

Benefits of being a member

This factsheet helps you understand the benefit of being in the BAA Pension Scheme (the Scheme).

Your Scheme benefits

The Scheme is a Defined Benefit (DB) arrangement, so the benefits you receive depend on how long you are a member of the Scheme, and your salary when you retire (or leave). Your benefits are not directly dependent on investment returns as Heathrow meets the balance of the cost of providing your benefits (currently around 26% of members' salaries). This means you have more security than in other types of pension, and you know how much you'll get when you retire.

When you retire from the Scheme, you will receive a regular pension for the rest of your life, and your spouse or civil partner would also receive a pension

after your death. You could also take up to 25% of your benefits as a tax-free cash lump sum (subject to Government tax limits), and a lower annual pension.

In most cases, both your pension and that of your spouse or civil partner will increase during payment in line with inflation, though some elements may be capped. Please refer to the [BAA Pension Scheme website](#) or a recent statement for more detail.

If you are still in service, the Scheme doesn't just provide benefits on retirement - it also provides you with valuable life assurance benefits, providing a lump sum based on an agreed multiple of your salary.

Scheme security

Heathrow supports and backs the Scheme and pays contributions to cover the cost of providing members' benefits. The Scheme is well funded, which means it has the money needed to provide members' benefits as they become due. Pension schemes must meet strict requirements around their funding and report this to members, and are also supported by the Government's pensions lifeboat, the Pension Protection Fund (PPF). If Heathrow ever became unable to support the Scheme, the PPF might be able to take over and pay compensation. Find out more at www.ppf.co.uk. For these reasons, there should be no cause for concern about the Scheme's future security. Copies of some Scheme documentation can be found on the [BAA Pension Scheme website](#).

Do I have other options?

You may be able to move your benefits out of the Scheme into another registered pension arrangement - this is referred to as transferring your benefits. If you request to transfer your benefits (and you're eligible for a transfer), you'll be quoted a transfer value which shows you how much money you'd be moving into a new scheme. Transfer values change over time as they are affected by economic factors such as inflation.

If you transfer out of the Scheme

If you transfer into a different type of registered pension arrangement, you may be able to access your benefits flexibly. You could potentially:

Buy a pension (annuity) with another provider

This would give you a guaranteed income, and there are many different types available, so you can choose one that suits your circumstances.

Take a flexible income (income drawdown)

This enables you to vary the amount of money you take from your pension, while leaving the rest of your money invested.

Take all your benefits as cash

You can take all your benefits as cash, either in one go or in instalments. You can take 25% tax free (subject to Government tax limits), and the rest would be taxed, so consider any tax implications carefully.

What are the disadvantages of a transfer?

Transfers out of DB schemes into other types of pension arrangements are unlikely to be in the best interests of most members (though in some circumstances they can be appropriate). If you transfer out of the Scheme, you are potentially giving up an income for your lifetime that includes some protection from inflation, as well as valuable death benefits. None of us know what the future holds, so the security of knowing that your Scheme pension will be paid for the rest of your life (and to any spouse or civil partner after your death) can be worth a lot.

If you transfer out of the Scheme into an arrangement that allows flexible access, it's likely that to some extent the value of your benefits will be dependent on investment returns - so the value of your benefits could go down if your investments do badly. Flexible access means that you'll have a lot of decisions to take around how you take your benefits. You also need to be aware of potential tax consequences.

You should also consider charges - most financial advisers and receiving schemes will charge for their services and for managing your pension following a transfer. These charges are typically a percentage of your benefits, which can be a lot of money. The BAA Pension Scheme does not pass any costs onto its members, as these are met by Heathrow.

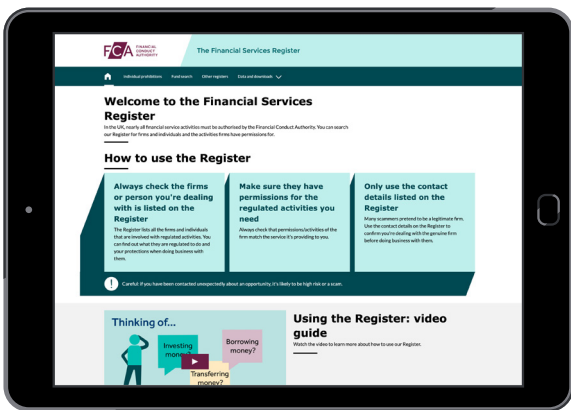
There is also a risk of becoming the victim of a pension scam, as transfers are a key target for scammers.

Taking financial advice about your options

If you're making any big decision about your pension, it's a good idea to take financial advice (and if you're considering transferring and your pension is worth £30,000 or more, it's a legal requirement to seek advice).

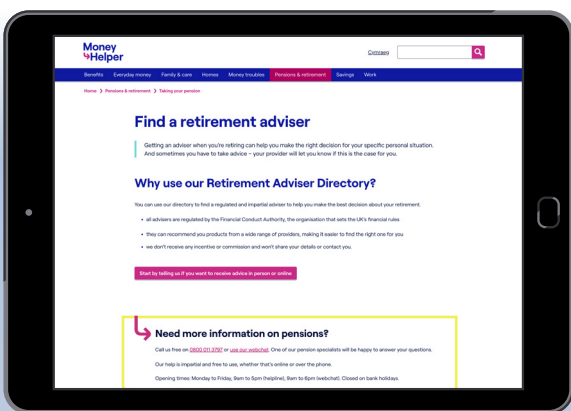
Finding an adviser

It's really important to choose a properly authorised adviser, as **many bogus advisers are the front door to pension scams**. Even if you've had a personal recommendation from a colleague or friend, please take the time to check that they are qualified and authorised to advise you by checking the Financial Services register: <https://register.fca.org.uk>



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The Government's **MoneyHelper** site can help you find an authorised adviser: www.moneyhelper.org.uk (search **Choosing a financial adviser**). This is the best place to ensure you find an impartial adviser right for you.



www.moneyhelper.org.uk

Beware of scammers

Pension scams are on the rise, with 1 in 200 people reporting that they've been a victim. **Fraudulent transfers are a key way that scammers try to access people's benefits.**

The Financial Conduct Authority (FCA) provides some useful tips to help you stay safe from scams:

- 1. Reject any unexpected offers**
Any calls about your pension that you weren't expecting will be scams – don't engage with them.

- 2. Check who you're dealing with**
Check the FCA register to make sure that any adviser you're working with is properly authorised: <https://register.fca.org.uk>

- 3. Don't let yourself be rushed**
No reputable business will try to pressure you for a decision and rushing paperwork to you for a signature is a key sign of a scam. Take your time, and check everything thoroughly before you make any decisions.

- 4. Get impartial information or advice**
As explained above, think about taking advice before making a transfer, with an adviser registered with the FCA.

Contacts

If you have any questions about the Scheme or your benefits, please get in touch with XPS.

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www.mypension.com/baa

