BTPS

Your Pension Guide

btps.co.uk

Welcome

Taking your pension is a one-time decision. You might be planning on retiring, continuing to work or starting something new. Whatever your plans, your pension choices can affect your income for rest of your life. That's why it's important you understand all your options.

This guide helps explain your options so you can feel confident about choosing the pension option that's right for you.

You can only commit to a pension option within 12 months of your chosen pension start date. When the time comes to commit to the option you want, please log on to your online account at **btps.co.uk,** go to the Pension Calculator and make your choice. You will need to tell us at least three months before you want to take your pension.

You can take your BT Pension Scheme (BTPS) pension in a number of ways. There are also different things you can do with your Additional Voluntary Contributions (AVCs).

We hope this guide and the information on your pension quotes answers any questions you have, however you can find more information in the member portal and on our website btps.co.uk.

Once logged in to the member portal, you can run your own personalised pension quotes using the Pension Calculator, and as well as seeing what your BTPS pension could provide in retirement, you can view your AVC investments and update your personal details and your beneficiaries online.

You can register for the member portal and log in via the homepage at **btps.co.uk**.

This document only summarises certain BTPS benefits.

Your benefits are always subject to the BTPS Rules and relevant laws. If there's any difference between the information provided in this guide and the BTPS Rules or legislation, the BTPS Rules and legislation will take precedence.

In this guide

Explore your BTPS pension options

BTPS is a defined benefit (or DB) pension scheme. That means it pays you an income for life based on a formula that takes into account your salary and the length of time you've been a member of the Scheme. Unlike defined contribution (or DC) pension schemes, such pensions aren't directly affected by the ups and downs of the stock markets.

The Additional Voluntary Contributions (AVC) fund you have within BTPS is different. This fund is classed as a defined contribution scheme, so you have more choice about how you use it. The money you save into your AVC fund is invested to give it a chance to grow. You can currently use your AVCs to increase your tax-free lump sum, buy a lifetime annuity or transfer them into another pension scheme. Because your AVCs are invested, their value can go down as well as up.

We explain more about using your AVCs on page 13.

When you're ready to take your BTPS pension, you have a number of options.

Most revolve around different combinations of annual pension and lump sum. Some are already worked out for you, while others you can customise for yourself. Choosing the one that's right for you depends on things like:

- How much money you'll need right away. You might want some extra cash to pay off a mortgage perhaps, or to take a long, well-earned trip.
- How much income you'll have from other pensions and retirement savings.
- What your long-term retirement plans are. For instance, do you want the security of a higher income for the rest of your life?
- Whether you need your pension to keep pace with the cost of living.
- How much income you want your loved ones to have from your pension when you die.

Your core options

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Option 1. Standard Scheme benefits

The Standard Scheme benefits you built up you built up in the Scheme are:

- An annual pension for life, that rises each year broadly in line with inflation
- Depending on when you left the Scheme and which section you were in, a potential lump sum which for most people is currently paid tax-free
- When you die, a pension for your surviving spouse / civil partner that rises each year broadly in line with inflation
- Your AVC fund

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Option 2. Max tax-free lump sum

HMRC rules allow you to convert some of your annual pension to get a higher tax-free lump sum. The maximum tax-free lump sum is normally up to 25% of your total BTPS benefits, including your AVCs. This 25% figure will generally apply as long as it's not more than a quarter of the standard Lifetime Allowance you have available when we pay it (we explain more about your Lifetime Allowance on page 16).

If you have AVCs under this option, we use some, or all, of your AVCs to fund your Max tax-free lump sum. If your Standard lump sum (from Option 1) plus your AVCs are enough to fully fund your Max tax-free lump sum, your annual pension won't need to be reduced. If your Standard lump sum plus your total AVC fund is less than the Max tax-free lump sum amount, your annual pension amount will be reduced to make up the difference.

Your annual pension, and the pension your spouse or civil partner gets when you die, will rise each year broadly in line with inflation.

Read the 'Using your AVCs' section in this guide to find out what you can do with any AVCs you might have left over if we haven't needed to put them towards your lump sum.

Add Pension Increase Exchange to Option 1 or Option 2

If you built up any of your BTPS pension before 6 April 1997, you may be able to combine the Standard Scheme benefits or Max tax-free lump sum options with Pension Increase Exchange (PIE). Read the 'What is Pension Increase Exchange' section in this guide to find out more.

Your customised options

Customised lump sum

Here you choose your own lump sum. You can choose an amount between the Standard and Max lump sums offered in the core options 1 and 2.

Choose a higher lump sum and your annual pension will be lower. Choose a lower lump sum and your annual pension will be higher. If you haven't done so already, log in to the portal at btps.co.uk and head to the Pension Calculator. You can try different combinations for yourself.

The pension your surviving spouse/civil partner gets when you die may be higher or lower depending on the lump sum amount you specify.

You must use your AVCs to fund as much of your lump sum as possible. If you customise your own lump sum, we'll use your AVCs first to make up any extra needed over the standard lump sum under option 1. You'll only need to convert your annual pension if you select a lump sum which is more than your standard lump sum under option 1 plus your AVCs.

Read the 'Using your AVCs' section in this guide to find out what you can do with any AVCs you may have left over.

Customised lump sum + Pension Increase Exchange (PIE)

If you built up any of your BTPS pension before 6 April 1997, you can combine the Customised Lump Sum option with Pension Increase Exchange (PIE). Read the 'What is Pension Increase Exchange' section in this guide to find out more. Log in to the portal at **btps.co.uk** and use the Pension Calculator to see the impact that PIE and varying your lump sum can have on your annual pension.

Your Normal Pension Age

BTPS Rules don't allow for late retirement so you should take your pension at or before your BTPS Normal Pension Age. The exception to this is if you are still working for BT. Depending on when you worked for BT, your Normal Pension Age will be age 60 or age 65. You can check your Normal Pension Age by logging in to your online account at btps.co.uk.

If you don't take your pension until you are past your Normal Pension Age there may be tax implications for you. We pay pensions with effect from the date you reach your Normal Pension Age, so we would pay the backdated amount in one lump sum.

Getting a potentially large lump sum in one tax year as a result of back payments could mean you have to pay extra tax, so be sure to contact us in good time. If we do have to pay you a backdated amount, and you want to make sure you don't have to pay extra tax, you'll need to contact HMRC and ask them to match each year's payments to the relevant tax year. We can't speak to HMRC for you.

Early and late retirement factors

If you have both pre and post 1 April 2009 service with BT, the benefits you built up working for BT before 1 April 2009, become payable at age 60. However, BTPS Rules changed with effect from 1 April 2009. Any benefits from that date onwards were built up on the basis they would become payable at age 65.

Members with service both before and after 1 April 2009, have BTPS benefits in two tranches - payable at different ages. If this applies to you, it doesn't mean you can take your pension in two separate tranches – but it does mean the age you decide to take your pension at will determine whether early or late retirement factors will apply.

