

# **BT PENSION SCHEME SECTION C**

*Explanatory booklet for  
Members who joined after 31 March 1986*

**BT PENSION  
SCHEME**



## INTRODUCTION

This booklet has been prepared for BT people who entered BT employment on or after 1 April 1986 and who are therefore members of Section C of the BT Pension Scheme. It provides a summary of the main benefits available from the Scheme and some details about the way the Scheme works. The booklet is not intended to be comprehensive and any explanation in it is subject to the Trust Deed and Rules which govern the Scheme.

If at any time you have any pension problems or questions about the Scheme you should contact the BT Pensions Centre. Details are given on Page 22.

You may find it useful to refer to the “Terms Used” section at the front of this booklet when reading the text.

This booklet reflects BT Pension Scheme benefits and pensions and taxation law and practice as at April 1999. However, these can change at short notice.



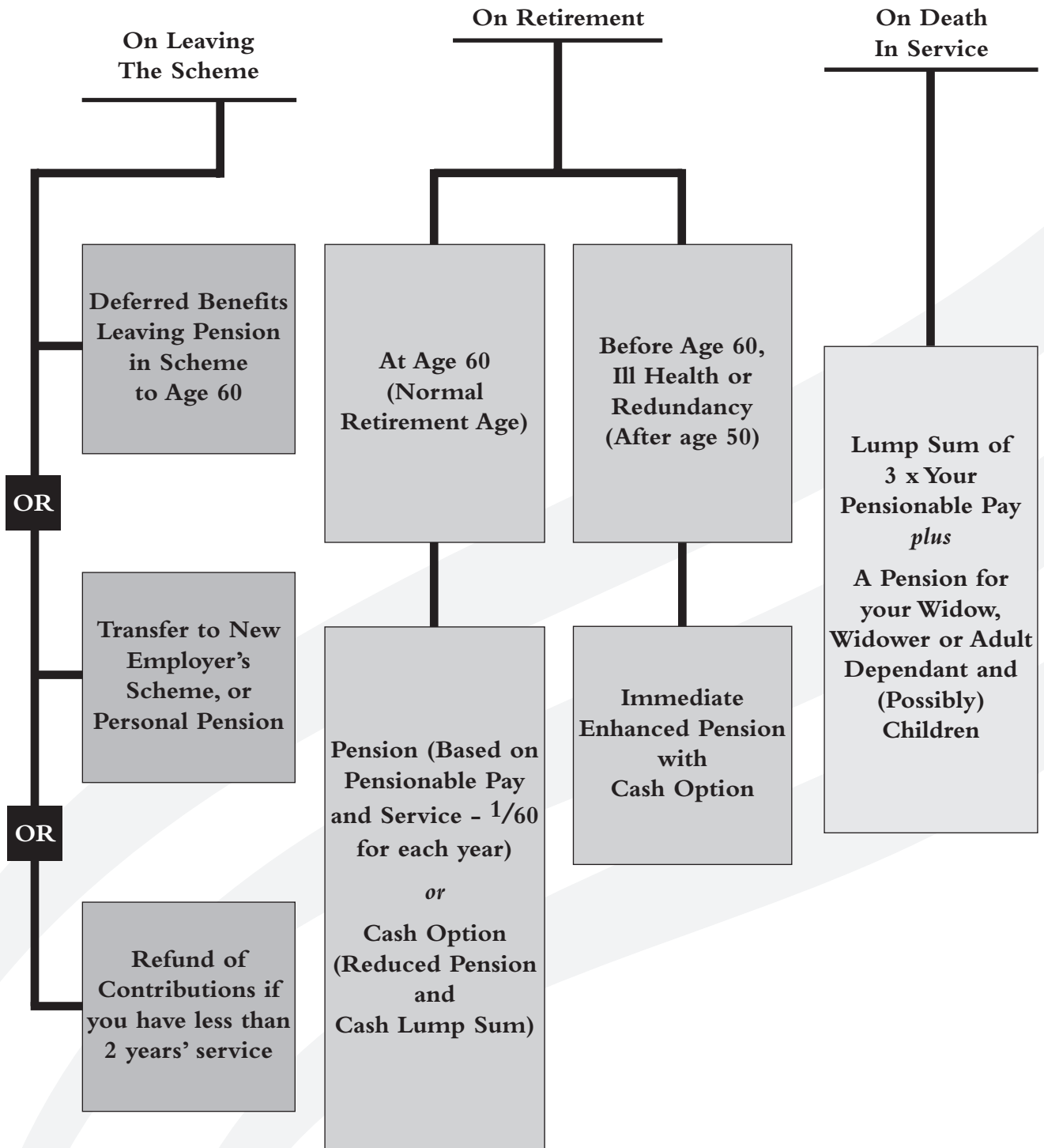
## TERMS USED

The following terms are used throughout this booklet and the meanings given below should be referred to whenever necessary:

