BTPS

SECTION B

Member Booklet

Explanatory booklet for Members who joined Section B of the BT Pension Scheme between 1 December 1971 and 31 March 1986 (and Section A members who elected to be subject to Section B terms)

OCTOBER 2023

Contents

Contents

Introduction

The BT Pension Scheme (The Scheme or BTPS) forms an important part of your benefits package, providing savings for your retirement and protection for your dependants on your death. Please read this booklet carefully as there are a number of options available to you which could affect the benefits you receive.

The Scheme

The Scheme has been set up under a Trust Deed and is governed by Rules which determine how and when benefits are paid (these governing Rules are referred to as the BTPS Rules in this booklet). This booklet summarises the main benefits available under Section B of the Scheme.

Important notice: The Scheme Rules and overriding legislation

Your benefits are always subject to the BTPS Rules which apply to you and legislation in force from time to time. This booklet is intended for information only and is not intended to give rise to any different or independent rights or entitlement to benefits from the Scheme. If there's any difference between what's in this document and the BTPS Rules or legislation, the BTPS Rules and legislation will take precedence.

The summary information set out in this booklet is based on the BTPS Rules and the legislation in force in September 2023 which is relevant to benefits in Section B. Every effort has been made to make sure that the summary information in this document is accurate and helpful. However, it is not possible to provide every detail of how Scheme benefits work in this booklet. The full details of your Scheme benefits are always as set out in the BTPS Rules which apply to you and legislation.

Please be aware that the BTPS Rules and legislation are subject to change from time to time (including interpretation of legislation in light of new Court decisions). Relevant legislation and the way in which it affects your benefits (including the tax payable on your benefits) might change in future and may depend on your personal tax position.

The Trustee and Constitution

BT Pension Scheme Trustees Limited is the sole Trustee of the Scheme. Its board consists of nine directors appointed by BT:

- An Independent Chair;
- Four Trustee Directors selected by BT; and
- Four Trustee Directors nominated by BT's recognised unions (after consultation with the National Federation of Occupational Pensioners).

Trustee Directors generally hold office for three years and are then eligible for re-election, although in some cases a director's term of office can be for a shorter time.

The Trustee Directors represent the interests of all beneficiaries, regardless of how they are appointed or nominated.

Scheme Administration

The Trustee is directly responsible for administering the Scheme. On a day-to-day basis, the administration is carried out by BT Pension Scheme Administration (BTPSA), trading as Brightwell, based in Chesterfield.

HM Revenue & Customs (HMRC)

The Scheme is registered with HM Revenue and Customs (HMRC).

Earnings Cap

For high earners who re-joined the Scheme after 31 May 1989, there is a maximum Pensionable Salary on which benefits can be paid. This is called the Earnings Cap.

Amendments to the Scheme

The Scheme may be amended from time to time with the agreement of the Trustee and BT and subject to the terms of the Rules and the relevant legislation.

Use of benefits as security

You cannot charge or assign your Scheme benefits (present or future) as security or collateral for any mortgage, loan or debt. Any attempt to do so could result in those benefits ceasing to be payable.

Section A members who elected to be subject to Section B terms

If you were formerly a Section A member who elected to be subject to Section B terms, all of your Pensionable Service will be treated as if it were on Section B terms. In addition:

- You will need to make good an underpayment of contributions for any period of membership from 1 April 2009 to the date you became subject to Section B terms, or the date Section B closed to future accrual i.e. 30 June 2018, if earlier;
- If the election is made after 30 June 2018 (the date Section B closed to future accrual) your pensionable service would cease with effect from 30 June 2018. You may be entitled to a refund of contributions in respect of any contributions made since 30 June 2018.
- Your pension built up from 1 April 2009 will be recalculated on a Career Average Revalued Earnings (CARE) basis — (see the Retirement at Normal Pension Age section of this booklet); and
- Your benefits built up from 1 April 2009 will be subject to a Normal Pension Age of 65.

Membership

The Scheme is closed to new members and closed to future accrual for all members on 30 June 2018.

Contributions

Member contributions

Following the closure of Section B of the Scheme to future accrual on 30 June 2018, Section B members may not make any further contributions to the Scheme.

BT contributions

BT will pay the balance of the cost necessary to provide the promised level of benefits under the Scheme.

Transfer into the Scheme

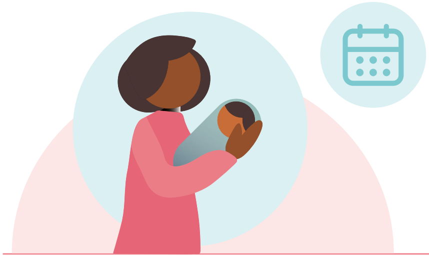
Please note that Section B of the Scheme does not currently accept transfers in (whether under the Pension Schemes Act 1993 or otherwise).

How we use your personal information

BT Pension Scheme Administration Ltd, on behalf of the Trustee, will process personal data relating to you, and to any person whose personal data is provided in connection with potential benefits, in order to administer the Scheme.

For more information on how we process your personal data and what your individual rights are under the UK General Data Protection Regulation ('UK GDPR') and Data Protection Act 2018 ('DPA 2018'), please read our latest Privacy Notice at **btps.co.uk/PrivacyNotice** or write to BTPS, Sunderland SR43 4AD.

Absence from work



This section only applies to absences from work before closure of the Scheme on 30 June 2018:

Unpaid leave

Any period of unpaid leave does not count as Pensionable Service unless, when you returned to work, you agreed to pay the contributions which would have been due from you for that period as if you had continued to be paid.

Unpaid Absence

Any period of unpaid absence does not count as Pensionable Service unless, when you returned to work, you agreed to pay both your own contributions and those which would have been paid by BT over the period of absence.

Maternity/Paternity/Adoption Leave

Any period of paid Maternity, Paternity or Adoption Leave counts as Pensionable Service.

Sabbatical

Any leave whilst you were on a Sabbatical does not count as Pensionable Service unless, when you returned to work, you agreed to pay the contributions which would have been due from you and the company for that period, as if you had continued to receive your normal pay.

It should be noted that members no longer have the option to pay contributions in respect of any period of absence.

Retirement at Normal Pension Age

Normal Pension Age

Normal Pension Age is 60 if you only have pre-1 April 2009 service with BT, or 65 if you have any post-1 April 2009 service. You can find out your Normal Pension Age by logging in to the member portal at **btps.co.uk** and head to My Membership.

Retirement Benefits

On retirement, you will receive a pension payable for life plus a lump sum of three times your pension. The pension built up before 1 April 2009 is based on your Pensionable Service (expressed in years and days) and on your Final Pensionable Salary. Pension benefits built up from 1 April 2009 are on a Career Average Revalued Earnings (CARE) basis and are based on the value of your pension built up each year that you were a member of the Scheme from that date.

Part-time employees

If you had any period of part time Pensionable Service, your part time Pensionable Service before 1 April 2009 built up as a proportion of the equivalent full time service and was calculated on your equivalent full time Pensionable Salary. Service from 1 April 2009 was built up on a CARE basis and was calculated on your actual Pensionable Salary.

