

# BT Pension Scheme (BTPS): Scheme Information factsheet

Here's some technical information about the BT Pension Scheme (BTPS or 'Scheme') that you, your financial adviser or your receiving scheme may need to know. It covers each section of the Scheme. Please make sure you read the relevant parts.

We provide benefits in line with UK laws and the rules of the BTPS. This document is a general summary of information about the Scheme, including certain Scheme benefits. It doesn't confer any additional or separate rights. Your benefits are subject to the BTPS Rules and relevant laws. If there's any difference between what's in this document and the BTPS Rules or legislation, the BTPS Rules and legislation shall take precedence.

## General information

- The BTPS is registered by HMRC under Part 4 Chapter 2 of the Finance Act 2004. It was previously exempt approved under Section 591 of Chapter 1 part XIV of the Income and Corporation Taxes Act 1988. The Pension Savings Tax Reference (PSTR) is 00329251RE.
- The principal company is British Telecommunications Plc (BT plc).
- The BTPS was formerly contracted out of the State Earnings Related Pension Scheme (SERPS) / State Second Pension under the provision of the 1975 Social Security Pension Act. This means in exchange for lower National Insurance contributions, the BTPS was required to provide benefits which were broadly equivalent to those which the member would have built up if they had been contracted into SERPS or the State Second Pension.
- The Employer's Contracting out Number (ECON) is E3003772T. The Scheme Contracted out Number (SCON) is S2761999M.
- With effect from 6 April 2009, members of Section B and C were contracted into the State Second Pension. Members of Section A weren't affected by the change and remained contracted out until 6 April 2016.
- Section A closed to new members from 30 November 1971. Active members, however, continue to contribute and get future benefits.
- Section B closed to new members from 31 March 1986 and closed to future accrual from 30 June 2018.
- Section C closed to new members from 31 March 2001 and closed, for the majority of members, to future accrual from 30 June 2018.
- The BTPS is not being wound up.
- The BTPS is no longer a member of the public sector transfer club. Membership ended on 5 April 1988.

## The Crown Guarantee

When BT was privatised in 1984, the Government provided the BTPS with a special protection in the form of a guarantee. This provides that, in the unlikely event of a winding up of BT Plc, most ongoing contribution obligations of BT Plc to the BTPS would be met by the Government (known as the "Crown Guarantee"). As such, the Crown Guarantee doesn't cover the benefits of individual members but rather enhances the security of member benefits in the BTPS overall.

It is important to emphasise that the Crown Guarantee is only relevant in the unlikely event of a winding up of BT plc and, in such circumstances, would enable the Scheme to receive ongoing contributions, if needed, to fund the payment of benefits.

Any protection that may be provided by the Crown Guarantee won't apply to you if you choose to transfer your benefits out of the BTPS into a different pension scheme. So, you should consider this and other factors before deciding to transfer. The Trustee therefore recommends you take independent financial advice before transferring.

## For Section A and B members

- On Section A, final pensionable salary is calculated as 94% of the member's pensionable salary, including pensionable allowances. Section A Scheme pension is based on 1/80th of final pensionable salary for each year and day of pensionable service, and 3/80ths of final pensionable salary for each year and day of pensionable service for the tax-free lump sum. Members can opt to be treated as if they were members of Section B.
- Section B Scheme pension is based on 1/80th of final pensionable salary for each day of pensionable service up to 31 March 2009, and 3/80ths of final pensionable salary for each day of pensionable service for the tax-free lump sum. The pension on and after 1 April 2009 is calculated on a Career Average Revalued Earnings (CARE) basis, based on 1/80th of pensionable salary. Members can opt to make a lower level of contributions in exchange for a lower benefit based on 1/90th of pensionable salary. The tax-free lump sum built up after 1 April 2009 is effectively three times the total annual CARE pension. Section B closed to future accrual on 30 June 2018.
- Increases to all benefits (including any Scheme lump sum payable) in deferment are made according to the BTPS Rules. The increases are applied annually on 1 April. Pensions are also increased each 1 April once in payment. Once Guaranteed Minimum Pension age is reached (60 for women, 65 for men), Scheme increases continue to be applied only to pension which is more than Guaranteed Minimum Pension (GMP). The increases applied to Guaranteed Minimum Pension depend on the date the member reaches State Pension Age but are subject to a minimum of:
  - o Nil on pre 6 April 1988 Guaranteed Minimum Pension\*; and
  - o Consumer Prices Index (CPI) up to three per cent on post 5 April 1988 Guaranteed Minimum Pension.

