

A guide for members of BRASS

If you would like to save more towards your retirement, you could pay Additional Voluntary Contributions (AVCs) into BRASS. This guide covers:

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What is BRASS?

BRASS is the Railways Pension Scheme in-house AVC arrangement and this could be suitable for you if you:

- have large earnings which do not qualify for Scheme pension (such as overtime and bonus payments); or
- want to increase your benefits at retirement or to enable you to take your benefits early (as long as you meet the conditions to do so).

When you join BRASS, you will open a Personal Retirement Account (your BRASS Account) which will hold your savings.

Your contributions are deducted each time you are paid or you can make lump sum payments yourself. Like your normal Scheme contributions, these attract tax relief, subject to you not exceeding the Annual Allowance. They are used to buy units in the investment funds you have chosen.

Your BRASS Account also has tax benefits, for example, there is no capital gains tax payable on the capital growth of your fund.

When you can join BRASS

You can join BRASS if:

- you are a contributing member of the Scheme; and
- your normal contributions do not come to more than both 15% of your gross pay and 20% of your pensionable pay (and pensionable restructuring premiums if you have them).

If you would like to join BRASS you should contact your payroll office who will start the deductions from your pay.

Contributions

Contributions to BRASS start from as little as £2 a week, or £10 a month (if you are paid monthly).

The most you can contribute to BRASS each tax year is the higher of either:

- 15% of your gross pay; or
- 20% of your pensionable pay plus pensionable restructuring premiums if you have them; **less**
- the amount you already contributed in normal contributions to the Scheme.

How you can contribute to BRASS

BRASS contributions deducted from your pay by your payroll department, like your contributions to the Scheme, benefit from tax relief through what is referred to as a 'Net Pay Arrangement' where pension contributions are collected before income tax. This means for taxpayers, full tax relief at the highest rate is automatic and no income tax is paid on the money being contributed to a pension.

If you want to contribute the maximum amount, you can top up your regular payments with a single amount before the end of each tax year. Your employer/payroll office will be able to work out the maximum you are able to pay into BRASS in a tax year.

If you want to pay more AVC contributions than the BRASS contribution limit, the Scheme offers another AVC arrangement called AVC Extra. More information and a leaflet called 'A Guide for Members of AVC Extra' are available from <https://member.railwayspensions.co.uk/resources/read-as-you-need-guides> or the Helpline.

Changing your contributions

Provided you are not in a salary sacrifice arrangement which includes contributions to BRASS, you can increase, reduce or stop your BRASS contributions at any time.

If you are in a salary sacrifice arrangement which includes contributions to BRASS, there may be an annual window in which you can increase, reduce or stop your BRASS contributions.

If you want to change your BRASS contribution, you may be able to complete a BRASS e-form when you log into your myRPS account at <https://member.railwayspensions.co.uk/login>. You'll find the BRASS e-form in the Planning for the future area of your account if your Section has opted to use it. A paper form is also available on our website. Or, you can contact your employer/payroll office.

Brass matching contributions

If you are receiving matching contributions and you reduce the amount you pay, any matching contribution made by your employer may reduce accordingly. If you increase your contributions, any matching contribution made by your employer is not necessarily increased.

Not all employers offer matching contributions, you will need to check the matching policy with yours.

Family leave

If you take maternity, paternity or adoption leave, your contributions will stop if your pay reduces to zero. You will need to make sure that your employer restarts deductions from your pay for BRASS when you return to work.

Fund choices

Your contributions to BRASS are used to buy units in the fund, or funds, you choose. There are a number of fund choices made available by the Trustee Company in which you can choose to save your contributions to BRASS. You can find details of these fund choices at <https://member.railwayspensions.co.uk>.

If you choose one of the Lifestyle funds, it is important that you tell Railpen when you are planning to retire (known as your 'Target Retirement Age' or TRA) so that your investments are switched into lower-risk funds at the right time. Your TRA can be earlier or later than when you would normally take your pension. If you do not choose one, it will default to your Normal Retirement Age.

The value of your BRASS Account depends on the number of units you have and the price of your units each day, so the value of your BRASS Account can go down as well as up. It also depends on which fund choices you make and how those fund choices perform. Information about the available fund choices, including performance, is published monthly at <https://member.railwayspensions.co.uk/>, or you can get a copy from the Helpline.

You should regularly review where your contributions are invested to make sure that your choices are still appropriate for you. If you are invested in a Lifestyle fund, you should also review your Target Retirement Age in case your plans have changed.

Please note that any information provided is not investment advice from the Trustee or its subsidiary companies and is intended only as a general guide. If you need investment advice, please get in touch with an independent financial adviser. Details of independent financial advisers in your local area can be found at unbiased.co.uk.

Fund charges

The costs for administering the BRASS AVC Arrangement (including fund manager fees for the various fund choices) are paid for by levying a charge against each individual member's BRASS Account. This is achieved by adjusting the daily unit prices available in each BRASS fund choice.

Details of all charges are also available from <https://member.railwayspensions.co.uk/> or from the Helpline.

How to change your allocated funds

You can change the funds your future contributions are paid to or switch your existing fund holdings between funds at any time. The easiest way would be to log into or register for your myRPS account at <https://member.railwayspensions.co.uk/> and complete the process online.

Alternatively, you could print and complete the change of investment form, which can be found at <https://member.railwayspensions.co.uk/>

Railpen recommends that you consider taking independent financial advice before you make any decisions.

Annual statement

Each year, close to your birthday, you will receive a statement showing the total contributions that have been used to buy units and the number of units in your BRASS Account.

Your BRASS funds will also be included on your Annual Pension Estimate from the Scheme and are shown in the secure area at <https://member.railwayspensions.co.uk/>.

