RAILWAYS PENSION SCHEME
2024
issue 11

in:sight

A step in the right direction...

...moving towards a paperless pension

In response to member feedback, we're taking steps to reduce the Scheme's environmental impact and make it easier for you to access your documents online.

What's changing?

From the end of 2024, you'll be able to get some pension paperwork online rather than by post. If you've changed your address, you'll also need to tell us online.

The first documents to be moved online are:

- Annual Benefit Statements (ABS)
- Summary Funding Statements (SFS)
- Pension Saving Statements (PSS)
- Member newsletters, including Insight
- 'Wake-up' letters – a reminder to start making plans for your retirement, which you'll get before you're due to stop work. We may still send you a pre-retirement pack to help you prepare for retirement.

You may not get all of these documents, as it depends on your membership. Any documents you do get will move online only from the end of 2024, unless you prefer paper copies.

If you opt in to get a paper copy, these documents will still be sent to you by post.

What does it mean for me?

If you have a myRPS account, you'll get your documents online from the end of 2024. Unless you tell us you want to opt in to paper copies.

If you opt in to paper copies, you'll get your documents by post, even if you have a myRPS account.

If you don't have a myRPS account AND you don't opt in to paper copies, you'll get your documents by post. So, if you'd prefer to get things online, you need to register for a myRPS account.

Find out how to make your preference known on page 2.

What do I need to do to go paperless, or keep getting documents in print?

Go paperless - If you're happy to get your documents online, you don't need to tell us. But you will need a myRPS account to access them.

If you already have an account, you'll get some documents online automatically from the end of 2024. However, you will continue to get things in paper until then.

If you haven't got an account, you can sign up at **railwayspensions.co.uk/register**.

Continue with paper - You can opt for paper, even if you have a myRPS account, but you'll need to tell us.

You can fill in the form at **member.railwayspensions.co.uk/knowledge-hub/news-and-views/paper-opt-in** or scan the QR code. You can also call the Helpline. You may still get communications giving you the chance to opt in throughout 2024, but you only need to tell us once.

Do nothing - If you don't register for a myRPS account, and don't opt into paper copies, your personal documents will still be sent to you by post. However, other items, like newsletters, will be online only from the end of 2024.

It's up to you - However you choose to get your documents (paper or online) it will apply for all of your periods of membership, and for any documents that are moved online in future. But you can change your mind by contacting us at any time.

Where will I find my documents online?

Your online documents will be in the **'My Library'** area of your myRPS account, at **railwayspensions.co.uk/login**

Your latest Annual Benefit Statement will be in the **'View statements and estimates'** page in the **'My Pension'** area.

Newsletters can be found at **railwayspensions.co.uk/newsletters** without logging in.

Chair's message...

Insight is going digital!

This is the last edition of Insight that you'll automatically get through the post. If you still want to get a paper copy, you'll need to tell us. You can do this by logging in or registering for a myRPS account – there's more on this on this page.

I understand that finances and the increasing cost of living are still a concern for most of us. Railpen and the Trustee work tirelessly to support you in achieving your long-term financial goals by delivering the investment returns needed to secure your future.

If your circumstances change it can be a challenge to balance the budget. There is information on your member website about how maternity, paternity and adoption leave, ill health, divorce or changes to your working hours may affect your pension pot. And we'll talk more about why pausing your pension contributions may not be a good idea on page 9. A great way to forward plan is to use the modelling tools available in your myRPS account – more on pages 10 and 11.

I'd like to introduce Richard Jolly who became a Trustee Director, sitting on the Defined Contribution Committee, earlier this year. Richard has worked in pensions for over 22 years and is currently with Network Rail. You can read more about the Trustee Board on your member website.

In October the Railways Pension Scheme will celebrate its 30th birthday. We're proud to help you plan for your life after work and support you to achieve a good financial outcome in retirement, as we have done for thousands of members over the past 3 decades.

With best wishes,

Christine Kernoghan, Trustee Chair

Have you thought about **what will happen to your pension if you die before you claim it?**

Nominate your beneficiaries today.