Benefits built up before 1 April 2009

The pension you built up before 1 April 2009 is calculated using the following formula, using your service and salary at 31 March 2009, or at the date you left the Scheme if it was before this:

$$\frac{\text{Pensionable Service}}{80} \times \text{Final Pensionable Salary} = \text{Annual Pension}$$

The lump sum will be three times the annual pension and is currently tax free, provided it does not exceed 25% of the standard Lifetime Allowance you have available at the date your pension is paid. The government has frozen the amount of tax-free lump sum that can be paid from all of your pensions combined, to 25% of the current Lifetime Allowance, which means a maximum of £268,275. The government intends to remove the Lifetime Allowance in future but intends to freeze the maximum tax-free lump sum (across all your pensions) at £268,275. Legislation on this is currently due to come into force in time for the 2024/25 tax year. Where higher lump sums are paid, these will be taxed at the individual's marginal rate from 6 April 2023.

However, individuals with a protected right to take a higher amount of tax-free cash will continue to be able to do so. There is a risk of high tax charges if you use any part of your BTPS tax free lump sum (also known as a pension commencement lump sum) as a contribution to another registered pension scheme, as this could be classed as recycling a pension commencement lump sum. For more information go to **gov.uk** and search under pension recycling.

Example: Age at retirement **60**

$$\frac{\text{40 Years}}{80} \times \text{£24,000} = \text{£12,000 p.a.}$$

Plus Lump sum:

$$\text{Pension £12,000} \times 3 = \text{Lump sum £36,000}$$

Benefits built up from 1 April 2009

Your benefits built up from 1 April 2009 are calculated on a CARE basis. This means that benefits built up year on year and reflect your earnings during your membership of the Scheme from 1 April 2009 up to 30 June 2018, or the date you left the Scheme if it was before this.

The Scheme year runs from 1 April to 31 March. Unless you opted to reduce your standard contributions to 6% of Pensionable Salary, for each year of Pensionable Service from 1 April 2009 you built up a block of pension equal to 1/80th of your Pensionable Salary, plus a lump sum of three times that pension, payable at your Normal Pension Age of 65.

If you elected to reduce your standard contributions to 6% of Pensionable Salary, your CARE pension is calculated from the date you elected to switch as 1/90th of your Pensionable Salary in that year, plus a lump sum of three times that pension, payable at your Normal Pension Age of 65.

At the end of each Scheme year and annually thereafter up to 30 June 2018 (when the Scheme closed) or, if earlier, your date of leaving the Scheme, each block was increased by the lower of:

- The change in the Retail Prices Index (RPI) (but never below zero); and
- Any change in your Pensionable Salary.

If there was no change in your Pensionable Salary, the CARE blocks earned during previous years would not be revalued for that particular year. The blocks are all added together to give your total CARE pension and lump sum.

Although benefits built up from 1 April 2009 were built up on a different basis to those built up before 1 April 2009, the eventual pension is still treated as one pension. So, the benefits built up both before and after 1 April 2009 must be paid at the same time and cannot be paid independently from one another.

For example

Year 1

You start to build up your pension based on 1/80th of **Year 1** Pensionable Salary.

Year 1 Pension + Lump Sum

...and a lump sum of 3/80th of Year 1 Pensionable Salary.

Year 2

Your **Year 1** Pension and lump sum is increased by the rate of RPI, or in line with your Pensionable Salary increase whichever is lower. You also earn another 1/80th of **Year 2** Pensionable Salary and a lump sum of 3/80th of Year 2 Pensionable Salary.

Year 1 Pension + 1 year's increase + Lump Sum + 1 year's increase + Year 2 Pension + Lump Sum

So... after two years you have a pension and a lump sum made up of two blocks of benefits.

Year 3

In **Year 3** your pension and lump sum from Year 1 is increased again, and your pension and lump sum from **Year 2** by the rate of RPI, or in line with your Pensionable Salary increase whichever is lower. You also earn another 1/80th of **Year 3** Pensionable Salary and a lump sum of 3/80th of **Year 3** Pensionable Salary.

Year 1 Pension + 2 years' increases + Lump Sum + 2 years' increases + Year 2 Pension + 1 year's increase + Lump Sum + 1 year's increase + Year 3 Pension + Lump Sum

So... after three years you have a pension and lump sum made up of three 'blocks' of benefits.

Your benefits continue to grow on this basis.

Deductions from lump sum in respect of former Section A members who elected to be subject to Section B terms

The following deductions may, depending on your circumstances, be deducted from your lump sum, unless you have made alternative arrangements to pay those amounts:

- If you elected to be subject to Section B terms after 1 April 2009, any underpaid Section B contributions from 1 April 2009, with interest; and
- Any outstanding contributions for Spouse's, Civil partner's and Nominated Dependent's pensions in respect of service before 1 June 1972.

State Pension Offset

If you were an active member after 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 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, the 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 were similar to the State Second Pension they'd given up.

From 6 April 2009 Section B of the 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 the BTPS had continued to contract out. To calculate the State Pension Offset, we use a fixed formula that's been prescribed in the 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, the 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 the BTPS was calculated and how the State Pension was calculated.


BTPS
State Pension Offset
Factsheet

Where to find out more

You can find out more in the State Pension Offset factsheet by visiting **btps.co.uk/FormsAndGuides**

Increases to your pension in the period to retirement

Your pension increases from when you left active service in the Scheme, to when you start taking your pension. This is known as pension increases in deferment. The date you left the Scheme is usually either the date you left employment with BT or, if later, the date the Scheme closed (30 June 2018).

Increases in deferment are determined by the Scheme Rules and legislation. This means that pensions are increased in the same manner as under the Principal Civil Service Pension Scheme. Currently, this is in line with the rise in the Consumer Prices Index (CPI).

Increases are currently applied each year on 1 April. The CPI increase is based on the September CPI increase and is confirmed by the Government.

For benefits built up before 1 April 2009, increases will apply up to age 60, and for benefits built up after 1 April 2009 increases will apply up to age 65, due to the ages from when benefits would become payable applicable to each period of service. If you have benefits built up from 1 April 2009, your benefits built up before 1 April 2009 will have late retirement factors applied from age 60 to age 65 (or your retirement date if earlier), to reflect the later payment of your pension and lump sum.

Options on retirement

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.

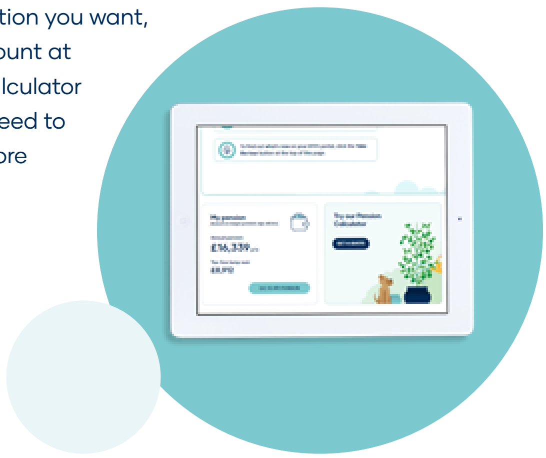
Choosing the one that's right for you depends on things like:

- 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, you might 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; and
- How much income you want your spouse, civil partner or adult dependant to have from your pension when you die.

