

re:view



Think about your dream retirement

When work ends, you'll still want to do the things you enjoy now – like holidays, hobbies, going out. So how will you fund it?

Work it out

- What will you live on?
- Where will the money come from?

Start with your RPS pension

- See your pension's current value
- Check how much you're paying in
- Think about a 'top-up'



Start planning ahead with a **myRPS** pension account.

Register online today at **railwayspensions.co.uk** – it's quick, easy and free. See page 2 for details.

Already registered? Keep your retirement plans on target on page 3.

Trustee's message...

Hello and welcome to your summer Review.

You – our members – and your employers are the glue that help keep the Scheme together. Without your invaluable support, the RPS simply would not exist.

But a lot of work also goes on 'behind the scenes' to keep the Scheme in the best possible shape, and make sure your pensions can be paid securely, affordably and sustainably in the future.

If you'd like to find out more, the latest Report & Accounts is now online at railwayspensions.co.uk/resources. Some key facts and figures are also included on page 6 of this newsletter.

The Scheme is benefitting from yet another year of solid financial returns, and I'd like to thank all the teams who have contributed to this success – from administration, investment and governance at RPML, to my fellow Trustees.

Two Employee and two Employer Directors retired from the Trustee in June, and I'm delighted to say that following a nominations exercise, Mark Engelbretson, Dave Gott and myself have been re-elected for six-year terms which began on 20 June 2018.

We also welcome a new Employee Director, Gerry Doherty, who is a pensioner member of the RPS. Gerry succeeds Steve Richards, who is retiring after 25 years' service as a trustee. On behalf of the Trustee and members, we would like to thank Steve very much for his time and dedication to the role, and wish him a well-deserved retirement.

Best wishes,



John

John Chilman, Trustee Chairman

Sign up, sign up

Register online with myRPS today and get instant access to your own railways pension account.

You can see:

- The value of your RPS benefits
- Your BRASS investments (if you have any)
- Current nominations
- What your dependants may get if you die, and much more.

Why not join your 51,000 Rail colleagues who have already registered at railwayspensions.co.uk now!

Join us today...

To register, you'll need:

- Your email address
- National Insurance number
- Pension reference number (this is on the address note with this newsletter)

You'll be asked to create a username, password and 4-digit PIN and that's it! Log in whenever and wherever you want!



Stay on target



A set retirement age is a thing of the past. You can retire at your Section's Normal Retirement Age - and take your benefits in full - or you can tailor retirement to suit you.

Start planning:

Your costs



- Essential costs like food, bills and transport - currently estimated at £9,700 per year for a single person.
- The good to haves - holidays, hobbies, nights out. The online Lifestyle Calculator in your myRPS account can help you work it all out. Log in or register at railwayspensions.co.uk to use it.
- A comfortable pension income is estimated to be around **two-thirds of your final salary**.

For example, if you earn £25,000, aim for an annual pension of £17,000 (including your State Pension).

The date



- The earliest you can usually retire from the RPS is age 55 (or age 50 in some cases).
- The State Pension age is going up to 66 by 2020, while average life expectancy is now 82. So you could have at least 16 years of retirement to look forward to.
- Log in to myRPS to check your Normal Retirement Date and State Pension age. Use the Planner tool to generate benefit forecasts based on different scenarios.

Your income



This will include all the pensions you have paid into, including:

- The State Pension, which is currently £8,546.20 per person
- +
- Any private and company pensions.

Check your current and predicted RPS benefits in your Annual Pension Estimate. This is based on the latest salary details held for you, and can be found online in your myRPS account.

How's it shaping up?

Looking good

Needs some attention



It's never too early or too late to get sorted

So please keep an eye on your rail pension with a myRPS account (see page 2 for details).



Pension news in brief:

This regular feature looks at developments in pensions that may affect you as a member of the RPS.

Ban on pension cold calling

The government is pushing ahead with legislation that will support its plans to ban cold calling for pensions.

