

re:view



Love your pension today...

and it will love you back tomorrow!

It's never too late to pay attention to your workplace pension – after all, it's going to provide for you as you grow old.

Life doesn't end when you finish work and go on to retire. You'll still want money in your bank to help you do the things that you want to do.

A workplace pension, such as the Railways Pension Scheme (RPS), is a great way of saving for your future.

There are many reasons why membership of the RPS could be one of the best decisions you make for your future.

The RPS is a 'defined benefit' (DB) pension scheme and is a very valuable part of your workplace benefits – find out more on page 6.

Just a few of the benefits that RPS has to offer:



Tax-free savings

Your employer usually deducts your pension contributions from your salary before it gets taxed.



Peace of mind

Both you and your employer pay into your pension. When you retire, you'll be paid a pension every four weeks for the rest of your life.



A lump sum when you retire

You may be able to take some of your pension as a cash lump sum when you retire. Up to 25% will be tax free.



Help for your loved ones if you die

Should the worst happen, a lump sum or pension may be paid to your loved ones, or an organisation of your choice.

Chair's message...

A warm welcome to the February edition of your Review newsletter, bringing you the latest updates from the Railways Pension Scheme (RPS).

I'd like to take this opportunity to reflect on what's been happening in the world of pensions over the past year, and what this means for you – our members.

Although 2019 was a year of considerable political and economic uncertainty, the Scheme continues to be in robust health and everyone involved in its governance and management continues to work hard to protect your interests as members.

For instance, our Investments team works tirelessly to ensure the safety and security of the Scheme's assets. We take a very-long term approach to our investment strategy and are therefore able to ride out short-term volatilities in order to deliver our promise to continue to pay benefits on a secure, sustainable and affordable basis.

The 2019 actuarial valuation – the Scheme's three-yearly 'health check' – is well underway and we expect to have draft valuation results available in June. This health check makes sure there is enough money in the Scheme to pay pension benefits to members, both now and in the future. We will be able to share more updates with you in the coming months.

If you'd like to find out more about your Rail pension, visit railwayspensions.co.uk.



Best wishes

Chris Hannon, Trustee Chair

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The RPS: the facts



There are almost 350,000 members in the RPS.



It's the seventh largest scheme in the UK.



The RPS provides pensions for over 150 companies operating within the privatised railway industry.



It manages around £30bn of assets on behalf of pension savers.



The RPS is one of the few large defined benefit plans still open to new members.



The Railways Pension Scheme celebrates its silver anniversary

The Railways Pension Scheme (RPS) turned 25 in October 2019.

The RPS is a defined benefit pension scheme for the railway industry, made up of a number of different sections serving different employers, each with its own assets and liabilities.

The Scheme was set up on 1 October 1994 to replace the old British Rail Pension Scheme (BRPS) following the privatisation of British Rail.

Total assets of £8.4bn were transferred from the BRPS, which had 116,236 active members, 45,267 members with preserved benefits and 138,616 pensioners on 31 March 1994.

Back in 1994, the RPS was established with seven sections: 1994 Pensioners, British Rail, Railtrack,

European Passenger Services, Transmark, Railways Pensions Management and CAMAS UK.

Fast-forward 25 years, the RPS now has 112 sections, managing total assets of around £30bn, which makes it one of the largest pension schemes in the country.

The RPS has thrived over the years thanks to the support of you – its members – as well as its sponsoring employers and Trustee. Thank you for being part of its success and here's to many more years to come!

What you get as an RPS member...

There's lots of useful information about the Scheme and your pension on the FAQs page on the RPS website. Check it out at railwayspensions.co.uk/resources/faqs



Pension news in brief:

In this regular feature we look at developments in pensions which may be relevant to you as an active member of the RPS.

A new Pension Schemes Bill

Following the Queen's Speech on 14 October 2019, the previous government had published a Pension Schemes Bill to progress items from its pension agenda.

Although the recent general election stopped the progression of the published Bill, a similar Bill is being brought forward by the new government. It will become a new Pension Schemes Act once it has progressed its journey through parliament and had amendments and scrutiny along the way.

So what changes to pension schemes might there be if a new Bill is progressed in line with the recent Pension Schemes Bill?