The BTPS member portal

Register for our online member portal and use our Pension Calculator to run your own pension quotes for different retirement dates. You can also see how changing your potential tax-free lump sum can affect the annual pension you'd get. Find out more at **btps.co.uk/Support**.

You can commit to your pension option up to 12 months before 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.



Your core options

Option 1: Standard Scheme benefits

The Standard Scheme benefits you built up while working for BT plc are:

- An annual pension for life, that rises each year broadly in line with inflation;
- A lump sum which, for most people, is currently paid tax-free;
- A pension for your surviving spouse or civil partner when you die; and
- Your Additional Voluntary Contribution (AVC) fund (if applicable).

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 any AVCs you may have.

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.

The government intends to remove the Lifetime Allowance in future but there will still be a tax-free lump sum allowance (across all your pensions) of £268,275 and this is currently intended to remain frozen. Legislation on this is currently due to come into force in time for the 2024/25 tax year. Where higher lump sums are paid, these will be taxed at the individual's marginal rate from 6 April 2023.

However, individuals with a protected right to take a higher amount of tax-free cash will continue to be able to do so. There is a risk of high tax charges if you use any part of your BTPS tax free lump sum as a contribution to another registered pension scheme as this could be classed as recycling a pension commencement lump sum. For more information visit **gov.uk** and search under pension recycling.

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

If you have AVCs, read the 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 (PIE) 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). You can find out more about PIE in the Pension Increase Exchange (PIE) factsheet, which is on the portal Pension Calculator if you click 'What is PIE', or is available on request.

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, register for the member portal and log in 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 will also be higher or lower depending on the lump sum amount you specify.

If you have AVCs, you must use them 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.

Customised lump sum + Pension Increase Exchange (PIE)

If you built up your BTPS pension before 6 April 1997, you may be able to combine the Customised Lump Sum option with Pension Increase Exchange (PIE). Read the Pension Increase Exchange (PIE) factsheet 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.

Surrender of lump sum for additional pension

If you have Pensionable Service accrued before 1 April 2009, you can choose to give up some of your lump sum for an additional pension when your pension is due to start.

If you want to choose a lower lump sum than the Standard Scheme benefits, please call us on 0800 731 1919 and ask for a 'Section B Lump sum to pension conversion' quote. You can use your lump sum to increase just your pension, or your own pension plus that of your spouse or civil partner when you die.

Surrender of pension for additional pension for spouse, civil partner or dependant

If, to the satisfaction of the Trustee, you are in good health you may, within six months before your pension becomes payable, surrender part of your pension to provide extra pension for your spouse, civil partner or an adult dependant on your death. This is subject to certain conditions.

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 any family benefit contributions you paid before 6 April 1978.

You will not be required to repay the refund if you do marry or enter a civil partnership. However, the pension provided to your spouse or civil partner would not include your pre-6 April 1978 service.

Alternatively, you can choose to leave your contributions in the Scheme to provide a full spouse's, civil partner's or dependant's pension should your circumstances change in retirement.

If you think you might qualify for a refund, please contact us before you complete a pension application.

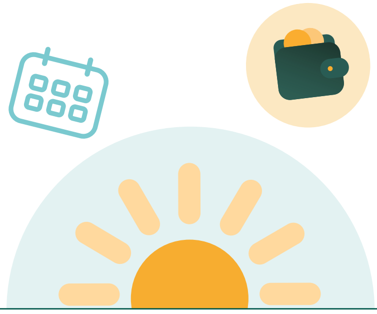
Actuarial factors

As set out above, as well as taking your Standard Scheme benefits, you have other options to take your pension in different ways, for example, by retiring early (before your normal pension age) or by giving up (commuting) some of your annual pension for a higher lump sum. In these instances, actuarial factors are used to calculate and adjust the benefits of scheme members under these different scenarios.

The Trustee, with advice from the scheme actuary, regularly reviews how the factors are calculated, to reflect changes in financial conditions. The Trustee takes into account external influences, such as movements in financial markets, changes to life expectancy and changes to inflation. Factors may go up or down.

This means figures provided in any retirement quotes may change between the date of your quote and when you take your pension. This is why we say quoted figures are an estimate and not guaranteed.

Early retirement (before Normal Pension Age)



If you are not working for BT Group

You can ask for your pension to be paid at any time from age 50 onwards (age 55 if you re-joined the Scheme after 5 April 2006).

If you work for BT Group

With the agreement of BT, at any time from age 55, you may begin to receive your pension and lump sum even though you are still employed by BT. This is known as Flexible Retirement. For details of BT's current policy, go to the Flexible Retirement pages on the BT intranet.

Options

You will also have the Options available to members who retire at their Normal Pension Age. Please refer to the "Options on retirement" section of this booklet for more information.

Ill health early retirement

Deferred members who remain employed by BT, may apply to BT to receive their deferred pension early on ill health grounds if they satisfy BT's medical retirement criteria and leave BT employment.

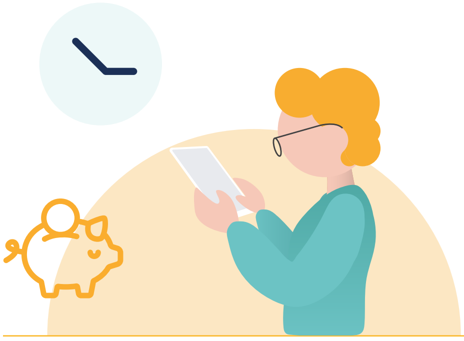
If you have already left employment, you can apply to the Trustee for ill health benefits. The Trustee applies BT's medical retirement criteria, taking account of medical evidence available at the time of the member's application.

If you make such an application and the decision-maker (BT or the Trustee as appropriate) is satisfied that the medical retirement criteria are met, the following benefits would be payable:

- Immediate pension and lump sum;
- No reduction would be applied for early payment on ill-health grounds, subject to the discretion of the decision maker; and
- In very limited circumstances where you have less than one year to live, a serious ill health lump sum may be payable instead of a pension.

If you have left employment with BT and want to apply for ill health early retirement, or a serious ill health lump sum, please contact us.

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, the 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. 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, your pension will be calculated as under the section headed 'Retirement at Normal Pension Age' except that your pension will be reduced by what we call early retirement factors. This reflects the fact we'd be paying your pension for longer. The reduction depends on your age in complete months at the time your pension starts. The scale of the reduction is set by the Trustee, following actuarial guidance, and can vary from time to time.

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 up to your 65th birthday, or your retirement date, whichever is earlier. The amount of the reduction and increases will be calculated using what we call early and late retirement factors.

Late retirement
(after Normal Pension Age)

The 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 Group.

If you have left BT Group

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 and no interest, or late retirement factors, are payable. Annual pension increases will apply for each 1 April between your Normal Pension Date and the date of payment.

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.