If you decide to take your pension before your 60th birthday, then the total amount you get will be reduced by what we call early retirement factors. This reflects the fact we'd be paying your pension for longer. In limited circumstances, such as ill health early retirement, this reduction may be waived.

If you decide to take your pension between your 60th and 65th birthday, only the part of your pension payable from age 65 will be reduced for early retirement. The part payable from age 60 will be increased for late retirement. The amount of the reduction and increases will be calculated using what we call early and late retirement factors.

Your alternative options

If you don't want to take your full BTPS benefits and AVCs as your BTPS pension, you have other choices. If you're interested in one of the following alternative options you can find out more by logging on to the portal at **btps.co.uk.**

Transfer all of your BTPS benefits to another scheme

You can give up all your benefits in BTPS, including your AVCs, for a cash value that's then transferred to another scheme. Transferring out of BTPS is a big decision which you won't be able to reverse. You need to be sure that any new scheme is able to match the valuable, lifelong benefits you've built up with BTPS. You also need to be certain that you can avoid scammers and transfer your benefits safely.

Make a partial transfer of some of your BTPS benefits to another scheme

If you built up benefits with BTPS after 31 March 2009, you also have the option of transferring out just the part of your BTPS pension built up after that date. This is known as a Partial Transfer. To see what impact this would have on your remaining BTPS pension benefits, go to the **Transfer Out Quote** section on the portal at **btps.co.uk**. You still need to be sure that any new scheme is able to meet your needs as effectively as the valuable, lifelong benefits you've built up with BTPS.

Log in to the portal at **btps.co.uk** and go to the **Transfer Out Quote** section to find out more and see what the transfer value of your benefits could be. If you're still thinking seriously about transferring, you should get a transfer out quote for the cash value of all your BTPS benefits. This is known as a Cash Equivalent Transfer Value (CETV). You can get a quote on the portal – either just an illustrative figure or a transfer value that's guaranteed for three months. There may be a charge that applies for a guaranteed
quote – go to the portal for more detail.

The CETV gives you an estimate of how much you might be able to transfer. If your CETV is more than £30,000, the law says you must talk to an independent financial adviser (IFA) authorised and regulated by the Financial Conduct Authority (FCA) before you transfer any benefits. This is to protect your interests and we have to check that you've done it. If you don't already have an IFA, you can find one on the adviser directory at **moneyadviceservice.org.uk.**

Transfer just your AVCs to another scheme

You can transfer your AVCs to another pension scheme and leave your main benefits in BTPS. Transferring your AVCs into a defined contribution scheme, like a Self-Invested Personal Pension (SIPP) for instance, may give you the flexibility to take an income as and when you need it – known as drawdown.

But transferring your AVCs out of the BTPS could affect your pension benefits. You wouldn't be able to put them towards a possible tax-free lump sum, which may mean your annual pension might be lower.

Apart from Standard Scheme benefits options, all the options in your pension quote factor your AVCs in the figures. So, if you decide to choose an option other than a Standard Scheme option, and you want to transfer out **more** of your AVCs than the remaining amount shown, you need to tell us **before** you make your choice.

If you decide to transfer all your AVCs (or more than your remaining amount on your quote) you can run a new quote online. Go to the Pension Calculator by logging into the portal at **btps.co.uk** and set the AVC amount you want to use as part of the quote.

Beware of pension scams

Falling foul of a scam could mean you lose some or all of your money. If anyone approaches you directly to offer transfer advice, be on your guard. The government has banned cold calling for pensions, so if anyone calls you out of the blue about yours, just hang up – it could be a scam. You can also visit the ScamSmart website at **fca.org.uk/scamsmart** to check the firm you are dealing with is regulated and to see whether what you're being offered is a known scam or has the signs of a scam. Further information on avoiding pension scams can also be found at **pension-scams.com**.

What is Pension Increase Exchange?

Pension Increase Exchange (PIE) gives you a higher initial pension in exchange for some of your future annual pension increases. It's available to members who built up benefits in BTPS **before** 6 April 1997. If you're one of these members, your Pension Quote will include options with PIE.

If your Pension Quote does not offer an option with PIE – it doesn't apply to you.

What will PIE mean to you?

Pension Increase Exchange (also known as PIE) gives you a higher initial pension in exchange for some of your future annual pension increases. So, although you'll get a higher annual pension straight away, part of it won't increase with inflation, so eventually it will fall below the annual pension you'd have if you'd taken it without PIE. How far in the future that point will be depends on a range of variables including the age you start taking your pension and future rates of inflation.

How does PIE work?

Most members can't give up increases on all elements of their pension as legally some must increase each year in line with inflation. This means there will be two parts to your pension. The first part – known as your annual increasing pension – will largely rise with inflation. The second part – called your annual non-increasing pension – won't rise with inflation.

The second non-increasing part of your BTPS pension is formed from the benefits that you built up before 6 April 1997, minus the benefits that make up your Guaranteed Minimum Pension (GMP). You get GMP benefits to make up for the benefits you may have lost when the BTPS contracted out of the State Earnings-Related Pension Scheme (SERPS). Everyone's level of GMP is different, so we'll calculate the amount that you can exchange for a higher annual income. Your GMP will be included in your annual increasing pension, for more information about how increases work please see the 'Pension Increases' section. Please note that some GMP benefits may not receive increases.

Where to find out more

You can find out more about PIE in the **Pension Increase Exchange (PIE) factsheet** on **btps.co.uk.**

How to decide if PIE is right for you

A pension with PIE may or may not suit your commitments, lifestyle and retirement ambitions. There are pros and cons to the decision and you'll need to weigh up certain factors – some of which we've outlined on the next page. Everyone's personal circumstances are different, so some of these factors may be more relevant to you than others.

