



FINANCIAL PLANNING IN PREPARATION FOR STRIKE ACTION

Working for a solution – preparing for the worst

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Support from BALPA members for our stand regarding Schedule K is very strong. Our efforts to explain the reasons for this dispute have been well received and BA has failed to offer valid counterpoints to the issues we have raised.

The Company Council fully expects a mandate for strike action. Management still has an opportunity to resolve the issue by addressing our very realistic concerns and objectives in an agreement that is acceptable to both parties.

A strike need not be inevitable, but if management continues to show the same intransigence they have since they terminated our dispute resolution process, we will have no alternative but to act in accordance with our members' wishes, as indicated in the ballot result.

In a previous circular we outlined the

legal standing of an employee participating in correctly constituted industrial action. Once the legal protection is understood the next most common concern is the financial implication of striking, which, with the help of BALPA Financial Services, we deal with below.

How will a Strike affect me financially?

It is very likely that BA will attempt to undermine the resolve of pilots striking by exerting financial pressure upon us all.

The company is very likely to make salary deductions for any period that a pilot withdraws his or her labour irrespective of whether that pilot was due to work on those days. This will not necessarily be calculated in a simple manner of salary divided by 365 days. They will come up with ingenious ways of justifying the deductions in order to maximise the financial pain of not coming to work.

The company may also seek to escalate a dispute by suspending without pay any pilot who is not prepared to sign a letter indicating they are willing to undertake any such work that BA may require of them.

However the company responds, there will be a financial impact, even if it is only the relatively small proportion of our pay that is earned for flying a specific trip.

Forward planning is essential to ensure that we can all support our action

We should all anticipate the company will take every chance to pressurise pilots financially. If they escalate the dispute with possible suspensions without pay this will be a significant pressure on a large number of BALPA members.

By taking sensible preparatory steps to plan for the strongest possible response from BA we can maintain a position that prevents BA from simply "buying us out" of our dispute.

Here are several areas where contingency planning can help reduce such pressure.

Savings

Cash savings and the like offer a good source of income to offset any loss of salary. Consider the loss of interest penalties that may apply if you need to draw on this source of finance. It may be worth moving money from notice period accounts to penalty free accounts or lesser notice period facilities instead of waiting until the money is actually required.

Investments

Liquidating assets such as investment funds can be another source of income during a dispute but consider the costs that may be associated with doing so. In some cases the costs may make borrowing funds more advantageous than liquidating assets such as long term investments.

Mortgages

This is possibly the largest single expenditure that any family has. It may also appear, with the current "credit crunch", that efforts to amend or modify



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mortgage borrowing will be difficult.

For the most part pilots are seen as a good risk for mortgage lenders. If you have a flexible facility on existing borrowing then explore what scope this facility may have. Many mortgage fixed rate periods are up for review at the moment. Consider switching to flexible or reserve type mortgage products.

If you are on a fixed mortgage period, or a product where the costs of switching are prohibitive then there are still options available.

Firstly consider switching the mortgage to an interest only facility for a period of time. Lenders may charge a fee, usually small for such a change and may limit the period that this is allowed for. It has no adverse credit record effects as long as the interest only payments are made as per the repayment schedule.

Some lenders will permit a payment holiday for which again they may charge an administration fee. During this payment period interest will continue to accrue on the amount borrowed and therefore the overall amount that you will repay will increase.

Both of these measures will be significantly easier to arrange prior to a strike action commencing as you have a duty to disclose relevant information to a lender.

Personal Loans

Larger amounts of borrowing can be financed on personal loans, with the interest rates generally being lower for larger amounts borrowed. Applying in advance of strike action and before any reduction in income should secure the best rate of interest and also the highest likelihood of approval. Most borrowing can be repaid early with limited penalty interest charges.

Credit Cards

Despite the current difficulties in the credit market there are credit card companies offering low and even zero interest rates as introductory offers. Do

not leave credit card balances unpaid on higher rates of interest. Transfer balances to new cards or use the introductory offer to supply cash to current accounts to supplement savings or investment income.

Wherever possible avoid leaving balances outstanding beyond any introductory periods as interest rates can be punitive.

Overdraft Facilities

Many banks, especially those you have a longstanding relationship with, will grant large overdraft facilities on an "in case" basis. There is usually no set up fee and interest is only paid on the amount used.

Approach your bank sooner rather than later to secure the largest facility prior to a dispute. Once salary is reduced by the strike action the amount that may be granted by the bank is likely to be lower.

This facility may be repayable on demand by the bank so perhaps is not best relied upon as a sole means for financial contingency planning.

Consider discretionary spending

Pilots generally enjoy a high level of discretionary spending. As a dispute gets closer consider what can be done to extend the period that your finances can cope with a reduction or removal of salary.

It is not BALPA's place to tell you how to live or what to spend your money on. We simply ask that you are able to show us the commitment expressed in a ballot for strike action when it is called upon.

BALPA and our members will offer help to those in most need

Every one of us has a limited ability to cope with a loss of income. For some that limit will be reached sooner than others. That is why BALPA is setting up a 'Pledge Fund' to ensure that those who suffer severe financial hardship have a place to turn to if the going gets really tough. The Association's National Executive Council has set aside a

sizeable amount to match pound for pound the pledges made by members. Separate details will follow.

Take every opportunity to plan your finances before any action

Consider these 3 key ways that you can support BALPA in the OpenSkies dispute

1. Use a website like www.moneysavingexpert.com or www.fool.co.uk to see what financial products are available in the market place.
2. Contact financial institutions that you currently have relationships with to see what options are open to you and your family.
3. Plan financially for the dispute being protracted. Ensure you can sustain your support for any action by being prepared.

BA will apply every pressure possible to weaken our resolve and destroy unity.

BALPA will not settle the dispute until such time as all pilots are restored fully to the terms and conditions applicable before the dispute.

No pilot will return to work until such time as all pilots are restored to employment on the same terms and conditions that they were on before the dispute.