Strengthened powers for the Pensions Regulator

The government has been looking to strengthen the powers of the Pensions Regulator (TPR) to address issues that have arisen in some pension schemes. There have been consultations on the government's plans in this area and the Pension Schemes Bill includes draft legislation to:

- Give TPR powers to punish those who deliberately put their pension scheme at risk, by introducing punitive fines;

- Introduce a criminal offence, carrying a maximum sentence of seven years' imprisonment and a civil penalty of up to £1 million, to punish those found to have committed wilful or grossly reckless behaviour in relation to a pension scheme; and
- Strengthen TPR's information gathering powers and the framework that requires employers to take pension considerations into account in corporate transactions.

The Trustee took part in the consultation on these topics and already has a strong working relationship with TPR for the RPS.

Pensions dashboards

In the last edition of Review we mentioned the concept of pensions dashboards as a way to help people to see information about all their pension savings, including their State Pension, in one place. The Money and Pensions Service (MaPS) is producing one of the first pension dashboards, called the MaPS dashboard.

It is not yet known when the MaPS dashboard will be ready and available to the public, so we will give you an update in a future edition of Review.

The Pension Schemes Bill includes draft legislation to support pensions dashboards by requiring schemes to provide pensions data to dashboard providers.



Other items

As well as the above items, the draft text of the Pension Schemes Bill includes:

- Plans to support collective defined contribution (CDC) pension schemes, such as the one that has been proposed by Royal Mail;
- Plans to support TPR's proposals for a new defined benefit scheme funding Code of Practice, which will be relevant for future valuations of the RPS; and
- Proposed changes to pension scheme member's statutory transfer rights to help avoid transfers to scam arrangements.

The Trustee and RPMI will be monitoring plans for a new Pension Schemes Bill. We will keep you updated with any significant developments on the member website or in future editions of Review.

Brexit

Following the general election on 12 December 2019 and the formation of new Conservative government, the UK was expected to exit the European Union on 31 January 2020. This edition of Review went to print before this deadline, so please visit the member website for any Brexit-related news that may impact the RPS.

How to spot a scam

Knowledge is power - by knowing the warning signs, you can help to protect your retirement income.

You have worked hard for your retirement income and you don't want to lose it to a fraudster. However, do you know what warning signs to look out for? Pension scams come in many forms but tend to fall into two main categories:

- Encouraging pension savers to take cash lump sums from their pensions for 'investments'
- Tricking the victim into transferring their pension to a new provider

Research by Censuswide conducted in June 2019, suggests more than five million people across the UK could be at risk of falling for at least one of six common tactics used by pension scammers:

- Pension cold-calls asking for information on your pension
- Free pension reviews
- Claims of guaranteed high returns
- Exotic investments
- Time-limited offers
- Promises of early access to cash (before the age of 55)

There is nothing your pensions administrator can do to get your money back once you've transferred it out of the RPS, so it is crucial you take extra care before making any decisions.

For free pensions guidance and advice, visit **pension-scams.com** or call the Pensions Advisory Service (TPAS) on **0300 123 1047**.

Your pensions administrator will never cold call and ask for information. It would only call you in response to an enquiry you have made.

Understanding: your RPS pension

A workplace pension, such as the RPS, can be a great way to save for your life after work.

The RPS is a 'defined benefit' (DB) pension scheme and is a very valuable part of your workplace benefits.

Along with the State Pension provided by the government, the RPS provides you with an income for the rest of your life when you retire.

And, it's a tax efficient way to save too! Your pension payments are deducted from your salary before you get taxed so you save more.

What is a 'defined benefit' pension scheme?

Sometimes referred to as 'final salary', defined benefit pension (DB) schemes are arranged by your employer and how much you get from the scheme when you come to retire depends on the

scheme's rules. Typically, the value of a DB pension is based on:

- how long you have been in the scheme; and
- your pensionable pay

The RPS offers a wide range of valuable benefits to members, both working and retired. Check out some of them on the front cover of this newsletter.

What to do next?

If you are interested in finding out more about the Railways Pension Scheme, visit railwayspensions.co.uk.

You can log in to your account at railwayspensions.co.uk/signin (or register if you don't already have an account).



