NEW AIRWAYS PENSION SCHEME
FINAL SALARY SECTION
HANDBOOK

This handbook briefly explains how the final salary section of the New Airways Pension Scheme (NAPS) works and the choices available for current members, although it 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. This handbook does not confer any rights to membership or benefits. Those rights are conferred solely by the Trust Deed & Rules. If there is any conflict between this handbook and the Trust Deed & Rules, it is the Trust Deed & Rules which will override. If you have any questions or need more information please visit our website: www.mybapension.com where you can find the latest copy of the Trust Deed & Rules.

January 2012

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Jargon explained

Some words used in this handbook have specific meanings and we have produced this glossary to help you. Where each of these words is used in the handbook, it will be highlighted. A Simple English Guide is also available on our website.

Active Member: A **Member** who is still in **Company** service and has not left the **Scheme.**

Adult Survivor's Pension: The basic **Scheme** pension package includes a pension for your legal spouse (husband or wife) or Civil Partner (under the Civil Partnership Act 2004) at date of death, where higher rate contributions have been paid. If you are single when you die, the pension may be payable, at the discretion of the Trustees, to a **Pensionable Dependant**.

British Airways Pensions: is the organisation that looks after the **Scheme** split between administration British Airways Pension Services Limited (BAPSL) and investments British Airways Pension Investment Management Limited (BAPIML).

Company: British Airways plc or any other company permitted to participate in the **Scheme**.

Contracted Out: Opting out of the State Second Pension (S2P), formally known as the State Earnings Related Pension Scheme (SERPS). The **Scheme** is contracted-out for all **Active Members**.

Deferred Pensioner: Someone who has left the **Company** and has benefits in the **Scheme** that have not yet come into payment.

Flying Staff: Pilots, flight engineers and air cabin crew.

Lower Pay Threshold: is an amount used by the **Company** to determine whether an **Active Member** may qualify for a contribution reduction. The Lower Pay Threshold has been set at £21,806 per annum from 1 October 2011 but will be reviewed by the **Company** from time to time.

Member: A member who is still in **Company** service and has not left the **Scheme**. Also referred to as an **Active Member.**

NAPS: the New Airways Pension Scheme introduced in 1984

NAPS 1 Pensionable Pay: Pensionable Pay is reduced by broadly 1.5 times the current single person's Basic State Pension (the reduction for the 2011/12 tax year is £7,956). This is the pay on which **Active Members** pay pension contributions and on which pension benefits are based.

NAPS 2 Pensionable Pay: Pensionable Pay is reduced by the lower of 15% or the NAPS1 reduction. This is the pay on which **Active Members** pay contributions and on which pension benefits are based.

Normal Retirement Age (NRA): This is the age at which the pension earned is due in full. You may choose to retire before, at or after **NRA**.

NRA: Normal Retirement Age.

Pre 2007 Service Benefit: This is the pension earned in relation to **Pensionable Service** prior to 1 April 2007.

Pensionable Dependant: is someone who, in the opinion of the **Trustees** is either, at the date of your death: living with you in a relationship resembling marriage and with whom you are financially inter-dependent – such as a common-law spouse or partner; or someone who is financially dependent upon you to a substantial extent for the everyday necessities of life.

Pensionable Pay: The **Company** determines the elements of your 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. For GSS staff participating in the GSS Option, **Pensionable Pay** is increased in accordance with the original agreement made in 2003. For Flying Staff, **Post 2007 Service benefits** will be based on a different level of **Pensionable Pay** to **Pre 2007 Service benefits**.

Pensionable Service: This is the period in years, months and days you contribute to the **Scheme** plus any service provided as a result of a transfer of pension from a previous scheme. If you work part-time, your **Pensionable Service** is pro-rated. Any non-pensionable breaks will be deducted, such as unpaid maternity leave that you decide not to make pensionable when you return from leave.

Plan 65: This is the standard pension benefit calculation for the build up of all benefits from 1 April 2007 based upon a **NRA** of 65.

Plan 60: Active Members can pay higher pension contributions in order to have an earlier **NRA** for Post April 2007 benefits.

Post 2007 Service benefit: This is the pension earned in relation to **Pensionable Service** from 1 April 2007 onwards.

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.**

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, it is registered under Chapter 2 of Part 4 of the Finance Act 2004.

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. In respect of the pre April 2007 service, **Retiring Pay** will be calculated at the earlier of the date of your Pre April 2007 **NRA** or the date that you leave **Pensionable Service**. **Retiring Pay** always uses the full-time equivalent of **Pensionable Pay** even where part-time hours are worked (it is **Pensionable Service** that is pro-rated to any applicable part-time rate.)

Scheme: the New Airways Pension Scheme introduced in 1984.

SmartPension is a **Company** salary sacrifice arrangement which changes the way you pay 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 both you and the **Company** pay reduced National Insurance Contributions (NICs). For more information on ***SmartPension***, visit the **BA** Intranet.

SmartAVCs is the **Company's** salary sacrifice arrangement for Additional Voluntary Contributions (AVCs). Instead of AVCs being deducted from your weekly or monthly pay, British Airways pays the contributions directly to your AVC Plan on your behalf and reduces your pay by exactly the same amount. By reducing your pay, both you and the **Company** pay reduced National Insurance Contributions (NICs). Where AVCs are paid via ***SmartAVCs***, the Company also pays an extra amount, currently equal to 10% of your ***SmartAVC*** contribution, to your AVC Plan. You can find full details in the ***SmartAVC*** Factsheet on the BA Intranet.

State Earnings Related Pension Scheme (SERPS): The earnings related part of the State pension and can be paid in addition to the Basic State Pension for any individual who has not been contracted-out. Replaced by **the State Second Pension** (S2P). The **Scheme** is contracted-out of the SERPS/S2P arrangements.

State Pension Age: The age at which you start to receive your basic State pension.
For men: age 65 (rising to age 66 by April 2020)
For women:
- age 60, if born before 6 April 1950
- age 65, if born after 5 April 1955 (rising to age 66 by April 2020)
- between age 60-65, if born between 6 April 1950 and 5 April 1955

Surviving Dependant – an individual whom an **Active Member** or pensioner wishes to register to be considered by the **Trustees** 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 **Trustees** must agree that any **Surviving Dependant** meets the criteria of a **Pensionable Dependant.**

Transfer value: The value you have built up in a pension scheme that can be transferred to another scheme. If you are transferring the value to a final salary scheme you may receive a credit to your **Pensionable Service.** If you are transferring to a money purchase scheme, the receiving account will increase by the monetary amount of the transfer.

Trustees: A group responsible for managing all aspects of the **Scheme**. The **Trustees** ensure that all payments are received from the **Company** and **Active Members** at the correct rates; that these payments are suitably invested and the correct benefits are paid from the **Scheme**. **Active Members** and pensioners elect half of the **Trustees** and the **Company** appoints the other half.