One benefit of Railways Pension Scheme membership is your beneficiaries could receive a cash lump sum if you die before taking your pension. And while life is busy enough, if you spare 5 minutes now to nominate, it could save a lot of time and unnecessary stress at a difficult time for your loved ones.

By completing your nominations, you tell the Trustee who you would like any money to go to after you die. This could speed up the decision about where the money goes. The cash lump sum is normally tax free – but if the Trustee doesn't know what your wishes are, it could take longer to pay out. This means it could be taxed.

You can nominate an individual, several people, a charity, club or organisation.

It's confidential, so your nominees won't know they've been added – or removed – as your beneficiary. If you nominate more than one person, you can list what percentage of the benefits you think should go to each of them, as long as this adds up to 100%.

The quickest and easiest way to nominate a beneficiary and make sure your wishes are considered is to log in to your myRPS account at **railwayspensions.co.uk**.

If you haven't registered yet, it only takes a few minutes.

Then once you're logged in you can make, see and change your nominations at any time. All you need is the name, address and postcode of each nominee. And details of a parent/guardian if your nominee is under 18.

You can find more details about death benefits and whether a lump sum is payable in your Key Features information, which can be found in the **'My Library'** area of your myRPS account.

Take 5 minutes now and get peace of mind that you haven't left it too late.

Your pension is a **tax-efficient way of saving for the future**

There are several reasons you might consider saving more in your pension pot.

We can't help decide what's best for you, but we want you to be equipped with information to help make a decision.

Make the most of tax relief

A fantastic thing about saving with your RPS pension is that it's tax efficient, because the money you pay in is taken from your salary before tax is deducted. This means you pay less tax on your salary.

For example, if you're a basic-rate tax payer (who pays 20% income tax) and want to put £100 into your pension, all of the £100 would be invested in your pension pot. Without tax relief £20 of the £100 would be deducted as tax and only £80 would be invested in your pension.

If you're a higher-rate tax payer you'll get 40% tax relief, and additional-rate tax payers get 45%. But there are limits on the amount of pension saving that benefits from tax relief each year.

Use up your Annual Allowance

The Annual Allowance is the limit on your pension savings that benefit from tax relief each year. It means the most you can save tax-free towards all your pension arrangements in a single tax year is the lower of either 100% of your earnings, or £60,000. Unless you're affected by the Tapered Annual Allowance, or the Money Purchase Annual Allowance.

If you didn't use your Annual Allowance up in the last tax year, you can carry forward any unused Annual Allowance from up to 3 previous years. This may mean you can pay more into your pension, without having to pay an extra tax charge.

Make use of any bonus cash

If you've received a bonus, a monetary gift or if you have some cash to spare, why not consider doing a good thing for your future by paying it into your pension?

You could also consider making extra regular payments on top of your normal pension contributions. These will be taken from your salary before tax is deducted, and it could help use up your Annual Allowance.

The great thing about Additional Voluntary Contributions is that you can decide how much you want to pay in, starting from as little as £2 a week or £10 a month. You can stop paying at any time.

Pension news from the **Spring Budget 2024**

On 6 March the Chancellor of the Exchequer, Jeremy Hunt, delivered the Government's Spring Budget for 2024.

The main announcements in relation to pensions focused on promoting investments in UK businesses and making sure defined contribution (DC) schemes provide value for money. Some of the main headlines from the Budget were:

- The Government re-stating their commitment to the Triple Lock for the State Pension. The Triple Lock ensures the annual increase in State Pension payments matches or even beats the official rate of inflation.
- The Government intend to require DC pension schemes to publicly disclose how much they have invested in UK companies. The Government will review what more should be done if this data does not show that investment in the UK economy is increasing.
- The Government is working with the Financial Conduct Authority and the Pensions Regulator on an updated Value for Money pensions framework. The framework will highlight where schemes are focusing on short-term cost savings at the expense of long-term investment results.
- The Government said it "remained committed" to exploring a lifetime provider model for DC schemes. This followed an announcement last year that the Government is considering whether savers should have the right to ask a new employer to pay pension contributions into an existing pot, which could allow savers to have one pension 'pot for life'. There is already a similar approach in Australia.

Replacing the Lifetime Allowance

The Lifetime Allowance was the maximum amount you could build up in all of your pension savings before you paid additional tax.

