

in:sight



We're all ears...

and we'd love to hear
your thoughts!

It's time for some straight talking
about your pension – that's why we're
looking for volunteers to join our new
online member group, **Platform**.

You can help shape the communications
you receive from the Scheme – whether via
this newsletter, online or video – to make
sure they meet your needs.

You could
win £150



of vouchers in our special prize
draw as a thank you for registering.

See Railwayspensions.co.uk/Platform for
terms and conditions.

Here's how Platform works...

1. **Sign up at Railwayspensions.co.uk/Platform** with your full name, date of birth and pension reference number.
2. **We send you an email...** inviting you to look at a new design, video or idea.
3. **You tell us what you think...** by answering 2 or 3 short questions.
4. **We listen and take your feedback on board...** some of our ideas may work – others won't – but your views will make sure we stay on the right track.
5. **We share the results with you...**

Making better pension
communications, together



Chair's message...

Welcome to your latest IWDC newsletter.

I'd like to take the opportunity to introduce myself as the new Chair of the Trustee Board for the Railways Pensions Scheme (RPS).

I've been a member of the Trustee Board since 2005 and chaired one of its sub-committees since 2007, so am very familiar with the railways pension schemes.

Outside of the Trustee Board, I have been involved in running company pension schemes for over 40 years' so I hope to add to the considerable knowledge and experience of my fellow trustees in meeting our responsibilities to you, our members. I'm looking forward to continuing the good work the Board does. The RPS is a fantastic pension scheme, run for the benefit of you – its many members – so it's a privilege to play a part in that.

As a Board, we would like to say thank you to John Chilman for the brilliant contribution he made in leading us as Chair since 2014. We will continue to benefit from his expertise as he takes up the role of CEO of the Scheme's administrator, RPMI, this summer.

I'd also like to express our appreciation and gratitude to Tony Cotgreave who, after 14 years of serving on the Trustee Board, has chosen to step down. His dedication and commitment to the RPS has been exemplary. We look forward to welcoming John and Tony's successors to the Board soon; please keep an eye on our website for further updates.

Chris Hannon
Trustee Chair



Go online!

Your pension savings are important, so keep an eye on them!

At **Railwayspensions.co.uk** you'll find a range of resources to help you understand your pension savings, including information on fund choices, helpful guides and handy FAQs.

If you haven't already, you should register for a myRPS account on the website. It's easy to do and you can log in to see more information about your Personal Retirement Account.



Visit **Railwayspensions.co.uk/login** to log in or register today!



Understanding: What happens when you approach retirement?

If you're nearing your retirement date, here's a simple guide of what to expect.

Check your account

It's important to regularly monitor your pension savings and the performance of the funds you're invested in, so you have a good idea of what you can expect to receive. Each year, you'll receive a statement giving details of your personal retirement account, but you can also check it online by logging into your myRPS account (or registering for one if you haven't already) at **Railwayspensions.co.uk/login**.

We'll get in touch

As a member of the IWDC Section, you can take your benefits at any time from the age of 55. However, if you leave them invested in the Scheme, your administrator will send you a letter around six months before your normal retirement date or your Target Retirement Age – whichever is earlier.

Know your options

The letter will explain what you can do with your pension pot (see page 4 for more information) and where you can seek guidance and advice. You don't have to take your benefits straight away – you can leave your account invested up to the age of 75 if you wish.

Applying for your benefits

After considering your options carefully, if you do decide to take some – or all – of your benefits rather than leave them invested, you should fill in an Application for Benefits form to tell the administrator your decision.

Reap the rewards

You've worked hard to build up your pension savings so, whatever you decide to do with them, hopefully they'll help you have a more enjoyable retirement!



Your retirement options

Understanding your Personal Retirement Account and the possibilities it provides can be daunting. However it's important to take the time to think about the different options available when you're able to take your benefits.

As part of the IWDC Section, you can:



Take your account as cash

OR



Buy an annuity

If you transfer your IWDC funds to another authorised provider, you can choose any of the below:



Keep your contributions invested



Take the cash bit by bit



Use drawdown (for a regular taxable income)



Mix and match

To learn more about your retirement options our FAQs are a great place to start
Railwayspensions.co.uk/faqs.

In most cases you can take up to 25% of your account as a tax-free lump sum payment. However this varies as different tax rules apply to different options. Find out more about tax at Pensionwise.gov.uk/en/explore-your-options.

Useful contacts

Independent financial advice

- 0800 032 7251 (LEBC)**
- rpmi@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.

Government services

- Gov.uk**

The official government website has lots of easy-to-understand information about pensions, tax and National Insurance.

Citizens Advice

- Citizensadvice.org.uk/debt-and-money/pensions**

Citizens Advice provides free, independent, confidential and impartial advice about your rights and things you should think about when setting up a pension and getting near to retirement. You can also find information on Pension Credit and Universal Credit.

Lost track of a pension?

An online government service can help you find contact information for your old pension schemes.

It's important to keep a record of the pension schemes you've paid into so you don't miss out on any benefits you're entitled to.