Upper Pay Threshold: is an amount used by the **Company** to determine whether an **Active Member** may qualify for a contribution reduction. The Upper Pay Threshold has been set at £24,532 per annum from 1 October 2011 but will be reviewed by the **Company** from time to time.

Your future, your choice

Your pension is one of the most valuable assets you have. A good company scheme such as the one described in this handbook is an essential part of your future, providing security and income for you and your dependants. This handbook is a guide to the **Scheme's** benefits under the Final Salary Section. You should read it and keep it in a safe place so you can refer to it when you need to. You will find more details on our website including, for **Active Members**, the ability to view your latest benefit statement and model your expected pension benefits and options at retirement via the online link on the site.

This handbook briefly explains how the Final Salary Section of the New Airways Pension Scheme (NAPS) works and what choices are available to you although it cannot cover every detail about the **Scheme**. Full details of your benefits can be found on our website and within the Trust Deed and Rules.

NAPS has been closed to new members since 1 April 2003.

The main section of the handbook relates to how the pension benefits are structured from 1 October 2010. For benefits earned prior to October 2010, please see page 6.

If you were an **Active Member** prior to April 1997, the **Scheme** must guarantee benefits at a certain minimum level equivalent to the benefits that you would have earned from the **State Earnings Related Pension Scheme (SERPS)** or the **State Second Pension (S2P)**. The **Scheme's** requirement to provide the minimum benefits (effectively a minimum level of pension) may restrict the option to exchange part of your pension for a lump sum at retirement. **British Airways Pensions** will always check this requirement for you.

To make the most of the **Scheme**, please take time to understand the benefits to ensure that they remain appropriate to your circumstances. A benefit statement will be automatically provided to most **Active Members** each year shortly after their birthday detailing the level of personal and dependant pension cover that exists. Make sure that you read this document and check anything that you do not understand.

The **Scheme** is administered by **British Airways Pensions**, which strives to provide an excellent service and has agreed service levels for replying to enquiries and processing requests in an accurate and courteous manner. Should you ever have a problem with your **Scheme** benefits please contact **British Airways Pensions**: you will find details of how disputes are resolved on page 21. You will find details of how to contact **British Airways Pensions** within the 'Keeping in touch' section of this handbook on 22 and on our website.

No longer want to be an Active Member?

If you no longer wish to be an **Active Member** of the **Scheme**, you may opt-out of the **Scheme** on the first of a month by providing **British Airways Pensions** with a calendar month's notice. Before making a decision to opt-out, you should consider the benefits that you will be losing. Remember, the **Company** has stated that you will not normally be allowed to re-join the **Scheme**.

Some key facts about opting out of the Scheme

- You will no longer be covered for death in service benefits
- You will no longer be covered for ill health benefits
- You will not be able to continue paying AVCs
- You will become 'contracted in' to the State Second Pension (formerly known as SERPS) and so will pay an extra 1.6% of your gross pay (up to a maximum limit) in respect of increased National Insurance Contributions.

Pension calculation

The NAPS **Scheme** is a final-salary related occupational pension scheme – often referred to as a defined benefit scheme. This means that all pension benefits are calculated by reference to a defined formula linked to your **Pensionable Service** and the **Pensionable Pay** that you earn.

Benefits in the **Scheme** are calculated using different formulae depending upon when your pension was built up. We refer to all pension benefits earned in relation to service prior to 1 April 2007 as **Pre 2007 Service benefits** and all benefits earned in relation to service after 1 April 2007 as **Post 2007 Service benefits.** You will see from the calculations below that **Pre 2007 Service benefits and Post 2007 Service benefits** become due at different **Normal Retirement Ages** but in practice all benefits have to be drawn at the same time. Any benefit drawn earlier than the relevant **Normal Retirement Age** is reduced to take account of the earlier payment date and equally, where a benefit is drawn later than its **Normal Retirement Age** it is usually increased for late payment.

The standard pension benefit calculations for both **Pre 2007 Service benefits and Post 2007 Service benefits** are detailed below and a worked example can be found on Page 8.

Post April 2007 Service benefits

The standard build up rate for **Pensionable Service** between 1 April 2007 and 30 September 2010 was 1/60.

The standard pension benefit calculation for the build up of all benefits from 1 October 2010 is:

$$\frac{\textbf{Retiring Pay x Pensionable Service}}{\textbf{75 (build up rate)}} = \textbf{Pension payable from Normal Retirement Age (65)}$$

Retiring Pay, Pensionable Service and Normal Retirement Age are all defined within 'Jargon Explained' on pages 3 and 4.

Active Members have the option of increasing benefits beyond the standard level and these options are explained later.

Pre April 2007 Service benefits

Every **Active Member** of the **Scheme** was sent a statement of pension benefits earned within the **Scheme** as at 31 March 2007. This statement detailed the pre April 2007 pension benefits known as **Pre 2007 Service benefits**. In general, the standard pension benefit calculation for pension benefits earned in relation to service up to 31 March 2007 was determined by the individual's occupational category (**Flying Staff** or **Ground Staff**):
For **Ground Staff**, the standard pension benefit calculation was:

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

For **Flying Staff**, the standard pension benefit calculation was:

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

***Retiring Pay** is calculated up to the earlier of date of leaving or the **Normal Retirement Age** associated with the benefit. However, if an **Active Member** was over their **Pre 2007 Service NRA** as at 31 March 2007 and was still paying pension contributions at that time, then the **Pre 2007 Service Retiring Pay** would have been calculated as at 31 March 2007. **Pensionable Service** was established as at 31 March 2007.

How do I increase my pension?

The standard pension arrangement in the **Scheme** is called Plan 65 (named after the arrangement's **Normal Retirement Age**). You can increase the future build up rate of your **Scheme** benefit by paying higher contribution rates. You currently have a yearly opportunity, on 1 October, to review the build up rate of your future pension benefits from that date onwards.

Plan 65 – Increasing the build up rate

In Plan 65 you can choose to pay extra contributions to increase the rate that your pension builds up each year. Instead of the standard 1/75 build up rate you can choose a build up rate of 1/67 or 1/60. The pension calculation for **Post 2007 Service benefits** due to be paid from age 65, in respect of **Pensionable Service** after the change, would then be either:

Future Service* x Retiring Pay	*OR*	**Future Service* x Retiring Pay**
67 (build up rate)		**60 (build up rate)**

** From the date the change to your build up rate takes effect*

The lower the build up rate number, the higher the pension benefit, so a 1/60 pension grows faster than a 1/67 pension, which in turn grows faster than the standard build up rate of 1/75. As you will see from the contribution tables on page 9, the faster the pension build up you want, the higher your pension contribution will be.

It is possible to change back to a slower build up rate within your current Plan in the future should you wish to do so, currently each 1 October. **Post 2007 Service benefits** may have periods of **Pensionable Service** with different build up rates

Increased build up rates prior to 1 October 2010

Active Members had the opportunity to pay higher contributions to accrue a pension at the build up rate of 1/56 or 1/52. You may have **Pensionable Service** where 56 and/or 52 will need to be substituted for 67 and 60 in the formulae above.

