

Your estimates glossary

From start to finish: a guide to pensions terminology in your estimate

If you're logged in to your online account in the Railways Pension Scheme, you can request estimates of your potential pension benefits at any time and they will usually arrive within an hour. We've now created a guide to some of the words and phrases commonly used in the estimates, so you can quickly work out what it all means. Here, we will go through your estimate from the start, explaining any pension terms that may not be familiar to you.

Please be aware that when your estimate is provided, you will also receive a factsheet which provides a detailed breakdown and explanation of the document.

Please note: as estimates are personalised, and cover various different scenarios, your own estimate may not include all of the following words or information.

Section 1 Personal details

- Your name, date of birth and Pension Reference number.

Section 2 Membership details

- **Normal Retirement Date (NRD) or Normal Retirement Age (NRA)**
This is the date when you can retire with unreduced benefits. It is usually a date or age between 60 and 65 years old, depending on the section of the Scheme you are a member of. You may have different Normal Retirement Ages for different periods of service, in which case fully unreduced benefits are available from the latest of the ages.
- **Date from which benefits are calculated**
This may be the date you joined the Scheme. However, if you transferred in benefits from another scheme or section, that service credit will also be taken into account.
- **Length of membership**
This shows how much membership you have in the Scheme (including any transferred in service credit). If you are still building up membership in the Scheme, then this will show the length of membership to the date of leaving or retirement that you have asked us to use in your estimate. Your length of membership is used to calculate your benefits.
- **Pensionable salary**
This is your annual salary that is taken into account when calculating your pension contributions. It typically does not include bonuses or overtime. Please check with your employer if you are not sure which part of your pay counts towards your pension benefits.

Section 3 Information used for this estimate

- **Calculation date**
This is the date your estimate was generated.
- **Estimate type**
This is the type of estimate you asked us to produce when you requested your estimate. There are several different types available (for example, you can request a retirement estimate based on you taking your Scheme benefits before, on or after your Normal Retirement Age), and each is likely to give you different estimated benefits.
- **Selected/available benefit option**
This will show all of the options available to you on your retirement.
- **Employment status**
This field will be blank unless the estimate was requested by your employer.

- **Estimate date**
This is the date you told us you wanted to retire on, or take your benefits from when you requested your estimate. If you didn't specify a date, your NRD will be shown, or the date of your next birthday if you have already passed your NRD.
- **Tax allowances**
The Lifetime Allowance (LTA) is the maximum amount of pension savings that can be built up without incurring additional tax, throughout your life. The percentage of your LTA used by your Scheme benefits is shown in the estimate.
- **Tax-free lump sum**
This is a limit set by HMRC on how much cash can be taken tax-free when you claim your benefits. You are given various tax-free lump sum options to choose from in your benefit statement.
- **Augmentation payment**
This is only available if your employer offers it. Augmentation is where you may potentially get a severance or redundancy package and you may wish to give up some in exchange for your employer putting an equivalent amount into your pension fund to boost your benefits. If this is available to you and if you requested it, this is included in your estimate.

Section 4 - Estimated value of your benefits as requested

- **Basic pension benefits before options**
This provides you with your basic benefits BEFORE you decide on your options, including your lump sum, yearly pension and the value of any BRASS funds.
- **BRASS and estimated value of your BRASS funds**
If you've paid into any BRASS Additional Voluntary Contribution (AVC) arrangements, your estimate will show the value of those accounts at the point the estimate was generated. If you pay AVC Extra contributions, then you must request a separate statement for this.
- **Augmentation benefits**
See Augmentation payment above. This is only available if your employer offers it. Augmentation is where you may potentially get a severance or redundancy package and you may wish to give up some in exchange for your employer putting an equivalent amount into your pension fund to boost your benefits. If this is available to you and if you requested it, this is included in your estimate
- **Options available**
The options offered in the lower part of this section of your estimate give you an example of the choices available to you when you take your benefits on your retirement, depending on the type of estimate you have chosen. The estimate will also show your estimated lump sum and yearly pension for any specific options you selected on request.

If your estimate provides you with a maximum and a minimum lump sum, then you may request a lump sum between these two amounts and the yearly pension will be adjusted accordingly.

Level pension option

This only applies to members who requested an estimate based on taking benefits before State Pension Age and who are interested in re-shaping their Scheme benefits, so that their overall income throughout retirement better suits their needs. If you choose this option, you should bear in mind that the State Pension payable to you in future may be different to the amount used in your estimate and the pension you will receive from the Scheme will reduce from your State Pension date.

Restructuring premium

This only applies if your earnings have been 'restructured' to make extra elements of your salary pensionable from a specified date.

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Helpline: **0800 012 1117**
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We recommend that you get independent financial advice before making any important decisions about your pensions arrangements.