

in:sight



What are you waiting for?

With an online account you can jump in anytime!

Do you know if you're on track for a comfortable life in retirement? Register for a FREE online account and you can find out today! You'll then have access to the tools you need to take control of your future. It's a no brainer.

Over 75,000 savvy RPS members have already signed up for a Railways Pension Scheme online account.

And if you're smart, then you should too.

Once you're registered, you can find out what's happening with your pension, as well as make changes at a time that suits you.

So don't miss out! Make checking your pension online a regular thing. You'll be so much more prepared and equipped for your retirement as a result.

It's so simple and quick to register and/or login. And it doesn't cost a thing.

Just go to railwayspensions.co.uk/login. You'll find a step-by-step guide on how to register at railwayspensions.co.uk/register.

Once registered, you can log in regularly to:

- **Plan for your future:**
check the value of your pension pot; use your online pension planning tools; request estimates; make or change nominations.
- **Manage your investments:**
see or switch your investment funds; make a one-off contribution.
- **Keep in touch:**
update your details or ask us a question online.

Every year, Defined Contribution (DC) pension schemes have a legislative duty to do a 'value for members' (VFM) assessment. Your Railways Pension Scheme has been rated as 'good', with 'robust governance and scheme management in place', as well as 'high-performing administration and investment services'. The judges also noted 'significant improvements' in our communications and at-retirement support. You're in good hands.

Chair's message...

Welcome to your Insight newsletter 2022

I hope May 2022 finds you well and looking forward to summer. So much has happened in the world since our last issue, not least the terrible situation in Ukraine.

The Scheme has little exposure to Russian investments but we are complying fully with all current sanctions and we will continue to focus on seeking long-term sustainable returns. Please be aware that any decisions we take will always support our duty to protect the best interests of our members.

This issue of Insight is mainly concerned with your future, so you can save in the best way for a comfortable life after work. That's why we're urging you (if you're not already registered) to sign up for a free online account. If you do, you'll find planning your retirement so much easier.

You can find out about your new retirement budgeting calculator to the right. It's an excellent online tool that calculates how much money you'll need for the retirement lifestyle you'd like. Then you can see how much you're likely to get by using your online retirement modeller. If there's a shortfall, you'll find guidance online. Both tools used together are an excellent way to plan your future.

In this issue, you can also see your new investment funds, discover how tax can affect your pension, and find lots of valuable information on your savings and retirement options.

Finally, on a personal note, I retire from the Trustee Board on 6 July 2022. It has been an honour to serve you all as a Trustee of the Railways Pension Schemes over the past 17 years and as Chair for the last 3 years. The importance of having a good, secure pension has never been greater. My colleagues will appoint my successor shortly.

Best wishes,

Chris Hannon, Trustee Chair



Will your pension be enough?



Use our new retirement budgeting calculator to find out!

Seeing what your chosen retirement lifestyle may cost will help you to know if you're saving enough for life after work.

And now you can use our simple, online retirement budgeting calculator to see how much you'll need for the lifestyle you want.

Once you find out how much you might need, you can then use your retirement modeller, or ask for an online estimate to quickly find out what your annual pension is likely to be.

If there's a shortfall, you may need to make adjustments. But far better now than later! You could contribute more to your pension with AVCs*, change your retirement age, or adjust your lifestyle plan.

If you're logged in to your myRPS account, you can find both the retirement budgeting calculator and the retirement modeller under the 'Planning for the future' section of your myRPS account.

A step-by-step guide on how to register can be found at railwayspensions.co.uk/register.

*See page 12 for a quick guide to AVCs.

Your IWDC Railways Pension Scheme explained – from pay to pension

With a defined contribution (DC) scheme, your regular pension contributions grow over the years in your Personal Retirement Account (PRA).



With your contributions, plus your employer's contributions, investment returns and tax relief, this gives you an income in your retirement.

How your pension works

Your pension contributions are taken from your salary before it is taxed and your employer also contributes.

All your contributions are carefully managed by a group of employer and elected member representatives, known as "The Trustee". The Trustee's job – along with the help of our team of pensions and investment specialists – is to regularly check that the Scheme administration and financial investments are doing well and to keep you informed.