Planning to retire earlier than age 65?

Plan 60

If you plan to retire at or around age 60, there is another option to pay more pension contributions in order that you can build up a pension that will be paid in full from age 60; this is called Plan 60. The standard Plan 60 formula is the same as that shown above except the date the pension becomes payable in full is age 60 instead of age 65. As in Plan 65 a reduced pension can be taken before age 60. You will need to pay extra contributions to join Plan 60.

Whilst you may choose to move from Plan 65 to Plan 60, currently on 1 October of any year, you **CANNOT** move back to Plan 65 once you have moved to Plan 60. You need to carefully consider when you expect to retire before deciding which Plan is appropriate for you

Plan 60 - Increasing the build up rate

Just like in Plan 65, you can also choose to pay extra contributions within Plan 60 to increase the rate that your pension builds up each year. Instead of the standard 1/75 build up rate you can again choose a build up rate of 1/67 or 1/60. Just like in Plan 65, you currently have a yearly opportunity, on 1 October, to review the build up rate of your future pension benefits from that date onwards.

Plan 60 plus Option 55

If you joined Plan 60 and elected (before 1 July 2009) to pay higher contributions to allow your future pension not to be reduced for early payment at age 55 (known as Option 55) you are paying the extra contributions to buy-out the reduction which is usually applied when benefits are paid early. Option 55 operates on special discretionary terms laid down by the **Company**. You currently have a yearly opportunity, on 1 October, to review the build up rate of your future pension benefits from that date onwards. You also currently have a yearly opportunity to reduce your contributions by moving back to Plan 60. Option 55 is closed to new joiners, so if you are not already an Option 55 Member, you are no longer able to elect to become one. Similarly, an Option 55 Member who decides to move back to Plan 60 will not have another opportunity to become an Option 55 Member from a future date.

> Whilst benefits under Option 55 will be payable from age 55 without being reduced, the **NRA** remains as age 60. If you opted to pay higher contributions to Option 55 but then continue working beyond age 55 you will have paid higher contributions for a benefit that you won't receive

Example:

As at 31 March 2007, our **Active Member** had a **Pre 2007 Service benefit** of 22 years x **Retiring Pay,** a Pre 2007 Service **Normal Retirement Age** of 60 and a build up rate of 1/56. On 1 April 2007 he joined Plan 65 with standard 1/60 build up, and on 1 July 2008 he joined Plan 60 and requested to have a build up rate for future service of 1/56. On 1 October 2010 the **Active Member** remained in Plan 60 and elected a build up rate of 1/75.

The **Active Member** then retires from the **Company** on 31 December 2012, aged 60. His total pension is made up of 4 elements, his **Pre 2007 Service benefit,** plus his **Post 2007 Service Benefit** (made up of Plan 65 pension and Plan 60 pension with different build up rates):

The Pre 2007 Service benefit = $\dfrac{\text{22 years 0 months x Retiring Pay}}{56}$ = **Pre 2007 Service pension** (due at 60)

Plus

Service from 1 Apr 2007 – 30 Jun 2008 = $\dfrac{\text{1 year 3 months x Retiring Pay}}{60}$ = Plan 65 pension* (due at 65)

Plus

Service from 1 Jul 2008–30 Sept 2010 = $\dfrac{\text{2 years 3 months x Retiring Pay}}{56}$ = Plan 60 pension (due at 60)

Plus

Service from 1 Oct 2010–31 Dec 2012 = $\dfrac{\text{2 years 3 months x Retiring Pay}}{75}$ = Plan 60 pension (due at 60)

*As the Plan 65 pension is payable from age 65, this element of pension (only) will be reduced to take account of the **Active Member** retiring 5 years earlier than the **Normal Retirement Age**.

> Whilst your pension may be made up of several elements of pension due at different dates, when you retire all of your 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

Contributions

How much will it cost me?

An **Active Member**'s pension contributions are determined by the **Scheme** Rules. The table below shows the percentage of **Pensionable Pay** that you are required to contribute under the various Plan options:-

	Plan 65	Plan 60
standard pension build up (1/75)	**5.25%**	**8.50%**
higher pension build up (1/67)*	7.50%	10.75%
highest pension build up (1/60)*	9.75%	13.00%
Option 55 with standard pension build up (1/75) *		**17.50%**
Option 55 with higher pension build up (1/67)*		19.75%
Option 55 with highest pension build up (1/60)*		22.00%

* Since all options other than the highlighted standard arrangement are at the **Company's** discretion, the contribution levels quoted are correct as at October 2011 but are subject to future review and may potentially change.

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 pay 1.5% less than each of the contribution rates outlined i.e. a Plan 65 **Active Member** with a 1/75 build up rate would pay 3.75% from October 2011. 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 **British Airways 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, you may still be entitled to a minimum amount required to be given by legislation.

Contribution reduction for Active Members earning below the Upper Pay Threshold

If your full-time equivalent pay is less than the **Upper Pay Threshold** you will automatically qualify for a reduction in contributions. If your full-time equivalent pay is less than the **Lower Pay Threshold** you will receive the full reduction of 3% to the rates shown in the table above and if your full-time equivalent pay is between the **Lower** and **Upper Pay Thresholds** you will receive a proportionate reduction.

How do I pay my pension contributions?

Pension contributions not deducted through the **Company's** ***SmartPension*** arrangement are automatically deducted from your regular pay before tax is deducted. You will not pay tax on your contributions (including any additional contributions) and you will receive tax relief at the highest rate appropriate to your pay.

The Company's *SmartPension* arrangement

Whilst contributions deducted from regular pay attract income tax relief, you will still pay National Insurance (NI) contributions on this part of your pay. Under ***SmartPension***, the **Company** pays your pension contributions for you by reducing your basic salary by the exact amount of your pension contribution. As a result, not only do you benefit from paying reduced tax, but both you and the **Company** pay lower NI contributions. The **Company** checks the status of every **Active Member** to ensure that only those who will benefit from ***SmartPension*** are included. More information about ***SmartPension*** can be found on the **Company's** Intranet.

> Throughout this handbook, where a reference is made to pension contributions you pay 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

What does the Company Pay?

The **Scheme's Trustees**, taking advice from the Actuary, determine what overall contribution is required to meet the liabilities of the **Scheme**. So once the **Active Members**' contributions are taken into account along with investment returns, the **Company** is required to pay the balance, which is the majority of the cost of providing the standard pension benefit.

Putting more on top of my pension

You can pay Additional Voluntary Contributions (AVCs) on top of your normal **Scheme** pension contributions to provide extra retirement pension. AVC forms and the 'AVC Plan – Information Leaflet' are held on the 'Forms' page of our website.