If you are still working at BT Group

If you continue in BT employment after age 65 you may defer drawing your pension and lump sum until you leave BT. Your deferred pension would receive increases to reflect the fact we'll be paying your pension and lump sum later.

If you are over Normal Pension Age and want to take your pension and carry on working for BT Group

As a Section B member, you do not need BT's consent to take flexible retirement if you have reached Normal Pension Age, as defined in the BTPS rules (currently age 65). You should submit your application on the BTPS portal using the other grounds option. Having done this you should complete the Flexible Retirement Submission Form (available from BT's intranet) to confirm that you are applying for flexible retirement as a Section B member over the age of 65.

Transferring your BTPS pension to another pension scheme

If you don't want to take your full BTPS benefits and any 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 any 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 the BTPS. You also need to be certain that you can avoid scammers and transfer your benefits safely.

Log in to the portal at **btps.co.uk** and go to the Transfer Out Quote page 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 get advice from 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 **moneyhelper.org.uk**.

Transfer just your AVCs to another scheme

If you have AVCs, you can transfer them to another pension scheme and leave your main benefits in BTPS. Transferring your AVCs into a defined contribution scheme may give you the flexibility to take an income as and when you need it — known as drawdown.

But transferring your AVCs out of 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 our pension quotes factor any AVCs in the figures. So, if you decide to choose an option other than a Standard Scheme benefits option when you retire, and you want to transfer out more of your AVCs than the remaining amount shown on your quote, 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.

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.

Pension scams

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 MoneyHelper website at **moneyhelper.org.uk** 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.

Additional Voluntary Contributions (AVCs)

As a member of the BTPS you had the option to make Additional Voluntary Contributions (AVCs). Details of the Scheme's current AVC funds are on the website at **btps.co.uk/YourAVCs**. You can find out if you have an AVC fund by logging on to the member portal at **btps.co.uk**.

Please note that the value of your AVC fund will depend on a number of factors including the amount of the contributions paid, costs which may be payable on transferring your AVC fund (either between the funds made available by the Scheme or outside the Scheme), the charges payable, the age at which you access your AVC fund, the performance of investments and any cost of converting your AVC fund into an annuity, should you choose to do so.

The terms of the AVC facility are subject to the BTPS Rules and HMRC regulations, which will prevail if there is any conflict with the information in this booklet.

There are a number of options with respect to how you use your AVCs when you come to retire. You can currently use your AVCs to increase your tax-free lump sum, buy a lifetime annuity or transfer them into another pension scheme. Find out more about using your AVCs towards retirement in Your Pension Guide at **btps.co.uk/FormsAndGuides**. As your AVCs are invested, their value can go down as well as up.

Using your remaining AVCs

If your chosen Pension Quote shows you will not use all of your AVCs toward your BTPS pension, you will need to choose how to use any remaining AVCs. Your options are:

1 Take any remaining AVCs as a cash lump sum

If you choose one of the Max tax-free lump sum options, you can 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 would normally be tax-free and the rest will be taxed as income.

Taking this option will reduce the amount you can contribute to your other pension schemes and still earn tax relief.

If you choose this option, it will be classed as flexibly accessing your pension benefits and so will trigger what's called your Money Purchase Annual Allowance. This means that if you (or anyone else on your behalf) make contributions to any defined contribution (DC) pension schemes, you won't be able to pay in more than £10,000 in any tax year without having to pay an extra tax charge. You can find more information about the Money Purchase Annual Allowance at **moneyhelper.org.uk**.

If you exceed the Money Purchase Annual Allowance it will also affect the Annual Allowance which applies to any other types of arrangements you are a member of – including defined benefit (DB) schemes. Your Annual Allowance for such other types of arrangements will be reduced by £10,000.

This option is only available if you have some or all of your Lifetime Allowance available.

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. If you plan to take the cash to invest somewhere else, check what the charges are before you cash in your pension; and
- 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 MoneyHelper.

2 Transfer out or secure your remaining AVCs

You can transfer out your remaining AVCs into another pension scheme. Depending on the amount you have and the provider you choose, you could take cash through drawdown, or buy a lifetime annuity. You can find out more about annuities at **moneyhelper.org.uk**.

There are two ways you can transfer or secure your remaining AVCs:

- Arrange your own transfer into another pension scheme – for example, a personal pension scheme or a pension you have through another employer.
- Buy a lifetime annuity on the open market.

If you decide to use your remaining AVCs in one of the ways explained above, the provider 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 and the rest would be taxed as income.

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

Help with your AVC decisions

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

- Read the MoneyHelper leaflet: Your pension: your choices (available at **btps.co.uk/FormsAndGuides**). 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; and
- Seek guidance from an independent financial adviser (IFA) authorised and regulated by the Financial Conduct Authority (FCA). You can find an IFA on the retirement adviser directory at **moneyhelper.org.uk**.

Your AVCs and tax

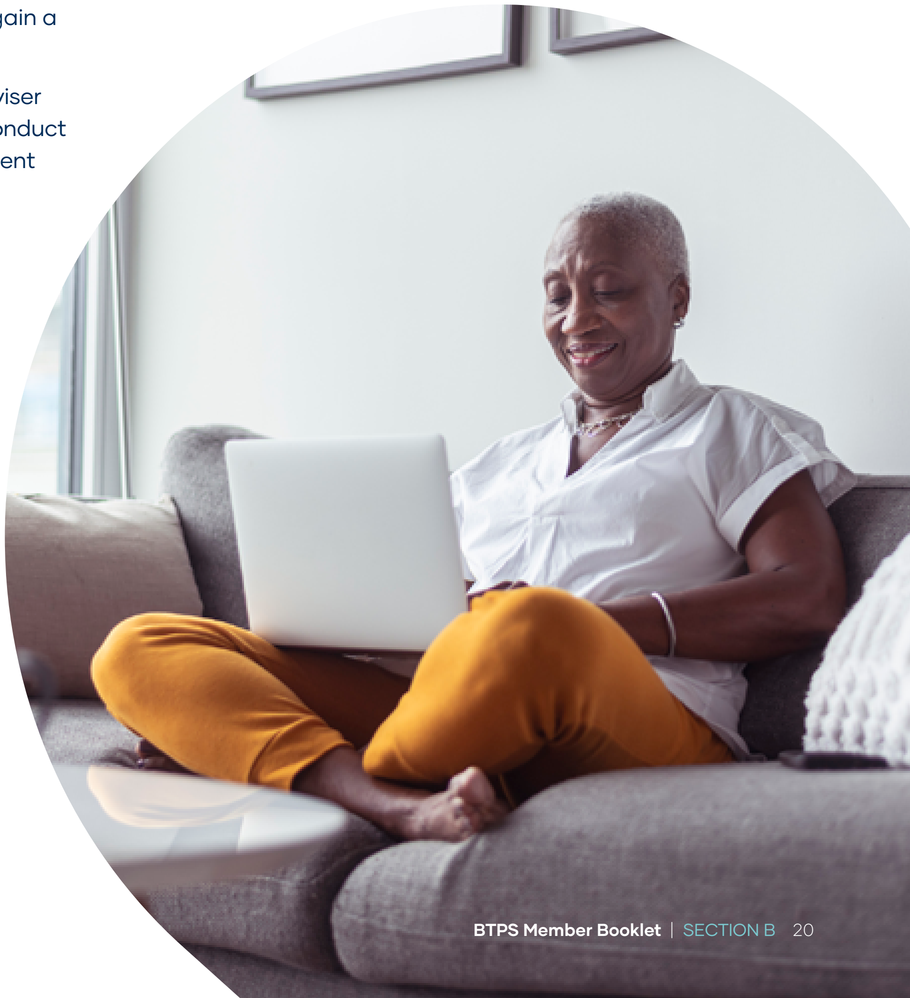
Being well-informed about AVCs is important because your AVC choices can affect the tax you pay. All your income from pensions savings is taxable. The tax you pay will depend on the amount of pension income you get and how much income you get from elsewhere. An IFA or tax adviser will help you understand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