But from 6 April 2024, the Government replaced it with three new allowances. They limit the total amount of tax-free lump sums people can get from pension savings.

It's a big change - and means Railpen, the Scheme administrator, may take a bit longer to reply to queries as it makes changes to its processes.

The Lump Sum Allowance (LSA)

The most you can take as a tax-free lump sum from all your pension arrangements is **£268,275**. If you hold a valid LTA protection you can take 25% of the value of the protected amount. Any lump sum that is paid in excess of the available LSA is liable for tax at your marginal rate of income tax. Alternatively, the excess can be converted to additional annual pension.

The Lump Sum and Death Benefits Allowance (LSDBA)

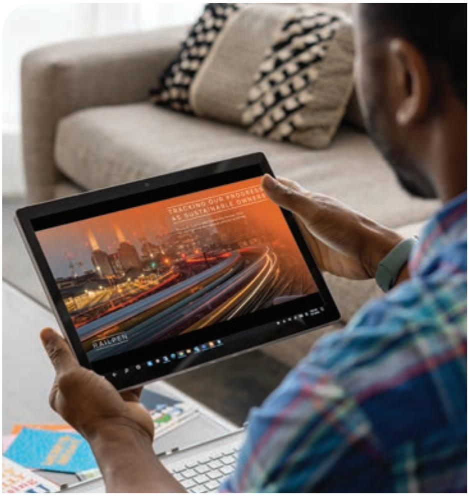
The standard LSDBA is **£1,073,100**. This is the cap on the tax-free lump sum that can be paid to, or in respect of, a member of a pension scheme. If the value of lump sum death benefits means that the LSDBA will be exceeded, the excess will be taxed at the marginal rate of income tax of the person receiving it. But if you hold a valid LTA protection, it will be the value of the protected amount.

Overseas Transfer Allowance (OTA)

This only applies to transfers out to a Qualifying Recognised Overseas Pension Scheme. The OTA limit will be **£1,073,100**, unless you hold a valid LTA protection. If the transfer value exceeds the OTA, there will be an overseas transfer charge (OTC) of 25%.

Not everyone will be affected by this change. If you retired, or took benefits from another pension arrangement, before 6 April 2024 the LTA still applies for those benefits.

You can read more about new lump sum allowances in the '**News updates'** area of your member website.



Our work on sustainable investing

Railpen recently published its latest Sustainable Ownership Review.

It's intended to feed back to you, our members, on the work Railpen has conducted as sustainable, proactive asset owners on your behalf.

Sustainable Ownership is our approach to incorporating sustainability issues, like climate change or executive pay, into the investments Railpen manages on your behalf. We believe it's sensible to invest in companies that are well-run, and seek to address the risks and opportunities related to how their business works, including environmental, social and governance issues. We think investing like this is the best way to protect and increase the value of your savings, giving you a good retirement outcome.

The report details our progress on these topics, through our active approach to Sustainable Ownership. It provides case studies that demonstrate how your pension money is invested thoughtfully and responsibly, and how Sustainable Ownership helps improve outcomes for RPS members.

The 2022 report highlights include:

- Railpen's activity to enhance the worker voice – an overview of the activity we have undertaken to provide guidance to companies on workforce reporting, and better engagement with their workforces.
- Progressing the transparency of climate-related lobbying with NextEra, one of the largest US-based utility companies.
- Using our shareholder vote – at 55% of annual general meetings in 2022, Railpen voted against or refused to support company management, or abstained on at least one resolution.
- The progress of major collaborative engagement campaigns, including the Railpen-led Investor Coalition for Equal Votes, which campaigns for equal voting rights.
- An outline of plans for the next 12 months, including further engagement with members.

We've focused on what matters to you

To understand what to include in our member communications, since 2021, we asked members what they're most concerned about when it comes to Sustainable Ownership. In 2023, the top 3 concerns, in order of importance, were:

1. Fair treatment of workers
2. Fair pay
3. Making sure company boards can be held to account.

You wanted us to continue taking a balanced approach to Sustainable Ownership, and also asked us to provide more bite-sized content on Sustainable Ownership throughout the year.