PIE factors

Factor	Why you may decide to choose PIE	Why you may decide against choosing PIE
Your lifestyle Your lifestyle may mean you'd prefer a higher pension now.	You want a higher initial pension while you're more able to enjoy things like travel and other activities, or because you have greater financial commitments like a mortgage.	You'd prefer a higher pension later in retirement as you're concerned about the effects of inflation and the future cost of living.
Effect of inflation The rising cost of living may erode the value of your pension if it doesn't increase to keep pace.	You think that a higher initial pension is enough protection against the effects of inflation, or that inflation will be low during your retirement.	You believe that pension increases will help protect the spending power of your money. If inflation turns out to be high and you've taken an option with PIE, you may not be able to keep up your current standard of living.
Other income Depending on how the pension you're exchanging compares to your other sources of income, PIE may have a higher or lower impact on your finances.	You feel the part of your pension that you can exchange is small compared to other income you get that's inflation linked e.g. your State Pension or other pension benefits. If your other income increases in line with inflation, it may protect you against high inflation.	The part of your pension you can exchange forms a large part of your income. You might want this income to increase each year in line with inflation so your standard of living is more protected. If you choose PIE, you won't have as much protection against high inflation.
How long you might live We pay you a pension for life. So the longer you live, the longer we'll continue to pay your pension.	You don't think you'll live until the total pension payments you'd get with PIE equal the total payments you would have had without PIE.	You think you may live beyond the point at which the total pension under both options is expected to be equal.
What your loved ones will get when you die If you have a dependant who'll get a pension when you die, part of their pension won't increase under PIE.	Your dependant has other sources of income if you die and so won't need to rely solely on your BTPS pension to protect their standard of living against inflation.	Your dependant will probably rely on your BTPS pension if you die and would need it to protect their standard of living against long-term inflation.
State benefits A higher pension under PIE will affect the calculation of means-tested benefits.	You don't get means-tested benefits.	You do get means-tested benefits and an initial higher pension under PIE may reduce your entitlement to these.
The tax you pay Choosing a higher initial pension may mean you have to pay more tax.	Your tax situation will not change if you get a higher initial pension.	A higher initial pension may change your overall tax situation. For instance, it may push you into a higher tax bracket. It could also affect your Lifetime Allowance. This is because, with defined benefit pension schemes, the higher your initial pension the more of your Lifetime Allowance you use up. Going over your Lifetime Allowance will also affect the tax you might have to pay.

Why your pension may change when you reach State Pension age

If you were an active member of Section B or Section C of BTPS from 6 April 2009, the State Pension Offset will reduce your BTPS pension once you reach your State Pension age.

What is the State Pension Offset?

A permanent reduction to your annual BTPS pension when you reach State Pension age. It's important to look at the figure we provide in your Pension Quote, or on your portal quote, for your State Pension Offset. Be aware though that the figure will rise broadly in line with National Average Earnings (known as Section 148 Orders) each year so it will be higher when you reach State Pension age.
You may be taking your pension several years before you reach State Pension age so it's important to factor in this future reduction when making your pension choices.

Why do we apply it to your pension?

Before 6 April 2009, BTPS was contracted out of the State Second Pension (also known as the Additional State Pension). This meant that you and BT paid less in National Insurance contributions as you weren't building up a State Second Pension. As part of this arrangement, the Scheme agreed to provide members with a guaranteed minimum level of pension benefits that, in most cases, were similar to the State Second Pension they'd given up.

From 6 April 2009 Section B and Section C of BTPS stopped contracting out and contracted back into the State Second Pension. This meant that, from this date, these members paid higher National Insurance contributions and started to build up an entitlement to a State Second Pension to top up their basic State Pension. BT also compensated members for the additional National Insurance contributions that they had to pay. If you were one of these members, you'll have seen this on your BT payslip as an allowance.

The State Pension Offset was designed at the time to be broadly equivalent to the State Second Pension members had begun to build up. The intention was to make members' overall State and BTPS pensions as near as practicable to what they would have had if BTPS had continued to contract out. To calculate the State Pension Offset, we use a fixed formula that's been prescribed in BTPS Rules since April 2009.

In April 2016 the State Second Pension and Basic State Pensions were replaced by the New State Pension.

There are significant differences in how the New State Pension is calculated compared to the previous two-tier arrangement.

The State Pension Offset, when added into the Scheme Rules in April 2009, did not directly track the State Second Pension or any subsequent changes to it. So, although since April 2016 BTPS continued to apply the State Pension Offset using the same fixed formula prescribed in the Scheme Rules since 2009 (and similarly, BT continued to pay the National Insurance allowance as it has always done since 2009), there was no longer a link between how the State Pension Offset in BTPS was calculated and how the State Pension was calculated.

Where to find out more

You can find out more about the State Pension Offset in the **State Pension Offset factsheet** on **btps.co.uk.**

Temporary Supplementary Pension

If you are a member of Section C and left service between 1 April 1986 and 31 August 1993, you'll also receive a temporary supplementary pension from age 60 up to your State Pension age. If you take your BTPS pension before State Pension age, it will top up your income until you can start taking your State Pension. The Temporary Supplementary Pension rises each year in line with inflation (subject to a cap). Once you reach State Pension age, the payments stop and your BTPS pension will reduce accordingly – whether or not you start claiming your State Pension. Your Pension Quote will give you an estimate.

Using your AVCs

This section covers:

- Your remaining AVCs
- Taking your remaining AVCs as a cash lump sum
- Transferring your remaining AVCs
- Help with your AVC decisions
- Your AVCs and tax

We'll disinvest your AVCs up to a month before your chosen pension start date. The cash they raise is the final value we'll use in your pension calculations. As they're still invested in your selected investment fund until then, their value could go up or down between now and when we disinvest them. We'll confirm the pension amounts you'll be paid around two weeks before your first payment. We'll also confirm the final value of your AVC fund.

Your remaining AVCs

Your Pension Quote will show whether, based on your current AVC fund value, you're likely to have remaining AVCs. Below we explain how you can use any AVCs that remain after you've chosen your pension option.

Think carefully about what's right for you. Do you want a larger lump sum? Or the security of a regular income? Be clear how your decision might affect things like your lifestyle, your loved ones and the tax you pay.

1 Take your remaining AVCs as a cash lump sum

You can only do this if you've chosen a Max tax-free lump sum option.

When you take a Max tax-free lump sum option, we use your AVCs to fund your tax-free lump sum. If there are any AVCs left over, you can take these remaining AVCs as a cash lump sum. 25% of this sum will be tax-free and the rest will be taxed as income. This is called an Uncrystallised Funds Pension Lump Sum (UFPLS).

Some conditions apply to this option. For example, if your benefits are over the Lifetime Allowance this option may not be open to you. If that's the case, we'll let you know.

There are other things to bear in mind too.

- On average, people aged 55 today will live to their mid-to-late 80s. It's important not to underestimate your own life expectancy. If you're considering this option, think how you can use the money to give yourself an income throughout your retirement.
- If you take your entire AVC fund as cash in one go, you may have to pay extra tax. This depends on your personal circumstances. Usually you can take 25% of the amount tax-free. However, you should consider the impact that taking a taxable lump sum might have on the tax you pay – including the possibility that you may have to pay a higher rate of tax than normal. Some providers and schemes may charge for taking a pension pot as cash, so check this before committing. And if you plan to take the cash to invest somewhere else, check what the charges are before you cash in your pension.
- Taking cash withdrawals may also have implications on any debts you have or any means-tested benefits you're entitled to. If you're concerned about this, contact the Citizens Advice Bureau or the Money and Pensions Service.

Taking this option will reduce the amount you can contribute to other pension schemes

If you choose this option, it will be classed as flexibly accessing your pension benefits and so will trigger the Money Purchase Annual Allowance. This means that if you're still contributing to any defined contribution pension schemes, under the current tax rules, you won't be able to pay in more than £4,000 in any tax year without having to pay an extra tax charge. This choice will also affect the Annual Allowance that applies to any Defined Benefit schemes you're a member of. The Annual Allowance is the maximum you can contribute to a pension scheme in one tax year without having to pay an extra tax charge. For the 2020/2021 tax year it's £40,000.