Pension Wise (from MoneyHelper)

MoneyHelper is here to make your money and pension choices clearer. It provides impartial help, backed by government and it's free to use. Whatever your circumstances or plans, online or over the phone, you'll get clear money and pensions guidance, and pointers to trusted services if you need more support.

If you have AVCs, Pension Wise, from MoneyHelper, offers free, impartial guidance about your options in relation to your AVCs. It can be accessed online, by phone or face to face. If you are over 50, you can call Pension Wise on **0800 138 3944** (**+44 203733 3495** from overseas) between 8am and 6.30pm Monday to Friday or book online direct by visiting **moneyhelper.org.uk/PensionWise**.

Pension Wise will only be able to give guidance in relation to your AVCs and not your main BTPS pension. When you contact them, ensure you tell them you have 'AVC DC benefits' with the BT Pension Scheme.



Death in Retirement

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 available on the member portal will show you an estimate of the pension your surviving spouse or civil partner could get. A spouse's or civil partner's pension will be payable for life.

It is usually half of the pension you would have received had you not given up any of your pension for a lump sum. It may be less if you haven't made contributions to increase benefits built up before 1 June 1972.

If you die after five years of your pension starting, your spouse or civil partner will receive an increased pension (equal to your pension) for the first 91 days after your death.

By paying a pension to an adult dependant

If you're not married or in a civil partnership, you may 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.

The Trustee is not legally bound by your nomination but will bear it in mind when deciding how to exercise its discretion in paying a nominated dependant's pension

To nominate an adult dependant, log on to the portal at btps.co.uk then 'My pension' and then 'If I die', and make your nomination online. Such a nomination would remain in force unless you revoke it in writing, marry or enter into a civil partnership.

Remember to keep your nomination up to date if your circumstances change.

In both of these scenarios, if the State Pension Offset applies to your pension (see the Retirement at Normal Pension Age section of this booklet) and if your spouse,civil partner or adult dependant is age 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. BT has a discretion not to apply this reduction.

By paying a lump sum

If you die within five years of your pension starting and before age 75, the Trustee has 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 by going to 'My pension' then 'If I die'. Your beneficiaries for any lump sum, do not have to be financially dependent on you. As any lump sum is paid at the Trustee's discretion, inheritance tax is generally not payable.

Examples of beneficiaries include:

- Widow, widower, civil partner, children, relatives and dependants, or any other person you wish to include on your expression of wish form; or
- A charity whose name and details you have notified in writing to the Trustee.

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 or training and earning below a set level, or
- Over 17, and physically or mentally unable to support themselves.

How much 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 paid to a spouse, civil partner or adult dependant?	Size of child's pension
One	Yes	A quarter of your pension.
Two or more	Yes	Half of your pension, 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.

Children's pensions are calculated without any deduction for the State Pension Offset.

Death in deferment

If you have a deferred pension and die before your Normal Pension Age, your spouse or civil partner and any eligible children will receive benefits.

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

The pension payable to your spouse or civil partner will usually be one half of the pension you would have received at the date of death. It may be less if you haven't made contributions to increase benefits built up before 1 June 1972.

By paying a pension to an adult dependant

If you're not married or in a civil partnership, you may 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.

The Trustee is not legally bound by your nomination but will bear it in mind when deciding how to exercise its discretion in paying a nominated dependant's pension.

To nominate an adult dependant, log on to the portal at **btps.co.uk** and go to My pension and If I die and make your nomination online.

Such a nomination would remain in force unless you revoke it in writing, marry or enter into a civil partnership. Remember to keep your nomination up to date if your circumstances change.

In both scenarios, if the State Pension Offset applies to your pension (see the Retirement at Normal Pension Age section of this booklet) and if your spouse, civil partner or adult dependant 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. BT has a discretion not to apply this reduction.

By paying a lump sum

If you die before age 75 a lump sum death benefit may be payable.

Your beneficiaries do not have to be financially dependent on you. Examples include:

- Widow, widower, civil partner, children, relatives and dependants, or any other person you wish to include on your expression of wish form; or
- A charity whose name and details you have notified in writing to the Trustee.

Any lump sum death benefit payable would be equal to the higher of:

1. 1¼ Final Pensionable Salary;
2. The retirement lump sum which would have been paid if you had been retired on medical grounds at the date you left service;
3. 5 times your deferred annual pension at date of death; or
4. A refund of your member contributions (excluding any contributions attributable to pensions for your Spouse/civil partner or eligible children) with interest at 3% per year compound.

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**. Go to **btps.co.uk** by visiting **My pension** then **If I die**.

Children's pensions

Your dependent child or 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 or training and earning below a set level, or
- Over 17, and physically or mentally unable to support themselves.

The amount of the pension will depend on the number of eligible children and whether there is a surviving spouse, civil partner or adult dependant.

Number of dependent children	Pension paid to a spouse, civil partner or adult dependant?	Size of child's pension
One	Yes	A quarter of the pension you would have received at the date of death.
Two or more	Yes	Half of the pension you would have received at the date of death, split as the Trustee decides.
One or more	No	A third of the pension you would have received at the date of death for one child. Two thirds of your pension you would have received at the date of death for two or more children, split as the Trustee decides.

Children's pensions are calculated without any deduction for the State Pension Offset.

For example

Your pension
£12,000 p.a

Is a Spouse/Civil partner or Nominated Dependent's pension payable?

	1 dependent child	2 or more dependent children
Yes	£3,000	£6,000*
No	£4,000	£8,000*

*split between all eligible children.

*split between all eligible children.

Tax

Lifetime Allowance

The standard Lifetime Allowance is set under legislation and is currently (2023/24 tax year) £1,073,100 for most people. The Lifetime Allowance was the limit on the total value of pension savings you could build up through your lifetime without triggering an extra tax charge of up to 55% (known as the Lifetime Allowance charge).

From 6 April 2023, anyone breaching the current Lifetime Allowance when starting to take money from their pension will no longer face a Lifetime Allowance charge. However, there will still be income tax to pay at your marginal rate.

The maximum tax-free lump sum is usually up to 25% of your total BTPS benefits, provided, in general terms, that it's not more than 25% of the standard Lifetime Allowance you have available at the date your pension is paid.