\*The government have announced that they expect the Principle Civil Service Pension Scheme (PCSPS), and therefore Section A and B of BTPS, to pay full inflationary increases on GMPs in payment for those who reach State Pension Age after 6 April 2016

- There is no policy of discretionary increases either in deferment or payment.
- When you retire, you may be able to give up the increases on pension built up before 6 April 1997 that is more than the Guaranteed Minimum Pension. This is known as Pension Increase Exchange and would mean a higher starting pension, but a portion of your pension wouldn't be eligible for future increases. Any resulting spouse pension on the higher non-increasing

pension would be based on the higher pension, but the relevant portion of spouse's pension wouldn't be increased.

- For members in Sections A and B, your Scheme lump sum may be converted to provide additional pension when the pension comes into payment. However, for Section B members, only the Scheme lump sum built up before 1 April 2009 can be converted to provide additional pension.
- If you joined the BTPS before 6 April 2006, you can apply for early payment of a pension from age 50 onwards (although this is subject to meeting qualifying criteria). If you are still working for BT, the minimum pension age is 55 (and BT must consent to you drawing your pension and continuing working). You should be aware that if you take your pension early it may be reduced to reflect it being in payment for longer.
- Legislation from 6 April 2010 increased the minimum age that a pension can be taken from a pension scheme to age 55. So, if you joined the BTPS after 5 April 2006 you can't take your benefits from the Scheme until you are 55. The only exception to this is some types of ill health. No pension will be paid early if the reduced pension is lower than the anticipated Guaranteed Minimum Pension at Guaranteed Minimum Pension payment age.
- From 1 October 2025, if you are a Section A or B member, the pension conversion factors for a tax-free lump sum if you retire in normal health are as follows:

Age	Male	Female		Age	Male	Female
50	20	20.1		63	16.2	16.1
51	19.8	19.8		64	15.9	15.8
52	19.5	19.5		65	15.5	15.4
53	19.3	19.3		66	15.1	15
54	19	19		67	14.8	14.6
55	18.7	18.7		68	14.4	14.2
56	18.4	18.4		69	14	13.8
57	18.1	18.1		70	13.5	13.3
58	17.9	17.8		71	13.1	12.9
59	17.6	17.5		72	12.7	12.5
60	17.2	17.2		73	12.3	12
61	16.9	16.9		74	11.8	11.6
62	16.6	16.5		75	11.4	11.2

Be aware these factors be changed by the Trustee at any time. For this reason, a transfer value is likely to be different if we calculate it again at a later date.

- From 1 October 2023, if you are a Section A member who asks for early payment of their pension while retiring in normal health, the following actuarial reductions would apply to benefits increased to the date of retirement:

Age	Section A benefits		Age	Section A benefits
50	0.672		58	0.917
51	0.697		59	0.957
52	0.723		60	1.000
53	0.751		61	-
54	0.78		62	-
55	0.812		63	-
56	0.845		64	-
57	0.88		65	-

Be aware these factors be changed by the Trustee at any time. For this reason, a transfer value is likely to be different if we calculate it again at a later date.