<b>Actuary</b>	An independent person or firm who is professionally qualified to give advice as to the financial position of the Scheme. The Actuary will also give advice regarding the future funding of the Scheme and other financial matters.
<b>Adult Dependant</b>	Any adult person who, in the opinion of the Trustees, is financially dependent on the member, both at the date of the nomination and immediately before the death of that member.
<b>BT</b>	British Telecommunications plc.
<b>BTPS</b>	B T Pension Scheme.
<b>Company</b>	British Telecommunications plc and/or any subsidiary or associated companies whose employees are admitted to the Scheme.
<b>Dependent Child/Children</b>	Any child who is dependent on the member and is under the age of 17 or under 25, if in at least 2 years' full time education or training, or who is physically or mentally incapable of self support. Children include the member's offspring (whether legitimate or illegitimate), adopted children, step-children and, in certain circumstances, children for whom the member is acting in the position of a parent.
<b>Normal Retirement Age</b>	Age 60 for men and women.
<b>Pensionable Scheme Salary</b>	Your highest level of Scheme Salary over any continuous 12 month period in the last 3 years of Scheme membership, subject to the permitted maximum allowed as pensionable salary by the Inland Revenue earnings 'cap' (£90,600 at April 1999).
<b>Pensionable Service</b>	Most of your benefits are based on your Pensionable Service which normally comprises:-  Your service while a member of the BT Pension Scheme and any of its predecessors  <i>plus</i>  any service purchased within the Scheme by payment of a transfer value from another scheme. Pensionable Service is calculated using completed years and days.
<b>Qualifying Service</b>	The type of service which, according to its length, will qualify you for benefits under the BT Pension Scheme. Qualifying Service is for most purposes the same as Pensionable Service.
<b>Scheme</b>	Pension Scheme.
<b>Scheme Salary</b>	Your basic annual pay including any London weighting and certain other allowances but excluding overtime payments.
<b>SERPS</b>	State Earnings Related Pension Scheme
<b>Spouse</b>	Your legal wife or husband at the date of death (i.e. Widow or Widower)



## SUMMARY OF SCHEME BENEFITS



Note:

1. All pensions are increased each April.
2. You may increase your potential pension by paying extra contributions (see Additional Voluntary Contributions).

## CONTENTS

BT Pension Scheme .....	5
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### Membership

Joining and Leaving .....	6
Contributions .....	7

### Your Benefits at and After Normal Retirement

Normal Retirement .....	8
Death in Retirement .....	9

### Your Benefits Before Normal Retirement

Ill-Health .....	10-11
Leaving the Scheme .....	11-13
Redundancy (Not Special Release arrangements) .....	13
Death in Service .....	13-15

### Payment of Your Scheme Benefits

Your BT Pension .....	16
Death Benefit .....	16
Adult Dependant .....	16
Surrender of Part Pension .....	16
Pension Increases .....	17

### Other Information

State Pensions .....	18
Part-Time Employees .....	18-19
Extra Pension Benefits .....	20
Use of Benefits as Security, etc .....	20
Any Questions or Problems .....	21
Contacting the Pensions Centre .....	22
Additional Booklets Available .....	22



## BT PENSION SCHEME

The BT Pension Scheme is one of the largest in the United Kingdom, both in the number of contributing members and pensioners and the amount of investments. Membership is voluntary but most Company employees are members.

The Scheme is managed by nine Trustees who, although appointed by BT, must act independently of BT on behalf of all the membership and in their best interests at all times.

The Chairman of the Trustees is appointed after agreement with the BT Unions. At present, two of the four Company Trustees are independent of BT. The four members' Trustees are appointed by BT on the nomination of the BT Unions after consultation with The National Federation of PO and BT Pensioners.

Trustees are appointed for a three year term and are then eligible for re-appointment.

The Trustees usually meet monthly. They are responsible for the investments which are managed mainly by Hermes Pensions Management Limited (HPM), a company owned by the BTPS Trustees.

Administration of the membership records and the payment of pensions is carried out by the BT Pensions Centre at Chesterfield, working on behalf of the Trustees. The Secretary to the Trustees and the Secretariat staff are based in London. Their address may be found on page 22 of this booklet.

A shortened version of the main Report and Accounts of the Scheme is sent to all members and pensioners each year - a copy of the main Report is available from the BT Pensions Centre on request. The Report contains the audited accounts and details of the performance of the investments, as well as information about the Trustees. The annual audit is carried out by the Scheme's independent auditors.