The government has frozen the amount of tax-free lump sum that can be paid from all of your pensions combined, to 25% of the current Lifetime Allowance, which means a maximum of £268,275. However, individuals with a protected right to take a higher amount of tax-free cash will continue to be able to do so.

The government intends to remove the Lifetime Allowance but there will still be a tax-free lump sum allowance (across all your pensions) of £268,275. Legislation on this is currently due to come into force in time for the 2024/25 tax year. For more information on the Lifetime Allowance visit **moneyhelper.org.uk**.

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. For the 2023/24 tax year, the Annual Allowance is £60,000 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**.

Payment of benefits

Your BT pension payments

We pay pensions on the last working day of the month (usually earlier in December), and we pay in arrears. That means, if you choose, for example, a pension start date of 10 November, your first payment would be in your UK bank account on 30 November and would be pro-rata i.e. 21 days' worth rather than a full month. First pension payments are usually taxed on an emergency tax code, so it can take a month or two for HMRC to align your tax code and for things to settle down to your regular monthly pension amount. Bear that in mind when you are planning your retirement.

If you are also being paid a tax-free lump sum, that will generally be paid on your chosen pension start date (rather than the last working day of the month), assuming it's a working day and not a weekend or Bank Holiday.

Payments to overseas accounts may arrive up to 5 working days after the payment date. Please factor in this timing when setting up any direct debits for household expenses. If you want to receive payments in pounds sterling, please check your bank will accept such payments and be aware they may charge for this service.

You can find details of payment dates on our website at **btps.co.uk/Payments**.

Income tax

Pension payments are treated as earned income for tax purposes. 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**.

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; or
- Your spouse or partner dies — or you separate.

How to contact HMRC

PAYE HMRC
BX9 1AS, UK

0300 200 3300

Quote:

- The BTPS PAYE reference number 914/1 if your pension is in payment;
- Your National Insurance number; and
- 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.

Pension increases in retirement

Once your pension is in payment, pension increases are applied annually to help protect your pension's value and spending power. Pension increases across different elements of a pension vary, depending on inflation and your individual circumstances. The Pension Increases which apply to your pension are set out in the Scheme Rules and legislation.

Your BTPS pension is normally increased each year on or after 1 April. If you've been taking your pension for less than 12 months by April, you'll get a proportionate increase.

Your pension has different components

Pensions are split into different components and the level of pension increase you will receive each year will depend on the split of your pension between each of these components.

For instance:

- If you choose / have chosen an option with Pension Increase Exchange (PIE), you exchanged pension increases on part of your pension for a higher initial pension at retirement (or as part of the special offer period in 2013/2014), then you will have an element of your pension which no longer receives increases; or
- If you built up your pension between 6 April 1978 and 5 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. GMPs also attract pension increases. The increase applied to your GMP may be paid either by the Scheme, the Government through your State Pension, or a combination of both depending on your dates of service and when you reach State Pension age.

Here's how increases work for any increasing pension above GMP:

Most Section B members will have some element of increasing pension in excess of GMP, including all members that left service after 6 April 1997.

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).

Here's a summary of how increases currently 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.

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%	The Government will pay the difference between full CPI inflation increases and the GMP increases paid by us/BTPS. This will be paid through your State Pension.
6 April 2016 onwards	Full CPI inflation increases	N/A

If you are unsure when your State Pension age is, you can check it at **gov.uk/state-pension-age**.

Your State 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, from the DWP, four months before you reach State Pension age, telling you how to do this. If it doesn't arrive, you can claim online at **gov.uk/get-state-pension** or by phoning the government Pension Service on:

Phone: **0800 731 7898**

Relay UK (if you cannot hear or speak on the phone): **18001** then **0800 731 7898**.

Phone lines open Monday to Friday 8am to 6pm (except bank holidays).

For those who reached State Pension age before 6 April 2016

For those who reached State Pension age before 6 April 2016, the State Pension is made up of two parts:

1. Basic State Pension (BSP) – a flat rate pension paid to everyone who has paid the required National Insurance (NI) contributions; and
2. Additional State Pension – an earnings-related pension, known as the State Second Pension (S2P) but previously known as the State Earnings Related Pension Scheme (SERPS). This is calculated for each individual depending broadly on the amount of NI contributions the individual paid during his or her working lifetime.

As a Section B member, up to 6 April 2009 your employment was contracted out of S2P. This means that both you and BT effectively paid lower NI contributions and you did not build up any additional State Pension (except for a small top-up available to certain individuals since 2002).

For those who reach State Pension age on or after 6 April 2016

For those reaching State Pension age on or after 6 April 2016, the State Pension is no longer calculated using the basic State Pension and the Additional State Pension. These elements were replaced by the Single-Tier Pension, also known as the New State Pension. For anyone reaching State Pension age after 6 April 2016, you need to have at least ten years' National Insurance contributions or credits to qualify to claim your State Pension. You need to have paid or been credited with at least 35 years of National Insurance contributions to receive the full State Pension amount. For more information on State Pension visit **moneyhelper.org.uk**.

Contracting out

For Pensionable Service built up before 6 April 1997

The Guaranteed Minimum Pension (GMP) is the minimum pension which must be provided to you by the Scheme. It is broadly equivalent to the pension you would have earned from the State had you not been contracted out of the State Earnings Related Pension Scheme (SERPS) at any time between 6 April 1978 and 5 April 1997.

On your death, your spouse, civil partner or adult dependant will receive a pension at least equal to half your own GMP.

For Pensionable Service built up between 6 April 1997 and 5 April 2009

During this period the Scheme's Actuary had to certify that the Scheme provided a certain minimum level of benefits. In practice, in almost all circumstances, the benefits provided by the Scheme were significantly better than would otherwise have been expected had your employment not been contracted out of S2P between 6 April 1997 and 5 April 2009.

On 5 April 2009, Section B of BTPS stopped being contracted out of S2P.

State Pension forecast

You can obtain a forecast of your State Pension benefits by visiting **gov.uk/check-state-pension**.

Don’t lose your pension to a scammer

If you’re contacted unexpectedly and offered a free pension review, it’s likely to be a scam. Professional advice on pensions is not free.

Most of the companies offering free pension reviews aren’t authorised, but many falsely claim they are. They may also claim that they don’t have to be authorised, as they aren’t providing the advice themselves.

If you get a call out of the blue (a cold call) about your pension, the safest thing to do is hang up. It’s illegal and probably a scam. If you get offers via email, text or social media (including LinkedIn), you should simply ignore them.

If you’re thinking about changing your pension arrangements, you should get financial guidance or advice beforehand. If you want to find an adviser, make sure they’re authorised and regulated by the Financial Conduct Authority to give retirement advice. Never take advice from the company that contacted you, this may be part of the scam. If your transfer value is more than £30,000, the law says you must get advice from an independent financial adviser authorised and regulated by the Financial Conduct Authority before you transfer any benefits.

Find out more about getting financial advice from **moneyhelper.org.uk**.