Find out more about the Money Purchase Annual Allowance at **moneyadviceservice.org.uk**

For impartial government guidance regarding AVCs visit **pensionwise.gov.uk**

2 Transfer out your remaining AVCs

There are two ways you can transfer:

1. Arrange your own transfer into another pension scheme – for example a personal pension scheme or a pension you have through another employer.

Depending on the amount you have and the provider you choose, you could take cash through drawdown or buy an annuity.

The Trustee does not offer drawdown within the Scheme. If you want to take your AVC fund as income drawdown, the only way to do it is to transfer your AVC fund to an alternative pension provider that offers that.

If you choose this option, we'll send you the forms to complete so that we can arrange your transfer.

Other pension schemes will have different features, different rates of payment and charges and different tax implications. You need to look carefully at the pros and cons before you transfer. Speak to an IFA if in doubt.

2. Buy a lifetime annuity on the open market.

If you choose this option, we'll send you the forms to complete so that we can arrange to pay your fund to your chosen annuity provider.

If you're thinking of buying a lifetime annuity, here are a few things to consider:

a. Your health – if you're in poor health, smoke or are overweight, you may be able to buy an enhanced annuity which will give you a higher income.

b. Your loved ones – you can buy a 'single' annuity just for you, or a 'joint life' annuity to provide for your partner or adult dependants.

c. The cost of living – inflation means that a non-increasing annuity will be worth less over time.

You can find out more about annuities at moneyadviceservice.org.uk.

If you decide to transfer or buy a lifetime annuity with your remaining AVCs, the provider you transfer to will need to know if your funds are 'crystallised' or 'uncrystallised'. You should tell them they are 'uncrystallised'. This usually means you can take 25% of your money tax-free. However, you should confirm this with your pension scheme.

Next steps if you want to transfer your AVCs

We'll disinvest all of your AVCs up to a month before your chosen pension start date and they'll then remain in our bank account until they are paid. Once they're disinvested you will not earn any investment returns on the funds so make sure you return the transfer forms you're sent plus any requested documents to us as soon as possible.

Help with your AVC decisions

When you're making your AVC choices, you can call on different sources of expert help.

- Read the Money Advice Service leaflet: *Your pension: your choices*. You won't be able to take every option it outlines, but you'll gain a better idea of which one's right for you. It is important that you read this document and, in particular the information about the different options you may have in relation to your AVCs and the different features and risks of those options. It is also important that you consider seeking information from the Money and Pension Service (including, in particular Pension Wise) and also consider seeking independent financial advice – further details in relation to each of these Is set out later in this guide.
- Seek guidance from the Money and Pension Service (which includes Pension Wise) or from an independent financial adviser (IFA) authorised and regulated by the FCA. You can find an IFA on the directory at **moneyadviceservice.org.uk.**
- Pension Wise, the government's pensions service (which is part of the Money and Pension Service), is a free and impartial source of help. If you're over 50, you can use them to see which AVC option is best for you. You can access the Pension Wise guidance service through the Pension Wise website, by phone or face to face. Go to **pensionwise.gov.uk** for more information about your options or to book a one to one appointment. You can also call **0800 138 3944** between 8am and 10pm every day to book an appointment. If you're outside the UK call **+44 (0) 203 733 3495**.

There are other things to bear in mind too:

- On average, people aged 55 today will live to their mid-to-late 80s. It's important not to underestimate your own life expectancy. If you're considering taking your funds as a cash lump sum, think how you can use the money to give yourself an income throughout your retirement.
- If you take your entire AVC fund as cash in one go, you may have to pay extra tax. This depends on your personal circumstances. Usually you can take 25% of the amount tax-free. However, you should consider the impact that taking a taxable lump sum might have on the tax you pay – including the possibility that you may have to pay a higher rate of tax than normal. Some providers and schemes may charge for taking a pension pot as cash, so check this before committing. And if you plan to take the cash to invest somewhere else, check what the charges are before you transfer your pension.
- Taking cash withdrawals may also have implications on any debts you have or any means-tested benefits you're entitled to. If you're concerned about this, contact the Citizens Advice Bureau or the Money and Pensions Service.

Your AVCs and tax

Being well-informed about AVCs is important because your AVC choices can affect the tax you pay. All your income from pensions savings is taxable. The tax you pay will depend on the amount of pension income you get and how much income you get from elsewhere. An IFA or tax adviser will help you understand how much tax you'll pay with each of your AVC choices.

Lifetime Allowance

This is the limit on the total value of pension savings you can build up through your lifetime without triggering an extra tax charge. The Lifetime Allowance (often called LTA) is set under legislation and goes up every year broadly in line with the Consumer Prices Index (CPI). For the 2021/2022 tax year it's £1,078,900 for most people. You'd have to pay extra tax on anything over the LTA when you first start taking money – whether a lump sum or a regular income – from your pension (although if you have not retired by the age of 75 then you would need to pay this extra tax on reaching age 75).

Whenever you start taking a pension or a lump sum you use up a percentage of your Lifetime Allowance. This percentage is based on the value of your whole pension pot. For defined benefit schemes this value is usually 20 times the pension you get in the first year plus your lump sum. If you're in more than one pension scheme, you must add up what you've used in all the pension schemes you belong to. The Lifetime Allowance doesn't include your State Pension.

Your Pension Quote shows an estimate of how much of your Lifetime Allowance each of your pension options uses up. When you take your pension, we'll confirm how much of your Lifetime Allowance you've used. Each year after that, your online P60, available at **btps.co.uk**, will remind you how much of your Lifetime Allowance you've used up with your BTPS pension.

You can find out more on the Lifetime Allowance at **moneyadviceservice.org.uk.**

You may have a protected Lifetime Allowance from HMRC, which means your LTA may be higher than the standard limit. There are different types of protection, each with different conditions attached. You can find out more about the different protections at **gov.uk/tax-on-your-private-pension/lifetime-allowance.**

If you've protected your Lifetime Allowance through HMRC, please give us a call on **0800 731 1919** to let us know.

If you think the total value of all the pension money you've had might be nearing your Lifetime Allowance limit, speak to a financial adviser. You can find a financial adviser at **moneyadviceservice.org.uk.**

Providing for your loved ones

This section covers:

- Providing for your loved ones – lump sums, spouse/partner/dependant pensions
- What happens to your pension when you die
- Children's pension

Here's how your BTPS pension could help provide for your loved ones after you die:

By giving your spouse or civil partner a pension for the rest of their life

Your Pension Quote will show you an estimate of the pension your surviving spouse or civil partner could get. It is usually half your annual pension. It may be less if, for example, you haven't made contributions to increase benefits built up before 1 June 1972.

