

# ABAP

Caring for BA pensionable people today and tomorrow



**President: George Bell**

**Chairman: Mark Fielder**

**Vice-Chairman: Captain Mike Post**

**ASSOCIATION OF BRITISH AIRWAYS PENSIONERS**

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**[www.abaponline.org](http://www.abaponline.org)**

## **Newsbrief No. 115 July 2019**

### **ABAP AGM early warning!**

**Thursday 24th October 2019**

**The Magna Carta School**

**Magna Carta Secondary School, Thorpe Rd, Staines Upon Thames TW18 3HJ**

#### **Notes from the Chair**

A warm greeting to all members. Following the conclusion of the Beddoe action just before Christmas 2018, I have been able to resume the Chair of our Association and I offer my thanks to Mike Post for ably stepping into my shoes while I had to abstain for a few months. As Mike has mentioned previously, I did this to avoid any possible conflict of interest with my role as Representative Beneficiary. I am continuing as Representative Beneficiary and as before I am limited in what I can say about the legal proceedings, but the judgment is now in the public domain so that can be mentioned.

The High Court judge hearing the case, Mr. Justice Arnold, was not able to give an immediate judgment at the close of the hearing, so in due course the judgment was handed down early in January. In broad terms, the Trustee was granted funding for a final appeal to the Supreme Court up to a maximum of £1,034,000, the same amount that BA estimated it would be incurring. The judgment also made brief mention of a proposed settlement between the Trustee and BA.

Details of this out-of-court settlement were released early in April and the APS Trustee is now seeking the approval of the High Court to enter into it. The purpose of the next hearing is for the Court to review the proposed settlement and consider whether it was an agreement the Trustee could properly enter into. It is now evident that full consideration of the matter will take somewhat longer than previously estimated. The hearing originally scheduled for early July is now delayed until the High Court resumes its business in October following

its August & September summer break. The Trustee has requested the earliest available hearing date.

There's now a bit longer to wait but the APS Trustee has stated that, should the settlement be approved, they will be able to pay the 2019 Discretionary Increase (DI) this year and catch up DI payments as per the settlement agreement will still be paid with effect from 8<sup>th</sup> April 2019.

This year sees the 100<sup>th</sup> anniversary of British air passenger transport. BA are celebrating by painting some aircraft in the attractive and familiar BEA, BOAC and earlier BA liveries. I'm sure this will bring back many fond memories for us all. Of course, behind this long heritage are the people that made it happen – ourselves! BA has been glibly described as “a pension scheme with wings” which I've always felt to be somewhat unfair as any long-standing organisation will be in a similar position. Over the years, staff have ably coped with huge changes in the industry so it would be good to see recognition of this in our industry's 100<sup>th</sup> anniversary year.

In February, IAG reported a strong set of annual results with both revenue and profit rising on the previous year. For 2018, IAG posted a pre-tax profit of EUR3.49 billion, up from EUR2.48 billion a year prior. Revenue rose 6.3% to EUR24.41 billion from EUR22.88 billion in 2017, while operating profit, IAG's key performance indicator, came in at EUR3.68 billion, up 38% from EUR2.66 billion last year. Before exceptional items, operating profit rose 9.5% to EUR3.23 billion from EUR2.95 billion. This is very good news as a strong sponsoring employer is in all our interests.

Once the APS Litigation is concluded, the outstanding 2015 and 2018 triennial scheme valuations can be completed, allowing the health of APS to be accurately assessed. If APS is in a sufficiently healthy state, funding from the employer could instead be put to work repairing the substantial NAPS deficit. Although NAPS has been closed to future accrual, it is vital that pensions already accrued and those in payment are strongly secured.

While APS & NAPS are indeed separate schemes, as an Association we represent the pension interests of *all* former staff. One of my intentions as chairman is to seek out what ABAP can do in assisting the interests of NAPS members. I'd like to hear from NAPS members what they feel are the issues and problems they face. I am always happy to receive communications from members. The ABAP committee is here to represent you so your views are vital to us.

Mention of the committee reminds me that we do need members who are willing to put themselves forward. I am amused but somewhat sobered by Mike's flattering description of me, aged 61, as “youthful”. It doesn't seem that long ago that “pension” was a word that simply went whooshing over my head and was just a deduction on my payslip. Of course, it now looms rather large in my world as I am an APS pensioner. The demographics of a pensioner association are inescapable as age and ill-health take their toll. We would

welcome fresh input into the committee. If you feel you could offer your services as a committee member, please do get in touch.

BA Pensions has recently issued its Trustee winter bulletins for APS & NAPS. I would recommend reading them as they cover the subject of Pension Increase Statements and some improvements to them. The pension increase for 2019 is 2.4% based on the September 2018 CPI figure. Your individual statements show the actual amount of increase.

[https://www.mybapension.com/aps/news/trustee\\_seasonal\\_bulletin](https://www.mybapension.com/aps/news/trustee_seasonal_bulletin)

[https://www.mybapension.com/naps/news/trustee\\_seasonal\\_bulletin](https://www.mybapension.com/naps/news/trustee_seasonal_bulletin)

The remainder of 2019 will see some far-reaching changes for us all with whatever Brexit brings. It's certainly going to have an impact on the airline industry but we have seen our company weather all that's been thrown at it in the past so I think it's reasonable to be cautiously confident it will do so in future. ABAP will continue to stand watch on BA pensions and I hope to meet many of you at our AGM in October.