Apply for Scheme Pays by 31 July

If you need to pay an Annual Allowance tax charge because you have gone over your Annual Allowance (AA) tax limit, then you may be able to pay it through the Scheme.

Scheme Pays is a process that allows you to pay your tax charge from your Scheme benefits and this is available to members who've exceeded the AA limit. This means the Scheme pays the charge direct to HMRC on your behalf, and the tax charge is taken out of your pension savings. This is covered by an option on HMRC's self-assessment tax return form.

If you have told HMRC that you will use the Scheme Pays option, it is important for you to

complete and provide a form to let the Scheme know you wish to do so. A link to the form – and further details about how Scheme Pays operates – is available in the 'Paying tax on pension savings over the Annual Allowance' Read as You Need at railwayspensions.co.uk/rayn.

The statutory deadline for applying for Scheme Pays for tax charges from the 2018/19 tax year is 31 July 2020. The Scheme cannot accept forms after that date.

Meet your Trustee



Gerry Doherty joined the Trustee Board in June 2018, having been nominated by the Transport Salaried Staffs' Association (TSSA).

We caught up with him to find out more about his experience, his involvement with the RPS and his vision for the Scheme going forward.

Q. Gerry, how did it feel to be elected to the Trustee Board?

- A. I had been retired from the Trade Union movement for over seven years. My election as a Trustee Director allowed me to utilise the skills and experience that I had developed over my working life in both the railway industry and in the Trade Union movement.

Q. Can you tell us more about your background?

- A. I first joined the nationalised British Rail (BR) in 1972 when still in my teenage years. I have worked for various departments and locations during my career taking up different roles, including being elected to sit on the TSSA Executive Committee (EC) around 1987/88.

In 1991, I moved to Dublin to join the TSSA as its Irish Secretary. Four years later, I was transferred back to TSSA's London office right in the middle of the privatisation process of the railway and was actively involved in the disaggregation process of the industry.

I also served as the TSSA General Secretary from 2004 until my early retirement in 2011.

Q. What are your priorities as a trustee?

- A. My priorities are to ensure that the Scheme assets are professionally and properly

managed. This will help deliver an adequately funded Scheme enabling us to continue to pay benefits to members and their dependants in retirement.

One area that I think could be improved is engagement with members. Trustees could set up more robust two-way communications with members, to share with them the engaged approach we take to environmental, social and governance factors when investing, and to understand members' views on the assets their hard-earned savings are invested in.

Q. What's your vision for the RPS going forward?

- A. I'd like to see the RPS being regarded by its pensioner and active members, its employer members, the pension industry and government as a standard bearer for how pension schemes should be operated in the UK and indeed throughout the world.

Q. What are the main challenges facing both the Scheme and the wider pensions industry at the moment?

- A. I believe that the main challenge facing the pensions industry (and this includes the RPS) is the issue of trust. The wide publicity given to pension scams, particularly in the area of pension freedoms, has undermined public trust in the industry as a whole.

Q. What are you most proud of as a Trustee Board member?

- A. Being able to represent the interests of working and retired railwaymen and women – something I have had the privilege of doing for almost my entire working and retired life.

The Board of 16 Trustee Directors helps maintain high standards of governance and looks after your interests as a member of the RPS.

Ill-health (incapacity) retirement: your questions answered

Q. I'm unable to continue to work due to ill health. Can I retire or do I need to wait until I reach retirement age?

- A. If you are paying into the RPS and you are unable to work, you may be able to claim your Scheme pension and cash lump sum earlier than expected. However, there are certain rules (part of the legal documents which govern the Scheme) that apply.

Q. Can anyone apply for ill-health retirement?

- A. There are certain criteria you need to meet if you are thinking of retiring due to ill health:

- You must be under your Normal Pension Age
- You usually must have at least five years' Scheme membership in your current section. It also counts if you have transferred benefits from another scheme or another section of the RPS (different rules apply for the Network Rail and Alstom sections – check with your employer what these are)
- You must have left employment because of ill health

Q. What do I need to do to take ill-health retirement?

- A. There are certain steps you will need to follow if you are thinking of ill-health retirement:

- Both you and your employer will need to complete 'ill-health request' forms. Your employer should be able to provide you with the form, alternatively you can download it from railwayspensions.co.uk/rps-forms
- You will also need to have an assessment by your employer's Medical Examiner.