We've listened to your feedback, and we'll try to make sure our reports continue to include what you want to see. We'll also continue to tell you what we're doing on a regular basis, so keep an eye out for this in on your member website.

You can read our latest Sustainable Ownership Review at **railpen.com/knowledge-hub/reports**.

Market and fund performance update

The money you and your employer pay into your pension is invested into funds, with the aim of building your savings over time.

How these funds perform plays a significant role in how much money is in your pot and whether its value goes up, or down. It's important to regularly think about how long your pot will be invested before you take it, and which funds you are invested in.

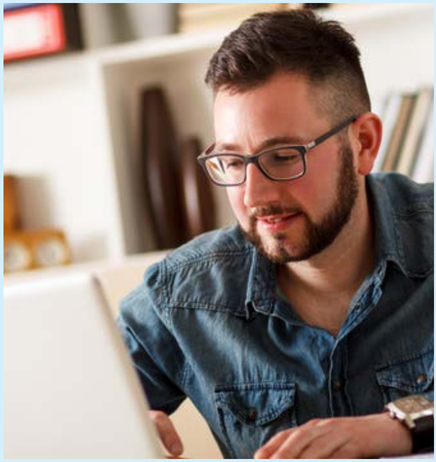
Returns from global equities were extremely strong over 2023 with equity funds experiencing positive returns. Developed markets outperformed emerging markets, as the latter was subdued by lacklustre growth in China.

The Long-Term Growth Fund, which members in Lifestyle strategies invest in, aims to generate returns of 4% above CPI inflation over the longer-term. It invests in a diversified mix of mainly growth-focused assets, including equities, bonds, property and diversifying assets.

The way assets are allocated in the Fund is flexible and will vary, taking into account changing market conditions. This helps ride out short-term fluctuations in individual asset class performance. Over 2023 the Fund returned 8.8%, ahead of the CPI+4% comparator. This was mainly due to strong equity performance.

For members who invest in any of the Lifestyle strategies and are nearing target retirement age, the bond funds invested in also experienced positive returns over 2023. The only fund which had a negative return was the UK Government Index-Linked Bond Fund.

The Trustee, supported by Railpen, makes thoughtful, long-term decisions about Scheme investments and remains focused on achieving the best outcomes for members.



A more convenient **way to log in**

If you've already registered for an online myRPS account, you will have created a memorable phrase.

When you log in, you were asked to enter certain characters of this phrase before you can access your account. However, some members told us that this step of the process can be difficult for them.

So to make logging in more convenient, and secure, we introduced two-factor authentication (also known as 2FA) in February. This means you won't have to remember a memorable word.

The first time you log in using 2FA you'll have to use a code sent to your email address. But after that you can use a code sent to your phone or email address. Adding a mobile number increases the security of your account, as if you ever lose access to your email account, you can receive security codes via text message.

For support with two-factor authentication or to register for a myRPS account go to **railwayspensions.co.uk/register**.

Investing for your future: real assets

The money you and your employer pay into your pension pot is invested on your behalf.

We are committed to investing your pension money in a way that supports a sustainable future for you, and for all. As well as financial assets, like stocks and bonds, we invest in what are known as real assets. These include land, buildings and energy generation.

We have invested in renewable energy as part of our multi-asset portfolio. We have invested in 28 turbines across 2 successful wind farms operating in Argyll and Bute, and South Ayrshire, Scotland. Most recently we have invested in a solar farm in Cambridgeshire which is now operating to its 100% capacity of 30MWp.

Anna Rule, Head of Real Assets at Railpen, said: "As the world navigates the challenges of climate change, the urgency to transition towards cleaner energy sources has becomes more apparent than ever.

We recognise the dual purpose of investing in projects such as the Bracks Solar Farm. First, by investing funds into wind, solar, biomass and battery storage projects, we're actively participating in the UK's green energy transition. Secondly, investing in UK property and infrastructure backs up our belief that real estate is an enabler of economic growth. Pension funds, like the railways pension schemes, see the opportunity to support the UK's green transition as one which not only supports the financial goals of the scheme, but has far-reaching benefits to the UK economy, communities, and the world around us."

Across renewable energy sites, Railpen now supports the energy supply of over 200,000 UK homes.