You can opt to have your pension contributions invested for you, or you can manage your own from selected funds. There's plenty of guidance available online to help you decide. Visit railwayspensions.co.uk, go to 'Paying into IWDC', then select 'Invest in your future' to see more information.

Here are some of the benefits of saving into the IWDC:

■ Tax-free savings

Your pension savings are tax-free (within certain limits), making it a very efficient way to save.

■ Your employer pays into your pension too

Your employer contributes as well, so it's win-win.

■ You can choose to top up your benefits for a more comfortable retirement

You can pay more into your pension with Additional Voluntary Contributions. See more on page 12.

■ A choice of investment funds

If you wish, you can choose where you want to invest your savings from a range of funds and can check or change these any time. It's important to keep track of your investments.

■ A lump sum for your loved ones if you die

If you die before claiming your IWDC pension, a lump sum could be paid to people who matter to you. You should nominate to say where you'd like the payment to go (see page 4 for details).

■ Ill-health retirement

You may be able to take your benefits early if you meet certain criteria and the Trustee's medical adviser assesses you as being unable to work.

■ Retirement options

On retirement, there's an option to take part of your PRA as a tax-free lump sum, as well as a range of choices for the remainder.

You'll enjoy the journey to retirement so much more if you get involved in your pension and regularly log into your online account to keep track of your savings. And the earlier you do it, the more it could pay off! Log in or register for your myRPS account at railwayspensions.co.uk/login.

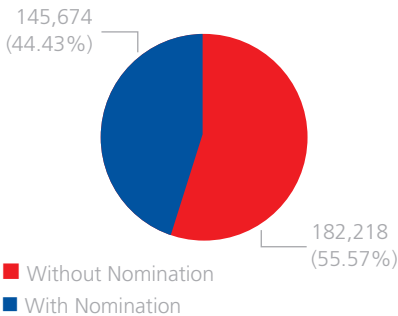
Nomination figure shock

Did you know only 44% of RPS members have made a nomination?

'Making a nomination' means simply 'naming' the people or organisation you wish to get your pension if you die before you access your pension pot. It doesn't cost a thing. The easiest and quickest way to do this is online through your myRPS.

Your loved ones could seriously miss out if you don't make a nomination!

Nomination breakdown



These figures, taken from March 2022, show that a shocking 182,000 of you haven't chosen where your pension should go if you die before you start to take it.

Let's face it, none of us really knows what will happen from one day to the next, so it's important to take care of your loved ones while you can.

Pensions work differently to wills. Your pension savings may not be passed to the beneficiaries in

your will, or to your loved ones, unless you let the Trustee know where you'd like the money to go, by making a nomination.

If you haven't done this, there could be a delay, your pension might go to the wrong person, or the money could be taxed and this might reduce the amount considerably.

And that would be such a pity for those closest to you.

If you're logged in to your myRPS account you can make a nomination right now. It's quick, easy and free to do. You can nominate one person, a group of people, or an organisation to benefit from your pension.

You can also change your nominations at any time too. After all, the person or organisation you chose 10 years ago might not be the same as you'd choose today.

How to make or update your nominations

Log in to your online pension account at railwayspensions.co.uk. You'll find the nominations page in the 'My Pension' section. Select this and you'll be taken to a simple online form to complete. You'll find more information there, as well as a short video to watch if you need it.

The Scheme's administrator, RPMI, has now rebranded to Railpen

The change does not affect the day-to-day administration or management of your pension and we will continue to support you on your journey towards, and during, retirement.

You will notice the new name, Railpen, being used when we contact you in future. But don't

worry if you still see 'RPMI' from time to time – we'll be phasing this out while we complete the move to our new brand.

If we can help you with any questions about your RPS pension, you can get in touch using the contact details available on page 12.



Pensions news and updates

New powers to combat pension scams

In November 2021, new regulations came into effect to protect members' pension savings being lost in a transfer to a scam arrangement.

Trustees and scheme managers must now carry out specific checks before allowing a member to transfer their pension to another provider. There are certain circumstances which could mean a transfer can't proceed, or where a member must get pension safeguarding guidance from MoneyHelper before proceeding.