The Trustee's Case Committee or Pensions/Casework Committee (if your Section has one) will decide if your request meets the criteria set out in the rules; your application will only be accepted if it does. In some situations the Committee may be unable to make a decision based on the information provided. If this happens, your application will be passed on to the Trustee's Medical Adviser and you will be notified.

Q. If my application is accepted, is there anything else I have to do?

- A. You need to complete an 'Application for payment of benefits' form to receive payment of your benefits from the date of leaving your employment. Your employer will arrange this at the appropriate time.

Q. What do I do if my application is rejected?

- A. If you are at minimum pension age or above, you can apply to take your benefits early.

If not, your benefits will be preserved in the Scheme until you reach minimum pension age.

Q. If I disagree with the Committee's decision, can I appeal?

- A. If you are not satisfied with the Committee's decision, you have the right to appeal. The RPS has an established Internal Disputes Resolution Procedure. You can find details of this at railwayspensions.co.uk/disputes

You can learn more about the ill-health retirement process in the 'Read as you Need' guides at railwayspensions.co.uk/rayn. Please note, a separate guide is available for members of the Network Rail Section.



Does **family leave** affect my pension?

Maternity, paternity or adoption leave is a life-changing event. We explain what happens to your pension if you're about to go on family leave.

Contributions

You and your employer, will continue paying contributions into your pension, unless you decide to opt out of the Scheme altogether.

Your contributions are based on a percentage of your earnings. If there's any change in your earnings while you're on family leave (for example you start getting maternity or paternity pay instead of your normal pay), your contributions will change too.

If you don't get any pay while on leave, your contributions will stop, but your employer will continue to pay them on your behalf. You may then have to pay any arrears owed once you start back at work.

While you're on family leave, your pension benefits won't be affected (as long as you haven't opted out) and your overall benefits will still be based on your full pay.

Additional Voluntary Contributions (AVCs)

Any extra contributions you are paying into BRASS or AVC Extra will continue, but you can stop or change the amount if you want to.

More details

Find out more about family leave in the Read as you Need guide, in the Resources section at railwayspensions.co.uk/rayn

You can also contact your employer directly or visit the Government website, which has broad information on childcare and parenting, at gov.uk/browse/childcare-parenting

You do not need to tell RPMI directly about your family leave or any change in contribution rates as your employer will do this for you.

Will the retirement you get be **the retirement you want?**

It's easy to put off saving for retirement for another month, for next year, for after you buy a house or when you get married. As financial priorities fight for your hard-earned pounds, it can be difficult to start saving for the future.

At the end of the day it's down to you to have enough retirement savings to help you have an enjoyable and fulfilling life after work. After all, retirement, just like dessert, is always better with a few extras!

Here are some common misconceptions people have about retirement:

■ **My grandad only lived to 66, so why bother saving?**

In 2017, the percentage of people in the UK aged 85 years and over was 2.7 times greater than in 1971*. We are living longer, on average, so may spend longer in retirement and it's important to get into the habit of saving regularly to afford the retirement you want.

■ **I don't need to save more as I'll have my State Pension**

As much as the new State Pension of £168.60 per week provides a good base, it's unlikely to be enough to live on. In addition, your State



Pension may not be available until after your RPS pension age and your State Pension age may change in the future.

Saving into the RPS provides you with another income to help you do the things that you want later in life.

■ **I'm in my 40s now so it's too late to start saving**

Every penny counts so the sooner you start saving the better. However, even if you have left it until later, there's always time to kick start your pension and save for the future.

Even though it may seem like a lifetime away, your retirement needs your attention now. Taking control and managing your workplace pension scheme may be one of the best things you can do to help improve the quality of your later life.

**According to Health profile for England 2018, gov.uk*

Get a feel for your pension

The Pensions and Lifetime Savings Association (PLSA) has launched a new 'tool' called the 'Retirement Living Standards' which aims to give you a clearer idea of the cost of different levels of comfort in retirement i.e. minimum, moderate or comfortable. Check it out at retirementlivingstandards.org.uk

Managing your funds thoughtfully and responsibly

RPMI Railpen (Railpen) is the investments arm of the Railway Pensions Scheme (RPS) and, as such, is responsible for the safekeeping and investment of your pension.