If the State Pension Offset applies to your pension (see page 11) and if your spouse/civil partner is 45 or over when you die, we'll apply up to 50% of your State Pension Offset to their pension. The State Pension Offset we will apply will have increased broadly in line with inflation between State Pension age and your date of death. This means their BTPS pension will reduce when they reach State Pension age.

By paying a lump sum

If you are in Section B and die within five years of your pension starting, the Trustee will usually pay a lump sum death benefit. If you are in Section C and die within 5 years of your pension starting, in limited circumstances, the Trustee may have discretion to pay a lump sum death benefit. The Trustee has absolute discretion when deciding who receives any lump sum but can take account of any wishes you've set out in your Expression of Wish Form. Keep your Expression of Wish up to date on the member portal at **btps.co.uk**.

As the lump sum is paid at the Trustee's discretion, inheritance tax is generally not payable.

By paying a pension to an adult dependant

If you're not married or in a civil partnership, you many nominate another adult who is wholly or partly financially dependent on you, and who is likely to remain so. This 'adult dependant' can be considered to receive the pension benefits that would have been payable to a surviving spouse or civil partner. Payment is at the discretion of the BTPS Trustee. To nominate an adult dependant, log on to the portal at **btps.co.uk** and make your nomination online. Remember to keep your nomination up to date if your circumstances change.

You may be eligible for a family benefit refund

If you were a member of BTPS before 5 April 1978, and you don't have a spouse, civil partner, adult dependant or dependent children, we may be able to refund some of your family benefit contributions. If you think you might qualify for a refund, please call us on **0800 731 1919** before you complete a pension application.

Children's pensions

Your dependent children may also get a pension if they were conceived, adopted or became your step-children before you retired or stopped working for BT. They include your children and those of your spouse or civil partner (whether legitimate or illegitimate), adopted children and step-children and in certain circumstances children for whom you're acting as a parent.

They'll also need to be:

- Under 17, or
- Between 17 and 23 (25 in some circumstances) and in at least two years' full-time education/training and earning below a set level, or
- Over 17, and physically or mentally unable to support themselves.

How big is a dependent child's pension?

This will depend on how many children are entitled to one, and whether you leave a spouse, civil partner or adult dependant.

Number of dependent children	Pension for a spouse, civil partner or adult dependant	Size of child's pension if you're a section B member	Size of child's pension if you're a section C member
One	Yes	A quarter of your pension	A quarter of the pension payable to a spouse, civil partner or adult dependant
Two or more	Yes	Half of your pension, split as the Trustee decides	Half of the pension payable to a spouse, civil partner or adult dependant, split as the Trustee decides
One or more	No	A third of your pension for one child Two thirds of your pension for two or more children, split as the Trustee decides	Double the above pensions

Checklist for pages 17 & 18:

- Keep your Expression of Wish nomination up to date by logging in to the portal at **btps.co.uk.**
- If you're not married or in a civil partnership but have another adult who is wholly or partly financially dependent on you, tell us by completing a nomination form by logging into the portal at **btps.co.uk**
- Tell us if your marriage/civil partnership status changes

Your State Pension

This section covers:

- What will my State Pension be?
- When will I get it?
- How can I claim it?
- Guaranteed Minimum Pension

As well as your BTPS pension, you'll get a State Pension. You need to claim this – it doesn't get paid to you automatically. You should get a letter four months before you reach State Pension age telling you how to do this. If it doesn't arrive, visit gov.uk/new-state-pension/how-to-claim

What will my State Pension be?

For a forecast of your State Pension benefits, visit **gov.uk/get-state-pension**

When will I get it?

You can find out your State Pension age at **gov.uk/state-pension-age**

How to claim

- Visit **gov.uk/claim-state-pension-online**
- Call **0800 731 7898**
- Download a claim form at **gov.uk/government/publications/the-basic-state-pension** and send it to your local pension centre. Find that at **gov.uk/find-pension-centre**

More about the State Pension

Go to **gov.uk/new-state-pension** if you want to find out about:

- Working in retirement
- Delaying taking your State Pension
- Taking your pension after living or working abroad

Guaranteed Minimum Pension (GMP)

If you built up your pension before 6 April 1997, it will probably include an element of Guaranteed Minimum Pension (GMP). This is the minimum amount of pension we must pay you after contracting out of the State Earnings-Related Pension Scheme (SERPS). Currently men get their GMP at 65 and women at 60.

Following a High Court ruling, BTPS must 'equalise' GMP benefits. That means that the Trustee must provide GMP benefits in a way that ensures that there is no sex discrimination between males and females. The Scheme is reviewing member benefits to determine if there may be any additional benefits due.

Checklist:

- Make sure you claim your State Pension
- If it's relevant, investigate working in retirement and delaying taking your State Pension

Receiving your BTPS pension

This section covers:

- Payment dates and payslips
- Pension increases
- Income tax
- Keeping your details up to date

Payment dates and payslips

We'll pay your pension on the last working day of the month. You'll be able to see your first monthly payslip when you log in to **btps.co.uk**. After this, you'll get a payslip on the portal at the end of a tax year, or if your monthly pension amount changes by £1 or more. Your payment dates are also on the portal.

Pension increases

We pay all increases in April. We'll increase your pension broadly in line with inflation. We use both the Consumer Prices Index (CPI) and the Retail Prices Index (RPI) to measure the rate of inflation we apply to pension increases. The index we use depends largely on which section of BTPS you're in. If you've been taking your pension for less than 12 months by April, you'll get a proportionate increase.

Here's how increases work for any pension above GMP

If you're in Section B

In line with legislation and the Rules of the Scheme, your pension increases in the same way as public sector pensions. Currently this is in line with the rise in the Consumer Prices Index (CPI).

If you're in Section C

Your pension increases either by the cost of living (as measured by the Retail Prices Index (RPI) over the 12 months to the previous December) or by 5% a year – whichever is lower.

It should be noted that the Government has announced that RPI will be aligned with CPIH in 2030. Further information on this is available on the website.

Guaranteed Minimum Pension (GMP)

Here’s a summary of how increases work for your Guaranteed Minimum Pension (GMP)

The increases on the GMP element of your pension depend on the date you reach State Pension age. If Pension Increase Exchange applies to part of your pension, this part won’t increase.

If you’re in Section B

Date you reached State Pension age	GMP pension increases we meet	GMP pension increases the Government meets
Before 6 April 2016	Pre ’88 GMP: 6 April 1978 – 5 April 1988 No increases Post ’88 GMP: 6 April 1988 – 5 April 1997 Inflation increases in line with the CPI, up to a maximum of 3%	Your State Pension is calculated with full inflation increases in line with the CPI
Between 6 April 2016 and 5 April 2021 (inclusive)	Full CPI inflation increases	N/A
After 6 April 2021	Any increases to the GMP element of your Scheme pension will depend on the application of the Scheme rules and relevant legislation at the time. We are not able to be more precise at this time as the government has not yet decided what the requirements will be.	

