

# re:view



## Stretch your pounds with AVCs

**If you can manage to save a bit more now, it could mean more comfort in life after work. Here's how paying into AVCs could help...**

When the time comes for you to stop working, the RPS can provide you with a pension for life and you can choose a cash lump sum too. One way to increase your pension payments is to bulk up your cash lump sum by paying Additional Voluntary Contributions (AVCs) now.

Although we're all feeling the pinch as the cost of living rises, paying in a little more to your pension now could add up to more cash to enjoy when you stop work. There are many benefits about saving extra with the BRASS AVC arrangement:

- **It's flexible** – you decide how much to pay in and can stop payments at any time.
- **It's tax-efficient** – the payment comes out of your wages before tax is taken, so you get tax relief on anything you put in to your pot (up to your Annual Allowance limit).
- **It's a great way to save extra** if you get payments which don't qualify for your pension (like overtime and bonus payments).

You can pay as little as £2 per week or £10 per month on top of the normal contributions you make to your pension. There's a maximum you can pay in each year – usually 15% of your gross earnings.

Your AVCs buy units in investment funds (listed on page5). These aim to help your money grow over time, but like any investment, the value of your funds could go up or down. You can log in to your myRPS account to manage your investment funds.

Some members who already pay the maximum into BRASS can join AVC Extra. This is the Scheme's second AVC arrangement.

To learn more about BRASS, visit [railwayspensions.co.uk/brass](https://railwayspensions.co.uk/brass).

### How to join:

AVCs are handled by your employer's payroll team. If you'd like to join BRASS, AVC Extra or change the amount you already pay, you need to contact them directly.

## Chair's message...

### Welcome to your Review newsletter for summer 2022.

I hope August finds you well and enjoying the warmer weather. I know that the lasting impact of the pandemic, the war in Ukraine and now the rise in cost of living is affecting members across the country. Although your finances may be tight, I encourage all members to continue your membership in the Scheme. The contributions both you and your employer make, and any additional contributions you choose to pay, are an investment in your future and will help you to get excellent benefits when you retire.

You can use the retirement budgeting calculator (on your member website) to find out how much you'll need to afford the lifestyle you want when you stop working. You can then use the pension planner to find out what your cash lump sum and annual pension is likely to be.

Finally, on a personal note, I am very pleased to be writing to you as the new Chair of the Trustee Board. Chris Hannon retired last month after serving as Chair for the last 3 years, and a member of the Board for 17 years. I would like to thank Chris for his years of dedicated service to the Scheme and its members.



Best wishes

**Christine Kernoghan,  
Trustee Chair**

Information and updates about the Trustee Board are available on your member website at [railwayspensions.co.uk/trustee](https://railwayspensions.co.uk/trustee).

## Trustee news and retirement of Chris Hannon

### The Trustee has appointed a new Chair.

The Trustee Board of the Railways Pension Scheme makes sure that your benefits are paid securely, affordably and sustainably.

A third of the Board always retires by rotation every two years, at the end of their staggered six-year terms of office.

Chris Hannon announced ahead of the election that he would be retiring from the Trustee Board in July, having served as a Trustee Director since 2005 and as a Chair of the Board since 2019. Chris said: "It has been an honour to serve our 350,000 members as a Trustee of the railway pension schemes. The importance of having a good, secure pension has never been greater and I leave you in the very capable hands of my Trustee colleagues."

Christine Kernoghan was appointed as Chair on 29 June. Christine is a Trustee Employer Director with over 20 years of involvement in the railways pension schemes.

Alongside Christine, Gary Towse and Richard Jones have been re-elected and will serve on the Board until the AGM in 2028.

Howard Kaye and Mick Cash were both appointed in 2021, following the retirements of Dave Tyson and Mick Lynch respectively. Their terms of office will run until 2028. The Trustee Board also welcomed Fatima Hassan in 2021, when she replaced Meliha Duymaz, and her term of office runs until 2026.