*Mark Fielder, Chair ABAP*

### **Mike Post's personal view of the APS Settlement**

The proposed settlement agreed between the APS Trustee and BA is subject to the blessing of the High Court, but it is difficult to see how the Court would wish to void an agreement between the two parties. Although perhaps an order to BA to apologise to the Trustees and their advisors for the accusations of bad behaviour that BA's barrister made in the six-week long main hearing in 2016 might be in order. It will be remembered that the trial judge rejected all the accusations of bad Trustee behaviour that BA had made and described the APS Scheme Actuary, Michael Pardoe, as "an actuary of outstanding ability who behaved entirely appropriately at every stage during a long and difficult process of deliberation".

If you have not seen the announcement from BA Pensions of the proposed settlement, it's reproduced here:

*The proposed settlement includes:*

- *A one-off lump sum for pensioners in relation to the period from 2013 to April 2019, for which no Discretionary Increases were paid due to the litigation, and certain increases to the rate of pensions for pensioners and deferred pensions also to cover the period 2013 to 2019, to take effect from this year.*
- *A further Discretionary Increase in 2020 to the rate of pensions for pensioners and deferred pensions of 75% of the relevant gap between RPI and the Government's Pensions Increase Review Orders (PIRO). Increases under PIRO are currently calculated by reference to the Consumer Prices Index.*

- *Discretionary Increases are intended to be made from April 2021 onwards so that the overall pension increase is in line with the annual increase in RPI.*
- *The increases for 2019 have been agreed by the APS Trustee and are assured, subject to the settlement being approved by the High Court. Discretionary Increases from 2020 onwards will be subject to an assessment of their affordability and at the discretion of the APS Trustee. Based on advice, the judgement of the APS Trustee is that under the terms of this settlement payment of full RPI should be affordable from 2021.*
- *BA will not be required to make deficit reduction and cash sweep contributions to APS after 31 December 2018. Deficit contributions would restart only if funding falls below 100% with an assumption for future pension increases in line with the index used in PIRO, which is the entitlement that most members have under the rules of APS.*

I will not attempt to better this description. There are one or two details that need clarification, but in my opinion the current APS Trustee and their advisors have achieved a very good result for us.

The settlement is not perfect but once George Osborne had fecklessly announced that he was changing the index for uprating public sector pensions from the RPI to the CPI whilst disregarding the promises that had been made to British Airways pensioners, conflict was inevitable. It is dismaying that the battle to restore RPI (if approved!) has taken almost 9 years. It is a shame that the wording of the NAPS Trust Deed meant that NAPS beneficiaries were unable to argue to restore RPI to NAPS pensions, but it is a good result that the proposed settlement includes the payment by BA of £250 million to NAPS which would otherwise have gone to APS.

There are many people to thank, and it is a matter of deep regret that well over 6,000 APS beneficiaries have died since BA initiated the legal action. However, the important point is that, subject to the Court's blessing, thanks to the restoration of RPI to APS pension increases, the purchasing power of APS pensions over potentially very long retirements has been substantially restored.

*Capt. Mike Post, Vice-Chair ABAP*

### **Boosting State Pensions**

The state pension system was reformed back in 2016 and a new system was brought in on 6<sup>th</sup> April 2016 for those who reach their State Pension age on or after that date. So that is:

- ***men born on or after 6 April 1951***
- ***women born on or after 6 April 1953***

The maximum new State Pension is currently £168.60 per week but is subject to having made sufficient qualifying National Insurance payments after 6<sup>th</sup> April 2016. The basic state pension is £129.20 per week - significantly different.

The difference can be made up by either continuing in employment after retiring from BA, making class 1 (via PAYE) or class 2 (self-employed) NI contributions, or if not in employment, by making voluntary class 3 contributions.

There's obviously now a bigger gap between a scheme retirement age of 60 (for APS or NAPS Plan 60) and the new state pension age of 66 and higher. There is an easy way to check when you'll receive your personal state pension via the government web page:  
<https://www.gov.uk/state-pension-age>

Answering a few simple questions will confirm when you will receive your state pension. Checking how much state pension you will receive is also now much easier via another government web page:  
<https://www.gov.uk/check-state-pension>

To use this facility you will require a valid user ID, which you'll already have if you do tax self-assessment. If not, it's easy to obtain one via the options provided. Of the two UK-based options, the "GOV.UK Verify" seems the easiest to obtain and use. Once you can access the site, you will see details of your current state pension and a forecast of what it could be at state pension age. It will also identify any gaps in your contribution record which can be filled.