If you’re in Section C

Date you reached State Pension age	GMP pension increases we meet	GMP pension increases the Government meets
Before 6 April 2016	Pre ’88 GMP: 6 April 1978 – 5 April 1988 No increases	Your State Pension is calculated assuming full inflation increases
After 6 April 2016	Post ’88 GMP: 6 April 1988 – 5 April 1997 inflation increases, up to a maximum of 3%	The new single-tier State Pension has replaced GMP pension increases

Income tax

You may have to pay income tax on your pension. We'll tax your first pension payment using an emergency tax code. HMRC will then adjust your tax code if necessary. That means your following payments may be different from your first. You'll need to contact HMRC direct with any tax questions you have, as they aren't allowed to talk to anyone else about your pension. We can only change your tax code if HMRC tell us to. You can learn more about tax on pensions at **gov.uk/tax-on-pension/taxed.**

When to contact HMRC

Some life changes may affect your tax position.
It's important to tell HMRC if you:

- Start taking unemployment benefit or the State Pension
- Begin a new job – or gain a new source of untaxed investment income
- Your spouse or partner dies – or you separate

How to contact HMRC

Write: **PAYE, HMRC, BX9 1AS, UK**
Call: **0300 200 3300**

Quote:

- The BTPS PAYE reference number 914/1.
- Your National Insurance number.
- Your BTPS membership number.

Your P45

When you retire from work, your P45 will be sent to HMRC to make sure your pension is taxed at the right level. If you start a job after taking your BTPS pension, let your new employer know you don't have a P45 as you already have a taxable income. They should then ask you to fill in a 'Starter checklist' form.

Keeping your details up to date

Your address

It's vital that we always have the correct contact information for you. If you move house, or there's a change in your personal circumstances, please let us know so we can ensure our records are up to date. Once you start receiving your pension, we are required to make periodic checks with you and if we don't have your correct contact details there is a risk your pension may be suspended. You can change your contact details by logging in to the portal at **btps.co.uk** or by calling us on **0800 731 1919**.

Your bank/building society details

We'll pay your pension directly into your bank account. If you change bank details, it's vital you let us know in plenty of time. You can do this by logging in to the portal at **btps.co.uk**. If you wish to have your pension paid into an overseas bank account, you can download a Western Union overseas bank mandate from the portal specifying the relevant country.

Payment to a different account name

We will normally only pay your pension into an account in your name. If you become unable to look after your own finances, we'll pay your pension into a different account if we're authorised through a Power of Attorney. See **btps.co.uk** for more details.

Checklist:

Log in to **btps.co.uk** to tell us:

- If you change address
- If you change your bank or building society details
- Register any Power of Attorney you've granted with us

Don’t lose your pension to a scammer

Pension scams are on the rise. And according to the Financial Conduct Authority (FCA) and the Pensions Regulator, scam victims lose over £90,000 on average.

Scammers can be polite, professional and highly articulate. They might have glossy brochures and websites that look legitimate. They may tempt you with promises of one-off investments, pension loans and upfront cash. What’s more, members of Defined Benefit schemes – like you – are prime targets. That’s because scammers know you might be thinking of transferring the cash equivalent of your benefits into another scheme.

Here are some dos and don’ts that will help keep your pension benefits safe.

DON’T

- Accept offers from anyone who contacts you about your pension out of the blue. These could include a ‘free pension review’, a home visit or hand-delivered paperwork.
- Believe anyone who says they’re authorised by the FCA. Check for yourself that they’re on the FCA’s approved register. Visit **fca.org.uk**
- Be lured into overseas investment deals. Well-known scams include unregulated investments in things like hotels and vineyards, where your money is also more at risk because it’s hard to access and in one place.
- Fall for ‘guaranteed’ returns. There’s no such thing.
- Be rushed into a decision because of a ‘time-limited’ offer.

DO

- Speak to an authorised independent financial adviser before making a decision that could affect the rest of your life. If you don’t have a financial adviser, you can find one at **moneyadviceservice.org.uk**
- Ask the Pension Advisory Service for help if you have doubts. Visit **pensionsadvisorysservice.org.uk**
- Call Action Fraud on **0300 123 2040** if you think you’ve been scammed and be sure to let us know too. It may not be too late to stop a transfer if it hasn’t gone through.
- Find out more and check the FCA’s list of known scammers at **fca.org.uk/scamsmart**

Glossary

The pensions industry is full of jargon and language that can often be confusing. Here we demystify the terms you're most likely to encounter.

A

Accrual Rate

This is the rate that your pension built up each year.

Before 1 April 2009 the rate was 1/80th of section B members' Final Pensionable Salary and 1/60th of section C members' Final Pensionable Salary. We multiply this by their Pensionable Service up to 1 April 2009. Section B members also built up a lump sum on top. This is three times their annual pension based on the pension they built up before 1 April 2009.

BTPS changed from a Final Salary pension scheme to a Career Average Revalued Earnings (CARE) scheme on 1 April 2009. From then on, for each year of Pensionable Service, both section B and section C members built up a block of pension equal to 1/80th or 1/90th of their Pensionable Salary. They also built up a lump sum on top. For each year of Pensionable Service, this is 3/80ths or 3/90ths of their Pensionable Salary based on the pension they built up from 1 April 2009.

Actuarial factors

These are assumptions, based on mathematical modelling and close analysis of statistics, that help us predict risks and probabilities. They're produced by our Scheme Actuary who uses them to calculate your benefits. Actuarial factors might, for instance, help predict a member's lifespan based on their age, gender and health.

Additional State Pension

The Additional State Pension – also known as the State Earnings-Related Pension Scheme (SERPS) and the State Second Pension – is money that the Government pays you on top of your Basic State Pension if you reached State Pension Age before 6 April 2016. It's automatically paid with your Basic State Pension if you're entitled to it.

If you reached State Pension Age on or after 6 April 2016, you'll get the New State Pension instead.

Additional Voluntary Contributions

An Additional Voluntary Contribution (AVC) fund is a way to build up extra money for your retirement. It's a type of defined contribution pension. If you saved money into a BTPS AVC fund, this money is invested to give it a chance to grow. You can currently use your AVC fund to increase your tax-free lump sum, buy a lifetime annuity or you can transfer it into another pension scheme. Because your AVCs are invested, their value can go down as well as up.

Adult dependant

This is an adult who you've nominated to benefit from your pension when you die. They must, in the Trustee's opinion, be wholly or partly financially dependent on you. You can only nominate an adult dependant if you're not married or in a civil partnership.

This term also describes an adult who wasn't nominated by you, but who was, in the Trustee's opinion, wholly or partly financially dependent on you at the time you died.

Annual Allowance

The Annual Allowance is the maximum amount of money you can put into a defined contribution (DC) scheme, or the total amount of benefits you can build up in a defined benefit (DB) scheme in a tax year, before you may have to pay tax. It's currently for the 2020/21 tax year £40,000 a year, for most people.