If you think you may have lost track of a pension, visit **Gov.uk/find-pension-contact-details** to trace the contact details for either a workplace or personal pension (or someone else's if you have their permission). You'll need to know the name of your employer or the pension provider before you begin.



The website can't tell you whether you have a pension or the value of it, however.

You can also request contact details from the Pension Tracing Service by calling **0800 731 0193** or by writing to: **The Pension Service 9, Mail Handling Site A Wolverhampton, WV98 1LU**

Is your **Target Retirement Age** on track?

Your section has a **Normal Retirement Age**, but you can choose to retire earlier or later - this is called your **Target Retirement Age (TRA)**.

Your TRA can be as low as your Minimum Pension Age or as high as age 75.

If you haven't chosen your own TRA it will be defaulted to your scheme's Normal Retirement Age, but you should review it regularly to make sure it's still right for you – and update it if it's not.

When you're invested in a Lifestyle Strategy, your funds will be switched as you get closer to your TRA. So it's important to let RPMI know if your retirement plans change.

To check – or update – your TRA, you can contact the Helpline on 0800 2 343434.

If you're not sure about your retirement plans or investment choices and want guidance, you can find a list of independent financial advisers in your local area at **Unbiased.co.uk**.

More information about investment funds can be found at **Railwayspensions.co.uk/iwdc-fund-choices**.

How will you invest your pension savings?

You can choose how to invest the money you pay into the Scheme, according to your needs.

Your contributions into the IWDC section of the Railways Pension Scheme are invested in carefully chosen funds, with the long-term aim of building up your pension savings. But you can choose which of the funds you want to invest in.

If you **DON'T** feel comfortable about managing your own investments, you can opt for the 'hands-off' approach with a Lifestyle Strategy, where the decisions will be made on your behalf.

If you **DO** want to be involved in how your investments are managed, you can choose from the IWDC range of self-select funds.

What is a 'default' fund?

You can choose which fund(s) you want to invest your IWDC contributions in. But, if you don't specify your wishes, you'll automatically be invested in what's known as a 'default' fund. The default fund is the Long Term Growth Lifestyle Strategy.

Remember!

You should regularly review your fund choices regularly to make sure they are still appropriate, particularly as you get closer to retirement.

If you would like to switch the funds you're invested in, you can do so by logging into your myRPS account at **Railwayspensions.co.uk/login** (or registering for one if you haven't already).

Answer one or two simple questions to help you work out which investment route might suit you...

Q1. Do you want to be involved in managing your investments?

No,
I'd prefer a hands-off approach

Lifestyle Strategies

Yes,
I want to be involved

Self-Select Funds

Q2. Are you less than ten years from retirement?

No

If you don't plan to retire soon, you may want to take more risks for potentially higher returns.

Global Equity Fund

Long Term Growth Fund

Yes

If you are getting closer to retirement, you may want to consider adopting a more cautious approach to protect the value of your account.

Aggregate Bond Fund

Index-Linked and Global Bond Fund

Deposit Fund

For more information about fund choices,
Railwayspensions.co.uk/iwdc-fund-choices.

Your tax limits explained

There are limits on the amount of tax-free pension savings you can build up. If you go over those limits, you could face charge on the excess.

Money Purchase Annual Allowance

The Money Purchase Annual Allowance could affect you if you take money from your IWDC pension, or from any other money purchase scheme, and then pay more in. It would mean any future savings you make to money purchase or defined contribution arrangements (such as the IWDC) are limited to £4,000 before tax will be charged on any excess.

You would only trigger the Money Purchase Annual Allowance if you took some of your IWDC pension or other money purchase benefits using the following options:

- You took your pension pot as a lump sum and some of this was taxed
- You took ad-hoc lump sums
- You put your pension pot into an income drawdown fund and started to take an income
- You were in a flexible drawdown arrangement before 6 April 2015; or
- You used your pension pot to buy an annuity contract under which the income can be reduced (an annuity is an insurance product that gives you a guaranteed income for life)

If you have already triggered the Money Purchase Annual Allowance, you would have been informed of this by your pension scheme after the event that triggered it.

Annual Allowance

This is currently set at £40,000 per year. If your annual pension savings go over this limit, you may have to pay a penalty charge – unless you have unused Annual Allowance from the previous three years that you can use to offset the excess.

Some high earners may have a lower allowance (see 'Tapered Annual Allowance' below for details).

Work out your allowance online at [Hmrc.gov.uk/tools/pension-allowance](https://www.hmrc.gov.uk/tools/pension-allowance).

Lifetime Allowance

This currently stands at £1,055,000. You can save as much as like into your pension, but once you start taking money out of your pensions (excluding the State Pension), you could be liable for an excess tax charge.

You usually find out if you are affected by this allowance when you retire because it is based on the benefits you actually get.

Tapered Annual Allowance

You will need to think about all your income over the tax year, such as earnings from work, your pension savings, and any other sources like shares and buy to lets. You will be affected by this Allowance if your taxable income is over £110,000 and your taxable income combined with your pension savings is over £150,000.

RPMI Railpen has published its Sustainable Ownership Report for 2018

The report looks into how RPMI Railpen, the Scheme's investment manager, is working to ensure that sustainable considerations are taken into account during the investment decision-making process.