- AVCs are a tax efficient form of retirement saving. You can save in two ways:- *SmartAVCs* and normal AVCs.
- ***SmartAVCs*** are saved using the **Company's** salary sacrifice arrangement. You do not pay National Insurance (NICs) Contributions on any ***SmartAVCs*** saved and the **Company** passes its own NI saving (after allowing for costs) to participating **Members** of NAPS in the form of an additional uplift, which is currently equal to 10% of your ***SmartAVC*** amount. See the BA Intranet for more information on ***SmartAVCs***.
- **SmartAVCs** can only be changed once a year, currently 1 October, unless you have a life changing event – see the BA Intranet for more details.
- Normal AVCs are flexible: you can pay a fixed amount every pay period, a percentage of pay or make one off payments. Normal AVCs do not benefit from the additional **Company** uplift, currently 10% of any ***SmartAVC*** *contribution*.
- All payments must be within **Scheme** limits – whilst the government will allow you to pay up to 100% of your taxable pay each year, subject to a maximum of the Annual Allowance (AA) (see page 19), the **Scheme** Rules allow you to pay up to a maximum of 50% of your gross taxable pay into your **Scheme** pension, although you can pay additional contributions to alternative UK registered pension arrangements.
- **British Airways Pensions** administers three AVC funds; the SGF, MPF and EBF (see below). You can choose to pay into one, two or all three of these funds.
- Currently, the **Company** pays any charges due on behalf of **Members** with AVC funds administered by **British Airways Pensions.**
- The money you save plus any investment return is used to provide extra lump sum or pension benefits at retirement.

How are the AVC funds invested?

Short-dated Gilts Fund (SGF): an interest-bearing fund which pays yearly interest based on government fixed interest securities, known as Gilts, with less than five years to run before they mature.

Mixed Portfolio Fund (MPF): a mixed fund of investments (mainly stocks and shares). You buy units in the fund and your units change in value according to the performance of the fund as a whole. Your investment in the MPF can go down as well as up.

Equity Biased Fund (EBF): interest in the EBF is calculated on a monthly basis. The interest rate consists of two parts, the Guarantee Component and the Bonus Component.

What happens to my AVCs if I leave the Scheme?

If you leave service or opt-out of the **Scheme**, you must stop paying into your AVC account.

If you leave the **Company** before retirement, you can leave your **Scheme** pension in the **Scheme** for payment when you retire. This is called a deferred pension. Your AVCs will also stay in the fund until your **Scheme** pension becomes payable. You are not allowed to draw your AVCs in advance of drawing your **Scheme** pension, although you can delay taking your AVCs until after you draw your **Scheme** pension.

Your AVC account will continue to attract investment returns and you can still switch your AVCs from one fund to another, but no further contributions can be paid into it.

At retirement

The final balance of your AVC account will depend on the amount of AVCs paid and the investment returns achieved over the time your AVCs have been invested. You can normally take the final balance of your AVCs as part of your maximum tax-free lump sum when you retire. Alternatively, you can use your AVC account to buy additional pension called an ‘annuity’. An annuity from the Scheme can be provided in respect of any AVC funds of less than £1000. The Trustees have appointed an annuity broker, Hargreaves Lansdowne, to provide quotations on the annuities available in respect of AVC funds exceeding £1000, as annuities are not provided via the Scheme in respect of larger AVC funds.

As an alternative to these options, all Scheme Members have the right to use their AVC fund to buy an annuity at a current market rate from an insurance company of their choice – known as the Open Market Option.

If you decide to delay drawing your AVCs at your retirement, you will normally be able to take 25% of the final fund value as tax-free cash (subject to **Scheme** and Lifetime Allowance limits – please refer to page 19 for more information on this subject). Any AVC pension you wish to buy with your AVCs must be purchased before your 75th birthday.

More Information

If you need more information on AVCs, please refer to the ‘AVC Plan – Information Leaflet’ on the ’Forms’ page of our website. Further information on ***SmartAVCs*** is available in the ***SmartAVC*** Factsheet on the BA Intranet.

Changing Jobs

If you move from **Flying Staff** to Ground Staff or vice versa your Pensionable Pay may change.

Before you change occupations you have two choices:

1. You can opt out of the **Scheme** securing a pension calculated using your **Pensionable Service** and **Retiring Pay** at the date of the change. This pension will then be increased until the date you retire. You may then rejoin the **Scheme** (providing there is no break in your **Pensionable Service**) and start to build up a new pension which will be based on your **Pensionable Service** between the date you changed your job and the date you cease to be an **Active Member** and your **Retiring Pay** at the date you cease to be an **Active Member**.

2. Continue to build up your pension as if there had been no change in your job and your eventual pension for your whole **Pensionable Service** will be based on your **Retiring Pay** at the date you cease to be an **Active Member**.

British Airways Pensions will provide full details of the options available to you should you change your occupational category from Flying Staff to Ground Staff or vice versa.

Changing working hours

If at any time whilst you are an **Active Member** of the **Scheme** you work part-time we will still use the normal pension calculation found on page 6 but we will use your full-time **Pensionable Pay** and we will pro rate your **Pensionable Service** according to your part-time hours. So, for example if you have worked for 20 years at half hours we will use 10 years **Pensionable Service** in the pension calculation and if your part-time **Pensionable Pay** is £5,000 we will use £10,000 in your **Retiring Pay** calculation.

If you are moving from full-time to part-time or changing your part-time hours, we will use the full-time equivalent of **Pensionable Pay** and pro rate **Pensionable Service** according to your part-time hours for each period of **Pensionable Service**.

A worked example of how this works in practice can be found on our website under the 'changes to my life' link at the top of each page.

It is important to note that if you work part-time, the death in service lump sum benefit of three times the elements of your pay that the **Company** deem to be pensionable would be based upon your part-time pay

What happens if…

I am temporarily absent?

If you are temporarily absent with the consent of the **Company** (for example because of sickness) you will remain an **Active Member** of the **Scheme** and continue to be covered for both pension and death-in-service benefits. Your pension contributions will be deducted during any period when you are being paid. If you are not being paid, the **Company** will maintain your contributions at the standard rate (but not any ***SmartAVCs***, normal AVCs or any contributions you have been making for a faster pension build up rate) and will usually recover them from you when you start being paid again.

I go on maternity or adoption leave?

While you are on unpaid maternity or adoption leave, you are still covered for death-in-service benefits, but the build up of your **Pensionable Service** is temporarily frozen. If you return to work, you will be given the option of paying your normal pension contributions for the period of unpaid leave (in which case you will be credited with **Pensionable Service** for that period). If you do not return to work you will be entitled to benefits as if you had left **Pensionable Service** on the last day of your paid maternity or adoption leave.

What happens if I leave before retirement?

Whenever you leave the **Company**, you can leave your pension in the **Scheme** until you retire. This is called a 'deferred pension'. We work out this pension in the same way as detailed on pages 6, 7 and 8. A statement of your benefits built up whilst an **Active Member** of the **Scheme** will be provided in writing to your home address shortly after you leave the **Company**.