The Scheme's Actuary, Watson Wyatt Worldwide, prepare a valuation, at least every three years, of the assets (the investments) and the liabilities (the benefits provided to members and pensioners) to monitor the financial health of the Scheme. If there was a deficit BT would, under the Rules of the Scheme, legally have to ensure that it was rectified by extra employer's contributions in accordance with the Actuary's advice. The Scheme Trust Deed does not allow BT to terminate the Scheme although it may be amended from time to time with the agreement of the Trustees.

The BT Pension Scheme has been approved by the Inland Revenue under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988. This means that under current legislation, no tax is paid on the contributions made by the members and BT, and that the Scheme's investments enjoy valuable tax exemptions. The lump sums payable on death or at retirement are currently tax free but pensions are taxed as income - just like wages. The Scheme, however, in return for these tax concessions is required by the Inland Revenue to comply with strict limits on the amounts of pension and other benefits payable on death, leaving service and retirement .

For members who joined the Scheme after 31 May 1989, the permitted maximum scheme salary on which contributions may be paid and benefits calculated is restricted to the Inland Revenue's earnings 'cap' (£90,600 at April 1999) and may be reviewed annually by the Government.

On 1 April 1986 the BT Staff Superannuation Scheme (BTSSS) was closed to new members and the BT New Pension Scheme (BTNPS) was set up for all new BT employees.

On 1 January 1993 the BTNPS and BTSSS were merged and renamed the BT Pension Scheme (BTPS). New members after 1 April 1986 are Section C members of BTPS.



## MEMBERSHIP

### Joining and Leaving

This booklet relates specifically to the Section C Rules of the Scheme.

You are eligible to join Section C if:-

- you are an employee of British Telecommunications plc or an associated participating employer and your contract of employment does not exclude you from membership of the Scheme; and
- you are aged 18 or over but are not yet age 55.

If you have already reached age 55 you may be eligible for membership if a transfer payment can be paid in respect of benefits earned with another pension scheme. The BT Pensions Centre will be able to advise you.

On joining the Company you will automatically be admitted to the Scheme when you are eligible. Therefore, if you do not wish to join the Scheme, you must formally opt out at the appropriate time. If you choose not to join the Scheme, you may be permitted to join at a later date but only with the agreement of the Company. For further information about opting out of the Scheme, please contact the BT Pensions Centre and request an opting out booklet.

Should you wish to leave the Scheme without leaving the Company, you may do so as soon as this can be arranged. Rejoining is only allowed with the agreement of the Company. Permission to rejoin the Scheme will normally be given by the Company if you can (at your expense) provide satisfactory evidence of good health and are aged under 45.

*Arrangements will not be made to opt you out of the Scheme until the Pensions Centre receive your completed opting-out request form contained within the booklet.*

#### **Transfer of Benefits to the Scheme**

If you were a member of another pension scheme before you joined the Scheme and you have pension benefits preserved in that scheme, then you may be able to transfer the value of those benefits into the Scheme. You should advise the BT Pensions Centre of your interest in a transfer to the Scheme as soon as possible after joining the Company.

A transfer takes the form of a payment from your previous scheme to the BT Pension Scheme which is converted into a period of Pensionable Service in the BT Pension Scheme. A transfer is accepted at the discretion of the Trustees.

*For further information please write to Membership Services at the BT Pensions Centre.*

## Contributions

### Your Contributions

Your contributions towards the cost of the Scheme's benefits are at the rate of 6% of your Scheme Salary. Your contributions are deducted directly from your pay and qualify for full tax relief under current legislation. You also pay National Insurance contributions on your earnings but as the Scheme is contracted-out of SERPS, they are at a reduced level determined each year by the Government.

You will stop paying contributions to the Scheme if you leave the Company or when you retire or after 40 years of Pensionable Service, whichever is earlier. Your contributions will also cease if you choose to opt out of the Scheme without leaving the Company.

### The Company's Contribution

As your contributions are not enough to provide for the Scheme benefits, the balance of the cost of providing them is met by the Company based on the recommendation of the Actuary. The Trustees' Annual Report and Accounts show how much the Company has contributed.

### Additional Voluntary Contributions

You may also pay extra contributions in order to improve your benefits at retirement. Further details can be found on page 20.

### Unpaid Leave or Absence

Any period of unpaid leave granted to you or of unpaid absence by you will not count as Pensionable Service unless on your return to work you pay all contributions which are due for that period. This needs to be agreed within three months of your return to work.

### Maternity Leave

Where a member is on paid maternity leave, the period will be pensionable and contributions deducted normally. On return to work, the member has the option of paying pension contributions to cover any period of unpaid maternity leave.

