

**BTPS**

# **YOUR BTPS MEMBER NEWSLETTER 2021: THE GREEN ISSUE**

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**FOR ACTIVE AND DEFERRED, SECTIONS A & B MEMBERS**

# Hello and welcome...

to the 2021 BTPS newsletter for members of the BT Pension Scheme.

It's been a year when the pandemic has driven a rapid acceleration in the use of online services for every aspect of our lives. It's also seen a renewed urgency across the globe about the impact of climate change on the environment. That's why, in this edition, we want to focus on how we can all make a difference. Climate change poses a clear and present threat to the Scheme's ability to meet its long-term commitments, so we believe the time to act is now.

Here at BTPS, we've had a busy 12 months. We've set ourselves ambitious green targets, moved our whole pension administration system into 'the cloud' and launched a new website and member portal.

You'll also notice our new look, which is more than skin-deep as this newsletter is printed on FSC-certified paper to lessen the environmental impact. But we'd like to go one step further, so we are encouraging you to register for the new pension portal and choose to receive your communications from us digitally. Go to "The future is digital" section on page 6 for more information about how you can help us to help the planet.

This year, we completed the triennial valuation and are pleased to have reached an agreement with BT on a funding solution that is fair and affordable. The agreement, together with the ongoing de-risking of the investment strategy, provides an enduring solution, giving us greater confidence that we'll achieve our objectives. More on this on page 4.

Our member panel volunteers have continued to provide invaluable feedback as we continually try to improve our services. We tell you more about how we're using technology to give you more opportunity to have your say and tell us how we're doing on page 7.

Earlier this year, Beryl Shepherd, a colleague on the Trustee Board, made the journey from being a deferred member to a pensioner member and talks to us about her experience.

Finally, I would like to take the opportunity to thank our incredible teams in Chesterfield and London, who have made sure the lockdown hasn't adversely affected the service to you, our members.

To all our staff who have answered your calls, processed your pensions and managed the Scheme's assets from their dining tables, kitchen worktops and spare bedrooms across the country — thank you for keeping the show on the road through these challenging times.

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**Otto Thoresen**  
Chair of the BTPS  
Trustee Board

# Our 2035 net zero goal

As the UK's largest corporate pension scheme, we are acutely aware that how and where we invest matters. This is a responsibility we have always taken very seriously.

We know responsible investment is a topic you care about too. Our most recent member survey in January found that 76% of members expect the Scheme to continue taking the environmental and social impact of the investments it makes into consideration.

In 2020, we amended our core investment principle from prioritising investment returns above everything, to sustainable long-term value creation. This was an evolution in our approach to responsible investment and one of the primary drivers has been the acceptance that climate change is a clear and present risk to the Scheme, not a future risk.

In October 2020, we set an ambitious 2035 net zero greenhouse gas emissions goal. Getting to net zero will involve both reducing emissions from our portfolio and investing in assets that will support the transition towards a low carbon economy.

Our Climate Change Policy has more information about our net zero goal. This year we also published our first Responsible Investment & Stewardship report which provides further detail on our activities in this area and plans for the future. Both are available at [www.btps.co.uk/SustainableInvestment](http://www.btps.co.uk/SustainableInvestment)

While we've made great strides, we acknowledge there is much more we can do, and we're fully committed to playing our part.

## What is "net zero"?

Net zero means achieving a balance between the carbon emitted into the atmosphere, and the carbon removed from it. As a pension scheme, we can do this by reducing emissions from the Scheme's portfolio and investing in assets that will support the transition towards a low carbon economy.



## Join us in conversation with film writer and director Richard Curtis

Film writer and director, Richard Curtis is best known for his films such as *Four Weddings and a Funeral*, *Notting Hill*, *Bridget Jones's Diary*, *Mr Bean* and *Love Actually*.

Richard is also co-founder and vice-chair of Comic Relief and a founding member of Make Poverty History. More recently he's been raising awareness of the important role pension funds can play in tackling climate change as co-founder of **Make My Money Matter**.

Richard said: "Making your pension sustainable is many times more effective at cutting your carbon than giving up flying and becoming a vegan combined! Being part of a net zero aligned pension fund is one of the most powerful things you can do to protect the planet, and your savings and we believe all individuals and all organisations should take action to make their pensions green."