- From 1 October 2023, if you are a Section B member who asks for early payment of their pension while retiring in normal health, the following actuarial reductions would apply to benefits revalued to the date of retirement:

Age	Pre 1 April 2009 benefits	Post 31 March 2009 benefits		Age	Pre 1 April 2009 benefits	Post 31 March 2009 benefits
50	0.672	0.54		58	0.917	0.732
51	0.697	0.559		59	0.957	0.763
52	0.723	0.58		60	1.000	0.796
53	0.751	0.602		61	-	0.831
54	0.78	0.625		62	-	0.869
55	0.812	0.649		63	-	0.909
56	0.845	0.675		64	-	0.953
57	0.88	0.702		65	-	1.000

Be aware these factors be changed by the Trustee at any time. For this reason, a transfer value is likely to be different if we calculate it again at a later date.

## For Section C members

- If Scheme benefits are built up before 1 April 2009, they are based on 1/60th of final pensionable salary for each day of pensionable service. There is no automatic lump sum associated to this period of service. However, there is the option to exchange part of the fully revalued pension for a tax-free lump sum immediately at retirement, provided any Guaranteed Minimum Pension can still be covered at Guaranteed Minimum Pension payment age (60 for women, 65 for men). Under these circumstances, we don't quote tax-free lump sum figures in deferment and we won't provide this, as we consider that sufficient information is supplied with our Transfer Out Quote.
- From 1 April 2009, the pension benefits under Section C built up through Career Averaged Revalued Earnings (CARE), based on 1/80th of pensionable salary. The member could opt to make a lower level of contributions in exchange for a lower benefit rate of 1/90th. The Scheme lump sum built up after 1 April 2009 is effectively three times the total annual CARE pension.
- Section C closed to future accrual for the majority of members from 30 June 2018.
- Increases to all benefits in deferment, including Scheme lump sum, are made according to the BTPS Rules. Pensions are increased each 1 April once in payment. When Guaranteed Minimum Pension age is reached (60 for women, 65 for men), Scheme increases continue to be applied only to pension which is more than Guaranteed Minimum Pension. The increases applied to Guaranteed Minimum Pension are:
  - Nil increases on pre 6 April 1988 Guaranteed Minimum Pension; and
  - Consumer Prices Index (CPI) up to three per cent on post 5 April 1988 Guaranteed Minimum Pension.
- There is no policy of discretionary increases either in deferment or payment.
- When you retire you may be able to give up the increases on pension built up before 6 April 1997 that is more than the Guaranteed Minimum Pension. This is known as Pension Increase Exchange and would mean a higher starting pension, but a portion of your pension wouldn't be eligible for future increases. Any resulting spouse's pension benefits are based on the member's pension before any exchange of pension for a tax-free lump sum.
- Temporary Supplementary Pensions only apply to members who left the BTPS before 1 September 1993 and are payable between the ages of 60 and State Pension Age.
- For any pension that's more than the Guaranteed Minimum Pension (including Temporary Supplementary Pensions where applicable), increases are applied annually. For benefits in deferment, statutory revaluation is applied (with a cap of 5% for benefits built up from 1 April 2009). For benefits in payment, increases are applied on 1 April.
- If you joined the BTPS before 6 April 2006, you can apply for early payment of a pension from age 50 onwards (although this is subject to meeting qualifying criteria). If you are still working for BT, the minimum pension age is 55 (and BT must consent to you drawing your pension and continuing working). You should be aware that if you take your pension early it may be reduced as it may be in payment for longer.
- Legislation from 6 April 2010 increased the minimum age that a pension can be taken from a pension scheme to age 55. So, if you joined the Scheme after 5 April 2006, you can't take your benefits from the Scheme until you are 55. The only exception to this is some types of ill health. No pension will be paid early if the reduced pension is lower than the anticipated Guaranteed Minimum Pension at Guaranteed Minimum Pension payment age.