We strive to invest sustainably, taking into consideration environmental, social and governance (ESG) factors when deciding how to invest your money, and we actively engage with as many companies as we can.

We carry out regular reviews on both current and potential investments, assessing their ESG readiness and practices. The most recent review we undertook focused on our engagement activity over the past two years (2017 – 2019).

The review considered:

- the topics on which we engaged and the breakdown of time across environmental, social and governance themes
- the companies we engaged with, and
- progress towards the engagement targets which had been set

Here are some examples of how we address ESG factors in our investments approach:

Considering the environment:

Environmental issues rank highly on our list of priorities when it comes to our investments. We strive to address those issues with our investees. Here are some examples of our latest actions:

- We lead the engagement with the European construction materials sector under the Climate Action 100+ coalition (an investor initiative aiming to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change).

- July 2019 saw the publication of our Investor Expectations for Construction Materials, which attracted wide press coverage seen by millions of readers. Following publication, we were pleased to see one of the companies under engagement, St-Gobain, announce a commitment to net-zero carbon emissions by 2050.

Influencing positive social change:

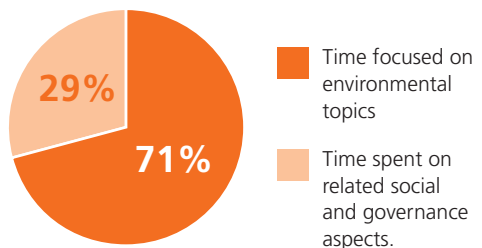
We are a supporter of the Workforce Disclosure Initiative, and encourage companies to improve their disclosures on human capital management topics.

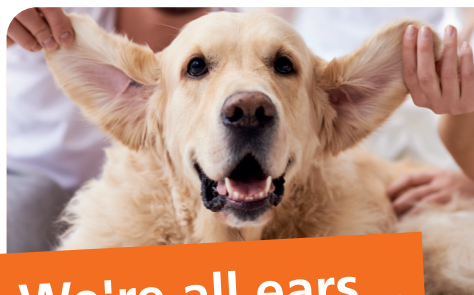
Enhancing responsible governance:

Last year, we participated in a collective dialogue with the airline Ryanair, and were pleased to see the company announce the succession plan for the Chairman and Senior Independent Director ahead of its 2020 annual general meeting.

However, the potential pay-out to Mr O'Leary of over €100 million was hard to support, and in September 2019, we spoke at the Ryanair annual general meeting in Ireland to make our concerns heard. We voted against the remuneration report, alongside nearly half of the company's investors, and asked the Chairman of the Remuneration Committee what factors the committee considered when designing Mr O'Leary's award.

In our climate engagements:





We're all ears...

Join Platform today!

We want to hear your thoughts on our communications! Join Platform – the online feedback group for members of the Scheme.

By joining the group, you can provide invaluable feedback on the communications you receive from the Scheme, including what you think we do well and where there is room for improvement, what topics you would like to read about, what interests and excites you about the Scheme, and more.

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.

To register, go to railwayspensions.co.uk/Platform

New Trustee appointments

Two new appointments were announced by the Trustee Company last year. Richard Murray (TOCs Electoral Group) and Peter Holden (Pensioners) joined the team as directors of Trustee Company, bringing a wealth of knowledge and experience to the table.



Richard Murray

Richard is the Group Pensions Director for FirstGroup, having joined the Reward & Pensions team in 2008. Richard has had a variety of trustee roles for FirstGroup pension's arrangements in the UK and North America.



Peter Holden

Peter worked in the British Transport Police Force for 30 years, and retired as Chief Superintendent (Divisional Commander) in 2016. He has been a member of the British Transport Police Force Superannuation Fund Committee since 2009, and is currently a pensioner-nominated member of the Committee.

Getting in touch...

The RPS website, railwayspensions.co.uk, offers lots of information about your RPS pension.

If you can't find the answer you need, email csu@rpm.co.uk or telephone the Helpline on 0800 012 1117 (Mon to Fri, 8am-5pm).

Survey time

Help us improve Review!
Your feedback matters.

Tell us what you think at Surveymonkey.co.uk/r/ReviewFeb2020 or complete our survey by scanning this QR code.

