

in:sight

Haven't registered yet?

myRPS

Don't miss out! Join thousands of members who have already registered for myRPS.

myRPS is a secure area of the website where you have access to information about your Personal Retirement Account to help you manage your retirement plans.

To register, go to Railwayspensions.co.uk/register.



...See what you're missing!



See what you and your employer have paid in



Check which funds you're invested in



Use the lifestyle calculator to help you plan for your retirement



Make sure your details are up to date



Nominate your loved ones to receive a lump sum if you die before taking your pension



Trustee's message...

Welcome to your latest IWDC newsletter.

It's incredibly important to take retirement planning seriously.

A huge part of that is being able to understand all the benefits that a pension scheme such as the IWDC

offers – and how well your Personal Retirement Account is working towards fulfilling your hopes for later life!

I would strongly encourage you to look at your most recent Benefit Statement or log into your myRPS account at Railwayspensions.co.uk/login and see if your account is on track to provide you with the income you'll need when you retire.

You might find it helpful to use the Lifestyle Calculator when you log into myRPS (look under 'Planning my future'). It's a handy tool that will help you estimate the level of income you might need so you can afford the things you want when you retire.

Remember, the Trustee and your pension administrator, RPMI, are here to support you every step of the way. If you have questions about your RPS pension, you can check out our online FAQs at Railwayspensions.co.uk/faqs.

Your pension can make a real difference to your future so don't neglect it!

Best wishes,

John Chilman
Trustee Chairman

Data protection laws are changing

A new European Union (EU) data protection law will be introduced later this month.

The General Data Protection Regulation (GDPR) – a new EU data protection law – comes into force from 25 May 2018, replacing the Data Protection Act 1998.

The GDPR takes into account the many technological changes over the last 20 years and aims to harmonise data protection law across Europe.

It will apply to all EU citizens' data, regardless of where the data is processed.

The Trustee and RPMI will full comply with the GDPR, as they currently do with the Data Protection Act 1998.

Please read the leaflet enclosed with your copy of Insight for more details about the GDPR and your rights.



What's in it for you?

Your Scheme membership offers a whole host of benefits to help you make the most of life after work. Here are just a few of your benefits and options.

Tax-free savings

The money you pay into your pension is tax-free (as long as you don't exceed certain limits), making it a much more efficient way to save.

Extra from your employer

Your employer also pays into your pension, so you're not saving alone. This gives you more money to enjoy when you retire!

The option to top up your benefits

If you're an active member and would like to pay more towards your retirement income, you can apply to pay Additional Voluntary Contributions – like your normal pension payments, these will be taken from your pay before it's taxed.

A choice of investment funds

You can choose where you want to invest your pension account from a range of funds offered by the Trustee – and change your choices at any time.

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 the people or organisations that matter to you.

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.



You can find more information about the benefits you're entitled to in your Member guide and key features leaflet. You can find copies of both when you log into your myRPS account at [Railwayspensions.co.uk/login](https://www.railwayspensions.co.uk/login) (look in 'My library'). Register for your myRPS account today if haven't done so already

Avoid retirement envy!

Research has shown that many people are leaving it too late to save for the retirement they want – don't be one of them!

In a recent survey by Prudential, one-third of the respondents said they wished they'd saved more for their own retirement.

Don't leave it too late to get your pension savings in shape!

Start by registering online for your personal myRPS account at [Railwayspensions.co.uk/register](https://www.railwayspensions.co.uk/register). Then, follow these 5 steps to help keep your retirement plans on track.

1 Try the lifestyle calculator



This will give you an idea of the costs you might face when you retire. Simply log into your myRPS account and look under 'Planning my future'.

2 Check what your account is worth



You can log into myRPS to check where your Personal Retirement Account currently stands and see whether your estimated pension is on track to meet the cost of your future lifestyle.

3 Consider paying Additional Voluntary Contributions (AVCs)



AVCs allow active members to make extra contributions into their pension account. Like your normal pension contributions, these are made before any tax is deducted from your pay, so it doesn't cost you as much from your take-home pay.

You can find an application form to pay AVCs at [Railwayspensions.co.uk/iwdc-forms](https://www.railwayspensions.co.uk/iwdc-forms)

4 Review your pension plans regularly



Keep a close eye on your pension savings and the performance of the funds you're invested in to make sure they still meet your needs. You can switch your funds online by logging into your myRPS account.

5 Keep your Target Retirement Age (TRA) updated



If you're invested in one of the Lifestyle strategies and decide to change the age at which you want to retire, you should call RPM1 on 0800 2 343434 to let them know.

Remember...

There are some limits on how much you can save towards your pension before tax. You can learn more about these at [Gov.uk/tax-on-your-private-pension](https://www.gov.uk/tax-on-your-private-pension).

What will you do with yours?

There are several ways you can use your Personal Retirement Account when you decide to take your benefits, so think carefully about which option is right for you.

The IWDC Section currently only allows you to take your pension pot as a cash lump sum or to buy an annuity (or a mixture of the two), but you may be able to transfer your funds elsewhere to take advantage of any other options that meet your needs.

As a member of the IWDC Section, you can...