- From 1 October 2025, if you are a Section C member retiring in normal health, the pension conversion factors for tax-free lump sum are as follows:

Age	Male	Female		Age	Male	Female
50	19.9	20.6		63	15.6	16.4
51	19.6	20.3		64	15.2	16
52	19.3	20		65	14.8	15.6
53	19	19.7		66	14.4	15.2
54	18.7	19.5		67	14	14.8
55	18.4	19.2		68	13.6	14.3
56	18.1	18.8		69	13.2	13.9
57	17.7	18.5		70	12.7	13.5
58	17.4	18.2		71	12.3	13
59	17.1	17.9		72	11.9	12.6
60	16.7	17.5		73	11.4	12.1
61	16.4	17.2		74	11	11.7
62	16	16.8		75	10.6	11.3

Be aware these factors be changed by the Trustee at any time. For this reason, a transfer value is likely to be different if we calculate it again at a later date.

- From 1 October 2023, if you are a Section C member who asks for early payment of their pension while retiring in normal health, the following actuarial reductions would apply to benefits revalued to the date of retirement (please note early retirements between 19 October 2023 and 31 December 2023 will be uplifted to allow for the increase in deferment that members would have received on 1 January 2024 had they not retired early):

Age	Pre 1 April 2009 benefits	Post 1 April 2009 benefits		Age	Pre 1 April 2009 benefits	Post 1 April 2009 benefits
50	0.621	0.511		58	0.897	0.696
51	0.645	0.53		59	0.947	0.727
52	0.671	0.55		60	1.000	0.765
53	0.699	0.571		61	-	0.806
54	0.728	0.593		62	-	0.849
55	0.766	0.616		63	-	0.896
56	0.807	0.641		64	-	0.946
57	0.851	0.668		65	-	1.000

Be aware these factors be changed by the Trustee at any time. For this reason, a transfer value is likely to be different if we calculate it again at a later date.

## Funding and benefits

- The BTPS provides defined benefits on a final salary basis according to a set formula for each Section of the Scheme up to 31 March 2009. The benefits structure for the Scheme Section B and Section C members changed from 1 April 2009. Benefits built up after this date are calculated on a Career Averaged Revalued Earnings (CARE) basis. Section B closed to future accrual on 30 June 2018 and Section C closed to future accrual for the majority of members from 30 June 2018. This is explained further in the scheme booklets available from [www.btps.co.uk](http://www.btps.co.uk)
- The BTPS wasn't affected by the Social Security Act 1985 requiring schemes to increase pensions more than the Guaranteed Minimum Pension from 1 January 1986. This is because increases were already being applied to the excess over the Guaranteed Minimum Pension for Section C members.
- You can convert part of your pension to provide a tax-free lump sum up to HMRC limits. You can use your Additional Voluntary Contribution (AVC) fund towards this if you have AVCs.
- If you have a Guaranteed Minimum Pension under legislation this is payable at 60 for women and 65 for men as part of the main BTPS benefits. Where benefits are due for payment at an earlier age under special retirement terms, this will be indicated on the Transfer Out Quote.
- Normal Pension Age:
  - If you are a Section A or Section B member with no service after 31 March 2009, the earliest age at which you can normally retire with no actuarial reduction is 60. There are a few exceptions to this. The first is when Section A and B members have a special retirement age under redundancy/release terms. In this case, the earlier date will be shown on the Transfer Out Quote. Other exceptions include where early retirement has been granted on the grounds of incapacity or ill health or when the benefits could be paid at any age. Finally, members who have service in certain overseas places and have been granted an earlier special retirement date are also exceptions to this rule.
  - If you are a Section B or Section C member with service after 1 April 2009, 65 is the earliest age at which you can normally retire with no actuarial reduction to the benefits built up on or after 1 April 2009. The exception to this is "GAD Passport" Section C members who can retire at age 60 with no actuarial reduction.
- The BTPS rules allow for commutation of benefits if they are trivial or in cases of serious ill health.
- An allowance has been made in the Transfer Out Quote for the possibility of paying an adult dependant's pension if there is no spouse.

