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To All Branches with BT Members

Dear Colleague,

BT Pension Scheme Valuation

BT and the Trustee of the BT Pension Scheme (BTPS) have announced today that they have reached agreement on the 2017 triennial funding valuation. This includes confirmation that the funding deficit in the Scheme has risen over 60% to £11.3 billion, and a 13 year deficit recovery plan.

The key points are as follows:-

- The valuation shows BTPS assets of £49.1bn and liabilities of £60.4bn.
- The funding deficit as at 30 June 2017 was £11.3bn and means the BTPS is 81% funded. This compares with a £7.0bn deficit and a funding level of 85% in the previous valuation. The increase in the deficit since 2014 reflects the fall in long-term real interest rates.
- A 13 year deficit recovery plan has been agreed. As part of this BT will pay a total of £4.5bn into the BTPS before the end of June 2020. This will be followed by regular annual payments of around £900m until 2030.
- The agreement continues with a range of other protections for the Trustee that have been previously agreed covering issues such as: payments to shareholders; share buy backs; disposals; and acquisitions.

The next valuation is due to take place by 30 June 2020.

The scale of the deficit and the increases in BT's funding commitments underlines the significance of the recent Pension and Pay Agreement between the CWU and BT. This has secured the option of a new Hybrid pension for existing BTPS members that will include a mixture of defined benefit and defined contribution benefits, as well as an improved BT Retirement Savings Scheme.

The CWU welcomes the agreement between BT and the Trustee, which clearly demonstrates BT's continued commitment to funding the BTPS.

Further details are contained in the BT press release, and a statement from the Trustee which is attached.

Yours sincerely,

Nigel Cotgrove
Assistant Secretary

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