

Your spring Trustee bulletin 2021

News you might have missed

Pensioners: your pension increase and P60 – a reminder

Every year, we review your pension amount – this helps protect your spending power against inflation.

In April, we sent you both your pension increase letter which outlined your increase and how we calculated it for 2021/22, and also your P60 for the financial year 2020/21. If you didn't receive either of these please contact the [BA Pensions team](#).

In Focus

We issued your spring [In Focus](#) magazine in March.

In it, you will find:

- An update from the Chair of the Scheme and provisions the Trustee and BA pensions team put in place during the pandemic
- More information on how the Scheme is funded and the effect on its funding position due to COVID-19
- How to stay safe online
- A focus on retirement
- The latest on discretionary increases for pensioners
- How we're finding ways to reduce our carbon footprint

Reforming the Retail Prices Index and what it might mean for your pension

There are three methods that are generally used to measure inflation in the UK: the Retail Prices Index (RPI), Consumer Prices Index (CPI) and Consumer Prices Index including housing costs (CPIH).

They are used by many pension schemes as a way to determine the annual increases awarded to pension payme each year.

In 2020, the Government ran a consultation on more closely aligning the RPI with the CPIH. The yearly rise in the RPI has generally been about 1% higher than the yearly rise in CPIH historically.

The Government's proposal could lead to a worsening in the funding position for both APS and NAPS.

We, the APS Trustee, responded to the consultation urging the Government to consider an alternative approach, one which would lessen the impact of the proposed changes. However, the Government decided that the proposed change will now apply from 2030.

The government's decision is being challenged and the outcome of that challenge is awaited.

You can read more about the Government's RPI consultation, our response, together with a detailed Q&A on our [Latest News](#) page.

Where to go for more information about money and pensions

From June 2021, the Money Advice Service, The Pensions Advisory Service, and Pension Wise will be brought under one umbrella: MoneyHelper.

MoneyHelper will replace the previously named Money and Pension Service and will provide free and impartial information and guidance to pension scheme members.

The existing websites of the Money Advice Service, The Pensions Advisory Service and Pension Wise will be replaced and you'll be redirected to the new [MoneyHelper website](#) once launched. Pension Wise will continue as a named service under the MoneyHelper umbrella.

2020 APS funding health check

Every year, we carry out a health check on APS to see how well it's funded. Once we've done this, we produce an overview called a Summary Funding Statement (SFS).

The SFS is based on one of two types of health check: a formal valuation, which the APS actuary carries out every three years; or an interim valuation, which takes place in the years between formal valuations.

We've summarised the results of the latest interim valuation in our 31 March [2020 Summary Funding Statement](#).

In brief:

- APS assets (the monies held in APS) have decreased since 31 March 2019
- APS liabilities (the benefits APS must provide to members both now and in the future) increased since 31 March 2019
- The Scheme has a funding surplus, which has reduced since 31 March 2019

You said, we did

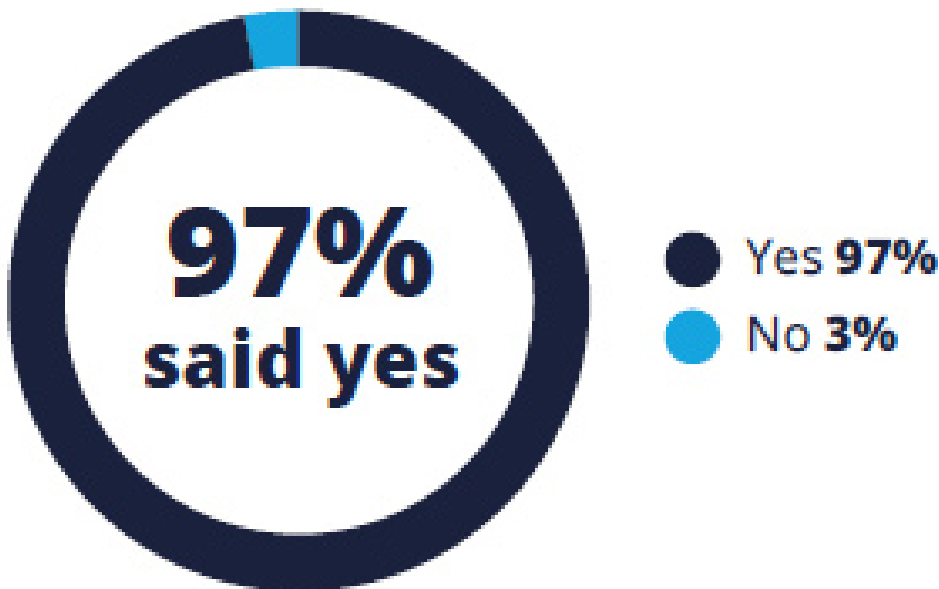
Last year, we asked for your feedback on whether you found the information we shared with you in the previous SFS was helpful, and what else you would like us to include.

