

AVC-ONLY TRANSFER OUT INFORMATION PACK

If you hold a BA Additional Voluntary Contribution (AVC) account, you have the option to transfer some or all of your AVCs independently of your main Scheme pension to another approved pension arrangement.

This pack provides you with information about:

- The transfer options available in respect of AVCs only
- The AVC benefits and options available in the BA Schemes
- What help, advice and guidance is available and where to find it
- How to proceed with an AVC-only transfer
- A checklist of the items we will need in order to pay out an AVC-only transfer

If you wish to investigate a transfer of your main Scheme pension, including your AVCs, then please refer to either the UK or QROPS Transfer pack on the 'Forms' page of our website, www.mybapension.com.

1. AVC-only transfer options

You have one opportunity to make a transfer of part (or all) of your AVC Account at the time of, or before, drawing your main Scheme pension. You then have a further opportunity to make a transfer of any remaining AVCs, either when taking your main Scheme benefits, or later if you choose to defer payment of your AVC benefits. Active members can continue to save AVCs and change their remaining AVC investments after they have transferred out their AVC balance while they remain active members of the Scheme.

Pensioner members who are in receipt of their Scheme pension but chose to leave their AVCs behind when drawing their Scheme pension, can make a transfer of the AVCs they left behind.

If you are transferring your AVCs to access them as cash from age 55 under the government's defined contribution (DC) flexible access provisions, you will need to transfer your AVCs to an arrangement offering these. It is likely that the external provider will require you to pay charges. A quarter (25%) of any lump sum accessed externally through the flexibility provisions may be taken tax free if you have sufficient Lifetime Allowance remaining. The rest will be taxed as pension income at your marginal rate of tax.

Protection from Lifetime Allowance charges

If you have registered for protection from Lifetime Allowance charges and hold fixed or individual protection, the option to take a lump sum externally under the DC provisions may be available if you have personal Lifetime Allowance available. If you hold primary or enhanced protection, the option to take a lump sum externally under the DC provisions will only be available if you have any standard Lifetime Allowance remaining. The standard Lifetime Allowance is £1.03 million from 6 April 2018.

2. The benefits available under the BA Scheme

Remember, if you do not transfer your AVC balance out, in most cases, you can draw all your AVCs as tax-free cash from the Scheme when you take your main scheme benefits, subject to Lifetime Allowance limits. If instead, you choose to transfer your AVCs to an external provider, the maximum tax-free lump sum available from the Scheme at your retirement date will be lower than that shown on any retirement quotations you have received before the transfer and by the online pension modeller.

Under Scheme Rules, members who do not want to take their AVCs as part of their tax-free lump sum can use them to:-

- buy an AVC pension, called an 'annuity', either from the Scheme* or through an insurance company of their choice, using the 'open market' option.
- defer drawing their AVCs until a later date.
- transfer their AVCs to an external pension arrangement (in isolation from their main Scheme pension).

* The NAPS Trustee can provide an annuity from NAPS for members who left the Scheme and deferred their AVCs before April 2007, or for members who left after April 2007 where their AVC Account value is less than £1,000. Annuities are not provided from NAPS for members who left after April 2007 with a fund value of more than £1,000. The Trustee has appointed a leading independent annuity broker to

provide quotations of the annuities available, selected from a panel of external providers. This service is paid for by the Trustee.

3. Help, advice and guidance available to you

Before transferring your AVC benefits out of the Scheme, you should make use of the free and impartial guidance available through the government's 'Pension Wise' campaign which can be accessed online (www.pensionwise.gov.uk), over the telephone (from The Pensions Advisory Service 0300 330 1001) or face-to-face (from various [Citizen's Advice Bureaux](#)). We have included a letter in this pack from the government explaining what the service offers. Individuals can book a free appointment with a trained guidance specialist and it is advised that you register your interest early to secure an appointment.

The Pensions Regulator (tPR) has published some '[Retirement risk warnings](#)' associated with accessing benefits under the government's DC flexible access provisions. A copy of these is available by clicking the link above or by visiting the 'Forms' page of our website, www.mybapension.com.