For more on our investments go to **railpen.com/investing**.

Why a **pause on your pension contributions** may not be a good idea

The cost of living is continuing to challenge our spending budgets and you might be looking at ways to cut down your costs this year.

If you're thinking about ways to cut down on your costs, you're not alone. Around 3 in 4 adults feel 'very or somewhat worried' about the rising costs of living. As a result, many of us are now spending less on non-essentials, according to research from the Office of National Statistics (ONS).

While a pause on your pension contributions might seem like a quick way to save money now, it could make all the difference to your life after work.

You could lose the valuable benefits of your RPS pension

- While you're paying in, so is your employer. The money in your pot is invested into funds or strategies you select with the aim of helping it grow. If you stop paying in, so will your employer, and there will be less in your pot to invest.
- Your contributions are normally tax-free. If you don't pay into your pension you will have to pay income tax on that portion of your earnings instead.
- If you die before you've taken your pot, then the value will be paid to your beneficiaries. If you die while still paying in to your pension, some members' beneficiaries may be entitled to a tax-free cash lump sum. Make sure to make your nominations online so the Trustee knows where you wish the money to go.

The less you pay in now, the less you may have later. Your State Pension might not be enough

- The full rate of new State Pension in 2024 is £221.20 per week. That's around £11,500 a year. While the State Pension is set to increase, remember that life's other costs, such as bills and holidays, are likely to increase, too.
- Plus, you may have to wait until your late 60s to claim your State Pension. The State Pension age is currently 66 for both men and women, and will increase to age 67 in 2026-2028.
- While the State Pension is a great place to start with saving for retirement, you might need to top it up with your RPS pension savings to enjoy the things you want to do in later life. For a personalised estimate of how much you might need when you retire, try the Retirement Budgeting Calculator when you log in to your myRPS account (more on page 10).

Where to go for support

It's important you think long and hard before making any changes to your pension savings.

If you pay in Additional Voluntary Contributions (AVCs), and you have no other option but to cut back on your spending, you could reduce the amount you pay in. Or you could take a break from paying into AVCs for a short time. But it's important that you keep paying into your main Scheme benefits, if you can.

To weigh up your options you could talk to a financial adviser. Find an independent financial adviser in your area at **unbiased.co.uk**.

Cost of retirement up by thousands

New figures show that the cost of retirement has risen by up to £9,100 a year, depending on the type of lifestyle you want when you stop work.

The Retirement Living Standards (RLS), created by the Pensions and Lifetime Savings Association (PLSA) and Loughborough University, estimate how much you might need in retirement each year, based on 3 different standards of living – minimum, moderate and comfortable.

According to the latest figures, costs have increased across all 3 levels for the second year in a row, with rises of up to 34%.

This means to enjoy a moderate standard of living in retirement, a single person will now need £31,300 a year, while a couple living a moderate lifestyle will need an annual income of £43,100. These figures are after tax, and costs are higher in London.

Why have the Retirement Living Standards increased?

The RLS are reviewed regularly and updated to reflect rising prices, and the public's expectations of what retired people will need, not just to survive, but to "live with dignity" in their life after work.

The PLSA say that rising prices of domestic fuel and energy costs are the most significant factor in increasing what is needed this year. Other factors include the soaring prices of food, socialising and motoring.

	MINIMUM	MODERATE	COMFORTABLE
Single	£14,400 a year	£31,300 a year	£43,100 a year
Couple	£22,400 a year	£43,100 a year	£59,000 a year
What standard of living could you have?	Your basic day-to-day needs, with a little money left over for fun	More finacial security and flexibility, in your day-to-day needs and extras e.g the opportunity for one foreign holiday a year	Financial freedom in your day-to-day needs, plus a few luxuries on top

Work out if your **pension adds up**

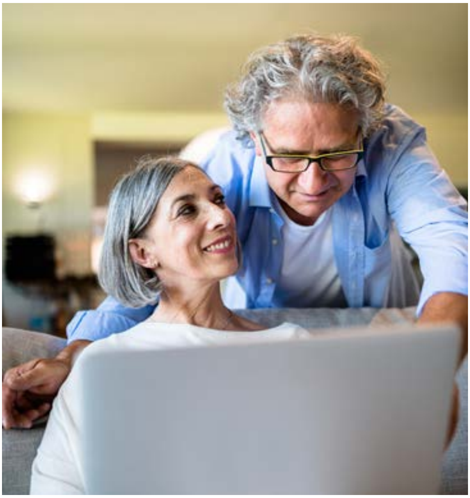
For a more personalised estimate of your retirement costs, you can also use the Retirement Budgeting Calculator tool.