## Transfer Out Quote

- The transfer will be taken from the overall fund and is the cash equivalent value of your benefits.
- The value of any benefit quoted isn't the actual figure due at your Normal Pension Age. It's the value at the date of calculation stated in the Transfer Out Quote.
- Where you've made payments towards an AVC fund, your current AVC fund value will be shown on the Transfer Out Quote. You can transfer your AVCs and leave your main BTPS benefits in the Scheme, but you can't leave your AVCs and transfer out your main scheme benefits. If you intend to treat your AVCs separately, you need to contact Member Services.



- If you've transferred pension rights into the BTPS, this will be shown on the Transfer Out Quote.
- If you've previously been employed by a company that has been acquired by BT, depending on the type of pension scheme operated by your previous employer, the date your service begins will be the date you joined the previous company scheme. For transfer purposes, this is the date employer service begins with all your benefits treated as BTPS benefits rather than transferred in. The transfer value you receive will also reflect this.
- Should you leave and then re-join BT at a later date, the treatment of your benefits will depend on whether you are a member of Section A, B or C and certain other factors. These include the length of time between your two periods of service, whether you have started to take your pension and any options you select (where relevant) on re-joining the Company.
- Your ability to transfer out of the BTPS may be restricted if you left the Scheme before 1 January 1986.

## Actuarial valuation

Every three years, a formal valuation of the pension scheme is carried out. This is referred to as the 'triennial valuation' and is undertaken to ascertain the funding position of the Scheme and, to the extent the Scheme is in deficit, agree the level of contributions payable by BT in order to restore the funding position.

BT and the BT Pension Scheme (BTPS) Trustee have agreed a 2023 pension valuation that provides an enduring solution for BT and BTPS, enabling BT's transformation and investment programmes and helping protect BTPS as it progresses towards a low risk long term investment strategy.

- The funding deficit at 30 June 2023 is £3.7bn, down from £7.98bn at the 2020 funding valuation following £4.36bn of deficit contributions
- The next triennial valuation date is June 2026
- The funding position of the BTPS will not normally affect the transfer value available, unless otherwise stated on the Transfer Out Quote.

More information on the Actuarial Valuation is available at [www.btps.co.uk](http://www.btps.co.uk)

## Guaranteed Minimum Pension / Protected and safeguarded rights

- Members of the BTPS were contracted out of the Additional State Pension under the Scheme before 6 April 2009. The Additional State Pension was previously known as the State Earnings Related Pension Scheme (SERPS) and the State Second Pension.
- If you built up pensionable service between 6 April 1978 and 5 April 1997, the Scheme will normally guarantee to pay you a pension broadly equivalent to what you would have earned had you not contracted out of SERPS between 6 April 1978 and 5 April 1997. This is called the Guaranteed Minimum Pension.
- If you built up pensionable service after 5 April 1997 (until you were no longer contracted out of the Additional State Pension under the Scheme), the Scheme's Actuary has to certify that the BTPS provides a certain minimum level of benefit. This is almost always the case.

- Section A members were contracted out of the Additional State Pension for pensionable service up to 5 April 2016. Section B and Section C members were contracted out of the Additional State Pension for pensionable service before 6 April 2009.
- Any Guaranteed Minimum Pension element of a pension which has not yet come into payment, is revalued according to legislation under what is known as "Section 148 orders". Transfers to schemes using fixed rate revaluation for the Guaranteed Minimum Pension can be made, and the method of revaluation revised, as long as we are notified of this before payment is requested. If a member is allowed to defer receiving their State Pension, they can delay taking any Guaranteed Minimum Pension they may have, provided they make a formal request, and this is confirmed by HMRC.
- The BTPS isn't underpinned by a money purchase element.

## Equalisation of benefits

- The High Court ruled in October 2018 that pension schemes that used to be contracted-out of the State Earnings-Related Pension Scheme must "equalise" the way that guaranteed minimum pensions (GMPs) are treated.
- That means the Trustees must ensure that men and women are provided overall with benefits calculated in a way that ensures there is no sex discrimination. This only relates to certain benefits accrued between 17 May 1990 and 6 April 1997.
- Transfer Value calculations produced from 1 December 2021, take into account the adjustment required to equalise guaranteed minimum pensions (GMPs).