Thank you for your time in filling in the survey. It helps us to continue improving our service and give you helpful and meaningful information.

Below is some of your feedback – you'll notice we've acted on some of these already:

From 1,070 responses:

Was our SFS useful?



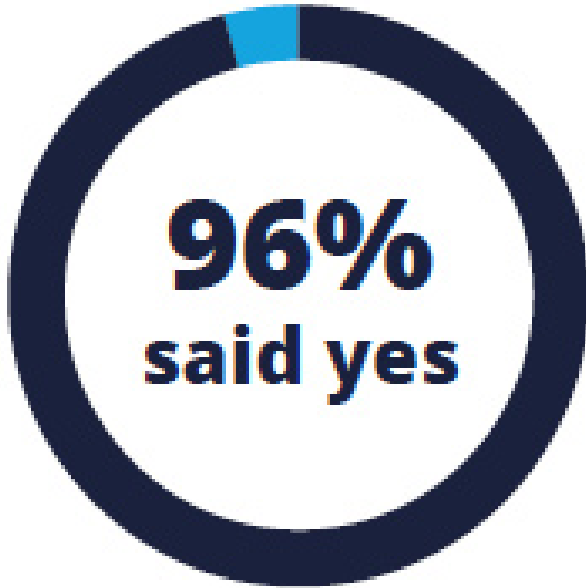
FEEDBACK

Did you like the way information was laid out?

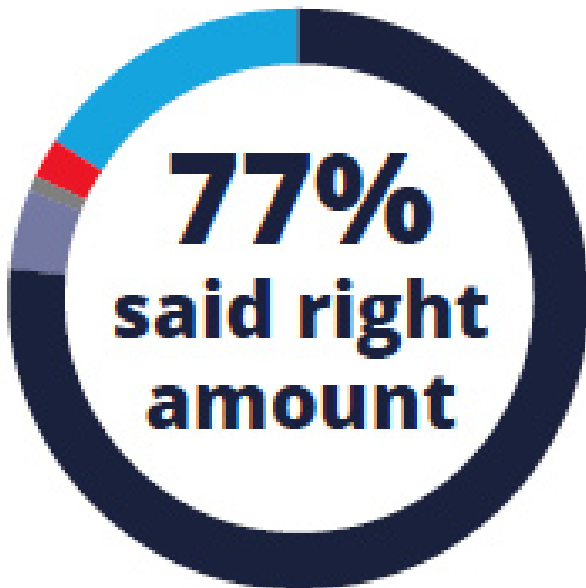
Did we include the right amount of information?

What you suggested we could do better

- Greater visual representation and simplify the language
 - We've included more graphics and received the **Plain English Crystal Mark**
- Less of the maths, more of a summary
 - We understand that you don't want to spend your time number crunching and poring over the detail. We've done more to summarise information where possible
- Regular intervals between statements



- Yes **96%**
- No **4%**



- Right amount **77%**
- Somewhat too little **4%**
- Much too little **1%**
- Much too much **2%**
- Somewhat too much **16%**

FEEDBACK

communications better so you receive a steady stream of information about your pension from us

Deferred members: New transfer option

You can now transfer part of your APS pension to another arrangement. Read more about this on the ['Can I take a partial transfer out'](#) page.

There are many things to consider when deciding whether to transfer your benefits. Please consider speaking to an [independent financial adviser](#).

Active and Deferred members: Looking after your loved ones' future – make sure your details are up to date

Your loved ones could be entitled to receive benefits from the Scheme if you die.

To help make sure the right people get any lump sum allowance or Adult Survivor's pension that is due, please complete a [Notice of Wish form](#).

If you haven't filled in a form before, or you filled one in more than five years ago and have opted to receive email communications from us, we'll be emailing you about this soon.