Warning signs

Pension scams often include:

- a guaranteed better return on your pension savings
- high-pressure sales tactics
- unusual investments, which tend to be unregulated and high risk
- complicated structures, so it isn’t clear where your money will end up
- several groups (some of which may be based overseas) all taking a fee, which means the total amount deducted from your pension is significant

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

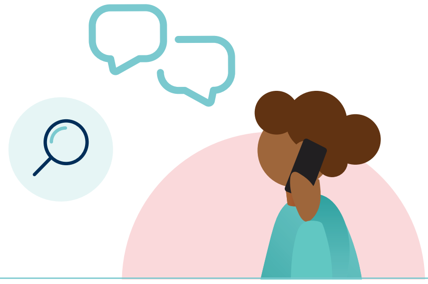
DON’T

- 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 **www.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; and
- Be rushed into a decision because of a ‘time-limited’ offer.

DO

- Reject any unsolicited calls, emails, text messages or visitors to your door. Legitimate companies won’t cold call or contact you out of the blue.
- Get independent advice from a UK-based financial adviser who is authorised and regulated by the FCA and qualified to give advice on pension transfers. Check on the FCA register to ensure your adviser holds a qualification as a ‘Pension transfer specialist’. If you don’t have a financial adviser, you can find one in the retirement adviser directory at **moneyhelper.org.uk**;
- Check where is the adviser located and how easy is it to contact them? Is their address a PO Box or a serviced office? Are they contactable at their registered office? Is it a dedicated landline or just a mobile number? If anything appears to be hidden, be very careful.
- Check any offer against the information on FCA’s Scam Smart website at **fca.org.uk/scamsmart**.

Help and advice



Independent Financial Advice

By law, neither the Trustee, BTPS or BT can give you financial advice.

If you are uncertain about your options, you should think about talking to a financial adviser who's authorised and regulated by the Financial Conduct Authority (FCA). MoneyHelper can help you find one with their retirement adviser directory at **moneyhelper.org.uk**.

BT's retirement advice arrangement

BT Group has negotiated preferential rates with two firms of financial advisers, both regulated by the FCA to provide retirement advice. If you would like to find out more information is available on the 'Where to go for financial advice' page of our website. Visit **btps.co.uk** and go to 'Preparing for retirement'. Of course, the decision to take financial advice and who you choose to help you is a personal decision, and you are free to choose your financial adviser (there is no obligation to use these two financial adviser firms). The BTPS Trustee has not been involved in the selection or appointment of these financial adviser firms. This statement is not a recommendation of the capability of, or the services available from, the two financial adviser firms, but is merely to inform you of the availability of their services.

From MoneyHelper (which includes Pension Wise)

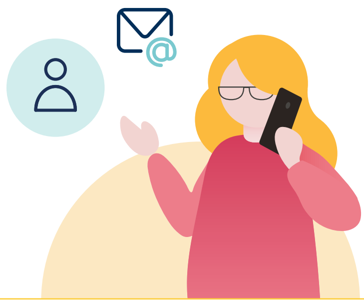
In 2021, the Money and Pensions Service brought its three consumer services together under the new name, MoneyHelper. So, the Money Advice Service, The Pensions Advisory Service (TPAS) and Pension Wise now all come under the MoneyHelper brand.

MoneyHelper is here to make your money and pension choices clearer. It provides impartial help, backed by government and is free to use. Whatever your circumstances or plans, online or over the phone, you'll get clear money and pensions guidance, and pointers to trusted services if you need more support.

We recommend you use MoneyHelper and consider taking financial advice to help you understand which pension option is most suitable to you. If you have additional voluntary contributions (AVCs) or other defined contribution (or money purchase) pensions elsewhere, Pension Wise offers free, impartial guidance about your options in relation to your AVCs. It can be accessed online, by phone or face to face. If you are over 50, you can call Pension Wise from MoneyHelper on **0800 138 3944** between 8am and 6.30pm Monday to Friday or visit the website to book an appointment. If you're outside the UK call **+44 (0) 203 733 3495**.

Visit **moneyhelper.org.uk** for more information.

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**.

Power of Attorney

If you wish another person to be able to deal with BTPS on your behalf, you can nominate a representative by giving them appropriate legal authority, usually in the form of a Lasting Power of Attorney (for property and financial rather than health and welfare purposes). If you make a Lasting Power of Attorney, you will need to register it with the Office of the Public Guardian for it to come into effect.

If you have given your Lasting Power of Attorney to someone, please let us know so we can talk to them about your pension affairs. We will ask you to send us the full original Power of Attorney document, which we will return to you by Special Delivery post. Alternatively, we can accept a solicitor certified copy, stamped and signed on every page. Please note that we are unable to accept photocopies. If you registered your Power of Attorney with the Office for Public Guardian on or after 1 June 2016, you can provide us with your LPA Access code. We may also ask for documents with your attorney's proof of ID.

A Power of Attorney can only be made by an individual who still has mental capacity. If you wish to act for a member who has lost their mental capacity, you can apply to the Court of Protection to make one-off, emergency or long-term decisions on their behalf.

You can find more detail on how to complete and register a Power of Attorney on the government website at **gov.uk/power-of-attorney**.

Alternatively, you can contact the Office of the Public Guardian for more information either by phoning **0300 456 0300** or by email to **customerservices@publicguardian.gov.uk**.

Complaints process

We know things can go wrong from time to time. If that happens, our aim is to resolve your complaint in a fair and timely way.

If you're not happy with the level of service you have received please let us know. You can tell us about your complaint in several ways.

A detailed procedure for resolving any grievance with BTPS is available on our website at **btps.co.uk/Complaints**, with a brief summary outlined below.

Complaints

All complaints should initially be referred to BTPS Member Services, either:

By telephone
Call BTPS in the UK on **0800 731 1919**
Call BTPS overseas on **+44 (0)203 023 3420**

In writing
BT Pension Scheme,
Sunderland,
SR43 4AD

By email
member@btps.co.uk

Online: Go to **btps.co.uk** and complete an online complaint form, either by going to the Contact Us section of the member portal (if you are registered), or from our website at **btps.co.uk/Complaints**.

It's really helpful if you include a clear description of the specific nature of your complaint. We will then investigate your complaint and try and resolve it as quickly as we can.

We'll acknowledge your complaint in writing within two working days. We'll then investigate it and try and resolve it as quickly as we can. We will respond within 10 working days. If we think it'll take longer, or we haven't reached a decision within that 10 days, we'll update you on our progress.

Internal Dispute Resolution Procedure

In the unlikely event that your complaint is not dealt with to your satisfaction by the complaint process, you may then follow the Internal Dispute Resolution Procedure (IDRP), summarised below. Further information is available on **btps.co.uk/Complaints**.

There are two stages to the Scheme's Internal Dispute Resolution Procedure (IDRP):

Stage 1 — Reference to the Secretariat to the BTPS Trustee
You can refer your complaint to the Secretariat under Stage 1 of the IDRP either by letter or by email.

Write to: Service Operations Manager, BTPS, Sunderland SR43 4AD

Email: **member@btps.co.uk** (please address your email to: Service Operations Manager)

In your correspondence you should state that you wish to invoke Stage 1 of the Scheme's IDRP process.