Can I retire early?

You can currently choose to retire early on a reduced pension from age 55 onwards, or maybe earlier if you are retiring for reasons of Medical Incapacity (defined on page 15).

How does my pension increase after I leave?

NAPS pensions are protected against the effects of inflation, increasing in line with the government's yearly Pensions Increase (Review) Orders up to a maximum of 5% a year as a right under the Rules of the **Scheme.** These Orders broadly 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. If you leave your pension in the Scheme beyond your **NRA**, late retirement increases are added in recognition that it is being paid later than your NRA.

It is possible that some small Statutory benefits that might become payable from the **Scheme** in addition to your earned benefits will increase at a different rate determined by the regulations applicable to those benefits.

Can I transfer my pension rights to another provider?

As an alternative to leaving your pension within the **Scheme**, you can ask the **Trustees** to transfer the value of your **Scheme** rights to another pension arrangement: a **Registered Pension Scheme** in the UK or a **Qualifying Recognised Overseas Pension Scheme (QROPS)** outside of the UK. The **Trustees** have the right to refuse to pay a transfer value to a scheme if they are not satisfied that the new arrangement meets the current HMRC rules governing transfer payments. A transfer cannot be made after you have started to draw your pension.

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

Please remember, when you leave employment with the **Company**, it is ***<u>your</u>*** responsibility to keep your contact details up-to-date, whether you have started to draw your pension or not. Please write directly to **British Airways Pensions** at Whitelocke House as all changes will need to be notified in writing and must bear your signature

Retirement

The **Scheme** is registered with Her Majesty's Revenue & Customs (HMRC), which means that both the **Scheme** and its **Members** receive valuable tax relief on pension contributions and benefits. Due to these tax advantages, HMRC has set a 'Lifetime Allowance' (LTA) for all members of UK registered pension schemes. The LTA covers the 'value' of the total pension benefits you have earned from all sources (apart from State and widow's pensions). The 'value' of your **Scheme** pension, to be assessed against the LTA when you retire, is worked out as 20 times your annual rate of pension and the face value of any retirement lump sum. The LTA for 2011/12 is £1.8m but will reduce to £1.5m from April 2012 A Lifetime Allowance Charge applies to the value of any pension benefits that exceed the LTA. This is briefly explained on page 19.

Retiring early

If you retire before your current **NRA**, we use the basic pension calculation outlined on pages 6, 7 and 8, then reduce the pension by an amount determined by the Actuary in recognition that your pension is being drawn in advance of its planned payment date (your **NRA**). The earliest age at which you may draw your pension is currently age 55.

Retiring after Normal Retirement Age (NRA)

If you continue working beyond your current **NRA** you will automatically continue to pay pension contributions. In return you will receive a pension worked out using the basic pension calculation detailed on pages 6, 7 and 8, including any extra service for which you have paid pension contributions beyond your **NRA**. The calculation will use your current **Retiring Pay**. If you have paid higher contributions within Plan 60 for Option 55, and you work beyond age 55, you will lose the benefit of the increased contributions you have paid. Similarly, if you are a Plan 60 **Active Member** and you work beyond age 60 you may lose the benefit of the extra contributions you have paid. **Active Members** of both Plan 60 and Plan 65 can choose to stop paying pension contributions at any time from **NRA**. If you cease contributions, your pension will be calculated at the point at which your pension contributions stop using the **Pensionable Service** and **Retiring Pay** at that date. Your resulting pension will then be increased in accordance with advice from the Actuary in recognition that it is being paid later than your **NRA**. Any **Pre 2007 Service benefits** will automatically be increased if you continue in employment after the relevant **NRA** in respect of your **Pre 2007 Service benefits** and do not draw your pension, in the same way as if you ceased contributions.

The actual reduction or increase in pension that will be provided in respect of early or late retirement i.e. pension drawn before or after the relevant **NRA** will be determined by the **Scheme's** Actuary at the payment date.

Whenever you leave the **Company**, you can leave your pension in the **Scheme** and draw it at a later date (up to a maximum of age 75). This is called a deferred pension. Your deferred pension will be actuarially increased with late retirement increases until you draw it.

Can I take a lump sum at retirement?

Members can normally take a lump sum of up to 25% of the value of their benefits at the point at which they are drawn – subject to a maximum of 25% of the standard Lifetime Allowance (LTA) – or 25% of their remaining LTA if the **Member** is already drawing other pension benefits. Lump sum payments within this allowance are tax-free. Members who have an AVC account within the **Scheme** can take 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 limit detailed above). However, this may be subject to review at some point in the future. Any change would only affect any future AVCs paid.

At retirement, **British Airways Pensions** will provide you with an illustration of the maximum 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.

Please remember that any lump sum must be taken at the same time that you draw your pension benefits. Taking a lump sum at retirement has no affect on any survivor's pension (spouse, Civil Partner or dependant) or the dependent child allowances, which are payable upon your death.

Dependant's benefits are outlined on pages 16 and 17.

Ill health retirement

Awarding an ill health pension

If you are retired before **NRA** by the **Company** on the grounds of Medical Incapacity the **Company** may authorise the **Trustees** to pay you an immediate ill health pension, whatever your age. Medical Incapacity means incapacity:-

- from which an **Active Member** is unlikely to recover for the foreseeable future;
- which prevents the **Active Member** from carrying out his/her normal duties even after reasonable adjustment; and
- which prevents the **Active Member** from carrying out appropriate alternative employment where this is offered by the **Company**.

For pilots only, where an appropriate licence is no longer held due to medical reasons and in the opinion of the **Company's** medical adviser the pilot will not recover for the foreseeable future, the **Company** may authorise an ill health pension.

How your ill health pension would be worked out:

If you have 5 or more years' actual **Pensionable Service**, in calculating your ill health pension we will use not only the **Pensionable Service** built up to the point of retirement but will also add half the **Pensionable Service** you would have completed to your current **NRA** of the Plan of which you are currently an **Active Membe**r (i.e. age 60 in Plan 60 and age 65 in Plan 65). The additional service will be added to your pension already built up, using the standard pension build up rate of 1/75 even if you have been paying higher contributions to increase your build up as per the example on page 8.

Because your pension includes half of your future potential Pensionable Service there is a greater possibility of you incurring an Annual Allowance Charge than with other benefits. However, you will be exempt from any Annual Allowance Charge if a registered medical practitioner confirms in writing that you are unlikely to enter into any paid employment between your date of retirement and your **State Pension Age**.

If you have less than five years **Pensionable Service**, your pension will be based on **Pensionable Pay** and length of **Scheme** membership and reduced to take account of the early payment.

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 in Plan 65 would have a potential service of 10 years to **NRA** and thus half service of 5 years. If that same **Active Member** was on a 50% contract, the half potential would also be at the 50% rate i.e. two and a half years. **Retiring Pay** is always calculated using the full-time equivalent of **Pensionable Pay**.