Tax limits

You can contribute, tax-free, any amount each tax year towards all your pension arrangements up to the limits explained later in this section.

There are certain HM Revenue & Customs limits on the amount of pension benefits you can build up and receive from the Scheme **before** you have to pay extra tax.

Annual Allowance

This is the most you can save tax-free towards your pension in a tax year. It takes into account any registered pension arrangements that you are a member of and all AVC contributions you make, such as BRASS.

If your pension savings go over the Annual Allowance, you will have to pay tax on the amounts over the limit, unless you have sufficient unused allowance from the previous three years that you can carry forward.

From 6 April 2023, the Annual Allowance increased to £60,000 (although this could change in the future). However, this will be reduced for people whose taxable income is more than £200,000 and who have an “adjusted income” of over £260,000. This is called the Tapered Annual Allowance.

A reduced Annual Allowance, called the Money Purchase Annual Allowance (MPAA) applies to those who flexibly access any defined contribution (DC) funds. The MPAA is £10,000 for the 2023/2024 tax year. It does not replace the standard Annual Allowance – it works alongside it so you may still be able to save up to £60,000 in total if you are paying into a defined benefit scheme too. You will not trigger the MPAA if you take your BRASS funds as part of your main scheme benefits.

Find out more about the Annual Allowance in our Read As You Need guide in the Resources section at <https://member.railwayspensions.co.uk/>.

Lifetime Allowance

You can save as much as you like towards your pension; however, before 6 April 2023, there is a limit on the amount of pension savings you can build up before you pay extra tax. This is known as the Lifetime Allowance (LTA). If you build up pension savings worth more than the LTA, you must pay a tax charge (the LTA charge) on the excess.

The LTA is £1,073,100 for the 2023/2024 tax year. In the Budget report for 2023, the government announced, with the effect from 6 April 2023, the removal of the LTA charge on pension savings accrued in excess of LTA.

From 6 April 2023 where the LTA is exceeded, no lifetime allowance charge is payable. The maximum amount someone can withdraw as a tax-free lump sum remains at £268,275 - 25% of the lifetime allowance in 2023/24. Above this, income will be charged according to an individual's income tax rate, but will not be subject to additional taxes. However, if you have previously applied for protection and were entitled to a higher tax-free lump sum on 5 April 2023 you will continue to be entitled to this higher sum.

The lifetime allowance is set to be abolished in April 2024.

More information is available on both the Annual Allowance and the Lifetime Allowance at <https://member.railwayspensions.co.uk/> in the Resources section.

How you can take your BRASS funds at retirement

When you take your benefits, the value of your BRASS Account is used to buy you extra pension in your section of the Scheme. However, you are required to take a tax-free cash lump sum equal to the value of your BRASS Account, up to the maximum allowed by HM Revenue & Customs. (Note: A different rule applies if you work for Unisys or RSSB – for more information on this please contact the Helpline).

Your benefits may need to be adjusted if, near the time your benefits are to become payable, you change the amount you contribute regularly to BRASS. If there is an adjustment, we will write to you as soon as we can to tell you what the change will be to your benefits.

Can you transfer your BRASS funds to another arrangement?

As part of the defined contribution flexibilities that were introduced in April 2015, you can transfer your BRASS funds to another arrangement if you wish, provided you have already ceased BRASS contributions. For example, you may wish to take your BRASS funds in a different way to those shown or at different time to your main Scheme benefits.

You would not need to transfer your main Scheme benefits at the same time as your BRASS benefits, although you would be able to do so if you are a preserved member.

If you are considering transferring BRASS or your main Scheme benefits, either now or in the future, we strongly recommend you seek independent financial advice. Such advice may be required before any transfer can proceed.

Pension scams

If you are thinking of transferring your benefits to another pension provider, then you should be aware of scams.

In particular, beware of people contacting you out of the blue wanting to discuss your pension, adverts offering 'free pension reviews' or promises of better returns on your savings, upfront cash. Once you have transferred your benefits to one of these organisations, it is often too late to do anything about it. You could lose your entire pension savings and be asked to pay a large tax bill as well.

For further information about pension scams visit thepensionsregulator.gov.uk/pension-scams.

All firms offering financial products or advice should be registered with the Financial Conduct Authority (FCA). If you are unsure about a firm that has contacted you, use the FCA's online register to check if the firm is registered at fca.org.uk/register or call 0800 111 6768.

What happens if you leave employment?

If you leave work and do not take payment of your benefits, you cannot continue to pay contributions to BRASS. In this situation, your BRASS Account will remain invested in your chosen fund(s) until you claim your benefits or transfer to another pension provider.

If you voluntarily change railway employer, you must stop paying your BRASS contributions to your previous employer's section of the Scheme. However, if your new employer has a section in the Railways Pension Scheme and you join, you can restart your BRASS contributions by contacting your employer/payroll office. The benefits from each period will be kept separate unless you elect to transfer.

If you decide to transfer your benefits to any other pension arrangement, you have a few options to choose from. Details of all these options can be found at <https://member.railwayspensions.co.uk/> in the Resources section.

Contact us

If you have any questions about BRASS, you can:

- visit <https://member.railwayspensions.co.uk/>;
- call the Helpline on 0800 012 1117; or
- contact your personnel or payroll office.

Disclaimer

The information provided in this leaflet is intended for general information and illustrative purposes. It does not constitute investment or any other advice, and it is not intended to be a substitute for information and statements provided by Railpen. It should not be relied on to make investment or other decisions. Railpen gives no warranty and accepts no responsibility for the accuracy of any information provided, or for your reliance on that information. Your benefits will be worked out in accordance with and subject to the governing trust deed and rules.

Although every effort has been made to ensure that the information given in this leaflet is accurate, none of the information given can give you legal rights to benefits that differ from those provided in the pension trust and rules.

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