## YOUR BENEFITS AT AND AFTER NORMAL RETIREMENT

### Normal Retirement

If you retire from your employment with the Company at Normal Retirement Age with at least 2 years of Qualifying Service you will be entitled to an annual pension from the Scheme based on your Pensionable Service and Pensionable Scheme Salary

You will receive an annual pension from age 60 payable for life equal to:

$$\frac{1}{60} \times \text{Pensionable Scheme Salary} \\ \times \text{Pensionable Service}$$

	Example 1	Example 2
Age at retirement:	60	60
Pensionable Scheme Salary:	£15,000	£20,000
Pensionable Service:	28 years	36 years
<b>Normal Retirement Pension</b>	$\frac{1}{60} \times £15,000 \times 28$ <b>= £7,000 per annum</b>	$\frac{1}{60} \times £20,000 \times 36$ <b>= £12,000 per annum</b>

*Note: Pensionable Service is subject to a maximum of 40 years.*

### Optional Cash Lump Sum

If you wish, you may at retirement choose to exchange a part of your pension for a cash lump sum based on the full value of the amount of pension you have given up. Under current tax legislation, the payment will be tax free. The maximum lump sum will depend upon your service with the Company and your earnings but this will normally be:

$$\frac{3}{80} \times \text{years of BT service} \times \text{last year's} \\ \text{annual earnings}^*$$

*\*Note: For members who joined after 31 May 1989, the maximum earnings allowed will be restricted by the earnings 'cap' (£90,600 at April 1999).*

Any conversion of pension to cash will reduce the amount of your future pension and pension increases, but not any widow, widower or dependant's pension. However, your pension must be sufficient to cover the Guaranteed Minimum Pension under the Government's requirements for contracting-out of SERPS.



## Death in Retirement

### Widow, Widower or Adult Dependant's Pension

#### In the first 5 Years of Retirement

If you were to die within 5 years from the commencement of your pension, your Widow, Widower or Adult Dependant will receive a pension, equal to the pension received by you before your death, for the remainder of the 5 years.

#### After 5 Years of Retirement

If you die after this first 5 year period, your Widow, Widower or Adult Dependant will receive a pension, equal to your pension, for 91 days after your death.

Immediately following the period of up to 5 years or 91 days, as the case may be, your Widow, Widower or Adult Dependant will then receive a pension equal to  $\frac{1}{2}$  of the pension received by you immediately before your death. If you had converted any part of your pension to a cash lump sum, such conversion will be ignored for this purpose. This Pension is payable for life, irrespective of any change in the payee's circumstances.

#### Note:

*Under the Rules of the Scheme, if your Widow, Widower or Adult Dependant is more than 10 years younger than you, then the amount payable may, in exceptional circumstances (such, perhaps, as a very recent marriage with a large age discrepancy) be reduced at the Trustees' discretion. The maximum reduction is 2  $\frac{1}{2}$ % for each year by which the difference in ages exceeds 10 years.*

### Children's Pensions

If on your death whilst in receipt of a pension you leave a Dependent Child or Children (see definition), a pension will be payable for that child or those children. The amount of the pension will depend on the number of eligible children and whether there is a surviving Widow, Widower or Adult Dependant (please see page 15 for details of calculation).

## YOUR BENEFITS BEFORE NORMAL RETIREMENT

### Ill-Health

If you are unable to continue work due to serious ill-health or disability and have at least 2 years of Qualifying Service, you may be eligible for an immediate pension from the Scheme. Subject to satisfying the Company's medical retirement procedures, you will receive an immediate ill-health pension as described below. An ill-health pension may be suspended or reduced, at the Trustees' absolute discretion, until Normal Retirement Age if you recover sufficiently and begin paid work again.

#### **If you have completed at least 2 but less than 5 years of Qualifying Service**

You will be entitled to receive an immediate ill-health pension equal to:

$$\frac{1}{60} \times \text{Pensionable Scheme Salary} \times \text{Pensionable Service} \\ \text{plus} \\ \frac{1}{120} \times \text{Pensionable Scheme Salary} \times \text{potential service to Normal Retirement Age} \\ \text{(up to a maximum of 20 years)}$$

	Example 1	Example 2
Age	35	51
Pensionable Scheme Salary	£20,000	£20,000
Pensionable Service	3 years	3 years
Potential Service to age 60	20 years (maximum)	9 years
<b>Pension Payable</b>	$\frac{1}{60} \times £20,000 \times 3$ <b>= £1,000 per annum</b>	$\frac{1}{60} \times £20,000 \times 3$ <b>= £1,000 per annum</b>
<b>Plus</b>	$\frac{1}{120} \times £20,000 \times 20$ <b>= £3,333</b>	$\frac{1}{120} \times £20,000 \times 9$ <b>= £1,500</b>
<b>Total Pension Payable</b>	<b>£1,000 + £3,333</b> <b>= £4,333 per annum</b>	<b>£1,000 + £1,500</b> <b>= £2,500 per annum</b>