## Death benefits in deferment

- If you're a Section A member, the lump sum benefit is 3/80ths of 94 per cent of pensionable salary for each year and day of pensionable service (regardless of qualifying service).
- If you're a Section B member, the lump sum benefit is the higher of:
  1. The retirement lump sum which would have been payable at the date of leaving service under medical retirement conditions;
  2. 1.25 times Final Pensionable Pay;
  3. Five times the deferred pension (based on unenhanced service); or
  4. A refund of the member's contributions (excluding contributions attributable to survivors' benefits) plus compound interest of 3% each year.
- Lump sum death benefits are payable whether the member is married or single at the date of death. They're in addition to any spouse/civil partner and dependants' benefits that may be payable. The amount due may be reduced if a scheme family benefit debt is outstanding. Lump sum death benefits are payable at the absolute discretion of the Trustee.
- If you're a Section C member, a lump sum will be payable equal to the aggregate of your revalued CARE lump sum (increased to your date of death).

- Whichever section you're in, a spouse/civil partner pension at the rate quoted on the Transfer Out Quote (where applicable) would be payable to your legal spouse/civil partner at the date of your death. If you're unmarried, you may nominate an adult 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. An adult dependant can also describe an adult who wasn't nominated by you, but who was in the Trustee's opinion wholly or partly financially dependent on you.
- The BTPS also provides child/children's pensions where applicable. "Child" is specifically defined under the Scheme's rules and varies depending on the particular section of the Scheme – please see the relevant Scheme booklet for more information about the definitions. The amount of child's pension payable will generally depend on the number of eligible children there are and whether there is a spouse/civil partner/adult dependant's pension to be paid.

### Death benefits in retirement

- For Section A members who die within five years of retirement, the lump sum benefit is the remaining balance (if any) of five times the annual pension in payment at date of death, less any lump sum(s) paid and less any pension payments already made to you since your retirement. A spouse/civil partner/adult dependant or child's pension may also be payable (depending on the particular circumstances).
- For Section B members who die within five years of retirement, the lump sum benefit is equal to the further instalment of pension (excluding future increases) that would have been paid if the member had survived until the end of the five-year period. A spouse/civil partner/adult dependant or child's pension may also be payable (depending on the particular circumstances).
- For members in Sections A and B who die more than five years after retirement, any spouse/civil partner/adult dependants will for the first 91 days receive a pension equal to your pension at the date of your death. After that, in most cases the spouse/civil partner/adult dependant (at the Trustee's discretion) will receive a pension at the normal rate set out in the BTPS rules.
- For Section C members who die within five years of retirement, any spouse/civil partner or – depending on the Trustee's discretion – adult dependant, will receive a pension at the rate payable to the member for the remainder of the five-year period or 91 days if longer.
- For Section C members who die more than five years after retirement, any spouse/civil partner or, depending on the Trustee's discretion, adult dependant, will be paid for 91 days at an amount equal to the rate of pension that was payable to the member immediately prior to their death. This is before these beneficiaries receive their spouse/civil partner, or adult dependant pension.
- For Section C members who don't have a spouse/civil partner or adult dependant, a lump sum equal to the further instalments of pension (excluding increases) that would have been paid if the member had survived until the end of the five-year period will be paid if there are surviving beneficiaries. This is at the Trustee's discretion. After that, the spouse/civil partner or – depending on the Trustee's discretion – adult dependant, will receive a pension at the normal rate set out in the BTPS rules.
- For benefits built up after 5 April 2009, a State Pension Offset will be deducted from pensions payable to a spouse or civil partner of Section B and C members in certain circumstances.

- The BTPS also provides child/children's pensions in certain situations. "Child" is specifically defined under the BTPS rules and varies depending on the particular section of the Scheme. Please see the relevant Scheme booklet for more information about the definitions for each section. The amount of child's pension payable will generally depend on the number of eligible children there are and whether there is a spouse/civil partner/adult dependant's pension to be paid.