The Financial Claims and Guidance Act 2018 allows the government to progress its plans to ban cold calling for pensions, with the possibility that this ban will be in place by this summer.

Once in force, the ban would make it illegal for you to be approached by phone about a possible transfer of your pension benefits.

However, even once the ban is in place, you should always be very wary if you are approached by phone, text or email about your pension. The Pensions Regulator suggests that unsolicited phone calls, texts or emails about pensions are nearly always scams and you should hang up if you receive such calls.

New financial and pensions guidance body

The Financial Claims and Guidance Act 2018 also establishes a new guidance body that will replace the Money Advice Service, Pensions Advisory Service and Pension Wise. The new body is expected to be in place later this year.

Details about what the new guidance body will be called are not yet known, so further information will be provided in future newsletters.

White Paper on defined benefit pensions

The government has published a White Paper on defined benefit pension schemes called 'Protecting Defined Benefit Pension Schemes'.

This gives some information on pension policies that the government intends to bring into law and provides a response to the consultation on a Green Paper published by the previous government in February 2017, which the Trustee of the Railways Pension Scheme (RPS) responded to.



Defined benefit pension schemes – often called final salary or career average schemes – such as the RPS will be covered by policies that the government progresses following the White Paper. The White Paper focuses on various areas including:

- **Strengthening the Pensions Regulator:** the government proposes to give the Pensions Regulator (TPR) power to punish people who deliberately put their pension scheme at risk by introducing punitive fines and introduce a new criminal offence to punish those found to have committed ‘wilful or grossly reckless behaviour’.
- **Enabling the Pensions Regulator to enforce scheme funding standards:** TPR will consult on an updated code of practice on scheme funding, which may impact the next valuation of the RPS, due as at 31 December 2019.

It is expected that the government, or the Pensions Regulator, will launch consultations on the various changes that may be made following on from the White Paper. We will keep you informed about any significant announcements that might affect your benefits in future editions of Review or through updates on the Railways Pensions website.

Block the scammers

Pension fraud is a serious problem.

If you’ve thought about investing, or transferring, your pension out of the Scheme, there are warning signs to look out for.

You might have been contacted out of the blue by a cold caller or someone claiming to be an investments expert who can help you claim tax-free sums from your pension.

Be very suspicious about offers of:

- A free pension review
- Guaranteed returns on your investments
- Low tax/tax-free lump sums
- Exotic sounding and/or overseas investments

If you are offered any of the above, act immediately. If in doubt, hang up!

Report suspect transfers to Action Fraud on **0300 123 2040**.

Run the offer through [fca.org.uk/scamsmart/warning-list](https://www.fca.org.uk/scamsmart/warning-list).

This online check will tell you if the offer is likely to be a scam and the firm is unauthorised.

The Pensions Advisory Service (TPAS) can give you free pensions advice and information. Telephone **0300 123 1047**.

More information is available at [thepensionsregulator.gov.uk/pension-scams](https://www.thepensionsregulator.gov.uk/pension-scams).

Understanding:

the RPS valuation

What is it?

The RPS valuation is a financial health check. It makes sure there is enough money in the Scheme to pay pension benefits to members, both now and in the future.

How often does it happen?

The valuation is held every three years. The latest one was carried out as at 31 December 2016.

Who's involved?

The 109 sections in the RPS all take part. The results – and any actions arising – must be agreed between the Trustee, Scheme Actuary, employer, and Pensions Committee (where applicable).

What's involved?

The valuation looks at 'big ticket items' such as Scheme assets and liabilities, future inflation forecasts, salary growth, pension increases, investment returns, and rates for mortality, early retirement and ill health.

What's next?

A Summary Funding Statement will be sent out to you in due course showing your Section's latest financial position.

At a glance

At the end of 2017, the Railways Pension Scheme had:



£1.035bn
paid out in benefits

(including pensions,
lump sums and death
benefits).





How to:

manage your BRASS

If you pay additional voluntary contributions (AVCs), make the most of your extra savings with our 6-point checklist.