#### **If you have completed at least 5 years of Qualifying Service**

You will be entitled to receive an immediate ill-health pension equal to:

$$\frac{1}{60} \times \text{Pensionable Scheme Salary} \times \text{Pensionable Service} \\ \text{plus} \\ \frac{1}{80} \times \text{Pensionable Scheme Salary} \times \text{of potential service up to Normal Retirement Age}$$

	Example 1	Example 2
Age	46	36
Pensionable Scheme Salary	£20,000	£20,000
Pensionable Service	12 years	12 years
Future Service to age 60	14 years	24 years
<b>Pension Payable</b>	$\frac{1}{60} \times £20,000 \times 12$ <b>= £4,000 per annum</b>	$\frac{1}{60} \times £20,000 \times 12$ <b>= £4,000 per annum</b>
<b>Plus</b>	$\frac{1}{80} \times £20,000 \times 14$ <b>= £3,500</b>	$\frac{1}{80} \times £20,000 \times 24$ <b>= £6,000</b>
<b>Total Pension Payable</b>	<b>£4,000 + £3,500</b> <b>= £7,500 per annum</b>	<b>£4,000 + £6,000</b> <b>= £10,000 per annum</b>

### **If you have completed less than 2 years of Qualifying Service**

You will be entitled to receive benefits which will be the same as those described in “**LEAVING THE SCHEME**” below.

#### **Optional Cash Lump Sum**

Before commencement of any ill-health pension to which you may become entitled, you may be able to convert part of that pension to a tax-free cash lump sum payable on the date when payment of the pension is due to commence. See page 8 for further details of the optional cash lump sum.

## **Leaving the Scheme**

If you leave the scheme before Normal Retirement Age, you will have a choice of two benefits. The benefits depend upon your length of service.

### **If you have completed 2 or more years of Qualifying Service, or you transferred benefits to the Scheme from a personal pension.**

You may either:

- Leave your benefits in the Scheme

This is known as a deferred pension, and is equal to:

$$\frac{1}{60} \times \text{Pensionable Scheme Salary} \times \text{Pensionable Service}$$

This benefit will be retained in the Scheme until your Normal Retirement Age and increased in line with the Scheme’s pension increase arrangements (see page 17).

*or*

- Transfer your benefits to your new employer’s scheme, a personal pension or an individual “buy-out” policy

A transfer payment can be made at any time after you leave and up to one year before your normal retirement age. The transfer payment is the cash value of your benefits, and is set by the Scheme’s Actuary. It does not take into account any discretionary pension increases.

If you want to investigate this option, you will be provided with a written transfer statement on request.

### **If you have completed less than 2 years of Qualifying Service**

You may choose either:

- A refund of your contributions to the Scheme plus interest. The refund will be reduced by the amount payable to the Department of Social Security to reinstate you in SERPS and income tax deducted at a special rate, currently 20%.

*or*

- Transfer your benefits to your new employer's scheme, a personal pension or an individual "buy-out" policy

The transfer payment is based on the value of your contributions, plus interest.

### **Early Payment of Benefits**

An actuarially reduced pension is available to deferred pensioners from the age of 50, irrespective of the reason for the cessation of scheme membership.

The Trustees have discretion to pay a deferred pension in full at anytime in the case of ill-health or disability. The Trustees may also pay a pension early on compassionate grounds, but only if you are over age 50.

If you would like more information about any of the above circumstances please contact the Pensions Centre.

### **Optional Cash Lump Sum**

You may be able to convert part of your pension to a tax-free cash lump sum payable on the date when payment of the pension is due to commence. See page 8 for further details of the optional cash lump sum.

### **Death After Leaving With Deferred Pension Entitlement**

If you leave the Scheme before Normal Retirement Age with entitlement to a deferred pension and you die before that pension becomes payable (normally at age 60), your dependants will receive the following (but see NOTE on page 13 where you have no dependants at the time of your death):

#### **Widow, Widower or Adult Dependant's Pension**

An immediate pension equal to  $\frac{1}{2}$  of the pension you would have received if the deferred pension had come into payment immediately before your death.

*Note: See Note following 'Death in Retirement' - "Widow, Widower or Adult Dependant's Pension" on page 9.*

#### **Children's Pensions**

- If there is a surviving Widow, Widower or Adult Dependant and one Dependent Child, an immediate pension equal to  $\frac{1}{2}$  of the Widow, Widower or Adult Dependant's pension will be payable in respect of that child.



- If there is a surviving Widow, Widower or Adult Dependant and more than one Dependent Child, an immediate pension equal to the Widow, Widower or Adult Dependant's pension will be payable in respect of those children. If there is no surviving Widow, Widower or Adult Dependant then the pension in respect of the Dependent Child or Children above will be doubled.

