

1 October 2025 - changes to retirement factors

Your Standard Scheme benefits as at your Normal Pension Age are calculated using a set formula which is based on your salary and how long you were a member of the Scheme while you worked at BT. You can find the formula for your section of the Scheme in your member booklet at btps.co.uk/YourMembership

Your Standard Scheme benefits at Normal Pension Age are not affected by the ups and downs of financial markets or other changes in economic conditions.

In addition to taking Standard Scheme benefits, we offer members the flexibility to retire early or to exchange some of their annual pension for a higher lump sum (known as 'commutation'). To be able to offer these alternative options, we need to calculate the fair value of doing so. For example, if you retire early, we'll be paying your pension for longer than if you waited until your Normal Pension Age, so we need a way to calculate what a fair adjustment would be to reflect this.

In these and other instances, where a member takes anything other than their Standard Scheme benefits, we use what are called actuarial factors to calculate how much members' benefits should be adjusted by. Factors are regularly reviewed and are updated if there are changes in financial conditions.

Factor reviews

The Trustee, with advice from the Scheme Actuary, is required to regularly review the early, late, pension increase exchange (PIE) and commutation retirement factors applied, to reflect influences such as movements in financial markets, changes to life expectancy, and changes to inflation. This is to ensure members retiring today aren't doing so at the expense of members retiring in future.

Factors may go up or down at any time, with no notice. 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, in our retirement communications, we warn that quoted figures are an estimate and not guaranteed. In addition, figures provided for transfer quotations (unless they are within their guarantee period) and trivial commutations may also change because of factor changes.

What has changed?

The 'commutation' factors used to calculate the fair value of exchanging annual pension for a higher lump sum changed, with effect from 1 October 2025.

As a result, retirement quotes generated on or after 1 October are likely to show different figures to quotes generated before that date.

Your entitlement to the Standard Scheme benefits under the Scheme Rules has not changed.