The amount could be less if you've already taken money out of any of your pension schemes or if you're a high earner. All the money that goes into all your pension schemes counts towards your Annual Allowance: it's not a 'per scheme' maximum.

If you go over your available Annual Allowance in a year, you won't get tax relief on anything over the maximum and you'll have to pay HMRC an annual allowance tax charge.

You can find out more at **gov.uk/tax-on-your-private-pension/annual-allowance**

Annuity

A regular, guaranteed income for life or for a fixed number of years. The level of income that different annuities offer depends on the provider, the type of annuity and the features you choose. For instance, you could choose a single or joint-life annuity, or one that pays a fixed income or an income that increases each year. Once you've chosen an annuity, you normally can't change your mind. If you have BTPS AVCs, one way you can use them is to buy a lifetime annuity.

B

Basic State Pension

If you reached State Pension Age before 6 April 2016 you get the Basic State Pension. To get the full amount, you must have 30 qualifying years of National Insurance contributions or credits. The New State Pension replaced the Basic State Pension for people who reach State Pension age on or after 6 April 2016.

BT

British Telecommunications plc. 'BT' also includes any subsidiary or associated company that employs members of the BTPS. BTPS is a separate legal entity that operates independently of BT.

BTPS

The BT Pension Scheme.

C

Career Average Revalued Earnings (CARE)

On 1 April 2009, Section B and C of the BTPS changed from a Final Salary pension scheme to a CARE scheme.

In a CARE scheme, you build up a block of benefits each year, based on your Pensionable Salary (or Shadow Salary) for that year. Each block increases each year in line with the change in the Retail Prices Index (RPI) or with your Pensionable Salary, whichever is lower. Then we add all the blocks together to give your total CARE pension and CARE lump sum.

Each block of pension is equal to 1/80th or 1/90th of your Pensionable Salary (or Shadow Salary). Your lump sum is 3/80ths or 3/90ths of your Pensionable Salary for each year you're in BTPS. The lump sum is currently tax free as long as it's not more than 25% of your Lifetime Allowance.

Cash Equivalent Transfer Value (CETV)

A cash amount that broadly reflects the total value of all your BTPS benefits if you were to transfer them to another pension scheme. To work it out we look at how much it is likely to cost to provide your benefits under the Scheme including:

- The annual pension you're entitled to under BTPS Rules, and
- Benefits that we might pay in the future – like a spouse's or dependant's pension

We also factor in other things like your age and current market conditions. That means your transfer value (CETV) could change over time and might go down as well as up.

If you decide to transfer out of BTPS, we'll pay your transfer value directly into another pension scheme you've specified. Once we've made the transfer, it can't be reversed, and you'd no longer be entitled to any benefits from BTPS.

If you have an AVC fund, you can also transfer this into another pension scheme, either separately before you take your main BTPS pension, or along with your CETV.

Civil Partner

A partner of the same or opposite sex who, under the Civil Partnerships Act 2004, has entered into a legal partnership with you.

Consumer Prices Index (CPI)

The CPI measures the average change in prices over time that consumers pay for a range of goods and services. These goods and services can include everything from cinema tickets to food, but exclude housing costs and mortgage payments. The Government uses the CPI as a measure of inflation.

Contracting in/Contracting out

Before April 2009 BTPS was contracted out of the State Second Pension. From April 2009 until April 2016 it was contracted in. When BTPS was contracted in, members paid more in National Insurance contributions and built up a State Second Pension. When it was contracted out, they didn't. In return for paying less in National Insurance, members gave up their entitlement to a State Second Pension. Instead, BT promised to pay them a certain amount of pension in place of the extra State Pension they were giving up.

In April 2016, the Government abolished contracting in or out along with the two-tier pension system.

D

Defined benefit scheme

This is a pension scheme that, like BTPS, pays you an income for life based on a formula that uses your Final Pensionable Salary (or CARE) and Pensionable Service. Unlike with defined contribution pension schemes, your main pension is not directly affected by the ups and downs of the financial markets.

Defined contribution scheme

A pension scheme that's based on the amount of money you save – or contribute – into it. Your money is then invested to give it a chance to grow, but your fund is affected by the ups and downs of the financial market. Although the main BTPS is a defined benefit scheme, any AVC fund within it is a defined contribution scheme.

Dependent child/children

These are dependent children who you conceived, adopted or became a step-parent to before you stopped working for BT and who are:

- Under 17, or
- Between 17 and 23 (25 in some circumstances) and in at least two years' full-time education/training and earning below a set level, or
- Over 17 and physically or mentally unable to support themselves

They include your children and those of your spouse or civil partner (whether legitimate or illegitimate), adopted children and step-children. In certain circumstances they may also include children for whom you're acting as a parent.

E

Earnings Cap

A cap on the amount of earnings that we can use to calculate your pension under BTPS.

F

Final Pensionable Salary

For section B members, this is the salary we use to calculate what you get from the Final Salary part of your pension. That's the pension you built up before 1 April 2009. We use either:

- Your highest Pensionable Salary (or Shadow Salary) during any one of your last three years of Pensionable Service

OR

- The best average Pensionable Salary (or Shadow Salary) you earned over three consecutive tax years in your last 10 years of Pensionable Service

We use whichever is higher.

For section C members, this is your highest level of Pensionable Salary (or Shadow Salary) over any continuous 12 month period in your last three years of Pensionable Service. It can't be higher than the maximum Pensionable Salary allowed under the Earnings Cap.

Flexible Retirement

This is where you take your BTPS pension and carry on working for BT at the same time, as long as you meet certain conditions. You need to fill in a Flexible Retirement Application Form on BT'S intranet and BT must agree to your application.

G

Guaranteed Minimum Pension (GMP)

The Guaranteed Minimum Pension (GMP) applies to you if you were a member of the Scheme between April 1978 and April 1997. It protected the pension rights of members in defined benefit pension schemes that, like BTPS, were contracted out of the State Earnings-Related Pension Scheme (SERPS).

The GMP is the minimum level of pension you're entitled to from the BTPS. It's based on the amount you would have had if you'd been contracted in to SERPS. You will normally get your GMP at 60 if you're a woman and 65 if you're a man regardless of your State Pension age.

GMP Payment Age

This is the age we start to pay you your Guaranteed Minimum Pension. It's 65 for men and 60 for women regardless of your State Pension age.

H

HMRC

Her Majesty's Revenue & Customs – the people who collect our taxes to pay for the UK's public services.

I

Inflation

The everyday prices you pay for goods and services increase over time. The rate of this increase is known as inflation. To measure the rate of inflation we apply to pension increases, we use both the Consumer Prices Index and the Retail Prices Index. The index we use depends on which section of BTPS you're in.