*Note: Where you do not have any dependants on death before your pension becomes payable there will be no payment due from the BTPS.*

## Redundancy (Not Special Release arrangements)

If you leave on redundancy you will be entitled to receive the same benefits from the Scheme as those for **'LEAVING THE SCHEME'** as described on page 11.

**If, however, you have completed at least 5 years of Qualifying Service AND you are aged 50 or over:**

You will be entitled to receive an immediate pension which will not be reduced to take account of its early payment.

### Optional Cash Lump Sum

You may be able to convert part of your pension to a tax-free cash lump sum payable on the date when payment of the pension is due to commence. For further details of the optional cash lump sum, see page 8.

### Employer's and Statutory Redundancy Compensation

In addition to the benefits payable from the Scheme, you may be entitled to receive other redundancy compensation from the Company.

## Death in Service

Should you die while you are still employed with the Company **and are contributing as a member of the Scheme**, then, no matter what causes your death, a lump sum will be immediately payable, as instructed by the Trustees. In addition pensions may become payable under the Scheme to your Widow, Widower or Adult Dependant and your children (if any). The benefits payable are described in more detail on this page and on page 14. A lump sum is not payable on the death in service of a former member who has opted to leave the Scheme.

### Death in Service Lump Sum

A cash lump sum of 3 times your Pensionable Scheme Salary will be payable subject to Inland Revenue limits. It is important that you complete an **'Expression of Wish'** form to indicate to the Trustees to whom you wish this lump sum to be paid (see page 16) as this may help to speed up the payment.

You should keep a copy of your completed “*Expression of Wish*” form.

**Widow, Widower or Adult Dependant’s Pension**

A Widow, Widower or Adult Dependant’s pension is payable for life. Examples are shown below.

**Irrespective of the length of Qualifying Service at the date of your death**, your Widow, Widower or Adult Dependant would receive an immediate pension as follows:

$$\frac{1}{120} \times \text{Pensionable Scheme Salary} \\ \times \text{Pensionable Service}$$

*plus*

$$\frac{1}{160} \times \text{Pensionable Scheme Salary} \times \text{potential} \\ \text{service to Normal Retirement Age}$$

	<b>Example 1</b>	<b>Example 2</b>
Age at Death	25	48
Pensionable Scheme Salary:	£22,500	£28,000
Pensionable Service:	4 years	24 years
Potential Service to age 60	35 years	12 years
<b>Immediate pension payable</b>	$\frac{1}{120} \times £22,500 \times 4$ = £750	$\frac{1}{120} \times £28,000 \times 24$ = £5,600
<i>plus</i>	$\frac{1}{160} \times £22,500 \times 35$ = £4,922	$\frac{1}{160} \times £28,000 \times 12$ = £2,100
<b>Total Death in Service Pension</b>	£750 + £4,922  = <b>£5,672 per annum</b>	£5,600 + £2,100  = <b>£7,700 per annum</b>

\*Note: See note following "Death in Retirement" - "Widow, Widower or Adult Dependant's Pension" on page 9.

### Children's Pensions

If you die and leave a surviving Widow, Widower or Adult Dependant, then the following children's pensions are immediately payable:

- If there is one Dependent Child, a pension of 1/2 of the Widow, Widower or Adult Dependant's pension.

*or*

- If there is more than one Dependent Child, a pension equal to the Widow, Widower or Adult Dependant's pension.

If there is no surviving Widow, Widower or Adult Dependant then the pension in respect of the Dependent Child or Children above will be doubled.

<b>Example</b>		
Your pension = £6,000 per annum		
<b>Widow, Widower or Adult Dependents' Pension Payable</b>	<b>Dependant Children</b>	<b>Total Children's Pensions</b>
Yes	1	£1,500
Yes	2 or more	£3,000 in respect of all eligible children
No	1	£3,000
No	2 or more	£6,000 in respect of all eligible children



## PAYMENT OF YOUR SCHEME BENEFITS

### Your BT Pension

Your pension and any Widow, Widower, Adult Dependant or Child(ren)'s pension(s) will be paid in arrears in monthly instalments, just like your pay. Pension payments are also treated as earned income for tax purposes and tax is deducted before payment by the Scheme.

### Death Benefit

A lump sum death benefit paid under Section C of the Scheme will not normally attract a liability for inheritance tax as the payment is made at the discretion of the Trustees.

Within the Trust Deed of the Scheme, there is a list of persons to whom the Trustees can pay the lump sum benefit. They include widow, widower, children and dependants. You can however inform the Trustees that you wish to nominate other persons or organisations by completing an *“Expression of Wish”* form. Any payment will always remain at the discretion of the Trustees.

An explanatory leaflet and *“Expression of Wish”* form are available on request or via access to the BT Human Resource Intranet site (for details see page 22)

### Adult Dependant

If you are not married you may be able to nominate an adult who is financially dependent on you, and is likely to continue to be so, to receive the pension that would have been payable to your Widow or Widower. Payment is at the discretion of The Trustees.