Serious ill health

If you are suffering from a life threatening illness it may be possible to receive all of your pension as a tax-free lump sum whilst continuing to provide a pension for your dependants should you die. HM Revenue & Customs (HMRC) will only allow such payments if you have a short time to live. The Scheme Rules therefore only allow serious ill health payments if your registered GP or consultant will provide written confirmation that you have less than 12 months to live.

The **Trustees** strongly recommend that members take time to read and understand the provisions of the ill health pension rule, before retiring on ill health grounds. A copy of the **Scheme** Rules is available on our website or upon request from Whitelocke House

Reviewing an ill health pension

The granting of an ill health pension from the **Scheme** is solely within the **Company's** power. The **Trustees** cannot grant an ill health pension. Once an **Active Member** commences drawing an ill health pension it is the **Scheme Trustees**' responsibility to periodically review the continued eligibility of the pensioner to receive an ill health pension over the period from retirement until **Normal Retirement Age**. Where appropriate, suggested review dates are passed to the **Trustees** by British Airways Health Services at the point of retirement.

If, during a periodic review, the **Trustees** are advised by their own medical advisers that the pensioner is capable of working but he/she is not doing so, or is capable of working more than is being undertaken, it is possible that the ill health pension will be reduced or suspended until **Normal Retirement Age** or revoked. Where an ill health pensioner does return to work, the **Trustees** also need 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.

If you are re-engaged by British Airways, your ill health pension must cease immediately and you will automatically re-commence membership of the Scheme. The Pensionable Service you built up before your retirement, less an adjustment to allow for any tax-free lump sum you received, will be added to your future Pensionable Service from the date of re-engagement.

Once you have reached your **Normal Retirement Age**, no further incapacity 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.

At retirement, how is my pension paid?

Scheme Pensions are paid monthly, in arrears, into your bank or building society account in the UK. The first payment is 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 on 30 September (covering the payment due for both part of August and the whole of September).

If you live abroad, your pension can be paid to an overseas account. Payment is dispatched in sterling and converted by the **Scheme's** bankers into the local currency free of charges before onward transmission to your overseas account. Alternatively, you can of course, continue to have your pension paid to a UK account.

British Airways Pensions is required to deduct UK tax from your pension under the Pay As You Earn (PAYE) system unless you are resident abroad and we have been notified by the tax authorities that you are exempt from UK tax.

You will receive a pension pay slip when your first pension payment is made. Further pay slips will only be sent to you when the amount of your pension (after the deduction of income tax, if applicable) changes by more than 99 pence.

It is important that all address and bank changes are notified to **British Airways Pensions** as soon as they occur. As a general rule instructions that are received by the 10th of a month can be applied to that month's payment. Later notifications will be applied against the following month's pension

What happens when I die?

Death whilst in Pensionable Service

If you die whilst still in **Pensionable Service**, the following benefits apply:

- A lump sum death benefit equal to three times your annual pensionable elements of pay at the date of death (before the NAPS1 or NAPS2 reduction to calculate Pensionable Pay for calculating your pension). In addition, the value of your AVC account will be paid as a lump sum.

- An **Adult Survivor's Pension** (if you have paid the higher contributions for this benefit). If you have not paid higher contributions for this benefit a legal spouse or Civil Partner may still be entitled to a minimum amount of pension as required by legislation.

- Alternatively, if there is no **Adult Survivor's Pension** payable because you are single at the date of your death an additional lump sum will be payable equal to your own contributions to the **Scheme**, plus interest at 3.5% a year up to the date of death.

- Dependent Child Allowances (where applicable).

Notice of Wish

Any lump sum death benefits are payable to beneficiaries selected by the **Trustees** and as a consequence this lump sum is not liable to Inheritance Tax. **Members** should complete a Notice of Wish form to let the **Trustees** know how they wish their lump sum to be distributed – the form can be obtained from the forms section of our website. Whilst not legally binding on the **Trustees**, the Notice of Wish gives the **Trustees** 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. Go to www.mybapension.com and click on 'Forms' and print off a Notice of Wish, complete it, sign it and send it to **British Airways Pensions**

Death after leaving Pensionable Service

If you die after leaving **Pensionable Service**, then the following benefits apply:

- An **Adult Survivor's Pension** (if you have paid the higher contributions for this benefit). Your legal spouse or registered Civil Partner may still be entitled to a minimum amount of pension as required by legislation if you have not paid higher contributions for this benefit.

- Dependent Child Allowances (where applicable)

There is no 'three times salary' lump sum payable. However, if there is no **Adult Survivor's Pension** payable, there may be a lump sum payable in respect of the difference between the pension and lump sum benefits you have received, if any, and your **Scheme** contributions plus interest.

How much will my dependants receive?

♦ Adult Survivor	2/3rds of your pension*
♦ 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 divided between each eligible child

*This is the amount of an **Active Member's** pension earned whilst paying the higher contributions towards an **Adult Survivor's Pension**.

When calculating the pension benefits payable to your dependants when you die, **British Airways Pensions** will take your basic pension calculation ignoring any reduction applied to your pension if you decided to draw it earlier than **Normal Retirement Age** and ignoring any of your own pension exchanged for a tax-free lump sum at retirement. 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, **British Airways Pensions** will include half of your potential **Pensionable Service** from date of death to your current **Normal Retirement Age** in the basic pension calculation used to work out the **Adult Survivor's Pension** and dependent child's pensions. The **Adult Survivor's Pension** in respect of the period from the date of your death to your **NRA** will be based on the standard pension build up rate of 1/75. If you worked part-time at the time of your death your potential **Pensionable Service** will be pro-rated according to the number of hours you worked.

If your **Adult Survivor** 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%).

Please remember, if you elect not to pay towards an **Adult Survivor's Pension** as detailed on page 9, 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.

Who qualifies?

Adult Survivor's Pension

If you are legally married or in a Registered Civil Partnership at the date of your death a pension will automatically be paid to your legal spouse/Civil Partner. Where you do not have a legal spouse or Civil Partner at date of death, the **Trustees** can consider paying the pension to another adult survivor who, the **Trustees** agree, meets the criteria of a **Pensionable Dependant.** This is someone who, in the opinion of the **Trustees**, is either at the date of your death: living with you in a relationship resembling marriage and with whom you are financially inter-dependent; or someone who is financially dependent on you to a substantial extent for the everyday necessities of life.

If you are not legally married or in a Registered Civil Partnership but think you may have a **Pensionable Dependant**, please complete a ***Surviving Dependant Registration form***, which can be located under the 'Forms' section of our website. Whilst not legally binding on the **Trustees**, the form does provide clear information to the **Trustees**. Please ensure you keep the information on this form up-to-date.

Dependent Child Allowances

These 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 incapacitated and unable to earn a living. Eligible children are your own children, legally adopted children, step-children and any child to whom, in the opinion of the **Trustees**, you stand in 'loco parentis' immediately prior to death.