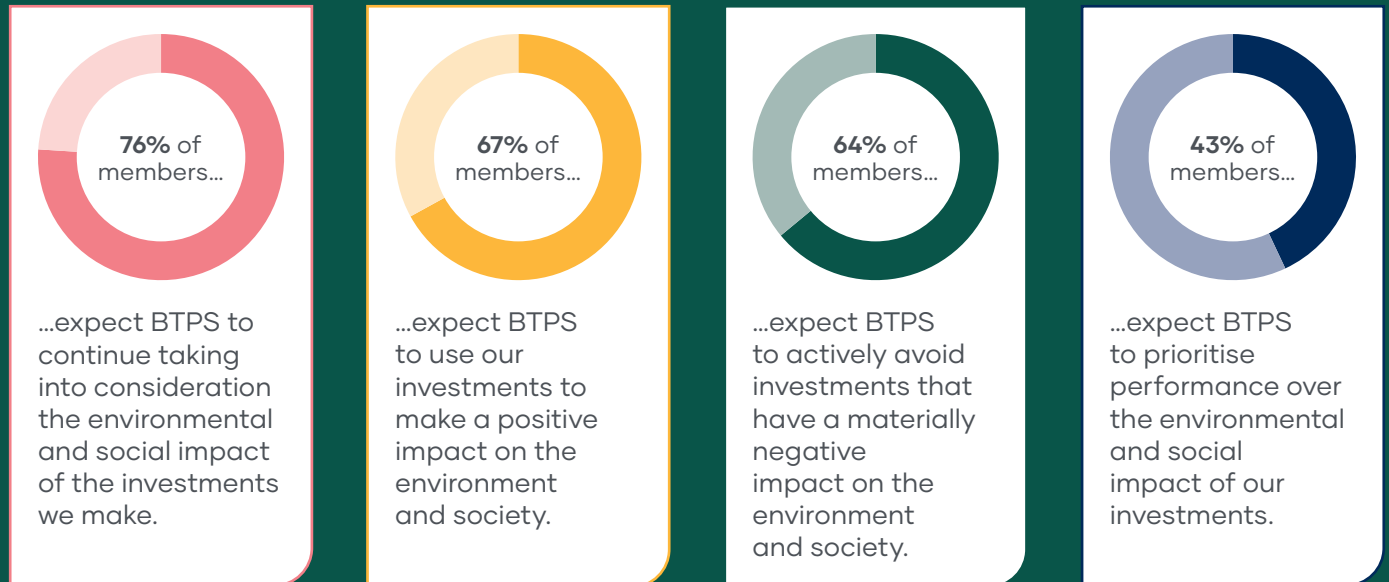
Richard has agreed to join us at an exclusive online event for BTPS members later this year, to discuss climate change and the role of pension funds, while BTPSM CEO Morten Nilsson will talk more about the steps BTPS is taking. For more information and to register for the event visit [www.btps.co.uk](http://www.btps.co.uk)



# Responsible investment

Our Scheme has a long history of being a responsible investor and was a founding signatory of the Principles for Responsible Investment (PRI) in 2006.

We included some questions about responsible investment in our member survey again this year; and our members made it clear that this is of key importance to you, too.