Such a nomination will remain in force until it is revoked in writing or until you become married.

An explanatory leaflet and nomination form are available on request or via the Intranet.

### Surrender of Part Pension

If you are medically fit you may, within six months before your pension becomes payable, surrender part of your pension to provide extra pension for either your Widow, Widower or one dependant after your death. If you feel that you would like more information about this option please ask the BT Pensions Centre for details **during the six months prior to your pension becoming payable.**

## Pension Increases

Pensions in payment are reviewed and increased in April each year at a rate of 5% per annum, or, if less, the increase in the cost of living as measured by the Retail Prices Index (RPI). In addition, at the request of the Company, the Trustees may provide discretionary increases in excess of the amount promised under the Rules.

The part of your Scheme pension which is equivalent to the Guaranteed Minimum Pension element will be increased in line with the Government's statutory orders. Any increase on the GMP earned before 6 April 1988 will be paid by the State along with the basic State pension and any increase up to 3% per annum earned on and after that date will be paid by the Scheme with any balance of such increase being paid by the State. During the first year the pension starts to be paid, a proportion of the full annual increase will be awarded.

Deferred pensions in excess of the GMP will be increased annually until brought into payment by 5% or, if less, the increase in the RPI. Thereafter they will increase in line with other Section C pensions in payment (see next column). GMPs are revalued separately in line with Government orders.

### Pension Increases from 1987 - 1999

The following table shows the increases in Section C pensions in payment.

Date	Increase*	RPI
1987	3.9%	3.9%
1988	3.3%	3.3%
1989	5.0%	7.5%
1990	7.0%	7.7%
1991	7.5%	9.0%
1992	5.3%	4.5%
1993	3.5%	2.6%
1994	2.0%	1.9%
1995	2.9%	2.9%
1996	3.2%	3.2%
1997	2.5%	2.5%
1998	3.6%	3.6%
1999	2.8%	2.8%

\*Subject to Inland Revenue limits if applicable.

## OTHER INFORMATION

### State Pensions

#### **The State Basic Scheme**

The State provides a basic flat rate pension at State pension age (currently 65 for men, 60 for women).

Married women who have only ever paid National Insurance contributions at a reduced rate are not eligible for their own State pension.

Membership of the BT Pension Scheme does not affect your entitlement to the basic flat rate State pension.

#### **State Earnings Related Pension Scheme (SERPS)**

Whilst you are a member of the BT Pension Scheme you are contracted-out of SERPS and pay lower rate National insurance contributions as a result.

#### **In relation to the part of Pensionable Service built up before 6th April 1997.**

- Your pension from the Scheme will never be less than the pension you would have earned had you remained in SERPS. This is known as your Guaranteed Minimum Pension or GMP.
- On your death, your Widow, Widower or Adult Dependant will receive a pension which is at least half your own GMP.

#### **In relation to the part of Pensionable Service built up after 5th April 1997:**

- The Scheme's Actuary has to certify that the Scheme provides a certain minimum level of benefit. In practice, in almost all circumstances, the benefits provided by the Scheme will be significantly better than would otherwise have been expected under SERPS.

The GMP must always be paid as a pension and therefore this may restrict the amount of the tax-free cash sum that you may wish to take from the Scheme at retirement.

### Part-Time employees

Part-time employees are automatically admitted to the Scheme, regardless of the number of hours they work. Benefits for part-time employees are calculated in a similar way to full-time employees. However, there are the following differences:

#### **Scheme Salary**

Scheme Salary is calculated using your actual basic annual pay plus actual assigned allowances.

### **Qualifying Service**

Part-time service qualifies at its full calendar length, eg 1 year of contributory membership of the Scheme by a part-time employee will provide 1 year of Qualifying Service.

### **Pensionable Service**

Pensionable Service is accrued in proportion to the number of hours that you work compared to the number of hours worked by a full time employee of the same grade.

For example, if you worked 20 hours per week compared to the full-time equivalent of 35 hours, each year of service in the Scheme would be equivalent to:

$$20/35 \times \text{years of Pensionable Service}$$

This proportion is subject to a minimum of 1/2 if you work over 16 hours per week.

### **Service Enhancements**

In certain cases, enhanced service (as used in ill-health calculations) will only be granted at a proportion of the full time hours of the relevant job.

If you are working part-time or have worked part-time in the past, your benefits will be affected. For further information contact the BT Pensions Centre.

### **Pensionable Scheme Salary**

Your Pensionable Scheme Salary will be calculated in your case in a manner which takes into account the equivalent full-time pay for your grade and the actual part-time hours worked by you.

### **Contributions**

Your contributions will be payable on your Scheme Salary.



