

## Important information for APS Active and Deferred members

### APS factor changes from 1 March 2020

The Scheme's Actuary regularly reviews the factors used to work out specific pension options and has updated certain factors, which could affect pension options for members who have not yet retired or drawn their pension benefits. If you are planning to draw your pension benefits around this time you may wish to reconsider your plans in light of these changes. BA Pensions will provide details of the revised retirement options available for members who confirm that they wish to draw their pension from a date after 1 March 2020.

#### Action you may need to take

We are making you aware of these changes as it could influence your decision as to when to draw your pension. As with any decision relating to your pension benefits, you may wish to consider seeking independent financial advice. If you wish to draw your pension, please let us know as soon as possible.

#### Taking a tax-free cash lump sum

Members who are considering drawing their APS pension should be aware that, from 1 March 2020, the rates for exchanging pension for a tax-free cash lump sum at retirement will improve. The improvement will vary for each individual but will typically be up to 13%. Members who choose to draw their pension on or after 1 March 2020 will receive more tax-free cash lump sum for every £1 a year of pension exchanged. So, members choosing to draw their pension on or after 1 March 2020 will give up less pension when taking the maximum tax-free cash lump sum available.

#### Drawing pension early (before Normal Retirement Date, 'NRD')

Where members are drawing their pension before their Scheme NRD, the pension payments are reduced to take into account that the pension will be paid for a longer period of time. For members drawing their pension on or after 1 March 2020, the reduction will be lower. As an illustration, the early retirement pensions maybe around 1.6% higher for those who retire five years before their NRD, but this will vary for each individual.

#### Drawing pension late (after NRD)

Deferred members who choose to delay drawing their pension until after their Scheme NRD receive late retirement increases instead of the yearly, standard, Scheme increases from NRD up to the date they choose to draw their pension. The late retirement factors applied to pensions from 1 March 2020 will vary on an individual basis, but are likely to be around 1% lower per year compared to the current late retirement increases which would be applied to pensions up until 29 February 2020.

#### Cash Equivalent Transfer Values

If you have left active membership or opted out of APS, the cash equivalent transfer value is the cash value you have built up in a pension scheme that can be transferred to another pension arrangement. At any time before you start to draw your pension, you can ask us to transfer the value of your deferred pension to another registered pension arrangement. There are many things to consider when deciding whether to transfer your benefits and, in most cases, you must

take professional advice from an independent financial adviser before deciding whether to transfer.

From 1 March 2020, cash equivalent transfer values available from APS are expected to be up to 15% higher.

**From the Trustee of the Airways Pension Scheme**

29 November 2019