The Pension Advice Allowance (PAA)

It's important to get financial advice before making decisions about your pension so that you make the right decisions for you and your family. You can now use your NAPS additional voluntary contributions (AVCs) to pay for retirement financial advice. This is known as the Pension Advice Allowance.

- More information, including how to apply for the allowance, can be found on the '[Financial Advice](#)' page.
- You can use the allowance once in any tax year up to a total of three times overall. With each use, you can draw up to a maximum of £500.
- The allowance must be paid directly by NAPS to your financial adviser, who must be registered with the FCA - we can't pay the allowance directly to you.

For further details about the PAA, or to apply for a PAA payment to be made from your AVCs, download our online [Pension Advice Allowance \(PAA\) pack](#).

Money Purchase Annual Allowance (MPAA) limit

For individuals who choose to access any defined contribution (DC) benefits flexibly, as cash, from an external arrangement (for example to access any AVCs transferred out of APS) an MPAA of [£4,000 a year](#) will apply to all future DC pension savings. If this limit is exceeded, a tax charge will be due on the excess savings over £4,000 and the AA for any defined benefit pension scheme savings will reduce to £36,000 a year for that year.

Pension scams

- The Pensions Regulator's (tPR) '[Pensions Predators' awareness campaign](#) warns individuals against transferring pension benefits to arrangements that promise to 'liberate' their pension benefits or offer pension loans or upfront cash.
- The Pension Wise website contains useful information on '[How to avoid a pension scam](#)'
- The Money Advice Service also provides useful information on '[How to spot a pension scam](#)'

Financial Advice

We recommend that members take independent financial advice from a Financial Conduct Authority (FCA) approved adviser before deciding to transfer their AVCs. The following websites can help individuals find financial advisers in their area:

www.findanadviser.org

www.unbiased.co.uk

www.vouchedfor.co.uk

4. How to proceed with an AVC-only transfer

If you are considering transferring your AVCs you can find out the approximate value of your AVC account by looking at any recent retirement quotations, benefit statements or annual AVC statements or, if you do not have any of these documents to hand, by contacting our [Customer Service Team](#) to obtain an up-to-date AVC balance.

If you decide to proceed with an AVC transfer (after receiving guidance from Pension Wise, financial advice and full details of the alternative benefits the external pension arrangement will provide), the following documents must be completed and sent to the BA Pensions team at [Whitelocke House](#):

- Indemnity form completed by you, the Scheme member
- Indemnity form completed by the new pension arrangement, including banking details for the receiving arrangement (payment will be made via BACS in all cases)
- A copy of the HMRC approval letter showing the new arrangement's Pension Scheme Tax Reference (PSTR) number

We have provided a checklist below to help with providing the correct documentation to enable an AVC transfer to be completed.

It is not until we receive the completed indemnity forms that we will calculate a final AVC balance. If AVCs are being transferred at the same time as you are drawing your main Scheme benefits, the AVC balance will be calculated at your retirement date and any AVC transfer payment will usually be made within 10 working days after that date.

Dear Saver,

The government is removing the restrictions on what you can do with your pension savings. From April 2015 you will have the freedom to choose the option that's right for you.

To receive free, impartial guidance from the government, go to www.pensionwise.gov.uk

Pension Wise is a new government service that will offer you:

- **tailored guidance** (online, over the telephone or face to face) to explain what options you have and help you think about how to make the best use of your pension savings;
- information about the **tax implications** of different options and other important things you should think about; and
- tips on getting the best deal, including how to **shop around**.

Choosing what to do with your pension savings is an important financial decision; you can often get more for your money by shopping around.

In this pack you'll find important details about your pension. Use them – and Pension Wise – to help you make the decision that's right for you.

Yours faithfully,

The Pension Wise team

5. AVC-only transfer checklist

- | | | |
|----|---|--------------------------|
| 1. | The indemnity form completed by the Scheme member | <input type="checkbox"/> |
| 2. | The indemnity form completed by the new pension arrangement | <input type="checkbox"/> |
| 3. | The completed AVC transfer only payment instruction form | <input type="checkbox"/> |
| 4. | A copy of the new arrangement's HMRC letter showing the Pension Scheme Tax Reference (PSTR) | <input type="checkbox"/> |
| 5. | Member has read and accessed the financial advice available from Pension Wise | <input type="checkbox"/> |

NEW AIRWAYS PENSION SCHEME (NAPS)
AVC-ONLY TRANSFER INDEMNITY FORM



This form should be completed by the receiving arrangement.