1 Check your BRASS value:

Log into your myRPS account at [railwayspensions.co.uk](https://www.railwayspensions.co.uk) (or register if you haven't done so already).



2 Consider your contributions:

Use a BRASS Payroll Deduction form to increase, reduce or stop paying into BRASS. Download the form from [railwayspensions.co.uk/resources](https://www.railwayspensions.co.uk/resources) and return to your employer's payroll office.



3 Monitor investments:

See the value of your current holdings in your myRPS account.



4 Review your funds:

Log in to myRPS to check the available fund range and switch investments if you want to. You are strongly advised to take independent financial advice first.



5 Pay more:

Already paying the maximum into BRASS? You may be able to save more with AVC Extra. Details at [railwayspensions.co.uk/avc-extra](https://www.railwayspensions.co.uk/avc-extra).



6 Remember, remember...

to regularly check your BRASS funds and make sure they're right for you.



Watch out for the limits



You get tax relief on your pension savings, but there are limits.

If you go over the limit, you could face tax charges on the excess. Below is a brief round-up of the allowances. Learn more in the Read As You Need guides at railwayspensions.co.uk/resources. Your actual pension payments are still subject to Pay As You Earn (PAYE).

Annual Allowance

The amount of tax-free savings you can pay into your pension in a year.

This allowance is based on the total amount of defined benefits you have built up (plus your defined contribution benefit savings, if you have any).

The Annual Allowance is currently £40,000, although there are exceptions for high earners (see Tapered Annual Allowance).

Work out your allowance online at hmrc.gov.uk/tools/pension-allowance

Lifetime Allowance

You can save as much as you like into your pension. But there is a limit to the amount you can draw out of all your pensions without attracting an excess tax charge. This is called

the Lifetime Allowance (LTA), currently set at £1.03million (for the 2018/19 tax year).

You usually find out if you are affected by the LTA when you retire, because it is based on the actual benefits you will receive (excluding the State Pension).

Tapered Annual Allowance

The Annual Allowance reduces for some high earners. This is called the Tapered Annual Allowance, and includes earnings from employment **plus** other sources such as shares, rental properties etc during the tax year, **plus** the value of your pension pot. You will be affected if this 'adjusted' income is over £150,000 and your taxable income is over £110,000.

Money Purchase Annual Allowance

This tax limit is £4,000. You may be affected if you take money from your additional voluntary contributions (such as BRASS, AVC Extra and any other arrangements you may have), and then make more contributions.

Useful reading

Visit Gov.uk/tax-on-your-private-pension for up-to-date information about tax limits.



Your pension, your choice

Preparing for your retirement is an important time - so you need to be aware of your options.

- You can retire and take your full benefits at your Section's Normal Retirement Age (NRA),
or
- You can retire early and take your benefits before your NRA. In the RPS, this is normally 55, or 50 if you have a protected pension age,
or
- You can retire later and take your benefits after your NRA, at any time up to the age of 75. When you reach 75, you must take your benefits.

Retiring early

Your pension payments from the Scheme will be lower because they will be paid for longer (in theory). Your lump sum will also be affected.

Your benefits will be worked out using Early Retirement Factors. The factors are in your

Member Guide, which can be found in your myRPS account online at railwayspensions.co.uk.

You may want to speak to an independent financial adviser if you're thinking about early retirement. Find a list in your area at unbiased.co.uk.

Retiring later

If you delay taking your RPS pension, you will get a higher income when you do start taking it as it will be paid out for a shorter time. Late retirement factors will be used to calculate how much extra is added to your benefits.

State Pension

Your State Pension can only be claimed from your official State Pension age, not before. However, you can delay taking your State Pension, so you will get more when you start claiming it.



Sustainable investments

The Railways Pension Scheme aims to achieve better risk adjusted returns for members by taking environmental, social and governance (ESG) factors into consideration as part of its investments.

RPMI Railpen manages investments on behalf of the Railways Pension Scheme and the Trustee.

