

BA Consultation Q&A

FREQUENTLY ASKED QUESTIONS AND ANSWERS RELATING TO BA'S CONSULTATION

Deferred Members and Pensioners will be unaffected by the NAPS consultation.

NAPS is not winding-up. If NAPS is closed to future pension build-up, BA must continue to contribute to NAPS to ensure there are sufficient monies to pay all of the benefits that have been built-up to date.

The Trustee has been informed of the nature of BA's proposals but became aware of the detail at the same time as members were consulted with. Once BA has concluded its consultation the Trustee will determine whether it needs to take any action as a result.

Q1. What effect would closing NAPS to future service pension build up (future accrual) have on my benefits?

A1. If BA's proposals to cease future pension build-up within NAPS go ahead:

and you are currently a deferred member :

there would be no change to your benefits or options.

and you are currently a pensioner, including an ill health pensioner :

there would be no change to your benefits.

and you are currently an active member :

- you would keep building up benefits until NAPS closes;
- you would then become a deferred member at the date NAPS closes;
- your deferred pension built up to the date of closure would be protected by law and would increase, in simple terms¹, by an amount set out by the Government in Pensions Increase (Review) Orders, which are currently based on CPI, with a cap of 5% per annum over the period to your normal retirement age
- we cannot confirm any other details of what your benefits would be if NAPS were to close until BA has concluded its consultation with its employees and confirmed its final proposals.

and you are currently a crystallised member :

- your pension has already been established at date of crystallisation
- your crystallised pension would continue to receive late retirement increases/ uplifts until you decide to draw your pension
- we cannot confirm any other details of what your benefits would be if NAPS closes until BA has concluded its consultation with its employees and confirmed the final proposals.

¹ actual increases are determined by Scheme Rules and over-riding statute

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Q2. What would I lose in benefits?

A2. If NAPS closure goes ahead, your past service benefits built up to date of closure would be protected by law. BA must continue to pay contributions to NAPS to make sure these benefits can continue to be paid when they are due.

If you want to work out what you would have received had you continued to build up benefits in NAPS until your normal retirement age you can use the BA Pensions pension modeller and [follow our video](#) to show you how to do this. Please note that the pension modeller is based on certain assumptions which are set out in the video.

Q3 Can I transfer-out all, or some of my pension benefits?

A3. If NAPS closes you would have the option to transfer out at any time. If as an active member you wish to transfer out before any closure you would have to opt out of NAPS by providing one clear calendar months' notice in writing to BA Pensions and you would lose the NAPS pension you would have built up for service from date of opting out to date of any closure. Transferring-out may not be the right decision for the majority of members. You should first seek independent financial advice. Any changes proposed by BA relate to your future service pension build up only – your past service benefits to the date of closure are protected by law and BA must continue to fund these.

Q4. If NAPS is closed to future accrual, how would my benefits increase up to retirement?

A4. As a deferred member, your benefits would increase in line with the Rules governing NAPS. These currently provide that your benefits would increase from the date of closure, in simple terms¹, by the amount set out by the Government in Pensions Increase (Review) Orders, which are currently based on CPI, with a cap of 5% a year

¹actual increases are determined by Scheme Rules and over-riding statute

over the period to your normal retirement age. However, BA can propose more generous increases. We will not know what BA's final proposals are until after the consultation has finished.

Q5. If NAPS is closed to future accrual, what pension options are available in respect of future service?

A5. Please refer to communications issued by BA.

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Q6. If NAPS is closed, would I lose my ill-health benefits?

A6. If your ill health pension is already in payment you would not be affected by any closure of NAPS.

If you are currently an active member, you would become a deferred pensioner at the date of closure. The ill-health benefits available in NAPS for deferred members are less generous than for active members.

A deferred pension may, if the Trustee agrees, be drawn before age 55 if you are in ill health. The pension would be reduced for early payment. The calculation of the ill-health pension would not include the uplift of half potential pensionable service from date of ill health retirement to your normal retirement age that would have been included in the pension calculation if you were still an active member.

Q7. If NAPS is closed, would my ill health early retirement pension continue to be reviewed?

A7. The Rules currently require the Trustee to review ill health pensions once they are in payment. This would not change if NAPS is closed.

Q8. If NAPS is closed, what death benefits would be paid from NAPS if I die?

A8. You would become a deferred member of NAPS. A dependant’s pension would be payable to your spouse/partner equal to two thirds of your NAPS pension built up to the date of closure based on service for which you have paid the higher rate contributions to provide this cover. Dependent children allowances would also be payable to eligible children based on one sixth of your NAPS pension built up to date of closure. If no dependant’s pension is payable, a return of contributions and interest would be paid in accordance with your notice of wish. Please also refer to BA’s consultation communication.

Q9. Could I still take flexible retirement if NAPS is closed to future accrual?

A.9. Flexible retirement is a BA initiative. Currently, only active members can apply for flexible retirement. If NAPS were to be closed to future pension build-up, BA would need to make a policy decision around whether flexible retirement would continue to be an option for its employees.