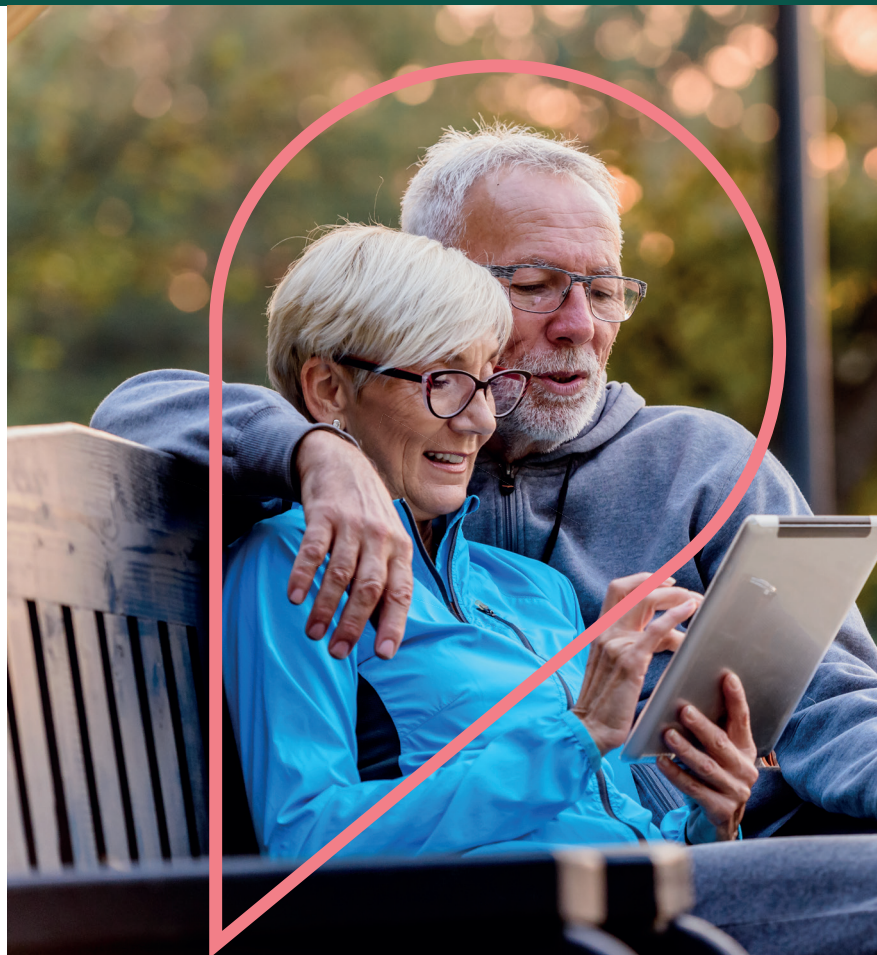
## Replacing RPI with CPIH from 2030

In November 2020, the Government announced that the Retail Prices Index (RPI) would be replaced with the Consumer Prices Index + owner occupiers' housing costs (CPIH) in 2030.

This change won't affect the benefits of members in Sections A or B but it would affect the value of the RPI linked assets BTPS owns.

In April this year, the Trustees of BTPS, along with two other large pension schemes, announced that they are seeking a judicial review of this decision to ensure the far-reaching implications are fully considered.

We will post updates on [www.btps.co.uk](http://www.btps.co.uk) as soon as more information becomes available.



# The 2020 triennial valuation

A formal valuation of the Scheme is carried out to ascertain its funding position every three years, and the 2020 triennial valuation has now been agreed by BT and the BTPS Trustee.

At 30 June 2020 the funding deficit (the gap between the money required to pay out benefits and what is available), was £7.98bn. This was broadly in line with the projected position three years earlier – when the deficit was £11.3bn.

The key driver for the reduction is £4.5bn of deficit contributions. But this is partly offset by an allowance for the reform of the Retail Prices Index (RPI).

## Enduring solution

Otto Thoresen, Chair of the BTPS Trustee, said:

“The Trustee is pleased to have reached an agreement with BT on a funding solution which is fair and affordable.

Good progress has been made since the last full valuation in 2017. The deficit reduction plan is on track with the Scheme set to be fully funded by 2030.

Throughout the valuation process, we’ve worked closely with BT developing and agreeing a solution which allows BT to invest whilst providing the Scheme with upfront funding and additional funding if the deficit increases.

The agreement, together with the ongoing de-risking of the investment strategy, provides an enduring solution giving us greater confidence that we will achieve our objectives.”



## Restoring the funding position

- Contributions from BT totalling £2.7bn between 1 July 2020 and 30 June 2023.
- An additional c£2bn of the deficit met by payments over 13 years, secured on the EE business.
- From 1 July 2023 to 30 June 2030, BT will make payments of £600m p.a. either directly to BTPS or to a new co-investment vehicle.
- Pre-agreed additional payments of up to £200m p.a. to the Scheme to meet any new deficit above £1bn that arises at a future annual review.

The next formal review is expected to be undertaken in the normal way at the 2023 valuation. The Summary Funding Statement explaining more about the valuation is enclosed with this newsletter.

# GMP equalisation

Guaranteed Minimum Pension (GMP) is a minimum level of pension built up between April 1978 and April 1997 to ensure you did not lose out when BTPS contracted-out of the additional State Pension. When a scheme was contracted-out both the Scheme's sponsoring employer and the Scheme's members paid lower National Insurance contributions to the government, on the condition that the Scheme had to provide this minimum level of pension to members. The way GMP is built up and paid is subject to different legal requirements to the other elements of your pension, in particular in respect of the annual increases once the GMP is in payment.