Member name:

Member Staff or pension number: Member NINo:

Member's address:

TRANSFERRING TO A _____ (enter type of arrangement)
NAME OF ARRANGEMENT _____
ARRANGED WITH _____ (insurance company name)
I enclose a copy of the arrangement's HMRC registration/approval letter showing the Pension Scheme Tax Reference (PSTR)

Bank details of the receiving arrangement (all payments are made via BACS):

Sort Code: - -

Account No:

Receiving arrangement Name: _____

Bank Name: _____

We agree to the above, duly authorised for and on behalf of:

Signed _____ Date _____

Name In capitals _____

Position in company _____

Company stamp:

This form can be returned:-

- By Post to: *British Airways Pensions, Whitelocke House, 2/4 Lampton Road, Hounslow, Middlesex, TW3 1HU*
- Scanned & emailed to: enquiries@bapensions.co.uk
- By fax to: *0208 538 2190*

NEW AIRWAYS PENSION SCHEME (NAPS)
AVC-ONLY TRANSFER INDEMNITY FORM



This form should be completed by the Scheme member.

Member name:

Member Staff or pension number: Member NINo:

Member's address:

Having considered the financial advice and guidance available to me, I confirm that I have reviewed the alternative pension benefits to be provided by my new pension provider(s) and that I wish to surrender the amount of my AVCs shown below and transfer them to the external arrangement named below.

Transfer whole of AVC balance

I confirm that I wish to transfer the whole of my AVC balance *

OR

Transfer part of your AVC balance

	Please transfer (enter amount) * <i>If you wish to transfer only a specified amount, enter the amount you wish to transfer.</i>	OR	Please transfer (enter %) * <i>If you wish to transfer the whole of a particular AVC fund enter 100 in the percentage box.</i>
EBF	£		%
MPF	£		%
SGF	£		%

* The final AVC balance will be calculated upon receipt of the indemnity forms or, if you are drawing your main Scheme pension benefits at the same time, the balance will be calculated at the date on which your Scheme benefits are being drawn. Please note that if you are an active member of the Scheme and you specify an amount of AVCs to be transferred out, rather than your whole AVC fund balance, further AVC contributions may be received after the date we receive your indemnity forms which will not be transferred out.

Transfer to an external pension arrangement

I understand and agree that the benefits to be secured by means of the transfer to the external pension arrangement run by _____ may be different in amount and form from those provided by NAPS.

Declaration:

- I request the NAPS Trustee to transfer the specified amount of my AVCs to the above-named receiving scheme.
- I am aware of pension scams and I have read the information contained on www.pensionwise.gov.uk
- I understand the risks set out in the Pension Regulator's 'Retirement risk warnings' associated with accessing benefits under the new DC flexibility provisions
- I have been provided with details of the alternative benefits that will be secured in the receiving scheme.
- I accept that, once the transfer value has been paid, I cannot transfer my AVC fund back to the transferring Scheme.
- I understand that once the AVC benefits have been transferred neither I nor anyone claiming through me will have any entitlement to those AVC benefits under the Scheme. I therefore waive all rights I have, or may have, under the Scheme in relation to AVCs that I have transferred out and I release the Trustee from all liability to provide benefits under the Scheme for, and in respect of, those AVCs. I agree to indemnify the Trustee of the Scheme and keep it indemnified in respect of any claims relating to the AVCs transferred.

My daytime contact details are: Daytime phone: _____ Email: _____

I have read and agree to the declarations above.

Signature: _____ Date: _____

This form can be returned:-

- *By Post to:* British Airways Pensions, Whitelocke House, 2/4 Lampton Road, Hounslow, Middlesex, TW3 1HU
- *Scanned & emailed to:* enquiries@bapensions.co.uk
- *By fax to:* 0208 538 2190