Take cash



Buy an annuity



By transferring your IWDC Section benefits to another authorised provider, you could also choose to...

Keep your contributions invested



Use drawdown

(take up to 25% tax-free and get a regular taxable income from the rest)



Take the cash bit by bit when you want it

(with 75% of each payment taxed as income)



Mix and match



Usually, up to 25 per cent of your Personal Retirement Account can be taken tax free. However, different tax rules apply to different options. You can find out more about each option and how it is taxed at [Pensionwise.gov.uk/explore-your-options](https://www.pensionwise.gov.uk/explore-your-options). Please think carefully before making any decisions about your pension.



Investing for sustainable returns

The Railways Pension Scheme aims to achieve better risk adjusted returns for members by taking environmental, social and governance (ESG) factors into consideration as part of its investments.

RPMI Railpen manages investments on behalf of the Railways Pension Scheme and Trustee.

As a long-term investor, it considers long-term risks and opportunities, and a key part of its investment strategy is what's known as 'sustainable ownership'.

Essentially, this means it encourages the companies it invests in to have responsible corporate practices (on tax, for example), effective risk and control structures, and a healthy workplace culture.

It believes companies with these characteristics are better placed to manage their risks and make the most of opportunities presented by ESG factors and changes to the demographics of their customer base.

Encouraging high standards of governance...

Among its many investments are shares in companies, and RPMI Railpen has a long history as an active and engaged shareholder, with a strong heritage in holding organisations to account on their governance.

In 2016, for example, RPMI Railpen voted against the Board of UK retailer Sports Direct, in which it is a shareholder, and backed a resolution calling for an independent review of working practices at the company.

Social influence...

As a shareholder in Woolworths Group Limited, RPMI Railpen supported a resolution which led to the Australian retailer announcing it would introduce a programme to ensure all labour providers operating in Woolworth's direct fresh food supply chains comply with labour and human rights standards.

It has also committed to Palatine Private Equity's Impact Fund. This fund focuses on small and medium-sized UK company buyout opportunities that have a clear social/ environmental benefit.

The fund invests in companies making a positive social or environmental impact, like TradeSkills4U, which helps retrain Army leavers as electricians.



Looking at long-term environmental issues...

RPMI Railpen considers climate change to be a significant issue and works with other organisations to help address it. Here are just some of the actions it has taken in recent years:

- By signing the Montreal Pledge, it committed to annually measure and disclose the carbon footprint of the Scheme's equities portfolio.
- In 2016, it commissioned TruCost to provide the emissions data for the Scheme's equity portfolio and brought the data analysis in-house to better understand its carbon exposure.
- It was one of the founding signatories to the Transition Pathway Initiative, which assesses how companies are preparing for the transition to a low-carbon economy.
- Railpen is a founder signatory, of Climate Action 100+, a five-year investor initiative to engage with the world's largest corporate greenhouse gas emitters.
- It is also a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), which asks companies to disclose their governance, strategy, risk management, and metrics and targets related to climate risk.



This regular feature looks at developments in pensions that may be relevant to you as a member of the IWDC Section.

State Pension age review outcome

In last year's edition of Insight, we told you a review of the State Pension age was in progress. Soon after the newsletter was published, the government announced the outcome of the review.

The headline was that the State Pension age will rise from age 67 to age 68 over a two-year period, starting in 2037 and ending in 2039.

This change will only affect you if you were born between 6 April 1970 and 5 April 1978, in which case your current SPA is 67 and you will see it increase to between 67 years 1 month and 68 years, depending on your exact date of birth.

The State Pension age is currently 65 for men and will also be 65 for women from November 2018. It will then rise to 66 by October 2020, with the increase from 66 to 67 happening between April 2026 and April 2028.

The State Pension age does not affect when you can take your benefits from the IWDC Section.

However, you may want to consider your State Pension benefits – and when they will be payable – as they could form an important part of your overall retirement income.

State Pension forecast

The full rate of the new State Pension for 2018/19 is £164.35 and it is worth checking if you are on target to get this full amount.

You can get a forecast of your State Pension at **Gov.uk/state-pension-statement** by signing in using your Government Gateway account if you have one – or you can set up an account there if you don't have one. Within the State Pension forecast you can see:

- information about your National Insurance record to date



- how much State Pension your National Insurance contributions have already built up, and
- what State Pension you might expect to get when you reach your State Pension age

Money Purchase Annual Allowance

Last summer, we mentioned the government's plans to reduce the Money Purchase Annual Allowance (MPAA) from £10,000 to £4,000 with effect from April 2017. This change had been delayed due

to the General Election but was finalised in autumn 2017 and backdated to April 2017.

The MPAA was introduced in 2015. It is a reduced level of Annual Allowance for money purchase (or 'defined contribution') pension savings, such as your IWDC Section contributions.

The MPAA will **only** apply to you if you've already taken some of your pension savings using one of the following type of payment options:

- taking a full cash payment of more than £10,000
- using a drawdown arrangement (i.e. a series of cash lump sums), or
- buying an annuity where the income can be reduced

If you have triggered the MPAA, the scheme in which this was done should have written to you to tell you about this. You should then consider the MPAA when planning your future pension savings.