Historically, the State Pension age was 65 for men and 60 for women, and often retirement from workplace pensions was taken at the same time. The GMP payment age is also 65 for men and 60 for women. This meant that men and women built up different amounts in their GMP pot, in some cases causing inequalities between the amounts paid.

In summary, the courts have ruled that it is unfair to pay people different amounts of GMP based on different retirement ages due to their gender, and so pension schemes must try to equalise pension amounts in respect of GMP for everyone impacted.

We expect that members in Sections A and B like yourself are already receiving, or due to receive, equalised benefits and therefore no correction will be required as a result of this court ruling. More details on this are provided below.

## Members reaching State Pension age before 6 April 2016

There is an historic link between BTPS and the Principal Civil Service Pension Scheme (PCSPS) — a public sector pension scheme. The benefits payable under Sections A and certain aspects of Section B of BTPS are the same, or similar, to those payable under the PCSPS. This point is relevant because, in many cases, the GMP payable under public sector pension schemes such as the PCSPS is already considered equalised.

This is a highly technical area of law. However, equalisation will have been achieved in public sector schemes due to the way in which members' pensions are provided with annual increases intended to protect them against inflation. These increases are paid both from the pension scheme itself and through the additional State Pension, which may be payable by the government in respect to members who reached State Pension age before 6 April 2016.

## Members reaching State Pension age on or after 6 April 2016

With effect from 6 April 2016, the State Pension framework changed. In particular, the additional State Pension referred to above was no longer payable to members who reach State Pension age from this date, as a new form of State Pension became payable. However, the government have recently confirmed that they expect the PCSPS to pay full inflationary pension increases on GMPs in payment. Our expectation is that BTPS will be required to do the same.

This was already the case for members reaching State Pension age up to and including 5 April 2021, but it is only recently that government has confirmed their intention to extend this indefinitely. This is a highly technical area of law, and so we have not attempted to explain this in detail. However, in summary, this direction from the government means that GMPs for this group will receive the same annual increases as normal Scheme pension. If both GMP and normal Scheme Pension receive the same level of annual increases, no inequality is created because there is no divergence in the increases payable to men and women at their respective GMP payment ages.

Therefore, our expectation is that generally, members of Sections A and B will already be receiving, or due to receive, benefits on an equalised basis and no correction will be required.

There may be some limited exceptions, in either group above, and we are considering these with our advisers — again, we would expect any such cases to be in the minority. You do not need to take any action as, if anyone is directly affected, we will update them as soon as we can.

# The future is digital!



We've made important commitments as a scheme about our responsibility to reduce our carbon footprint. One of the ways is to reduce the volume of communications we send as paper.

Throughout the pandemic, online communication was the preferred method for many of our members. It's quicker, easier to store and retrieve and is better for the environment. We'd love for more of our members to opt to receive their communications electronically via our secure member portal. By registering for our online portal you can help us reduce the amount of paper we use. Help us help the planet.



## Register for our pension portal

You can register for our member portal and log in from the Homepage of our website at [www.btps.co.uk](http://www.btps.co.uk)

There's a range of information and tools to help you view and manage your pension online with ease. Having registered, your pension communications will be sent to your online document library and we'll email you to let you know this has been done. You can change your communications preference at any time.

We're required to tell you that, if you're registered for the portal, information in relation to transfers out of the Scheme (such as transfer quotations) and retirements (such as retirement estimates) will be provided to you digitally. If you don't want to receive documents or information electronically you can change your communication preference at any time on the portal. Or you can request, in writing, to continue to receive them in paper format.

## Your BTPS pension all in one place

Your new member portal went live in May. Register and you can view and manage your BTPS pension in real time.

Deferred members can use the Pension Calculator to run their own retirement quotes for different ages. Try our lump sum slider to show the impact changing your tax-free lump sum has on the annual pension you'd get. You can also update your personal information at the touch of a button, track your requests online and store all your pension documents in one handy place.

Within just eight weeks of going live, our members had already run more than 100,000 quotes or updated their details online. Why not try it yourself? Register and log on to our member portal today — it's quick, easy and secure.

### How to register

Go to [www.btps.co.uk](http://www.btps.co.uk) and click the Register button.

You'll need:

- Your BTPS membership number (unique pension reference number);
- Your National Insurance number; and
- Your personal email address (which becomes your username).

Your email address is case sensitive, so we recommend you enter it using lower case letters.

