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Special Newsbrief on the Closure of NAPS to Future Accrual

To all members of ABAP, but especially NAPS members, and APS members with NAPS colleagues & friends.

Please circulate this Special Newsbrief, and the attachments, to all NAPS friends and colleagues who are not yet ABAP members. We have taken the decision to distribute hard copies of this Newsbrief to everyone (including those of you who have signed up for email communications), in order to maximise the circulation.

On 7 September British Airways announced its intention to start a 60-day consultation on a proposal to close NAPS to future accrual for current employees of the airline who are NAPS members.

BA, controlled by IAG, is pleading poverty.

The roots of the problems with NAPS go back to the late 1980s and 1990s when BA used offers of improvements to pensions in both APS and NAPS as part of pay negotiations. In the late 1980s APS was moving into substantial surplus and, using a rule which had been introduced at an inquorate trustee meeting (less than the required number of trustees were present for a valid rule change), a rule was introduced to allow BA to order the trustees to make unfunded improvements to APS pensions. So 1990s improvements to APS pensions (the annual accrual rate was improved) were funded from the emerging APS surplus. Pensions were improved at the expense of the APS surplus as a substitute for a pay increase. Even despite this substantial hit, by the time of the 1998 APS Triennial Valuation, APS was in £1 billion surplus.

Although similar improvements to NAPS pensions were also agreed for employees in 1989/90 pay negotiations, there was no emerging NAPS surplus to access to fund the NAPS pension improvements. That was why in 1999 BA ignored the promises that Colin Marshall had made in 1984 (that APS and NAPS would be independent and that neither would subsidise the other) and proposed that APS and NAPS should merge so that APS could subsidise NAPS. This was well covered in Private Eye in the early 2000s: <http://www.amipp.org.uk/comparisons/ba1.html>

The Association of British Airways Pensioners (ABAP) was formed in response to the APS trustees awarding pension improvements to serving APS employees in 1990 when at the same time the trustees did not even consider giving improvements to existing pensioners. What made existing pensioners particularly angry was that the pension improvements that current employees were being paid came from the surplus of their own pension scheme to which the pensioners had contributed when employees.

When BA's APS/NAPS merger proposal emerged in 1999, ABAP was well placed to support the successful opposition to the merger. When the Government changed the index used to increase pensions from the RPI to the CPI in 2010, ABAP funded the opposition to this proposal and encouraged the APS Board to find a way to return to the payment of RPI increases to APS. Unfortunately, because the NAPS trust deed requires BA to agree to any rule changes, it was not possible in that instance to apply the same pressure to the NAPS trustees as had been applied with some success to the APS trustees. In 2013 the APS trustees decided to make a small discretionary increase as part of the journey plan to return to RPI increases by 2023. In December 2013 BA took the APS trustees to court in an attempt to stop them honouring Colin Marshall's 1984 promise. In May 2017 judgment was handed down vindicating the APS trustees in their 2013 decision to pay a discretionary increase to APS pensioners. BA is appealing this judgment on 2 points of law. The appeal will be heard on 1 May 2018. By the time the appeal is heard over 6,000 pensioners will have died before they can receive the money to which they are entitled.

It was ABAP that provided the funds for the campaign to restore RPI to APS pensions. Please consider joining ABAP - <http://www.abaponline.org/index.html>

So what can ABAP do for you?

- We represent your financial interests in the BA pension schemes.
- We make representations to BA and/or the Schemes Trustees and progress any disputes or differences
- We offer advice to individual members who are in dispute with BA or the Trustees on pensions matters.
- We liaise with other associations, trade unions and other bodies concerning BA pensions.
- We own, maintain and continue to develop our own website: www.abaponline.org
- We keep a watching brief on the security of the Fund(s) to safeguard all members' interests, and take appropriate action when required.
- We issue public statements on important issues as and when needed.
- We're invited to comment and negotiate whenever any important matter is discussed.
- We issue regular Newsbriefs to members home address for those who do not have access online.

Ready to join ABAP?

Remember - ABAP provides you with pertinent information on a regular basis as the best way to protect your pension and to keep informed and have your concerns paid attention to. Please join us and tell all your British Airways friends about ABAP. It's their future as well as yours and everyone benefits from the energy and ideas of an increasingly younger membership. ABAP's income is derived from annual subscriptions and donations from members. The subscription, payable each July, is just £6 for deferred pensioners and current employees. For existing pensioners it is free for those with a gross pension of £4,000 or less and, £1 per £1,000 of gross pension thereafter, with a maximum of £60 pa. **But, as a special offer, for anyone joining after 1st October 2017 we are offering free membership until the end of our membership year in June 2018.**

We hope to hear from you.

Yours sincerely

Mike Post

Captain Mike Post, Chairman, ABAP