## State Pension and benefits increase by 3.1% for 2022/2023

Since 2010, the State Pension has gone up by what's known as the triple lock, which means it goes up by whichever is the highest of the following three:

- inflation in the year to September (using the Consumer Price Index)
- increase in average wages, or
- 2.5%

Due to concerns that the pandemic had artificially increased wages, last year the government announced that the wages element of the triple lock would be suspended in the 2022-23 tax year and that the State Pension would increase either at the rate of inflation or 2.5%. This was later confirmed and so this year, the State Pension has risen by 3.1%, which was the rate of inflation in September 2021.

This means from April 2022, the basic State Pension has increased to £141.85 per week and the full rate of new State Pension has increased to £185.15.

## Change to pension ages

The Government has confirmed that the earliest age that pension scheme members can take their benefits will increase from 55 to 57 from 6 April 2028. This is known as the Normal Minimum Pension Age (NMPA).

Members who joined the RPS before 4 November 2021 will retain any rights they had to take their benefits from age 55, or 50 if they joined before 6 April 2006.

NMPA is the earliest age you can take your benefits without being liable for an unauthorised payments tax charge. This doesn't apply if you're retiring due to ill-health.

State Pension age will increase from April 2028 to 67. The government is also reviewing whether the gradual rise in State Pension age to 68, should be brought forward to 2037-39.

## New powers to combat pension scams

In November 2021, new regulations came into effect to protect members' pension savings being lost in a transfer to a scam arrangement.

Trustees and scheme managers must now carry out specific checks before allowing a member to transfer their pension to another provider. There are certain circumstances which could mean a transfer can't proceed, or where a member must get pension safeguarding guidance from MoneyHelper before proceeding.

The Pensions Ombudsman has also introduced further measures to combat pension fraud by introducing a new anti-scam unit to investigate breaches of trust and allegations of dishonest behaviour by pension scheme trustees. The unit's aim is to hold offenders accountable and ensure they repay scheme members.



## New investment options to help support your retirement plans

### Investment funds have changed

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We've recently changed the range of investment funds available to members of the RPS who have savings in the BRASS or AVC Extra Additional Voluntary Contribution arrangements, or in the Industry-Wide Defined Contribution (IWDC) Section. We have written to every member affected by the changes.

### Why has the fund range changed?

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The Trustee provides a carefully-chosen range of funds for members to invest in. It regularly monitors the performance of those funds and whether they meet members' needs. After reviewing the range of funds, the Trustee agreed it was necessary to make some changes to provide you with new and different options to help support your retirement plans.

### How has the fund range changed?

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We've changed the range of investment funds available to BRASS, AVC Extra and IWDC members. There are changes to both investment funds and

Lifestyle strategies. We've introducing the following new investment funds:

- Socially Responsible Equity Fund
- Corporate Bond Fund
- UK Government Fixed-Interest Bond Fund
- UK Government Index-Linked Bond Fund

There are also 3 new Lifestyle strategies. With Lifestyle strategies, your investment switches are managed for you. The new strategies are:

- Full Cash Withdrawal Lifestyle
- Flexible Drawdown Lifestyle
- Annuity Purchase Lifestyle

Two of the existing investment funds have closed: the Aggregate Bond Fund and Index Linked and Global Bond Fund. The Global Equity Lifestyle Strategies and Long Term Growth Lifestyle Strategies have also closed.

The existing Deposit Fund, Global Equity Fund and Long Term Growth Fund are not affected.

This table shows how we moved investment holdings from the current range of funds to the new range of funds.