## Extra Pension Benefits

### **Additional Voluntary Contributions (AVCs)**

The BT Pension Scheme has a facility (the AVC Plan) into which you can make additional contributions in order to top up your Scheme benefits. This facility is especially useful if you have a low number of years of Pensionable Service or if you intend to retire early. The usefulness of the AVC Plan depends on your individual circumstances.

The AVC Plan is an arrangement which allows you to have regular amounts paid from your salary into your own personal account with an external investment manager. At present, you have the choice of investment with either the Abbey National Building Society or Equitable Life Assurance Society Limited. When you retire your personal account will be available to provide extra BTPS pension for you, or through the purchase of an annuity from an insurance company.

AVCs can provide a very tax efficient way of saving because under current legislation both your contributions to, and any interest or capital gains earned on your money, are completely free from tax. Another advantage of the AVC Plan is that all your money is invested on your behalf as all the management costs are paid for by the Scheme and there are no commission charges.

There are certain Inland Revenue limits on the amount you can contribute and on the amount of pension benefits that can be provided under the AVC Plan. An explanatory booklet, which contains an application form, is available on request or via the Intranet.

### **Use of Benefits as Security, etc**

You are not allowed by law to make use of 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 the benefits ceasing to be payable.

## Any Questions or Problems

As required by the Pensions Act 1995, the Scheme has an internal procedure for resolving any disputes which may arise. This is a two stage process. In the first instance you must address your complaint to the Pensions Technical Support Manager, BT Pensions Centre, Pioneer House, Chesterfield, Derbyshire S42 6NT for referral to the Chief Pensions Officer. In normal circumstances you will receive a full response within 2 months. If you are dissatisfied with this response you will be entitled to refer the matter to the Trustees within 6 months of receiving it. The Trustees will then reply directly to you, where possible within 2 months.

Hopefully, any dispute will be sorted out by the Chief Pensions Officer or the Trustees. However, you can also approach the Occupational Pensions Advisory Service (OPAS) details of which are given below.

*OPAS  
11 Belgrave Road  
London  
SW1V 1RB*

This service is available to help members and beneficiaries of occupational pension schemes resolve difficulties with Trustees or Administrators. Should OPAS be unable to resolve any difficulties, the Pensions Ombudsman has the power to investigate and settle complaints of mal-administration and disputes of fact or law relating to occupational pension schemes. The Ombudsman can be contacted at the same address as OPAS.

### **Registrar of Occupational and Personal Pension Schemes**

Full details about the BT Pension Scheme, including current and previous employers associated with the Scheme, have been sent to the Registrar of Occupational and Personal Pension Schemes, at the following address.

*PO Box 1NN  
Newcastle-upon-Tyne  
NE99 1NN*

### **Occupational Pensions Regulatory Authority (OPRA)**

OPRA is able to intervene in the running of plans where Trustees, employers or professional advisors have failed in their duties and may be contacted at:

*Invicta House  
Trafalgar Place  
Trafalgar Street  
Brighton  
East Sussex  
BN1 4BW*

## The Trustees

The Trustees of the BT Pension Scheme can be contacted through:

*The Secretary  
BT Pension Scheme  
Standon House  
21 Mansell Street  
London  
E1 8AA*

## Contacting the Pensions Centre

*BT Pensions Centre  
Pioneer House  
Chesterfield  
Derbyshire  
S42 6NT*

If you would like any of the booklets mentioned or any further information about BT Pension Scheme Benefits, please telephone 0800 731 4747.

If, however, your query requires investigation you will be asked to put this in writing, so it is advisable to consider this before contacting the Pensions Centre.

**Additional Booklets available on the Intranet  
via the BT Human Resources website:  
<http://hr.intra.bt.com/pensions/index.htm>  
or on request from the Pensions Centre**

- **Additional Voluntary Contributions**
- **Adult Dependant's Pension**
- **Expression of Wish for the Payment of Lump Sum Death Benefits**
- **Opting Out of the BT Pension Scheme (This booklet is currently only available on request from the Pensions Centre)**

## NOTES

*You may want to use this page to keep a record of some personal details. We have listed a number of items which you may wish to complete for future reference.*

Full Name .....

National Insurance Number (on your payslip) .....

Date of Birth  
.....

Date Expression of Wish Form completed  
and where your copy is kept  
.....

Date of Husband, Wife or Adult Dependant's  
Birth  
.....

Date of any changes notified to Pensions Centre  
.....

Date joined BT  
.....

Names of Nominated Beneficiaries  
.....

Date joined BT Pension Scheme (if different)  
.....

Date any AVCs commenced  
.....

Name of former employer's pension scheme  
.....

Amount of any AVCs paid  
.....

Details of any transfer to BT Pension Scheme  
.....

Date of Will and where kept  
.....