Additional Optional Dependant's pension

At any time before your pension starts you can decide to arrange for a pension to become payable to a named dependant on your death in retirement. This is achieved by giving up part of your own pension permanently. Before you can take up this option you will need to pass a medical examination.

Full details of this option can be obtained from **British Airways Pensions**.

Keeping an eye on your pension benefits

Most **Active Members** of the **Scheme** receive an annual statement in the month following their birthday showing the benefits they have built up. Whether or not you receive one of these statements, you can request a Benefit Statement at any time by contacting **British Airways Pensions**. **Members** with an AVC account also receive a separate statement each year showing the value of their investments.

Detailed explanations of your benefits can be found on our website. The website includes an interactive section where most **Active Members** of the **Scheme** can access the pension modeller. This helps you to understand how much pension you will get from your **Scheme** and how you could benefit from paying additional contributions.

If you are considering retiring soon, you can obtain a quotation of your pension benefits, including details of the lump sum you could take from the **Scheme** by contacting **British Airways Pensions**.

Lifetime Allowance

The UK tax rules do not restrict the amount of pension you can have. However, once the value of your pension benefits goes over a set limit the amount of your benefits over that limit will have an extra tax charge. The limit is called the Lifetime Allowance (LTA). The combined 'value' of your pension and lump sum entitlements from all UK Registered pension arrangements you belong to is compared against the LTA applicable in the year of your retirement. The LTA for 2011/12 is £1.8m but will reduce to £1.5m from April 2012

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 and any pensions that are already being paid to you, and retirement cash 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 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 pension) OR
- 55% of any excess lump sum taken (this is similar in value to 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 retire.

The government is reducing the LTA from April 2012 from £1.8m to £1.5m. Members will be able to register for a new type of protection, known as 'fixed protection' by 5 April 2012 if they expect the value of their pension savings, including AVCs, to exceed £1.5m and they will be drawing their benefits after 5 April 2012. The protection will fix a **Member's** LTA at £1.8m. To obtain this protection members must cease all future pension build up, including payment of AVCs.

Annual Allowance (AA)

There is no limit on the contributions that can be paid to a UK Registered pension scheme but there is a limit on the amount of pension savings that can benefit from tax relief. The AA is set by HM Revenue & Customs and is currently £50,000 a year. **Members** whose APS or NAPS pension value increases by more than £50,000 between 1 April and 31 March (the Scheme's Pension Input Period for AA purposes) could pay an additional tax charge at their marginal tax rate.

Most **Members** will not exceed the Annual Allowance. Your pension would need to increase by £3,125 a year, you will have to have paid £50,000 in Additional Voluntary Contributions; or have a combination of the two where the value exceeds £50,000. You can calculate the value of your pension increase by multiplying your increase in pension during the Pension Input Period by 16. Any pension savings you have outside of NAPS that increase by more than the Consumer Price Index (CPI), must also be included in any AA assessment. Full details can be found on the HMRC website.

It is the individual **Member's** responsibility to monitor their AA and declare any pension build up that exceeds the AA.

We will automatically provide you with a statement of your pension build up within NAPS if you exceed the AA in any year.

Paying an Annual Allowance Charge
To help **Members** afford to pay an Annual Allowance tax charge **Members** who meet certain criteria may instruct the **Trustees** to pay the tax charge on their behalf in return for a reduction in benefits. For more details, please contact BA Pensions.

Legal

The Scheme

The **Scheme** (final salary section) is a contracted-out final salary-related occupational pension scheme sometimes referred to as a defined benefit scheme. The **Scheme** satisfies the criteria required of a qualifying scheme for the purposes of auto-enrolment, which the **Company** will need to comply with by 1 January 2013.

Trustees – who are they and what are their responsibilities?

The **Scheme** has 12 **Trustees**: six appointed by the **Company**, five by the **Scheme's Active Members** and one by the **Scheme's** pensioners. The **Trustees** are responsible for the administration of the **Scheme** which is carried out by **British Airways Pensions Services Limited** in accordance with the **Scheme's** Trust Deed & Rules and current legislation. The investment of the Scheme's assets is undertaken by British Airways Pension Investment Management Limited (BAPIML). The **Trustees** also look after the assets which are for the sole benefit of **Members** and their dependants. The assets are held completely separately from the assets of the **Company**. Details of who the current **Trustees** are and how they operate are held on our website.

Scheme's governing documents

The Trust Deed & Rules form the governing documents of the **Scheme**. They describe the constitution and give full details of the benefits. The **Scheme** is a **Registered Pension Scheme** under Chapter 2 of Part 4 of the Finance Act 2004 with a pension scheme reference number (PSTN) of 00306884RH.

This handbook does not confer any rights to membership or benefits. Those rights are conferred solely by the Trust Deed & Rules. If there is any conflict between this handbook and the Trust Deed & Rules, it is the Trust Deed & Rules which will override.

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

- Trust Deed and Rules;
- Trustees' Annual Report and Accounts; and
- Trustees' Statement of Investment Principles.

Data Protection

The **Trustees** of the **Scheme** are registered as a data controller on the public register that is maintained by the Information Commissioner's Office (ICO). Each register entry includes a general description of the processing of personal data. The reason for holding your personal data is to calculate and pay your pension benefits and administer the **Scheme** as a whole. The **Trustees** and **British Airways Pensions** are required to keep your data secure and therefore your data will not be passed to any outside concern unless it is for one of the purposes for which the **Scheme** is registered or it is required by law.

Corporate Governance

British Airways Pensions Investment Management Ltd (BAPIML) has been instructed by the **Trustees** to exercise voting and other rights attaching to the **Scheme's** investments at meetings of UK and overseas listed companies wherever practicable. Where relevant rights are exercised, this will be based on the framework formulated by the National Association of Pension Funds.

The **Trustees** have also agreed to the incorporation of the principles set out in the Institutional Shareholders' Committee Statement of Principles on the responsibilities of Institutional Shareholders and Agents into their Corporate Governance arrangements.

The primary objective of these Corporate Governance arrangements is to protect the economic interests of the **Scheme**. Details of the exercise of voting rights are reported to the **Trustees** at least quarterly and a summary of this information along with data summarising the **Scheme's** larger investments are available on our website each year, together with a list of the **Scheme's** 100 largest holdings.

Socially Responsible Investment

The **Trustees**' overriding objective is not to cause BAPIML to take any action (whether by purchasing, holding or selling any investment) which could be reasonably expected to diminish the financial returns on the **Scheme's** investments as a whole.

Subject to this objective, the **Trustees** require BAPIML to incorporate as part of its investment process a systematic approach to the maintenance of ongoing dialogue with the management of those companies in which it retains, or proposes to make, significant equity investments and, where appropriate, other forms of investment. The specific purpose of such dialogue - called 'responsibility discussion overlay' , or RDO - is to establish a framework within which BAPIML may, on behalf of the **Trustees**, raise issues concerning the social, environmental or ethical aspects of the operations of the company being invested in. BAPIML has been requested to report to the **Trustees** once in each calendar year on its activities under RDO and the **Trustees** use this report as a focus for issuing further guidance to BAPIML (in consultation with the **Company** where appropriate) if required.

