

AIRWAYS PENSION SCHEME
OPERATING RULES FOR THE PAYMENT OF DC FLEXIBLE BENEFITS
AND INDEPENDENT AVC TRANSFERS

TABLE OF CONTENTS

1. INTRODUCTION	1
2. PURPOSE AND STATUS OF THESE OPERATING RULES.....	1
3. PROVISION OF UFPLS FROM THE SCHEME.....	2
4. PROVISION OF FAD FROM THE SCHEME	2
5. INDEPENDENT AVC TRANSFERS – SCHEME RULES	2
6. PROVISION OF INDEPENDENT AVC TRANSFERS FROM THE SCHEME	3

1. INTRODUCTION

The Taxation of Pension Schemes Act 2014 amended the Finance Act 2004 to provide that on and from 6 April 2015, trustees can allow a member to access some or all of their defined contribution (DC) benefits in two new ways: as one or more uncrystallised funds pension lump sums (UFPLSs) or through a flexi-access drawdown (FAD) account (together, Flexible DC Benefits).

Under the Finance Act 2004, trustees are able to provide benefits in either of these two ways regardless of any provisions in their scheme’s rules which prevent this. However, there is no obligation on trustees to provide these new options.

These new options have been considered in respect of additional voluntary contribution (AVC) funds under the Scheme.

These changes may make it more attractive for a member to transfer some or all their AVC funds out of the Scheme to access these benefits from a different provider, whilst leaving their other benefits in the Scheme (an Independent AVC Transfer).

2. PURPOSE AND STATUS OF THESE OPERATING RULES

- 2.1 These Operating Rules set out the conditions upon which the Management Trustees have agreed to provide Flexible DC Benefits and Independent AVC Transfers under the Scheme.
- 2.2 These Operating Rules take effect on and from 6 April 2015.
- 2.3 These Operating Rules may be amended by the Management Trustees at any time, having consulted the Actuary with regard to any financial implications. Nothing in them should be construed as conferring any rights on any Member, Pensioner or other individual to Flexible DC Benefits or an Independent AVC Transfer, or any expectation as to how Flexible DC Benefits and Independent AVC Transfers will be operated in practice.
- 2.4 For the avoidance, of doubt, these Operating Rules are separate from, and do not form part of the Scheme Rules, in spite of terms with capital letters and defined in the Scheme Rules having the same meaning as in the Scheme Rules.

3. PROVISION OF UFPLS FROM THE SCHEME

- 3.1 The Scheme Rules do not contain any provisions which expressly permit the Management Trustees to provide UFPLS to members.
- 3.2 The Management Trustees will not agree to a request from any individual to be paid an UFPLS.

4. PROVISION OF FAD FROM THE SCHEME

- 4.1 The Scheme Rules do not contain any provisions which expressly permit the Management Trustees to provide flexi-access drawdown to members.
- 4.2 The Management Trustees will not provide FAD under the Scheme.

5. INDEPENDENT AVC TRANSFERS – SCHEME RULES

Clause 30A of the Trust Deed provides:

"The Management Trustees may, upon receiving a written request from an Additional Voluntary Contributor in such form as the Management Trustees shall prescribe, transfer all or part of the Additional Voluntary Contributor's Final Balance, but not his other benefits under the Scheme, to any other Registered Pension Scheme.

The receipt of the person or persons who administer the Registered Pension Scheme to which the transfer payment is made shall be a complete discharge for the Management Trustees for their liability in respect of the Final Balance (or that part of the Final Balance) transferred."

PROVISION OF INDEPENDENT AVC TRANSFERS FROM THE SCHEME

The Management Trustees will agree to a request from an Additional Voluntary Contributor for a transfer of all or part of his Final Balance under Clause 30A:

- 5.1 where it is the Additional Voluntary Contributor's first such request and the transfer is to be made at or before his Pension Commencement Date; or
- 5.2 where the transfer is to be made at the Additional Voluntary Contributor's Pension Commencement Date and will transfer all of his Final Balance.¹

¹ An AVC Deferrer, who defers all or part of his AVC Accounts beyond his Pension Commencement Date, can elect to transfer his Final Balance (or the remainder) to any other Registered Pension Scheme under Clause 30(e)(v).