Sustainable Ownership is Railpen's approach to incorporating sustainability considerations into the investments managed on behalf of the railways pension schemes. It is championed by the Trustee through its belief that:

“Environmental, social and governance (ESG) factors materially impact long-term investment returns and must be taken into account.”

The report focuses on Railpen's Sustainable Ownership activities over 2018 in three areas:

- 1 Integration**
- 2 Active Ownership**
- 3 Longer-term risks and opportunities**

Climate change continued to be one of the key areas of focus over the year. Railpen is a proud supporter of the Task Force on Climate-related Financial Disclosures (TCFD) and encourages all of its portfolio companies to provide information in line with the framework. It prepared its first disclosure against the framework in 2018, which can be found in the report.



Railpen is also a signatory to the United Nations Principles for Responsible Investment (PRI) and part of the current PRI-coordinated engagement in cyber security.

To find out more about Railpen's approach to Sustainable Ownership, and to view a full copy of the report, please visit Rpmirailpen.co.uk/sustainable-ownership

Case study – Greener Gretna

One of the property assets owned by RPMI Railpen is Gretna Gateway Outlet Village. This is a shopping outlet village located on the border of England and Scotland. In November 2018 Gretna Gateway won the Best Waste Management Award at the JLL Responsible Property Management Awards. The centre is now zero waste to landfill and less reliant on sending waste to incineration.



Pension news in brief:

Take a look at the latest developments in pensions...

New financial and pensions guidance body

At the start of this year, the Single Financial Guidance Body (SFGB) was set up to bring together the Money Advice Service, Pensions Advisory Service and Pension Wise with the aim of improving money and pensions guidance across the UK.

The SFGB rebranded to the Money and Pension Service (MAPS) in April. We will provide contact details for the new service once they're available at **Railwayspensions.co.uk**.

This service is available to provide guidance. If you need advice, you should use an Independent Financial Adviser.

Brexit

Looking ahead, the RPS Trustee Board is aware of the continuing uncertainties surrounding Brexit.

The Board is monitoring the situation and, where appropriate, will respond to the changes. RPS investments are global so that the exposure to economic risks is well diversified, not concentrated in the UK.

The Board has checked that the internal 'supply chain' – i.e. the various systems, staff and suppliers that help manage the Scheme – will continue to operate in various Brexit scenarios.



Transferring in

You have the option of transferring in other pension savings into your IWDC Section account should you wish to do so. However, you should take financial advice when considering this option.

Cold calling ban now in force

A government ban on cold calling regarding pensions came into force in January. Therefore, if you receive any unsolicited marketing calls about your pension, you should hang up.

Read more about how to protect yourself and your savings on page 12.

Pensions dashboards

Pensions dashboards were first announced in the 2016 Budget as a way to help people to see all their pension savings information in one place, including their State Pension.

The government has recently said that it hopes for the first dashboard to be introduced in 2019-20 by the new Money and Pensions Service. It is then expected to be followed by other pensions industry dashboards to give people more choice on what they wish to use.

Please keep an eye out in future newsletters and on the website for more information on pensions dashboards, how you can find them and how to make them work for you as an IWDC member.

In the meantime, you can keep a track of your IWDC Section savings by logging into (or registering for) your myRPS account at Railwayspensions.co.uk.

Changes to the State Pension age

The State Pension age is now the same for men and women.

The change has been gradually phased in and finally came into effect on 6 November 2018.

It means that both men and women can only claim their State Pension from the age of 65.

Your IWDC pension is not affected as it is covered by Scheme Rules, not government legislation.

How the State Pension age has changed...

- Until 2010, women could claim their pension at age 60, and men at 65.
- From 6 November last year, everyone can now only claim from age 65.
- The State Pension age will rise again to 66 by October 2020, and to 67 by March 2028.
- Yet another rise to age 68 is proposed by March 2039.

Work out when you can start claiming your State Pension at Gov.uk/state-pension-age.



Don't hang on... hang up!

A ban on cold calling came into force on 9 January 2019. This means unsolicited phone calls, texts and emails are now against the law.

Fraudsters use cold calling to try and steal your life savings or tempt you to invest in a high-risk scheme which is totally unsuitable for your pension. A scam usually starts with an unexpected call, text, email or social media message.



Other warning signs are:

- Promises of a tax-free lump sum worth more than 25 per cent of your pension's value
- Early access to your pension before the age of 55
- Pressure for a quick decision
- Get-rich-quick investments 'guaranteeing' a high return
- No company contact details – just a mobile phone number or PO Box address.

Cold calling is now banned, but you should still be on your guard. Remember – if you take cash early, you face a hefty tax penalty. If you transfer it overseas, it could vanish forever.

If you think you may have been targeted by scammers, you can report it to Action Fraud by calling 0300 123 2040.

Get in touch...

Pension queries

You can find lots of information in our FAQs at Railwayspensions.co.uk/faqs.

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

Tell us what you think



Email insight@rpmi.co.uk, scan the QR code or visit SurveyMonkey.co.uk/r/InsightMay19 to share your thoughts on this issue of Insight.