The Pensions Ombudsman has also introduced further measures to combat pension fraud by introducing a new anti-scam unit to investigate breaches of trust and allegations of dishonest behaviour by pension scheme trustees. The unit's aim is to hold offenders accountable and ensure they repay scheme members.

State Pension and benefits have increased by 3.1% for 2022/2023

Since 2010, the State Pension has gone up by what's known as the triple lock, which means it goes up by whichever is the highest of the following three:

- inflation in the year to September (using the Consumer Price Index)
- increase in average wages, or
- 2.5%.

Due to concerns that the pandemic had artificially increased wages, last year the government announced that the wages element of the triple lock would be suspended in the 2022-23 tax year and that the State Pension would increase either at the rate of inflation or 2.5%. This was later confirmed and so this year, the State Pension has risen by 3.1%, which was the rate of inflation in September 2021.

This means from April 2022, the basic State Pension has increased to £141.85 per week and the full rate of new State Pension has increased to £185.15.

Change to pension ages

The government has confirmed that the earliest age that pension scheme members can take their benefits will increase from 55 to 57 from 6 April 2028. Members who joined the RPS before 4 November 2021 will retain any rights they had to take their benefits from age 55, or 50 if they joined before 6 April 2006.

State Pension age will increase from April 2028 to 67. The government is also reviewing whether the gradual rise in State Pension age to 68, should be brought forward to 2037-39.

Pension news from the Spring Statement

On 23 March 2022, Chancellor Rishi Sunak delivered his Spring Statement. While there were no new announcements directly relating to pension scheme benefits, the government has confirmed that the triple lock commitment to the State Pension will be honoured in the future, having been temporarily suspended for 2022/23 tax year.

The Railpen Sustainable Ownership report

At Railpen, we have a responsibility to you, our members, to consider investments which will suit you, and offer you successful returns over the years.

We can also use our considerable influence and investments to help drive positive change in the world.

Our Sustainable Ownership Report

To explain how we do this in more detail, we published our Sustainable Ownership Report last year aimed specifically at members. You can read a copy of this report in the 'Resources' section of your member website, railwayspensions.co.uk.

The report lets you, as a member of the Scheme, know:

- Why we consider sustainability issues in our investments decisions and activities
- How we work to make sure the companies we invest in are behaving responsibly on these issues
- What we have done on your behalf so far
- What we will continue to do.

How we can achieve the best returns

You and your employer both pay contributions while you're an active member of the Railways Pension Scheme.

Your contributions are then invested in different ways. We do this to achieve the investment returns needed to give you an income in retirement.

But when we make investments in companies, we carefully consider their environmental, social and governance (ESG) concerns.

We look at companies' ESG behaviours.

- Do they operate honestly and effectively?
- Do they treat their staff well?
- Do they care for the environment and the communities they serve and operate in?

Companies that follow these high quality standards are more likely to outperform others in the long run.

Where companies could do better, we will work with them and challenge them to improve.

By investing in and working to achieve responsible, well-run companies, we can help improve the impact of organisations and individuals on the wider world.

We think this is the best way to protect and increase the value of your savings, giving you a good retirement outcome.

Because buying stakes in a company gives us rights, but it also gives us responsibilities.

If you'd like to let us know your views on the report, or any other issues about SO, please get in touch via email at so@railpen.com.



Railpen joins the global community who are deeply concerned for all involved in the conflict in Ukraine, and we call for a peaceful resolution.

As you would rightly expect us to, Railpen complies fully with all current sanctions and monitors new sanctions closely as the situation changes very quickly.

Any decisions we have taken, or will take, will always support our duty to protect the best interests of our members.

Tax and your pension

Tax and pensions can be a puzzle for us all. Here's a simple guide to the basics.



Q. Why save for retirement with a pension?

A. When you save for retirement via a pension, some of the money that would normally have gone to the government in tax, goes towards your pension instead and increases your savings. This can be a large amount if it's saved over many years.