The easiest way to access this information is via the government web pages but there is also a Future Pension Centre helpline, open Monday to Friday, 8am to 6pm:

Telephone: 0800 731 0175

Telephone from outside the UK: +44 (0)191 218 3600

Welsh language telephone: 0800 731 0453

Textphone: 0800 731 0176

Textphone from outside the UK: +44 (0)191 218 2051

Welsh language textphone: 0800 731 0456

NGT text relay (if you cannot hear or speak on the phone): 18001 then 0800 731 0175

Should you need to call HMRC (who are separate from the Future Pension Centre) about making class 3 contributions, the key phrase to use when navigating HMRC's voice response system is "paying class 3 contributions".

Paying a £780 maximum yearly contribution will boost your state pension by £223.95 per year. It will take around three-and-a-half years of receiving your state pension to recoup your outlay, and you'd get the extra pension for the rest of your life. State pension is taxable so this would need to be factored into any personal calculations.

This will be a personal decision each individual and we are highlighting it here to ensure members are aware of their options so they can decide to take advantage of it or not. None of the foregoing constitutes financial advice.

### **Request for assistance**

If anyone left BA under the 1996-1999 Business Efficiency Programme (BEP) could they please get in touch via the chairman or secretary. We are seeking copies of any documentation provided to staff who left under this scheme which make specific commitments regarding staff travel.

### **BA Pensions Change of Address**

With the move from Whitelocke House to Waterside, there is a new postal address:

British Airways Pensions  
PO Box 2074  
Liverpool  
L69 2YL

It might seem odd to see a Liverpool PO box, this is because post to BA Pensions is handled independently from BA's general mail to ensure confidentiality and security.

Telephone - 020 8538 2100 - and email address enquiries@bapensions.com remain the same.

## **How information about you will be used**

Personal information which you supply to us may be used in a number of ways, for example:

- 1 - To assist with any campaigning ABAP may undertake on behalf of the membership in support of pension issues.
- 2 - For statistical analysis in responding to Government consultations.
- 3 - For financial auditing purposes.

We would like to contact you about matters relevant to ABAP by post, telephone, email and SMS text. If you agree to being contacted in this way, please tick the relevant boxes.

- Post
- Email
- Phone
- SMS Text

By submission of this form by post or electronically, you certify that you understand that conditions of membership include acceptance of the ABAP Constitution, agreement to members' personal data being stored on ABAP computers, and use of that data, as stored, as described above.

We will not disclose any information, including contact details, outside of ABAP except to prevent fraud or if required to do so by law.

For further detail on how your information is used, how we maintain the security of your information and your rights to access information we hold on you, please contact:

Association of British Airways Pensioners  
c/o BALPA House  
5 Heathrow Boulevard  
278 Bath Road  
West Drayton  
UB7 0DQ

**PLEASE DO NOT SEND YOUR RENEWAL FORM OR PAYMENT TO THIS ADDRESS. USE THE C/O ASENDIA ADDRESS OVERLEAF**

Email: [gensec@abaponline.org](mailto:gensec@abaponline.org)

Signed.....

Date.....

Please submit this completed form with your payment (if required) to the address below.  
Please do NOT send to our correspondence address at BALPA, or to any previous addresses you may have retained from recent years. Please complete side 2 as well.



## Association of British Airways Pensioners

**Subscription payment for 2019/20 due 1st July 2019**

<<NAME>> <<CONTACTID>>  
<<AD1>>  
<<AD2>>  
<<AD3>>  
<<AD4>>  
<<POSTCODE>>  
<<ExportID>>

Tick which pension scheme (s), dependent beneficiary, or deferred member status, applies to you

APS	NAPS	BARP	BAPP	Dependent	Deferred
<input type="checkbox"/>					

Name			Staff No <<STAFFNO>>	Tick if VPO member <input type="checkbox"/>
Postcode	Address			
Address (continued)				
Email	Tel No	Mobile	DOB	

Would you be willing to consider joining the ABAP Committee? Please tick box if yes.

### Subscription amounts

Free for pensions less than £4000 pa, but please tick box to receive membership card and remain a member   
£1 per £1000 gross pension up to max of £60 or  
£6 for deferred pensioners or those still working for BA  
Note: Any donations over and above the annual subscription are most welcome

Please record your payment amount Subscription £..... Donation £.....

**Payment methods - Please circle which method used below. If paying by direct transfer please use your staff number as a reference.**

By cheque (UK £ only): pay ABAP & post to:	By direct transfer	By the internet
ABAP c/o Asendia Unit E2 Omega Enterprise Park Electron Way Chandler's Ford Eastleigh Hampshire SO53 4SE	Pay ABAP Sort code 20-11-74 Account No 70180769 Overseas payments to: IBAN: GB88 BARC 2011 7470 1807 69 SWIFT/BIC: BARCGB22	Go to our website: <a href="http://www.abaponline.org">www.abaponline.org</a>  Select Membership & Renewals

As per last year there is a second side to the renewal form, allowing us to ask your consent to communicate with you, and record your preferences. This enables ABAP to comply with GDPR, and we hope that it is not a major inconvenience to members.

Many thanks for your continued support, please encourage colleagues who are or will be BA pensioners and who are not yet ABAP members to consider again joining our ranks.

May I please ask you all to use the internet whenever possible, it is faster and costs less than the postal service for everyone, though we are very happy to contact you by any means possible.

**Mark Fielder, Chairman ABAP**