Resolving disputes

If you have a problem regarding your membership of the **Scheme**, please contact the **British Airways Pensions** team at Whitelocke House in the first instance. If they are not able to resolve the issue, there is a formal dispute procedure in place – The Internal Disputes Resolution Procedure (IDRP). A copy of the procedure, which sets out how to make a formal complaint, can be requested from **British Airways Pensions**.

This information is also available on our website [click on 'Our service standards']. The Pensions Advisory Service (TPAS) can help assist **Members** and beneficiaries of the **Scheme** with any query. Please see the 'Contacts' section for TPAS contact details.

Keeping in touch

Whilst you are an **Active Member** of the **Scheme**, your contact details contained on the **Company's** records will automatically be transferred to your pension scheme record. Each year, the majority of **Active Members** will automatically be sent a benefit statement which will give an update of how your pension is building up and what you may expect at retirement. Once you leave **Pensionable Service,** you will need to provide written confirmation to **British Airways Pensions** of any change in contact or personal details.

Each Scheme year, the **Trustees** are required to prepare an annual report in relation to the **Scheme**. Additionally, the **Trustees** will periodically send you a communication entitled *In Focus* which provides a summary of the **Scheme's** annual funding statement, report and accounts, points of interest and any changes to the **Scheme** or legislation that might affect you.

Copies of the annual report and *In Focus* magazines are available on the 'News' page of our website.

If you have any questions about the **Scheme**, please contact the **Scheme's** administrators:

British Airways Pension Services Limited
Whitelocke House
2-4 Lampton Road
Hounslow
Middlesex
TW3 1HU

E-mail:	enquiries@bapensions.co.uk
Telephone:	020 8538 2100
Fax:	020 8538 2190
Website:	www.mybapension.com

Please remember, when you leave employment with the **Company**, it is your responsibility to keep your contact details up-to-date, whether you have started to draw your pension or not. Please write directly to **British Airways Pensions** at Whitelocke House as all changes will need to be notified in writing and must bear your signature

Useful Addresses

Independent financial advice

If you need help in making financial decisions, you should contact an independent financial adviser (IFA) to seek their advice. You will find some names and numbers in the phone book. Alternatively, visit the IFA website at **www.unbiased.co.uk**

Please bear in mind that neither:

- the **Company** or
- the **Trustees** or
- **British Airways Pensions** or
- any of their respective employees

is authorised to give you advice about your pension options.

TPAS (The Pensions Advisory Service)

TPAS is available at any time to assist **Members** and beneficiaries of the **Scheme** in connection with any pension query they may have, or difficulty which they have failed to resolve with the **Trustees** or **British Airways Pensions**.

TPAS provides a free and confidential service through a nationwide network of volunteer advisers. You can contact your local TPAS volunteer through your nearest Citizens' Advice Bureau or through the TPAS central office at:

11 Belgrave Road
London
SW1V 1RB

Phone:	0845 601 2923
Fax:	020 7592 7000
Email:	enquiries@pensionsadvisoryservice.org.uk
Website:	www.tpas.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**. He can be contacted at the same address as TPAS. The Pensions Ombudsman will not investigate your complaint until you have been through the **Scheme's** Internal Disputes Resolution Procedure (see page 21).

Phone:	020 7630 2200
Fax:	020 7821 0065
Email:	enquiries@pensions-ombudsman.org.uk
Website:	www.pensions-ombudsman.org.uk

The Pensions Regulator

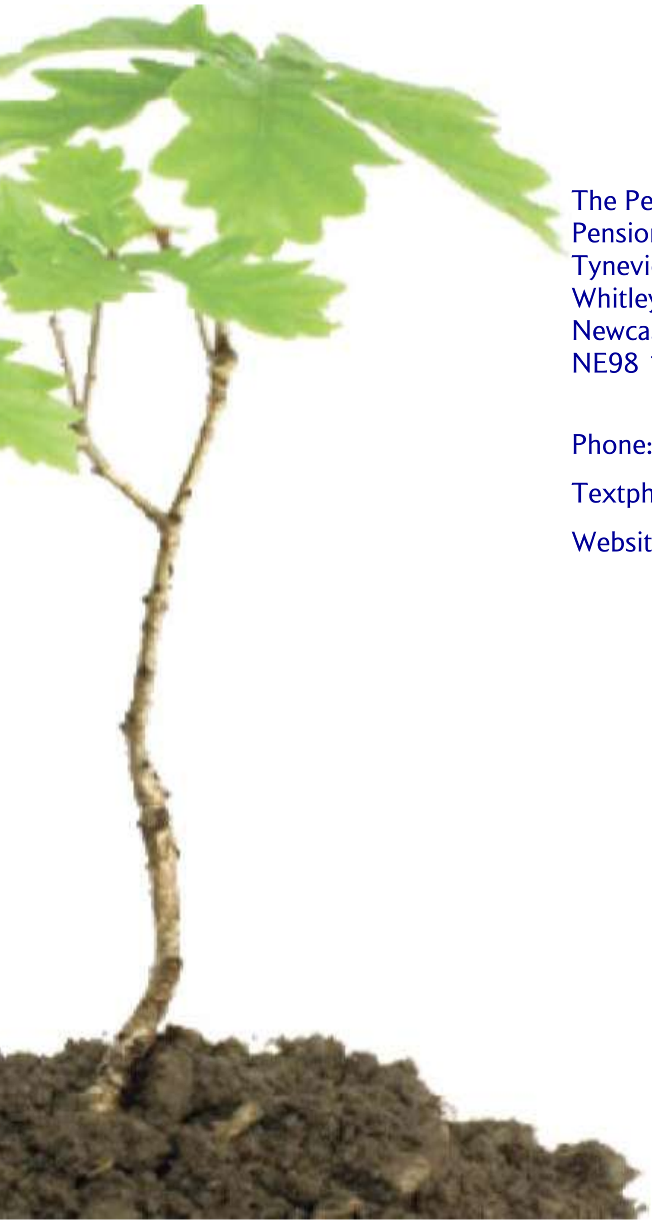
The Pensions Regulator is the regulator for occupational pension schemes in the United Kingdom. It makes sure that the people who run occupational pension schemes follow a wide range of rules. It will act if and when irregularities are brought to its attention. It has the power to impose penalties. The Pension Regulator may be contacted at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Phone:	0870 6063636
Fax:	0870 2411144
Email:	customersupport@thepensionsregulator.gov.uk
Website:	www.thepensionsregulator.gov.uk

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 Service
Pension Tracing Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA

Phone:	0845 6002 537
Textphone:	0845 3000 169
Website:	www.direct.gov.uk (click on 'Pensions & Retirement Planning')