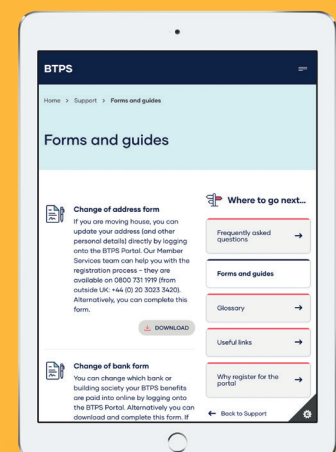
For security, we'll email you a verification code which you can then copy and paste across into the registration screen.

When entering your password, pressing the eye icon will reveal the password to help you type, though you should only do this if you are not in a public space.

There's a handy guide on how to register and log in on our website, just go to [www.btps.co.uk/formsandguides](http://www.btps.co.uk/formsandguides)

Use the portal to:

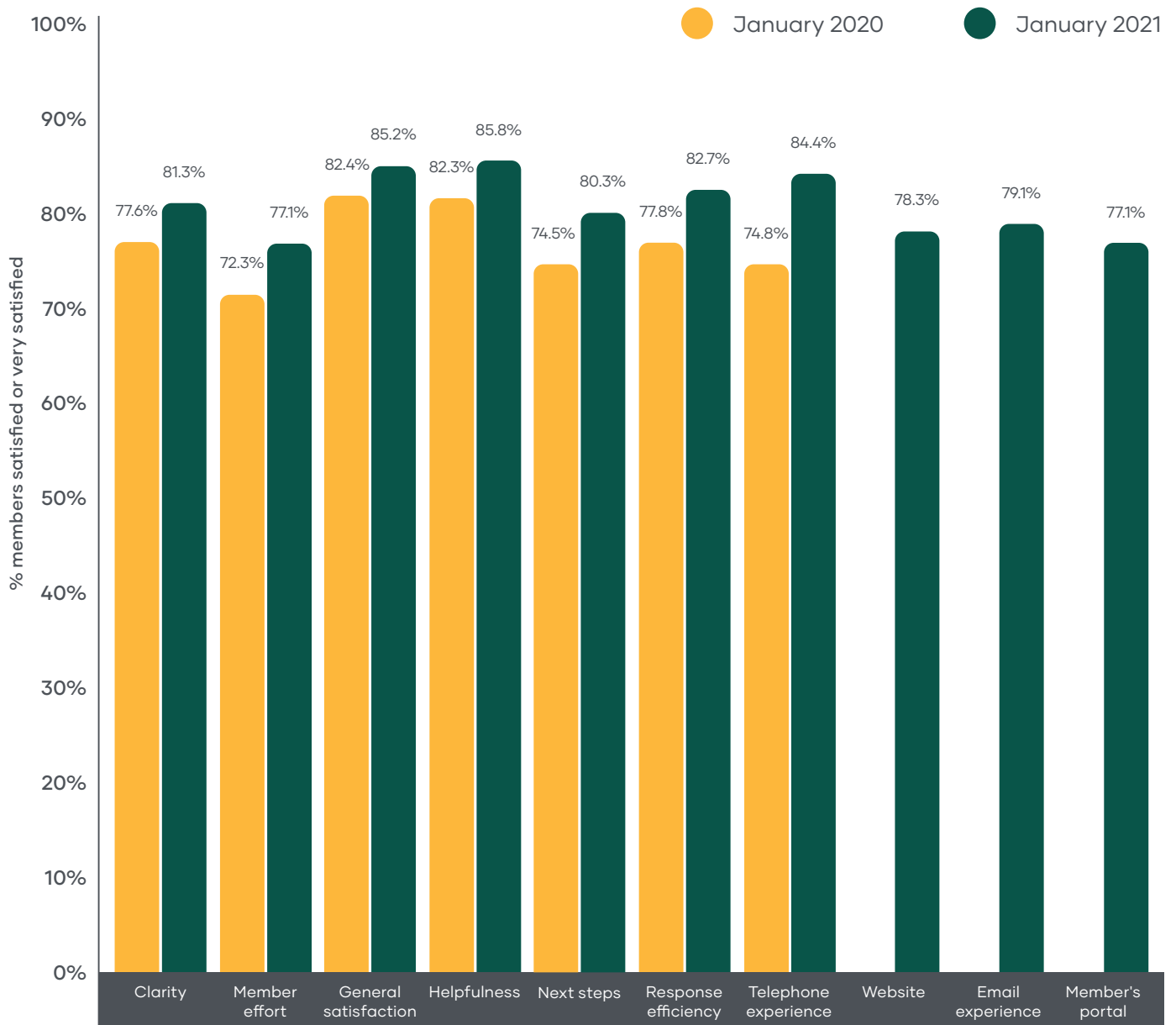
- See what your BTPS pension may be worth when you retire;
- Update your personal information at the touch of a button; and
- Track the progress of your enquiries.