L

Lifetime Allowance (LTA)

This is the limit on the total value of pension savings you can build up through your lifetime without triggering an extra tax charge. The LTA is set under legislation and broadly goes up every year in line with the Consumer Prices Index (CPI). For the 2020/2021 tax year it was £1,073,100 for most people. You'd have to

pay extra tax on anything over the LTA when you first start taking money from your pension (although if you have not retired by the age of 75 then you would need to pay this extra tax on reaching age 75).

Lifetime Allowance protections

You usually pay tax if the amount you take from all your pension schemes is more than the Lifetime Allowance. This figure is set under legislation and for the 2020/2021 tax year was £1,073,100 for most people.

Because the Lifetime Allowance used to be higher than this, people who have benefits that are over the Lifetime Allowance have been able to protect the value of their benefits from future tax charges.

There are different types of protection, each with different conditions attached. For instance, you can apply for Individual Protection 2016 if your pension savings were worth £1 million or more at 5 April 2016. With Individual Protection 2016, you can keep building up your pension. Or you can apply for Fixed Protection 2016 which fixes your Lifetime Allowance at £1.25 million. You can apply for this if you and your employer have not added to your pension savings since 5 April 2016 or if you were opted out of any workplace schemes by 5 April 2016.

You can find out more about the different protections at **gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance**

If you've protected your Lifetime Allowance through HMRC, please give us a call on 0800 731 1919 to let us know. If you don't know what protections you hold, you can check them at **gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance**

N

New State Pension

If you reached or reach State Pension age on or after 6 April 2016, the New State Pension applies to you. The New State Pension is a single-tier pension (unlike the Old State Pension which was made up of two tiers: the Basic State Pension and the Additional State Pension). To get the New State Pension, you'll need at least ten qualifying years on your National Insurance record. These are years when you've been either paying National Insurance or receiving National Insurance credits.

Normal Pension Age

This is the age that your BTPS pension benefits become payable. It's currently your 65th birthday. You can take your pension earlier than this, but if you do it will normally be lower. This is because we'll have to pay it for longer.

The current Normal Pension Age applies to benefits built up from 1 April 2009. For benefits built up before 1 April 2009, the Normal Pension Age is your 60th birthday. You must take the benefits you built up before 1 April 2009 at the same time as you take the benefits you built up from 1 April 2009. You can't take them at different times.

For instance, if you take your pension at 58, any benefits built up before 1 April 2009 will reduce by two years, and any benefits built up from 1 April 2009 will reduce by seven years. If you take your pension at 63, any benefits built up before 1 April 2009 won't reduce, but those built up from 1 April 2009 will reduce by two years.

O

Old State Pension

This is a pension from the Government that most people can claim if they reached State Pension Age before 6 April 2016. It's based on your National Insurance contributions. There are two tiers to the pension: the Basic State Pension and the Additional State Pension – previously known as the State Earnings-Related Pension Scheme (SERPS) and the State Second Pension. The New State Pension replaced the Old State Pension on 6 April 2016.

P

Pension Increase Exchange (PIE)

PIE gives you a higher initial pension in exchange for some of your annual pension increases.

You get a higher initial annual pension than you would have otherwise. However, your annual pension increases will be lower than they would have been without PIE. So while an annual pension with PIE will start higher, eventually it will fall below the same annual pension without PIE.

You can only use PIE for pension that you built up before 6 April 1997. Find out more in our Pension Increase Exchange Fact Sheet available at **btps.co.uk**.

Pensionable Salary

This is your basic annual salary. It includes London Weighting and some other allowances, but not overtime. Sometimes it's called pensionable pay.

Pensionable Salary Member

A member who hasn't exchanged any of their Pensionable Salary for other benefits and become a Shadow Salary Member.

Pensionable Service (also known as Reckonable Service)

This is the amount of time you've worked for BT and been in BTPS, or the pension schemes that came before it. You might also have 'bought' additional service by transferring another pension into BTPS. And, depending when you joined the Scheme, you could have 'bought' 'Added Years' as well.

It excludes any absences – or non-reckonable days – that don't count towards it.

R

Reckonable Service (or Pensionable Service)

This is your Pensionable Service within BTPS. It excludes any absences – or non-reckonable days – that don't count towards it.

Retail Prices Index (RPI)

The RPI measures the average change in prices over time that consumers pay for a range of goods and services. Unlike the Consumer Prices Index, it includes housing costs, such as council tax and mortgage interest repayments, as well as things like food, clothes and petrol.

S

Spouse

Someone of the same or opposite sex who is legally married to you.

State Earnings-Related Pension Scheme (SERPS)

The Additional State Pension has had various titles over the years. One of these titles is the State Earnings-Related Pension (SERPS).

SERPS operated between April 1978 and April 2002. If you paid full Class 1 National Insurance contributions on a certain level of earnings during any of those years, you earned an additional pension on top of your Basic State Pension. SERPS was replaced by the State Second Pension which ran until 2016.

State Pension

This is either the Old State Pension (which includes the Basic State Pension and the Additional State Pension) or the New State Pension depending on when you were born. If you reached State Pension Age before 6 April 2016, you get the Old State Pension. If you reach or reached it after 6 April 2016, you get the New State Pension.

State Pension age

This the earliest age you can claim your State Pension. It used to be 60 for women and 65 for men. But it's been gradually rising. Between 2010 and 2018 it rose to 65 for women. It's currently 66 for both men and women and will rise to 67 and 68 in future. The Government reviews State Pension age regularly to make sure it's affordable and fair. You can check your State Pension age at **gov.uk/state-pension-age**

State Pension Offset

This is a permanent reduction to your annual BTPS pension when you reach State Pension age. It applies to active members of Section B and Section C of the BTPS after 6 April 2009.

You can find out more about the State Pension Offset in this Guide and in the State Pension Offset factsheet at **btps.co.uk**

State Second Pension (S2P)

Previously known as the State Earnings-Related Pension (SERPS), this is part of the Old State Pension. It's paid on top of the Basic State Pension. The amount you get is based on the National Insurance contributions you paid from April 2002 until April 2016.

T

Temporary Supplementary Pension (TSP)

You get this if you're a section C member who left the Scheme between 1 April 1986 and 31 August 1993 and meet certain conditions. If you're eligible, you'll get the TSP from your Normal Pension Age until your State Pension age. Once you reach State Pension age, the payments stop.

Trustee

The Trustee of the BT Pension Scheme (BTPS) acts separately from BT plc. They make sure the Scheme is run according to the Trust Deed and Rules. The Trustee also holds, manages and invests the Scheme's assets for the benefit of Scheme members and their beneficiaries.

U

Uncrystallised Funds Pension Lump Sum (UFPLS)

If you choose a Max tax-free lump sum pension option, the Scheme Rules allow you to take any remaining AVCs as a cash lump sum. This is called an Uncrystallised Funds Pension Lump Sum (UFPLS). Up to 25% of this sum is usually tax-free and the rest is taxed as income.

Whatever your plans, your pension choices can affect your income for the rest of your life. That's why it's important you understand all your choices.

BTPS

btps.co.uk