use the form to switch between the funds.

### Pension Payment Instructions form (for UK payments only)

Pensioners can update their UK bank details and we'll send a letter confirming this to their home address.

Each Scheme year, the Trustee is required to prepare an annual report in relation to the Scheme. Additionally, the Trustee periodically publishes Summary Funding Statements and an In Focus newsletter which gives a summary of the Scheme's annual funding statement, annual report and financial statements, points of interest and any changes to the Scheme or legislation that might affect you. Copies of these documents are available on our website.

# 10. Useful addresses

## Independent Financial Advice

If you need help in making financial decisions, you should contact a Financial Conduct Authority (FCA) approved independent financial adviser (IFA) to seek their advice. The following websites can help you to find financial advisers in your area:

[www.findanadviser.org](http://www.findanadviser.org)      [www.unbiased.co.uk](http://www.unbiased.co.uk)  
[www.vouchedfor.co.uk](http://www.vouchedfor.co.uk)

Please bear in mind that neither:

- the Company,
- the Trustee,
- BA Pensions nor
- any of their respective employees

is authorised to give you advice about your pension options.

## Pension Tracing Service

If you think you may have an old pension, but are not sure of the details, the Pension Tracing Service can usually help by tracing it for you. The Pension Tracing Service is part of the Department for Work and Pensions and has access to a database of over 200,000 occupational and personal pension schemes and can be used, free of charge, to search for a scheme. You can contact the Pension Tracing Service at:

The Pension Tracing Service  
The Pension Service 9  
Mail Handling Site A  
Wolverhampton  
WV98 1LU

**Phone:** 0800 731 0193  
**Textphone:** 0800 731 0176  
**Website:** [www.gov.uk](http://www.gov.uk)  
(click on "Working, jobs & pensions").

## MoneyHelper

MoneyHelper is available at any time to assist members and beneficiaries of the Scheme in connection with any pension query they may have or any issue they have been unable to resolve with the Trustee.

MoneyHelper  
120 Holborn  
London.  
EC1N 2TD

**Phone:** 0800 011 3797  
**Website:** [www.moneyhelper.org.uk/en](http://www.moneyhelper.org.uk/en)  
**Email:** [pensions.enquiries@moneyhelper.org.uk](mailto:pensions.enquiries@moneyhelper.org.uk)



## The Pensions Ombudsman

The Pensions Ombudsman is able to investigate or determine any complaints of mal-administration or dispute of fact or law in relation to any occupational pension scheme including the Scheme. The Pensions Ombudsman will not investigate your complaint until it has been through the Scheme's Internal Disputes Resolution Procedure.

Pensions Ombudsman Service  
10 South Colonnade  
Canary Wharf.  
E14 4PU.

**Phone:** 0800 917 4487  
**Email:** [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)  
**Website:** [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

## The Pensions Regulator

The Pensions Regulator is the regulator for occupational pension schemes in the United Kingdom. It makes sure that the people who run occupational pension schemes follow a wide range of rules and may intervene if the rules are not followed. It will act if and when irregularities are brought to its attention. It has the power to impose penalties. The Pension Regulator may be contacted at:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

**Phone:** 0845 6000707  
**Email:** [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)  
**Website:** [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)