



Your spring Trustee bulletin

2020 pension increase

Your pension increase in 2020 is expected to be 1.7%.

The pension increase for NAPS is determined by the Pensions Increase (Review) Orders (PIRO), which are currently based on the Consumer Prices Index (CPI). In NAPS, these increases are limited to 5% in any year.

Over the 12 months to September 2019, CPI was 1.7%, so although Parliament doesn't formally approve the PIRO until late March, we expect your 2020 pension increase to be in line with this figure.

Trustee updates

Jude Winstanley, Melanie Birch and Sarah Hunt have joined us as employer-appointed trustee directors.

Jude replaced Sian Davies as an employer-appointed Trustee Director in August 2019 and has been appointed Deputy Chair of the NAPS Trustee.

The former Deputy Chair, Bill Francis, and Karen Slinger stepped down at the start of the year.

Visit our [About Us](#) page to see your current trustee directors.

Three-yearly funding health check

Every three years, the NAPS actuary carries out a health check known as a formal valuation.

The latest valuation, as at 31 March 2018, was completed in October 2019. We've summarised the details, including an update on the latest financial position of the Scheme at 31 March 2019, in our [2019 Summary Funding Statement](#). If you'd like more detail, you can find this and the [full actuarial valuation report for the 2018 valuation](#) on the [Scheme documents](#) page.

In summary:

- The NAPS's assets increased
- Liabilities (the benefits NAPS expects to pay out over time) increased, but to a lesser extent than the assets
- The funding deficit decreased and the funding level improved
- We agreed a new recovery plan with BA which is expected to clear the funding deficit four years earlier than the previous recovery plan

Coronavirus

You will of course be aware of the growing impact of Coronavirus (or COVID-19) on businesses and on global financial markets.

The Trustee is keeping a close eye on the funding position and also the impact on the sponsor (BA).

We've been reviewing the risks to our day-to-day business operations and we've been making our business-critical services more resilient (e.g. making sure we can continue to pay all pension payments on time). We are also providing regular updates and guidance to our staff to minimise these risks as far as we can.

We will provide further updates on any developments on our [Latest news](#) page.

Reminder: 2019 Annual Report and Financial Statements now available

Visit the [Scheme documents](#) page to view the annual report and financial statements for the year ending 31

March 2019.

The report covers issues around governance, funding, investment and administration, as well as important events between the year end and publication date.

Find out more about:

- How the Scheme's investments have performed
- How we're reducing risk
- An update to the Statement of Investment Principles
- The review of the professional advisers engaged by NAPS
- Changes to your Trustee Board

Statement of Investment Principles (SIP)

A SIP is a statement which outlines how decisions about investments should be governed.

It describes our policy and its main aim is to ensure NAPS holds sufficient and appropriate assets to meet its liabilities, and that you receive the benefits you're entitled to.

View the current [SIP](#) if you'd like to know more. New regulations are coming into force for SIPs from 1 October 2020. Over the coming months we'll be working to update the SIP and incorporate the new requirements.

New: Contact form

The pensions team has made it easier for you to get in touch with them with their [new online contact form](#). This replaces our existing email address, which we'll no longer use after 1 April 2020. The contact form will help the Pensions Team to answer your emails more efficiently.

You can use the form to send a secure message to the team, whether you want to ask about your pension or provide general feedback. It includes a drop-down topic list and, if you've logged into Mybapension Online first, some of the information will be filled in for you, making it even quicker.

We want to know what you think

Remember to leave your feedback when you visit [Mybapension.com](#)

It's quick - you can let us know if a page is useful by giving it the thumbs up or thumbs down by clicking the 'feedback' tab on the page.

We're really keen to hear your views - if you'd like to tell us something about our service or give us suggestions to help us improve, then you can email your feedback directly to the pensions team at feedback@bapensions.com.

We take your feedback on board - see the [Learn about your pension](#) and [Absent friends](#) stories in this bulletin.

Financial advice available to you

The world of pensions is often tricky, full of jargon and important decisions to make.

The good news is, several trusted organisations offer free guidance or details of independent financial advisers.

If you have an AVC fund that you have not yet drawn, you can also put up to £500 of your [BA AVCs](#) towards the cost of retirement advice.

Pre-retirement courses

These are for you if you're approaching retirement and want to know about your options. They're open to current and former employees who are interested in retirement planning. The course dates for 2020 are as follows, but please keep an eye on our [Latest News](#) pages in case the dates change due to the current coronavirus situation.