# Talk to us: your feedback

Our annual member survey is a valuable tool in finding out how well we are serving our members. The results show we've built on the significant improvements in member satisfaction reported last year — with another year-on-year improvement in how you rate our service, which is great news.

You told us that the areas we could improve on most were our online services, speed of response and clarity of communications. We listened. In May, we introduced a new member portal to help you get the information you need online. We've also revamped our communications and published a series of short video animations on our website to help with 'unpicking pensions'. Find out more and register for our new portal by visiting [www.btps.co.uk](http://www.btps.co.uk)



To help us to continually improve, we'll be asking for your views if you contact us with a query or make an application. Don't be surprised to receive an email asking you to tell us how we've done. We'd really appreciate it if you could take the time to complete the survey — it's the best way for us to find out where we're doing well and where we can do better.



# Beryl Shepherd:

## from Trustee to pensioner



We chat to former Communications Workers Union (CWU) National Executive Committee member, Beryl Shepherd, whose 41-year BT career has seen her go from billings clerk to BTPS Trustee and, earlier this year, to a pensioner in the Scheme.

### Describe your time at BT

I joined BT, or Post Office Telephones as it was then, in 1978. My first job was in telephone billing in the Middlesbrough office. Later, I got involved with union work, everything from representing workers in personal cases to negotiating contracts of employment and national pay agreements.

It was immensely rewarding. Whilst learning a huge amount about the company, it also cemented my belief that hearing the views of its employees also helps the company. It was my job to represent those views.

### How did you end up in pensions?

Being on the union negotiating team for the 2008 review, catapulted me into the world of pensions. It drove home to me how important a pension is in somebody's life, so when a Trustee role came up it seemed a natural fit. It's been a fascinating 12 years.

### How did you approach your decision to 'retire'?

I was thinking about it for a couple of years beforehand. But, like many people, stepping away from work didn't necessarily mean a step into retirement. I made the decision to take on more responsibilities in other areas of my life, not always income-earning, so I had to work out the right financial balance.

Deciding not just when, but how, to take our BTPS pension is probably the most significant decision many of us will make. Once I started to think about me as the member it became a much more personal journey.

### What did you learn going through the retirement process?

Take all the advice you can get and read everything you can!

I wanted to make sure I chose a pension option that would best allow me to live the life I saw for

myself. Thinking about it in those terms really brought a rather abstract subject into reality and helped me focus. I've never thought of having a 'lifestyle' but had to ask myself how much regular income I wanted access to. For example, what I needed to meet everyday payments like bills, holiday expectations and treats for my grandchild.

### What surprised you most?

The variation in tax-free lump sums available between the standard benefits and maximum lump sum option. It's great that we can choose different options, but this showed quite starkly the decisions we need to make.

I would recommend anyone in the planning stage to go to the Pension Calculator on our new portal and see what your figures are. There's a slider to customise your lump sum between the possible ranges and see how changing it affects your annual pension figure. It's a great planning tool.

(Read more about how to sign up to the portal on page 6.)

### Any tips for our members?

Never be too proud to say, 'I need someone to explain this to me', because it's such a significant decision affecting your future. There is an amazing amount of free guidance from the government's MoneyHelper services and I'd recommend talking to an independent financial adviser — but make sure they are authorised by the FCA.

Check what your partner would get if you die, what State Pension you're entitled to and when, and think about tax — especially if you're carrying on earning while drawing your pension. You can check what State Pension you can expect to get at [www.gov.uk/check-state-pension](http://www.gov.uk/check-state-pension)

### Do you feel different now you're a BTPS pensioner?

Being a BTPS Trustee has meant I've been an active part of the Scheme for a very long time. At some point in the future I'll stop being a Trustee, but I'll always be a member of the Scheme. To me it's kind of like a family as well as being my financial security, so the connection will always affect my life.

# Retirement advice: getting expert help

## MoneyHelper

Since the government's Money and Pensions Service (MaPS) was formed in 2019, it has operated three consumer facing brands: the Money Advice Service, The Pensions Advisory Service and Pension Wise.