Q. Are there limits on the amount of pension I can save and still benefit from the tax relief?

A. You can put as much money as you want into your pension, but there are restrictions on the amount of pension savings that can benefit from tax relief each year and over your lifetime. The amount of pension savings you make and give you tax relief may vary at the start of each financial year in April.

Q. What type of tax allowance could affect the amount of pension I can save?

A. The main tax allowance affecting members of the Railways Pension Scheme who are in a defined contribution (DC) arrangement is the Annual Allowance.

Annual Allowance

The Annual Allowance (AA) is the limit on your pension savings in a single tax year before you need to pay a tax charge. For the year 2022/2023, this limit is either 100% of your annual earnings, or £40,000, whichever is lower.

Money Purchase Annual Allowance

You may also be affected by the Money Purchase Annual Allowance (MPAA) if you start to take money from your defined contribution (DC) pension pot. The Money Purchase Annual Allowance is currently set at £4,000.

Tapered Annual Allowance

The Tapered Annual Allowance (TAA) generally just applies to high earners and is a lower allowance. This allowance works on a sliding scale and if your income is over £200,000 it may affect you.

Lifetime Allowance

The Lifetime Allowance (LTA) also usually applies to high earners only. This is the limit placed on your pension savings throughout your lifetime before you need to pay a tax charge. It affects those with the largest pension savings. The LTA has been frozen at £1,073,100 until 2025/26.

Q. How will I know if I've exceeded the Annual Allowance?

A. If your pension savings in the Railways Pension Scheme are greater than either the AA or the MPAA, then we will send you a Pension Savings Statement (PSS) that will detail how much you have used.

You can apply to carry forward any AA that you haven't used from the previous 3 years to the current tax year. However, no carry-forward is available for MPAA.

For more details, you can see our online Read as you Need guides, as well as a series of short videos. These can be found in the resources section of your member website at railwayspensions.co.uk

New options to help support your retirement plans



Investment funds are changing

This month, we're changing the range of investment funds available to members of the Railways Pension Scheme who have savings in the Industry-Wide Defined Contribution (IWDC) Section, or in the BRASS or AVC Extra Additional Voluntary Contribution arrangements.

We wrote to you all in February this year to let you know that some funds would be closing and new ones opening.

Why is the fund range changing?

The Trustee provides a carefully-chosen range of funds for members to invest in. It regularly monitors the performance of those funds and whether they continue to meet members' needs.

After reviewing the range of funds, the Trustee agreed it was necessary to make some changes to provide you with new and different options to help support your retirement plans.

How is the fund range changing?

We're changing the range of investment funds available to IWDC, BRASS and AVC Extra members. There will be changes to both investment funds and Lifestyle strategies.

We're introducing the following new investment funds:

- Socially Responsible Equity Fund
- Corporate Bond Fund
- UK Government Fixed-Interest Bond Fund
- UK Government Index-Linked Bond Fund

There will also be 3 new Lifestyle strategies. With Lifestyle strategies, your investment switches are managed for you. The new strategies are:

- Full Cash Withdrawal Lifestyle
- Flexible Drawdown Lifestyle
- Annuity Purchase Lifestyle

Two of the existing investment funds will be closing: the Aggregate Bond Fund and Index-Linked and Global Bond Fund. The Global Equity Lifestyle Strategies and Long Term Growth Lifestyle Strategies will also close.

The existing Deposit Fund, Global Equity Fund and Long Term Growth Fund are not affected.

What happens if I am investing in a fund that is closing?

If you're invested in one (or more) of the strategies and funds that are closing, we'll automatically move your holdings into the new range of funds.

This table shows how we're moving investment holdings from the current range of funds to the new range of funds.

Lifestyle strategies	
Previous strategies	New strategies
<ul style="list-style-type: none"> BRASS Global Equity Lifestyle BRASS Long Term Growth Lifestyle 	Full Cash Withdrawal Lifestyle
<ul style="list-style-type: none"> AVC Extra Global Equity Lifestyle AVC Extra Long Term Growth Lifestyle IWDC Global Equity Lifestyle IWDC Long Term Growth Lifestyle 	
	Flexible Drawdown Lifestyle
Investment funds	
Current funds	New funds
<ul style="list-style-type: none"> Aggregate Bond Fund Deposit Fund (no change) Global Equity Fund (no change) Index Linked and Global Bond Fund Long Term Growth Fund (no change) 	<ul style="list-style-type: none"> UK Government Fixed-Interest Bond Fund Deposit Fund Global Equity Fund UK Government Index-Linked Bond Fund Long Term Growth Fund

What happens next?