Further details about the MPAA – and other aspects of the Annual Allowance – are available in the 'Tax limits – Annual Allowance' Read as you Need guide at Railwaypensions.co.uk/rayn.

Find the form you need

It's easy to manage your Scheme pension online, but you can also download and print off a range of useful forms if you want to. You can find them all at Railwaypensions.co.uk/iwdc-member-forms.



Protect your pension

Pension fraud is on the rise, so please be vigilant to keep your pension savings safe.

Scammers may try to lure you into an illegal pension transfer. If it goes through, you may never see your pension savings again – and you could face a huge tax bill, too!

Scammers' tactics are becoming ever more sophisticated. They will try to flatter, tempt and pressure you.

Be wary of:

- exotic-sounding investments like hotels, vineyards or other overseas ventures, and deals where your money is all in one place – and therefore more at risk
- cold calls
- promises of guaranteed returns, upfront cash or early access to your pension funds
- limited-time offers and 'one-off' pension investments
- companies using a serviced office or PO Box address or a mobile number as a contact number

These offers are unlikely to be genuine. If you're under age 55, you cannot access your pension unless you are too ill to work.

If think you've been a victim of a scam, please report it to Action Fraud on 0300 123 2040.



Before agreeing to any pension transfers...

- 1** Study details of any transfer carefully yourself – don't be rushed!
- 2** See if the deal is a known scam at **Fca.org.uk/scansmart**
- 3** Check the adviser is registered with the Financial Conduct Authority at **Register.fca.org.uk**
- 4** Call the Pensions Advisory Service for help on **0300 123 1047** or visit **Pensionsadvisoryservice.org.uk**
- 5** Visit **Pensionwise.gov.uk** to learn about your retirement options

Further information is available on the Pension Regulator's website **Thepensionsregulator.gov.uk/pension-scams.**



Keeping your details safe

We're strongly committed to protecting your information and have secure measures in place to protect your details online.

Help is at hand

Pensions can seem daunting at times, but don't worry, there's plenty of support available to help you understand your benefits and options.

Pension Wise



Pensionwise.gov.uk



0800 138 3944

If you're age 50 or over, Pension Wise is a government-led service offering guidance about your retirement options. You can book a free appointment to discuss your personal or workplace pension.

The Pensions Advisory Service



Pensionsadvisoryservice.org.uk



0300 123 1047

Get free, impartial guidance on a wide range of pensions-related topics, including early retirement, ill-health retirement, and the impact of death, divorce, child birth, bankruptcy or relocation on your pension.

RBF and Citizens Advice



support@railwaybenefitfund.org.uk



0345 241 2885

RBF has partnered with Citizens Advice to launch Money Advice, which provides free confidential general and specialist debt advice to support rail staff struggling with money worries.

Money Advice Service



Moneyadvice.service.org.uk



0800 138 7777

This free and impartial advice service will help you learn about retirement income choices, budgeting and planning for retirement, and how auto-enrolment affects you.

Gov.uk



www.gov.uk

The government's website offers clear and concise explanations about pensions, tax, and National Insurance issues.

Independent financial advice



0800 032 7251 (LEBC)



rpm@theretirementadviser.com (LEBC)



Unbiased.co.uk

If you're close to retirement, RPMI works in partnership with financial advice provider LEBC to provide help for IWDC members. Initial consultations are free of charge but a fee is charged for further services.

You can also find Independent Financial Advisers (IFAs) registered with the Financial Conduct Authority in your local area on Unbiased's website. You should check that the adviser is qualified to offer advice on pensions.

The Trustee of the pension scheme, your employer, and your pension administrator, RPMI, are not authorised to offer financial advice.

Tax on your pension if you die

If you die and leave behind IWDC pension funds you haven't used, your beneficiaries may have to pay tax. Here's how it works...



If you die
before age

75

Your unused funds can pass to your beneficiaries and they won't pay tax on it, whether it is taken as a one-off lump sum or withdrawn as a series of lump sums (known as 'drawdown').



If you die
at age

75 or later

Your unused pension funds can pass to your beneficiaries. However, they'll have to pay Income Tax on any funds that are either left in your pension pot, provided through an annuity, or provided as a series of lump sums (known as 'drawdown').

If you leave behind any pension pot that you've taken as cash, it will become part of your Estate and your beneficiaries may have to pay Inheritance Tax, depending on the size of your Estate.

Your beneficiary might pay extra tax if the amount you take from your pot before you die plus the amount you leave behind is more than the Lifetime Allowance (currently £1,030,000).

Get in touch...

Pension queries

You can find lots of information in our FAQs at [Railwayspensions.co.uk/faqs](https://www.railwayspensions.co.uk/faqs).

If you can't find the answer you're looking for online, email dcadmin@rpmico.uk or telephone the Helpline on 0800 2 343434.

Tell us what you think



Email insight@rpmico.uk, scan the QR code or visit [SurveyMonkey.co.uk/r/Insight18](https://www.surveymonkey.co.uk/r/Insight18) to share your thoughts on this issue of Insight.