These three brands have now been consolidated into one under the new name: MoneyHelper. This now offers consumers a single source of information and guidance where information can easily be found in one place. Go to [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk) for more information.




## BT's retirement advice arrangement — new this year

Thinking about your options at retirement? To support you, BT has negotiated preferential rates with two firms of financial advisers, both of which are regulated by the Financial Conduct Authority (FCA), to provide retirement advice. BT has made this service available to all active and deferred BTPS members. These advisers are not tied to any particular financial product or company and are also independent from BT and BTPS.

You can find out more and register for advice with one of these advisers through their websites below. Your selected adviser will let us know you have registered, and we'll then send you a retirement and a transfer quote, which your adviser will use for your advice consultation.

### HUB PENSION CONSULTING


 **0800 029 3769**  
Monday–Friday, 9am–5pm,  
closed on bank holidays

 [hubpensionconsulting.co.uk/BT](http://hubpensionconsulting.co.uk/BT)

 [retirementadviceBT@hubpc.co.uk](mailto:retirementadviceBT@hubpc.co.uk)

### WPS

ADVISORY

 **0808 145 9874** (UK)  
**0203 282 7998** (Overseas)  
Monday–Friday, 8:30am–5:30pm,  
closed on bank holidays

 [bt.wpsadvisory.com](http://bt.wpsadvisory.com)

 [retirementadviceBT@ukwps.com](mailto:retirementadviceBT@ukwps.com)

Please note that this is an arrangement put in place by BT rather than BTPS. BT has the right to discontinue or amend this arrangement at any time. The BTPS Trustee has not been involved in the selection or appointment of these financial advisers. This note is not a recommendation of the capability of, or the services available from the above two independent financial advisers, but is merely to inform you of the availability of their services.

Remember that the decision to take financial advice and who you choose to help you is a personal decision, and you're free to choose your financial adviser — there's no obligation to use BT's selected advisers. You can find other retirement advisers near you by visiting [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

# Pension scams

Unfortunately pension scams are still on the rise, and members of defined benefit schemes — like you — are prime targets.

Scammers can be polite, professional and articulate. They may have glossy brochures and websites that look legitimate and tempt you with promises of one-off investments, pension loans and upfront cash. To help keep your pension benefits safe, here are some dos and don'ts:



## 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;
- 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 difficult to access;
- Fall for 'guaranteed' returns — there's no such thing; or
- Be rushed into a decision because of a 'time-limited' offer.



## DO

- Speak to an authorised independent financial adviser (IFA) before making a decision that could affect the rest of your life. If you don't have a financial adviser, you can find one at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk), and don't forget that BT have arranged preferential rates with two firms of financial adviser, see page 9;
- Ask MoneyHelper for help if you have doubts. Visit the scams section at [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk); and
- Call Action Fraud on 0300 123 2040 if you think you've been scammed and be sure to let us know too. It may not be too late to stop a transfer if it hasn't gone through.



Find out more and check the FCA's list of known scammers at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart) and remember, if it seems too good to be true, it probably is.

# Getting in touch with us

It's very important that we have your correct contact details. You can change your address, update your contact details and view your pension online using our member portal.

## Register and log in at [www.btps.co.uk](http://www.btps.co.uk)

Whilst the portal is the quickest way to update your details, view your pension options, or request a quote, you can still call, email or write to us:

☎ Call from the UK: **0800 731 1919**  
(Monday to Friday, 8.30am to 5pm excluding bank holidays)

☎ Call from abroad: **+44 203 023 3420**

✉ [member@btps.co.uk](mailto:member@btps.co.uk)

✉ BT Pension Scheme,  
Sunderland  
SR43 4AD\*

\* Please include your name, date of birth and BTPS membership number in any correspondence.

This newsletter is for information purposes only. Your BTPS benefits are always subject to the BTPS Rules and relevant legislation. If there's any difference between the description of benefits in this document and the BTPS Rules or legislation, the BTPS Rules and legislation will take precedence.

How we use your personal information: BT Pension Scheme Administration Limited, 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 Pension Scheme. For more information on how we process your personal data and what your individual rights are under the UK General Data Protection Regulation and Data Protection Act 2018, please read our Privacy Notice at [www.btps.co.uk/PrivacyNotice](http://www.btps.co.uk/PrivacyNotice) or write to BTPS, Sunderland SR43 4AD.