As a long-term investor, it considers long-term risks and opportunities, and a key part of its investment strategy is what's known as 'sustainable ownership'. Essentially, this means it encourages the companies it invests in to have responsible corporate practices (on tax, for example), effective risk and control structures, and a healthy workplace culture.

It believes companies with these characteristics are better placed to manage their risks and make the most of opportunities presented by ESG factors and changes to the demographics of their customer base.

Encouraging high standards of governance...

Among its many investments are shares in companies, and RPMI Railpen has a long history as an active and engaged shareholder, with a strong heritage in holding organisations to account on their governance.

In 2016, for example, RPMI Railpen voted against the Board of UK retailer Sports Direct, in which it is a shareholder, and backed a resolution calling for an independent review of working practices at the company.

Social influence...

As a shareholder in Woolworths Group Limited, RPMI Railpen supported a resolution which led to the Australian retailer announcing it would introduce a programme to ensure all labour providers operating in Woolworth's direct fresh food supply chains comply with labour and human rights standards.

It has also committed to Palatine Private Equity's Impact Fund. This fund focuses on small and medium-sized UK company buyout opportunities that have a clear social/environmental benefit.

The fund invests in companies making a positive social or environmental impact, like TradeSkills4U, which helps retrain Army leavers as electricians.



Long-term environmental issues...

RPMI Railpen considers climate change to be a significant issue and works with other organisations to help address it. Here are just some of the actions it has taken in recent years:

- By signing the Montreal Pledge, it committed to annually measure and disclose the carbon footprint of the Scheme's equities portfolio.
- In 2016, it commissioned TruCost to provide the emissions data for the Scheme's equity portfolio and brought the data analysis in-house to better understand its carbon exposure.
- It was one of the founding signatories to the Transition Pathway Initiative, which assesses how companies are preparing for the transition to a low-carbon economy.
- Railpen is a founder signatory of Climate Action 100+, a five-year investor initiative to engage with the world's largest corporate greenhouse gas emitters.
- It is also a supporter of the Task Force on Climate-related Financial Disclosures (TCFD), which asks companies to disclose their governance, strategy, risk management, and metrics and targets related to climate risk.

Benefits for dependants



Your dependants could get a pension from the Scheme when you die. These pensions are taxed.

Pensions may be granted to:

- An eligible spouse – through marriage or a civil partnership – who you were living with at date of death.
- A legal spouse – through marriage or a civil partnership – who you were not living with at date of death.
- Eligible dependant – a maximum of three people who were fully or largely dependent on you financially for at least two years immediately before death. Excludes eligible and legal spouses.
- Eligible children – your two youngest children may receive a pension up to the age of 18 – or up to age 23 if in full-time education.

The pension may be for life if the child is disabled.

Each child's pension is doubled if there are no pensions for a spouse or eligible dependant.



You're wanted!

Could you play a big part in helping support your fellow RPS members with their retirement planning?

We produce a lot of communications – such as videos, newsletters and web content – to help members like you understand important matters about their pension benefits.

To ensure we're continuing to get things right and meet members' needs, we'd like to hear your views on these communications as they're being developed. You just need to spare a few minutes to go online and give us your opinions.

If you're interested or would like to find out more, please get in touch by emailing review@rpm.co.uk.

Useful contacts

Gov.uk

includes easy-to-understand information about pensions, tax and National Insurance.

Moneyadvice.service.org.uk

offers support about retirement choices, budgeting and retirement planning.

Pensionsadvisory.service.org.uk

shares free impartial advice on topics such as early retirement, ill health, divorce and other pension-related issues.

Unbiased.co.uk

has contact details for independent financial advisers in your area.

Get in touch...

Pension queries

Your 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 2 343434**. (Monday to Friday, 8am-5pm)

Survey time

Help us to improve this newsletter.

Tell us what you think at www.surveymonkey.co.uk/r/reviewJuly18

or complete our survey by scanning this QR code.

