
NAPS factors change from 1 July 2017

From the Trustee of the New Airways Pension Scheme

Important information for NAPS Active members and Deferred pensioners

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.

Exchanging pension for a tax-free lump sum

If you are considering drawing your BA pension you should be aware that, from 1 July 2017, the rates for exchanging pension for a tax-free lump sum at retirement will improve so that if you choose to draw pension on or after 1 July 2017, you will receive more tax-free lump sum for every £1 a year of pension exchanged. In other words you will need to give up less of your pension when taking the maximum tax-free cash sum available.

Drawing your pension earlier than your Scheme Normal Retirement Age (NRA)

If you are planning to draw your pension before your Scheme NRA the reduction applied to the pension, to take account of the fact that it will be paid for longer than expected, will be smaller if you draw your pension on or after 1 July 2017. In other words the pension available to draw will be bigger.

Drawing your pension later than your Scheme Normal Retirement Age (NRA)

Late retirement increases are added to deferred pensions drawn after NRA or where an active member remains in employment beyond NRA and chooses to 'crystallise' their benefits. If you are planning to draw your deferred pension on or after 1 July 2017 you should be aware that the increases will be around 1% lower per year from 1 July 2017. The new, lower, late retirement increases will apply for crystallisation periods from 1 July 2017 until any future factor change.

What action should I take?

If you are planning to draw your pension benefits around this time you may wish to revise your plans in light of the change.

If you are an active member and wish to change a retirement date already agreed you should contact your line manager as soon as possible.

BA Pensions will provide details of the revised retirement options available if you are a deferred member and you confirm that you wish to draw your pension from a date after 1 July 2017.

Please be aware that revised retirement quotations cannot be provided until the new factors are actually in force in July 2017.

If payment of a member's lump sum and/or pension commences on or before 30 June 2017

The pension benefit entitlements previously confirmed will apply and no revisions in connection with the factor change will be possible.

Transfer values are unaffected by these changes.