We, the Trustee, make the final decision about who receives any benefits due. This form helps us take your wishes into account and allows the benefit to be paid free of Inheritance Tax.

Not completing the form could mean that your benefits are paid to someone without taking account of your up-to-date wishes; or it could take a long time for us to determine who to pay your benefits to.

If you've previously completed a form, make sure your details are still relevant.

Case study: Lee's story

Lee completed a Notice of Wish form at the same time he joined the Scheme. He named his first wife, Jo, as the sole recipient of his death benefits.

Time went on and Lee and Jo got divorced – with so much else going on at the time, Lee forgot completely about his Notice of Wish form. A couple of years later, Lee met Anne and they went on to get married and have two children.

Sadly, Lee died suddenly, and the Trustee needed to decide who to pay his benefits to, but Lee's form still showed Jo as the sole beneficiary of his death benefits.

The Trustee had to ask Lee's immediate family for some extra information to ensure that Lee's wishes were carried out. It was all sorted out in the end but meant that payment of Lee's benefits to his family took longer, during an already difficult time.

You can see how important it is to keep your wishes up to date whenever your personal circumstances change. Had Lee filled out a new Notice of Wish form whenever his circumstances changed, his family would have received his pension benefits much more quickly, without the need for the Trustee to check on his relationship status.

Please note, the characters in this story are fictitious and this case study is for illustrative purposes only.

Getting your pension information by secure email

The team can now respond to you by secure email if you're registered to manage your pension via [mybapension](#).

It follows a successful trial of the 'Mimecast' email messaging service. So, if you get in touch and request an email reply, you'll receive an email using Mimecast to tell you when your pension information is ready to download from secure, cloud-based messaging service.

This is convenient for you, and a quicker way for you to get the information you need, securely.

The team has provided a [video](#) which tells you more.

Coronavirus and your pension team

The effects of the coronavirus pandemic have hit the airline industry harder than many other sectors. In the last year, the pensions team has focused on delivering key services to you, and on services related to changes in the business that affected the Scheme.

The team has also now responded to all non-urgent enquiries they received during that time and is back to its normal service levels.

We, the Trustee, received more frequent reporting on the Scheme's funding position during the height of the financial market volatility related to COVID-19. This has now returned to its quarterly cycle as financial markets recover.

Join us in our online focus groups

Want the chance to tell us what help or support you'd like with your Scheme pension?

Then come and join one of our focus groups!

If you're interested in taking part and sharing your opinions, please [email us](#) with a subject line 'Focus Groups'.

Investing responsibly

British Airways Pension Investment Management Ltd (BAPIML) has produced its [latest Responsible Investment report](#).

Responsible investment covers the strategy and practice of including environmental, social and governance (ESG) factors in investment decisions.

This ensures investment managers take account of the potential impact of ESG (including climate change) factors, meaning they make more responsible investment decisions for the Scheme and on behalf of our members.

The team has also [published](#) the latest stewardship reports, including the BAPIML Statement of Application of the Stewardship Code; Global Voting Activity Report to March 2020 and Top 100 Holdings list.

New Statement of Investment Principles (SIP)

The SIP describes the Trustee's investment policy and decisions. The main objective of the policy is to ensure the Scheme has enough money so it can pay your benefits when they are due.

We've updated the [SIP](#) to include our ESG approach.

2021 benefit statements

These are the statements you can expect to see throughout the rest of this year:

Statement type	How	When
Deferred members' pension statements	Online and posted	May 2021
AVC and SMPI statements	Online and posted	June 2021
APS Active members' statements	Online	June 2021

FEEDBACK

Making allowances – changes to tax

You pay income tax when you receive your pension if your total annual income adds up to more than your Personal Allowance.

The standard Personal Allowance is £12,570 for 2021/22. Find out about your [Personal Allowance and Income Tax rates](#).

The Government sets some other limits too. It is your responsibility to check if you're exceeding these allowances and make sure you pay any charges.

Lifetime Allowance (LTA)

This is the maximum amount of pension benefit that you can draw from all your pension arrangements throughout your lifetime without paying an additional tax charge.

For the 2021/22 tax year, the LTA is £1,073,100.

If you exceed the LTA, you will incur a tax charge on any money you withdraw over the maximum allowance.

To find out more about all of the allowances and paying charges if you exceed them, go to our [tax allowances pages](#).

Open your spring bulletin as a pdf document