



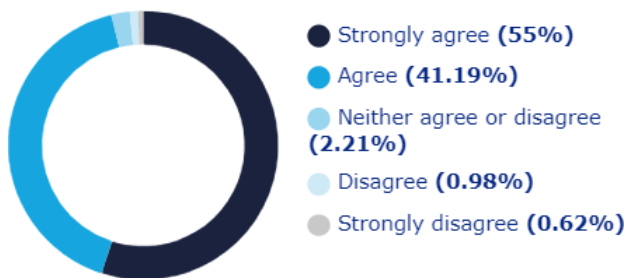
Trustee winter bulletin 2018

You said, we did

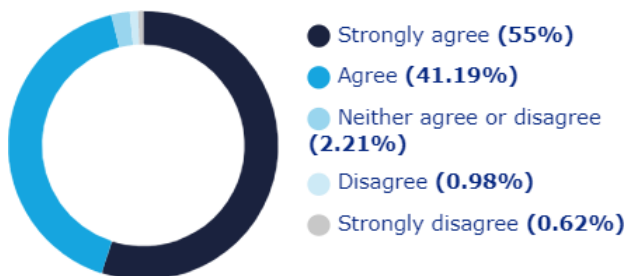
Last year we asked you to tell us if we're giving you the level of service you expect.

Here's what our pensioner members said to us through our online survey about our pension increase statements:

My pension increase statement gave me all the information I needed



The information provided was easy to understand



Pensioners' comments



Suggested improvements

- “ Is it possible to know what the increase is going to be before my statement is issued? ”
- “ I'd like to receive my statement and P60 earlier. ”
- “ I'd like more detailed information about how the increase applies to each part of my pension. ”
- “ Please show my AVC annuity separately on my statement. ”
- “ Can you include information about my actual pension payments after tax for the coming year? ”
- “ I'd prefer a paper copy of my P60 certificate. ”
- “ It would be helpful if you published expected pension payment dates for the coming year on the website. ”

To see the full results view the [Pension Increase survey PDF](#).

Thank you for taking the time to respond. You've given us some good ideas about how we can improve the statements and we're making some of these changes now. From now on, we'll be providing online versions of your pension increase statements earlier than usual, and including a more detailed breakdown of your pension. We're aiming to provide P60 certificates online at the start of April and pension increase statements by 24 April this year.

Your feedback has really helped us make sure you get the information you need in the format you want. So look out for more email invitations and please keep taking part in future surveys.

The pension increase in 2019 is expected to be 2.4%

The pension increase is based on Pensions Increase (Review) Orders (PIRO). The index on which PIRO is based is currently the Consumer Prices Index (CPI) over the 12 months to September of the previous year.

This was 2.4%, so although Parliament doesn't formally approve the PIRO until late March, we're expecting the 2019 pension increase to be 2.4%.

Your Additional Voluntary Contribution (AVC) funds are changing

Our recent fund review affects the Equity-Biased Fund (EBF)

If you've ever made extra contributions into your pension, it's more than likely you'll have invested them in one or more of our three AVC funds.

We've been reviewing all three to make sure they offer suitable investments and continue to be run in line with best practice.

We're making changes to the EBF. The EBF's interest rate is made up of both a Guarantee Component (for which interest is based on the return during a given calendar month on the Sterling Overnight Index Average (SONIA)), and a Bonus Component. The Guarantee Component isn't changing, but the Bonus Component is.

How the EBF Bonus Component will be calculated

From 1 April 2019, the rate will be:

- Announced monthly for the previous month
- Worked out on the last day of that month
- Based on an independent range of investments (it was previously based on the New Airways Pension Scheme (NAPS) investment fund)

Why the change?

The NAPS investment fund is expected to move into safer investments over time. This might mean that the NAPS investments will grow at a slower rate but they will be more protected from sudden changes in stock markets.

Moving the calculation away from the NAPS investment fund to an independent range of investments means that, over time, it will continue to provide returns from a mixture of different assets, with the largest investments related to stock markets. The change means we will continue to provide a range of AVC funds offering different levels of risk and return.

If your AVCs are included in these changes, we'll write to you with more details soon.

Visit the [AVC pages](#) for the latest interest rates for all three funds.