**Q10. Can BA close NAPS to future pension build-up?
Can BA make any changes to NAPS?**

A10. BA can close NAPS to future pension build-up by amendment to the Rules governing NAPS. This requires the consent of the Trustee. The Trustee cannot take a decision on the proposals until it has received all relevant information during and after the consultation period - the Trustee will consider BA’s final proposals once the consultation has concluded and determine whether it needs to take any action as a result. In doing so, the Trustee will bear in mind its primary duty to administer NAPS in accordance with its terms and to secure, so far as possible, the benefits that have already been built-up. However, BA’s

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proposals relate to future pension benefit provision and it is this which is the subject of the consultation between BA and its employees and their representatives.

Q11. Does the Trustee have any say in any changes proposed by BA? Can the Trustee oppose or stop the closure of NAPS?

A11. These are BA's proposals and the Trustee had no role in preparing these proposals – indeed the Trustee found out the detail of the proposals at approximately the same time as members. BA is consulting with its employees and their representatives on the proposals and the Trustee does not have an active role in the consultation. However, the Trustee will be observing the consultation and providing members with information, and has also requested that BA keep the Trustee informed on the feedback BA receives during the consultation period. BA's proposals are that if NAPS is to close, it would be implemented by an amendment to the Rules governing NAPS. This would require the Trustee's consent. As set out at Q10 above, the Trustee will consider BA's final proposals once the consultation has concluded and determine whether it needs to take any action as a result.

Q12. Will the Trustee oppose the change?

A12. The Trustee has not taken a decision on the proposals. The Trustee has a legal duty to consider any formal request from BA to amend the Rules of NAPS in due course. If, following the end of the consultation process, the Trustee receives such a request, it will carefully consider any request in conjunction with its legal advisers to ensure it is acting in accordance with its legal duties. At this stage, the Trustee is unable to provide further information as it has not seen details of the final proposal.

Q13. If NAPS is to be closed, what is the likely timescale for this to happen?

A13. The consultation is being undertaken by BA and must run for a minimum period of 60 days. We cannot comment on the outcome of the consultation as this is a consultation between BA and its employees and their representatives. There will be a period after the consultation closes for BA to carefully consider feedback from members and their representatives. There would also need to be a period to change the Rules governing NAPS if BA's proposals or any other changes are implemented.

Q14. Do I have a right to future pension benefits?

A14. BA is required by legislation to offer you membership of a pension scheme that provides a minimum level of pension benefits. This is referred to as auto-enrolment. BA does not have to provide the minimum level of pension benefits via NAPS.

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Q15. How much notice does BA have to give to close NAPS?

A15. Before BA can make any decision to close NAPS, it must first go through a period of consultation. There is a legal minimum consultation period of 60 days. Following consultation, if BA wishes to proceed with closing NAPS via a change to the NAPS Rules, it would need to seek the consent of the Trustee for this.

Q16. Can I do anything to stop this happening?

If members disagree with the proposed action by BA, will any changes still go ahead?

A16. BA is required to consult with its employees and their representatives regarding its proposals. It has said it will take into account any input it receives. However, BA is proposing to implement closure by an amendment to the Rules governing NAPS. The agreement of members is not required for this. BA would, however, require the consent of the Trustee to make the amendments (see Q10 and Q11 above).

Q17. Can I pay voluntarily to keep my future benefits as they are?

A17. If BA decides to close NAPS to future pension build up, you would no longer be able to contribute to NAPS. Please refer to BA's consultation communications for further details of its proposals.

Q18. Can BA wind-up NAPS whilst it continues to operate?

A18. BA is not winding-up NAPS. Winding up is different from closing NAPS to the build-up of future benefits. Winding up would generally only occur in the event that BA became insolvent and was no longer able to support NAPS or if BA provided funds to buy-out all of the benefits with an insurance company. A buy-out is an unlikely course of action as it would be very costly for BA.

Q19. If BA winds-up NAPS whilst remaining in business are my benefits safe?

If BA winds-up NAPS whilst remaining in business, are my AVCs safe?

A19. Winding-up a scheme involves buying-out the pensions built-up with an insurance company so that there are no assets or liabilities left. It is therefore very unlikely that BA would want to wind-up NAPS as it would cost it £billions. The consultation is not proposing winding up NAPS. It is proposing that NAPS be closed to any future pension build-up. BA would still need to continue funding NAPS, so the security of your benefits you have already built up would not be diminished.

Q20. What action could BA take if it decides not to close NAPS to future pension build up?

A20. BA could decide to increase member contributions or/and reduce pension build-up rates. These changes would need the Trustee's consent.

Q21. Following the last round of scheme changes to NAPS, I made a decision regarding my benefits on the basis that those changes were likely to be the last ones. Is there anything I can do now?

A21. The consultation is an opportunity for employees and their representatives to provide feedback to BA on its proposals. BA is required to take any feedback into account as part of the consultation process.

Important Notes

This document is based on our understanding of BA's proposals which have yet to be fully outlined and may change during the consultation period. It is only a guide to the provisions and benefits of NAPS. It is subject to the NAPS Rules and, in the case of any inconsistency between this document and the rules, the Rules will take precedence.