23 March (Cancelled)

29 April (Cancelled)

2 June
14 July
1 September
6 October
10 November
14 December

To book a place, contact Julie Peters at BA Clubs on 020 8513 2000 or [email](#).

There's a £10 fee which covers attendance and refreshments.

BA Staff Travel, BA Pensions, BA Clubs and AXA PP Healthcare run sessions on the day.

Free pensions guidance

- [Pensions Advisory Service](#)
- [The Money and Pensions Service](#)
- Some Citizen's Advice Bureaux, if you'd prefer to speak to someone face-to-face.

Finding an independent financial adviser (IFA)

- [Unbiased](#)
- [Find an adviser](#)
- [Vouched for](#)

We also have a dedicated section [on our website](#), which provides IFAs with all the information they're likely to need when advising you.

Learn about your pension

There are quite a few different types of pension and many of you have asked for more detail on the type you're in.

Both the Airways Pension Scheme (APS) and the New Airways Pension Scheme (NAPS) are known as defined benefit (DB) schemes. APS closed to new members in 1984. NAPS closed to future build-up on 1 April 2018 which means members no longer pay in to the Scheme, and active members began to contribute to a new defined contribution (DC) scheme instead (the British Airways Pension Plan, administered by Aviva).

What is a DB scheme?

DB schemes offer you a guaranteed income for life when you retire and, usually, a guaranteed spouse or partner pension when you die. While the Scheme was open, you paid a percentage of your salary into it. BA (the Company) also contributed in order to meet the cost of your pension benefits. The Company continues to contribute, even though the Scheme is now closed to future build-up.

Benefits of a DB scheme include a guaranteed income at retirement and the Scheme pays you a pension for life. Your pension is generally increased every year in line with the Government's Pensions Increase (Review) Orders (in NAPS these increases are limited to 5% in any year). There are no management fees for members to pay.

What is a Defined Contribution (DC) scheme?

In a DC scheme both you and your employer contribute into an account. That account is then invested and, when it comes to retirement, the fund that's built up is used to buy a pension or other benefits.

You have more choice when it comes to how you want to take your pension with a DC scheme, but the amount that builds up won't be guaranteed like it is in a DB scheme. There are fees and charges associated with managing a DC account and investments. These are generally taken directly from the member's pension account.

The pension scheme currently open for BA employees, the British Airways Pension Plan (BAPP), is a DC scheme.

Protecting yourself and your loved ones

Lasting Power of Attorney (LPA)

An LPA gives some control to someone you nominate in case you're unable to make decisions for yourself in the future.

It allows them to take care of you and your finances and/or your healthcare decisions and can give you peace of mind that someone you trust will be overseeing your affairs.

It only takes effect if you have an accident, become seriously ill or can't make decisions at some point in the future, and you can update it at any time.

They are harder to put in place if you are already incapacitated. If something unexpected happens without an LPA in place, the Court of Protection will act in your interests instead of your family. This can be time-consuming, costly and complex.

To find out more, visit the [Government's website](#).

What can we do to help if you have power of attorney over a NAPS member?

We can treat you as though you are the member yourself.

The pensions team will need to see a certified copy of the LPA. They can then provide you with login details to the member's online pension account, or send you copies of correspondence in the post. You will be able to speak to the team as though you are the member.

What can you do if you change or cancel your LPA?

The team should only be told about your LPA when it comes into effect.

If, however, you have asked them to share information with your nominated attorney before this happens and later change your nominated attorney, you'll need to tell the [pensions team](#) so they can update your records.

State Pension Age (SPA) for women

The High Court rejected a legal challenge to the increase of the State Pension Age (SPA) for females from 60 to 65. This case was brought by a number of women who argued they had not been given enough time to prepare for a later SPA and that the change was discriminatory. The Court rejected these arguments.

Latest: An appeal is scheduled to be heard by the Court of Appeal on 21 July 2020.

The ruling has not changed how your BA pension is paid or increased. If you normally receive increases to your pension, the Scheme will continue to increase your BA pension in the same way that it always has. You can find more information about how these increases apply before and after age 60 in our [GMP case studies – female](#).

Absent friends

If you'd like to pay your respects to former colleagues, you can find out who has passed away on our dedicated [Absent Friends page](#).