If you ask a representative to write on your behalf, we will need a signed letter of authority from you allowing us to release information to that third party. If a complainant is unable to provide signed authority (e.g. because they are an infant or are incapacitated in some way), the representative should clarify the reasons why and provide appropriate supporting documentation.

Please include the following information when you contact us:

- Your full name, address, date of birth and national insurance number;
- The name and address of any representative acting on your behalf; and
- A statement as to the nature of the grievance or dispute. It is preferable if a personal statement is included (to the extent possible) even if a representative is acting on your behalf.

The Secretariat will normally ensure that you receive a written reply under Stage 1 of the IDRP within four months of receiving your complaint and within 15 working days of a decision being made. If the Secretariat is unable to give you a full written reply within four months, you will be provided with an interim reply stating the reasons for any delay and a date when a full response will be available.

Stage 2 — Reference to the Trustee
If you are not satisfied with the Stage 1 reply from the Secretariat, you may ask for the matter to be considered by the Trustee. Such an application must be made to the Secretariat no later than six months from the date of the full reply under Stage 1 of the IDRP and you should explain in detail why you are dissatisfied with that reply.

Receipt of this second application will be acknowledged and a written reply will be sent to you at the earliest possible date. The Trustee's written reply will be sent to you within four months and within 15 working days of a decision being made. The response will include an explanation of how the decision was reached.

Useful names and addresses

BTPS Member Services

Online: btps.co.uk

Email: member@btps.co.uk

Phone: 0800 731 1919 (+44 (0)20 3023 3420 from overseas)

Write: BTPS, Sunderland, SR43 4AD

The Pensions Ombudsman

The Pensions Ombudsman investigates and decides complaints and disputes of fact or law in relation to the way pension schemes are run. These can be between employers and trustees, or members' disputes that the scheme's own dispute procedure has been unable to resolve.

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London E14 4PU

0800 917 4487

enquiries@pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator provides practical support for work based pension schemes and their trustees. It also has a range of powers to investigate schemes and take action if it believes there is a threat to a scheme or members' benefits. You can read more about the Pensions Regulator's work on its website.

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

www.thepensionsregulator.gov.uk

Pension Tracing Service

If you lose contact with former pension schemes, a tracing service run by the Department for Work and Pensions may be able to help you locate your lost pensions and understand what you can do with them.

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

0800 731 0193

www.gov.uk/find-pension-contact-details

The Trustee

BT Pension Scheme Trustees Ltd
One America Square
17 Crosswall
London
EC3N 2LB

Forms and guides

The following forms, guides and factsheets are available at **btps.co.uk/Support**. There are also a series of videos explaining how your pension works and how to use the BTPS member portal.

- **Change of address form**
- **Change of bank form**
- **Data subject access rights (DSAR) form**
- **Expression of Wish form for the payment of lump sum death benefits**
- **Adult Dependant Nomination form**
- **State Pension Offset factsheet**
- **Portal registration and user guide**
- **AVC transfer guide**
- **Divorce guide**
- **Don't let a scammer enjoy your retirement**
- **Internal Dispute Resolution Procedure**
- **Payslip Guide**
- **Transfer Guide**
- **Understanding your P60**
- **Your Pension Guide (for members with AVCs)**
- **Your Pension Guide (for members without AVCs)**
- **BTPS Scheme Information factsheet**
- **Your pension: your choices (Money Helper)**

You also have the right to request a copy of the Scheme's Rules and of the BTPS Report and Accounts, which is available on the Scheme website at **btps.co.uk/RegulatoryReporting**.

Glossary

The following terms are used throughout the document and the meanings given below should be referred to wherever necessary.

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. 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, Section B 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.

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 or 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. From 6 April 2023 it is £60,000 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. 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, you can use them to buy a lifetime annuity on the open market.

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 Group

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

BTPS

The BT Pension Scheme.

C

Career Average Revalued Earnings (CARE)

On 1 April 2009, Section B 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, up to a maximum of £268,275 (correct as at 6 April 2023).

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.

Consumer Prices Index Housing (CPIH)

CPIH is a measure of Consumer Price Inflation with Housing, which relates to owner occupiers' housing costs (OOH). CPIH measures the average change in prices over time that consumers pay for a range of goods and services, with the addition of housing costs and mortgage payments. The government uses CPIH as its lead 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 markets. 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.

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.

H

HMRC

HM 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 was the limit on the total value of pension savings you could build up through your lifetime without triggering an extra tax charge of up to 55% (known as the lifetime allowance charge). The lifetime allowance is currently £1,073,100 for most people.

From 6 April 2023 anyone breaching the current Lifetime Allowance when starting to take money from their pension will no longer face a Lifetime Allowance charge. However, there will still be income tax to pay at your marginal rate.

The government intends to remove the Lifetime Allowance from April 2024 but there will still be a tax-free lump sum allowance (across all your pensions) of £268,275. Legislation on this is currently due to come into force in time for the 2024/25 tax year.

Lifetime Allowance protections

Because the Lifetime Allowance used to be higher than its current level, 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.

To check the latest government information about the different protections at **gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance**.

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

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.

If you don't take your pension until you are past your Normal Pension Age there may be tax implications for you. Unless you continue to be employed by BT, 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 and no interest is payable.

Getting a potentially large lump sum in one tax year as a result of back payments could mean you have to pay extra tax.

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

Partial transfer

A transfer out of the Scheme of the benefits you built up after 31 March 2009. The remaining benefits you built up before 1 April 2009 would remain within BTPS.

Pension Increase Exchange (PIE)

PIE gives you a higher initial pension in exchange for giving up 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 factsheet available on the member portal at **btps.co.uk**.

Pensionable Service (also known as Reckonable Service)

This is the amount of time you've worked for BT Group 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.

Recycling

This is where a person takes a pension commencement lump sum and uses it to significantly increase contributions to another registered pension scheme. There are HMRC rules that apply to recycling, which are designed to prevent people exploiting tax relief rules.

When the recycling rule applies all or part of the pension commencement lump sum is treated as an unauthorised member payment for tax purposes.

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. 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 if you were an active member of Section B from 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

Tax-free lump sum

Many pension options include the opportunity to take a tax-free lump sum, which, in pension terms is called a pension commencement lump sum, or PCLS. The ability for this to be tax-free is dependent on current tax law.

The maximum tax-free lump sum is usually up to 25% of your total BTPS benefits, provided, in general terms, that it's not more than 25% of the standard Lifetime Allowance you have available at the date your pension is paid.

The government has frozen the amount of tax-free lump sum that can be paid from all of your pensions combined, to 25% of the current Lifetime Allowance, which means a maximum of £268,275. However, individuals with a protected right to take a higher amount of tax-free cash will continue to be able to do so.

The government intends to remove the Lifetime Allowance from April 2024 but there will still be a tax-free lump sum allowance (across all your pensions) of £268,275. Legislation on this is currently due to come into force in time for the 2024/25 tax year. For more information on the Lifetime Allowance visit **moneyhelper.org.uk**.

Trustee

The Trustee of the BT Pension Scheme (BTPS) acts separately from BT plc. It makes 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.

BTPS

Section B Member Booklet October 2023