We'll write to you to let you know once we've moved your investments and the new fund range is available. You will then be able to change your investment choices online again if you wish. We expect this to happen by the end of May.

We'll also keep you updated on timescales on the website. You can see your current and future holdings by logging into your personal myRPS account, or registering for it if you haven't done so already.

If you haven't yet registered for a myRPS account, you can do so any time, by visiting [railwayspensions.co.uk/register](https://www.railwayspensions.co.uk/register).

Do I need to do anything?

Although we'd always encourage you to review your investment choices to make sure they're right for you, you don't need to do anything right now.

Review and learn more

The easiest way to review and change your investment choices is to log into your myRPS account at [railwayspensions.co.uk/login](https://www.railwayspensions.co.uk/login) and look at the 'Funds' page in the 'My Pension' section.

You can learn more about the new range of funds at [railwayspensions.co.uk/my-investment-choices](https://www.railwayspensions.co.uk/my-investment-choices).

You may want to take independent financial advice to help you make the right choices for your circumstances.

Liverpool Victoria (LV) can offer RPS members access to financial advice. You can contact LV on **0800 023 4187**. This service is authorised and regulated by the Financial Conduct Authority. Alternatively, you can find independent financial advisers in your local area at [unbiased.co.uk](https://www.unbiased.co.uk).

Where can I get further support?

If you need further information about the changes to the investment fund range, please contact us on **0800 012 1117** or email csu@railpen.com.

Trustee Board updates

The Trustee Board of the Railways Pension Scheme is here to ensure that your benefits are paid securely, affordably and sustainably.

The Trustee Board is responsible for:

- Administration of Scheme benefits, collection of contributions and payment of pensions
- Investment and safe custody of assets
- Scheme governance, including Trustee training
- Member communications
- Oversight of Railpen Limited and management of professional advisers

A third of the Board retires by rotation every 2 years, at the end of their 6-year terms of office. The following directors will be retiring and eligible for re-election this year:

- Chris Hannon (Trustee Chair) – Employer Director nominated by the Freight and Support Services electoral group
- Christine Kernoghan – Employer Director nominated by the Passenger Train Operating Companies electoral group
- Richard Jones – Employer Director nominated by the All Employers electoral group

- Gary Towse – Employer Director nominated by BRSF Management Committee and BT Police Federation.

Elections and appointments

All the terms run until the Railtrust Holdings Limited AGM, which will be held this year on 6 July 2022. Nominations for the Employee Director vacancy were sought on 4 February, and should have been submitted by 6 April. Nominations for the Employer Director vacancies opened on 6 April.

If any new Trustee Directors are appointed following these elections, they will join the Trustee Board after completion of formal checks. The new terms of office for any new or re-elected Trustee Directors will run to the AGM in 2028.

Howard Kaye and Mick Cash were both appointed in 2021, following the retirements of Dave Tyson and Mick Lynch respectively. Their terms of office will run until 2028, because there was less than a year left when they were appointed. The Trustee Board also welcomed Fatima Hassan in 2021, when she replaced Meliha Duymaz.

The Board of 16 Trustee Directors helps maintain high standards of governance for the schemes. Eight Trustee Directors are nominated by employers and eight by members. You can find out more about all of our Trustee Directors on the member website: railwayspensions.co.uk/about-us/the-trustee.

Scams - 5 steps to protect yourself

According to Action Fraud, thousands of victims each year lose their pensions to scammers.

No matter how savvy you are about money, you must be on your guard. Here's how:

1. Always reject unexpected calls, emails, texts or social media approaches about pensions.
2. Be very wary if you're offered a free pension review.

3. Never allow yourself to be rushed into a decision.
4. If a pension or investment offer sounds too good to be true, it probably is. Steer clear.
5. Check the Financial Conduct Authority (FCA) register at fca.org.uk or call **0800 111 6768** to make sure anyone offering you financial advice is FCA authorised.