We've moved

The BA Pensions team's move to a new, secure office space at BA's Waterside headquarters means our contact details have changed:

British Airways Pensions
PO Box 2074
Liverpool
L69 2YL

Using a PO Box helps ensure that our post is handled confidentially and securely. Our PO box is in Liverpool because the company that handles our post is based in Liverpool. We're still completely independent of BA, so using a PO Box means any mail you send us will be scanned off site and sent to us electronically and securely.

We still have the same telephone number - [020 8538 2100](tel:02085382100) - and email address enquiries@bapensions.com

New – Offset your Annual Allowance (AA) tax charge under £2,000

Voluntary Scheme Pays arrangement now available to members with an AA tax charge under £2,000; and how you're affected following the Scheme's closure to future build-up

If your pension savings are more than the [AA](#) in any tax year, you might have to pay tax on them. We've extended our Scheme Pays arrangement to allow you to offset AA tax charges of less than £2,000, in respect of your NAPS pension, through Scheme Pays. This means the Trustee will pay the tax for you in exchange for a reduction in your NAPS pension benefits.

In this tax year, you will exceed the standard AA if the increase in the value of your pension (including the value of any AVCs) is more than £40,000. Your personal AA may be lower if you are affected by the tapered AA, which may apply if you have pensionable earnings over £100,000 a year.

The AA now only applies to NAPS if you were an active member on 31 March 2018 and chose the promotional/incremental pay transitional option when the Scheme closed to future pension build-up on 1 April 2018.

Scheme Pays already existed for any member whose tax was more than £2,000 – they have a mandatory right to ask for the exchange.

The Trustee has recently extended the Scheme Pays arrangement so that members taxed less than £2,000 can ask for a voluntary agreement.

The main difference between mandatory and voluntary is the deadline HMRC sets for setting up a Scheme Pays agreement. Mandatory Scheme Pays agreements must be set up before 31 July in the year after the AA year to which the charge relates (so, by 31 July 2019 if the charge relates to the 2017/18 AA year). Voluntary Scheme Pays agreements must be set up before 31 December after the end of the AA year to which the charge relates (so, by 31 December 2019 if the charge relates to the 2018/19 AA year). In all cases, the agreement must be made before you start to receive all of your pension benefits from NAPS.

Online form

If you would like to set up a Scheme Pays agreement, simply fill in the [Scheme Pays online e-form](#). The form also shows you how any choice you make as part of the agreement would affect your benefits. Once you've completed the form, just 'click' to securely send your choice to us.

Changes to your Trustee Board

Your Trustee Board has changed.

NAPS and APS have always existed under separate Trusts and are managed separately by a Board of Trustee Directors. However, until recently there was some overlap in the Trustee Directors, with the six employer-nominated Trustee Directors sitting on both the NAPS and APS Boards.

Following a change last year, the Boards are now each made up of 12 entirely separate Trustee Directors.

In July, NAPS welcomed three new employer-nominated Trustee Directors. Caroline Mellor (Senior Commercial Lawyer, BA), Ben Sehovic (Head of Heathrow Terminal 3, IAG) and Karen Slinger (Head of Cabin Crew, BA) replaced Andrew Fleming, Rebecca Napier and Jude Winstanley. Andrew and Jude continue in their roles on the APS Trustee Board.

Virginia Holmes continues as Chair of the NAPS Trustee. In October, British Airways appointed Roger Maynard as Chair of the APS Trustee.

Deferred members – new partial transfer-out option

We've introduced a new option for deferred members. You can now transfer part of your pension benefits to another pension arrangement and leave the rest in your NAPS scheme.

There are some conditions, which you can find out more about in our [partial transfer-out FAQ](#)

It's important to consider all your options when you're thinking about transferring out of a defined benefit scheme such as NAPS. It's possible that a transfer could leave you worse off, as any potential advantages can be outweighed by the costs of transferring.

The Pensions Regulator, the Financial Conduct Authority (FCA) and the Pensions Advisory Service (TPAS) have jointly produced [this letter](#) highlighting the key issues you should consider if you are thinking about transferring your pension out of NAPS, and where to find impartial information to help you to make the right choice.

Where to find your transfer value

We include a transfer value in the retirement packs we send to you shortly before you reach your Normal Retirement Date. This will now include the options available for taking a partial transfer value as well as a full transfer value.

You can also [ask](#) for a transfer value at any time, but usually not more than once in any 12-month period.