It's based on the RLS, but you can adjust certain figures for a more tailored idea of how much you might need after tax, to pay for the retirement you hope for.

To work out whether you're on track to afford the retirement you hope for, you'll need to compare your likely spend with the amount of income you're likely to get. You can estimate this using the **Retirement Modeller** tool.

To help you manage your money, you might try the **MoneyFit** tool. It gives you a personal action plan to help you save more money into your pension. MoneyFit is anonymous, and free of charge.

You can find these tools in your myRPS account. Log in or register at **railwayspensions.co.uk/login**.



How you can **take your pension pot**

If you're preparing to take your pension there are several things to think about.

Take the time to understand the options available to you, including any tax implications, and consider what's right for your circumstances before making any decisions.

Your options are explained in detail in the 'IWDC members' area of your member website. Scan the QR code for quick access.

Main ways to take your pension pot

You can:

- get a flexible income, taking it a bit at a time. This is known as **drawdown**
- get a regular, secure income, known as an **annuity**
- take all of the money in your IWDC pot as a cash lump sum. This is known as **total encashment**.
- take up to 25% (but no more than £268,275) of your pension pot as a **tax-free cash lump sum** and choose one, or a combination of these options for the remaining amount of your pension pot. You do not have to take a tax-free lump sum.

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

Railpen doesn't directly provide annuity or drawdown options, so if you choose either of these options you will need to transfer your pot to another pension provider.

Take a look at this short video for an overview of how you can use the money in your pot and some of the things you might want to consider.

Main ways to take your pension pot

You can delay taking your pension pot up to age 75.

It is important that you regularly review your investment choices to make sure they remain appropriate for you. The risks are similar to all investments. The value of your pension pot may go up, but it can also go down. If you are closer to retirement, you may want to adopt a more cautious approach.

Making the right decision for you

If you're unsure of the best way to take your pension pot then you may want to speak to an Independent Financial Adviser.

Liverpool Victoria (LV) has been chosen as the official partner to give Scheme members access to financial advice. LV can be contacted on **0800 023 4187**.

You are still free to choose your own adviser. Find an IFA in your area at **unbiased.co.uk**.

Subscribe to our YouTube channel @RailwaysPensionScheme

Our short videos explain how your RPS pension works in a clear and simple way.

We also share our top tips to help you get the best retirement outcome at **youtube.com/@railwayspensionscheme**.

Follow us on ‘X’

Formerly known as Twitter. We share useful information and guidance on getting the best from your pension. Join us at **X.com/RPSPensions @RPSPensions**

Getting in touch…

You can find more information about your pension at **railwayspensions.co.uk** and in your secure myRPS account. If you can’t find the answers you need, please email us at **csu@railpen.com** and we’ll be happy to help.

If you need to speak to us more urgently, you can also call the Helpline on **0800 012 1117** (Mon-Fri, 8am-5pm).

Help us improve Insight

If you found this newsletter helpful, or if you have any suggestions on how we could improve it, please complete our short survey at **surveymonkey.com/r/DCInsight2024**. You can also use your phone camera or QR code app to scan this code. Thank you.

Share your opinion and **win shopping vouchers**

Do you have something to say about your pension?

Have your voice heard by joining our online feedback group, Platform.

We ask Platform members for their opinions on new ideas we’re working on, and what they’d like to see more of. Their opinions then shape the way we communicate to other members.

As a thank you for joining Platform, you’ll be entered into a prize draw to win **£150** worth of shopping vouchers at the end of 2024!

Over 500 of your fellow Scheme members are already signed up. Don’t miss out!

Join in the conversation at **railwayspensions.co.uk/platform**.

Large print

If you would like a large print version of this newsletter, please email **format@railpen.com**.

Printer Logos