See 'Safety and scams' in the 'Resources' section of your website at railwayspensions.co.uk.

Pensions made plain



Choices in retirement

Pensions can be complicated and sometimes the official words used to describe the process don't help.

So here are 3 words you'll hear often, before, during and after the retirement process, with short explanations below.

Your options at retirement

In the RPS, the money you've built up in the Industry-Wide Defined Contribution (IWDC) Section is known as your Personal Retirement Account (PRA). Put simply, when you retire, you have 3 main options for taking your pension.

1 Drawdown

Get a flexible income, taking it a bit at a time. This is known as drawdown. Your Personal Retirement Account (PRA) remains invested in funds specifically designed for that purpose. And you take out cash whenever you want to, until your PRA runs out. You will need to transfer out your PRA to our preferred drawdown provider, Legal and General Investment Management (LGIM), or another provider of your choice to use this option.

2 Annuity

Get a regular, secure income, known as an annuity. An annuity is a policy that you buy using money from your PRA. It then guarantees you an income for the rest of your life, or for a set period of time if it's fixed term. There are many different types of annuity available and they offer different levels of income, and different support for your dependants if you die. You need to transfer out your PRA to a new provider to use this option.

3 Encashment

Take all of the money in your PRA as a cash lump sum. This is called total encashment. How much you get will depend entirely on what's in your PRA at the time. Twenty-five per cent is tax free and the rest may be taxed. If you'd prefer to take only part of your PRA as cash, you can do so by mixing and matching your retirement options. This means you would need to transfer out your PRA to a new provider to opt for an annuity or drawdown, before taking part of your pot as cash.

These 3 options all come with different tax implications, benefits and risks.

There are many more details within each of these choices to consider, but this is the basic information you'll need to get started.

See more details on drawdown, annuity and encashment by going to [railwayspensions.co.uk/are-you-saving-enough-in-iwdc](https://www.railwayspensions.co.uk/are-you-saving-enough-in-iwdc)

We've now launched a Twitter page for RPS members

Please take a moment to visit our Twitter page and select 'Follow'. We look forward to bringing you useful information and guidance on your pension.

Join us at [Twitter.com/RPSPensions](https://twitter.com/RPSPensions)





Have your say

Whatever your thoughts are on your pension, we're keen to hear from you!

Are you interested in your pension? Do you like to share your opinions?

If so, you may be the ideal person to join Platform, our volunteer communications panel.

By joining Platform, you can make sure your views are heard. You could also shape the way we communicate with members in future.

As a thank you, you'll be entered into our prize draw with the chance to **win £150 worth of shopping vouchers** at the end of 2022.

Sign up to Platform now at railwayspensions.co.uk/platform.

How to boost your pension... for a more comfortable retirement

Many members like to pay a little extra into their pension via **Additional Voluntary Contributions (AVCs)**.

Here's why:

- You don't need to save a set amount every month.
- You can save as little as £2 per week if you wish.
- You can put payments into your AVCs which don't qualify for your pension (like overtime and bonus).
- You get tax relief on anything you put in (up to the remainder of your Annual Allowance).

It's amazing how much a small, regular amount will add up over the years.

For example

If you gave up 2 bought coffees and a takeaway each week, that could add up to **£832** in extra savings a year.

£3 + £3 + £10 = £16 per week x **52 = £832**

Over 30 years, that's **£24,960!**

Then if you add in tax and National Insurance savings, plus 30 years' worth of investment returns, you'll soon see that going without a little now could mean being able to afford much more later.

To find out more, go to railwayspensions.co.uk/using-your-DC-pension.

Getting in touch...

The RPS website, railwayspensions.co.uk, offers lots of information about your RPS pension. If you can't find the answer you need, email csu@railpen.com or telephone the Helpline on **0800 012 1117** (Mon to Fri, 8am-5pm).

Survey time

Help us improve Insight! Your feedback matters.

Tell us what you think at www.surveymonkey.co.uk/r/InsightMay2022 or complete our survey by scanning this QR code. It will only take 5 minutes.



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