Lifestyle strategies	
Previous strategies	New strategies
<ul style="list-style-type: none"> <li>■ BRASS Global Equity Lifestyle</li> <li>■ BRASS Long Term Growth Lifestyle</li> </ul>	<p><b>Full Cash Withdrawal Lifestyle</b></p>
<ul style="list-style-type: none"> <li>■ AVC Extra Global Equity Lifestyle</li> <li>■ AVC Extra Long Term Growth Lifestyle</li> <li>■ IWDC Global Equity Lifestyle</li> <li>■ IWDC Long Term Growth Lifestyle</li> </ul>	
<p><b>Flexible Drawdown Lifestyle</b></p>	
Investment funds	
Previous funds	New funds
<ul style="list-style-type: none"> <li>■ <b>Aggregate Bond Fund</b></li> <li>■ Deposit Fund (no change)</li> <li>■ Global Equity Fund (no change)</li> <li>■ <b>Index Linked and Global Bond Fund</b></li> <li>■ Long Term Growth Fund (no change)</li> </ul>	<p><b>UK Government Fixed-Interest Bond Fund</b> Deposit Fund Global Equity Fund</p> <p><b>UK Government Index-Linked Bond Fund</b> Long Term Growth Fund</p>

## What happened if I was investing in a fund that closed?

If you were invested in one (or more) of the strategies and funds that have closed, we have automatically moved your holdings into the new range of funds.

## How can I check or change my BRASS investments?

If you pay into BRASS, the easiest way to review and change your investment choices is to log into your myRPS account at [railwayspensions.co.uk/](http://railwayspensions.co.uk/) login and look at the 'Funds' page in the 'My Pension' section.

You can learn more about the new range of funds at [railwayspensions.co.uk/my-investment-choices](http://railwayspensions.co.uk/my-investment-choices).

We know making investment choices can be scary and difficult to understand. To help, we've written

a new blog post, 'Investment explained'. You'll find it in the Blog section of your member website.

You may want to take independent financial advice to help you make the right choices for your circumstances. Liverpool Victoria (LV) can offer RPS members access to financial advice.

You can contact LV on **0800 023 4187**. This service is authorised and regulated by the Financial Conduct Authority. Alternatively, you can find independent financial advisers in your local area at [unbiased.co.uk](http://unbiased.co.uk).

### Where can I learn more?

You can find more information about each of the investment funds and Lifestyle strategies available to you in the factsheets at [railwayspensions.co.uk/my-investment-choices](http://railwayspensions.co.uk/my-investment-choices).

## Don't miss out – go online today!

Managing your RPS pension has never been easier. Register for your myRPS account today to get the most from your pension.



At [railwayspensions.co.uk](https://www.railwayspensions.co.uk) you can find lots of useful information about your benefits and options. And when you register and log in to your myRPS account, you can take advantage of handy planning tools, check your personal details and update your record.

Here are just a few of the things you can do when you log into your account:

### Find out what your retirement lifestyle could cost



Use the Retirement Budgeting Calculator in the 'Planning for the Future' section to understand how much your chosen lifestyle could cost and what sort of retirement income you should aim for.

You can tailor the costs to factor in anything specific to your circumstances, such as care or medical expenses.

### Use the pension planner to see if your savings are on track



Once you know roughly what your retirement costs could be, use the Pension Planner in the 'Planning for the Future' section to see if your RPS savings are on track to give you what you need.

You can also use the Planner to model the impact of paying in more through the BRASS Additional Voluntary Contribution (AVC) arrangement, or see the effect of changing your retirement age or lump sum amount.

### See what you might get from your pension and your options for taking your benefits



You can get a free estimate of your retirement benefits within minutes online.

Estimates are available in the 'My Pension' section of your account. You can see the options available for taking your benefits from the Scheme and get more than one estimate if you want to check how different options affect your benefits.

The estimate will show in the inbox of your myRPS account.

### 'Nominate' to say who a cash payment should go to if you die



You should 'nominate' regularly – and particularly after major changes to your circumstances – so the Trustee knows who you'd like a cash sum to be paid to if you die before taking your pension.

You can update your nominations in the 'My Pension' area of your account.

### Check how your investments are performing if you pay Additional Voluntary Contributions



If you pay into the BRASS Additional Voluntary Contribution (AVC) arrangement and have investments in funds, you can check the value of your BRASS account and change your investment options if you wish.

Go to the 'My Pension' and 'Funds' section of your account.



## Watch and learn

**Pensions can seem daunting, but our online videos will help you learn more about important pensions topics so you can make decisions about your retirement with confidence.**

Wherever you are on your pensions journey, our video library can help you get to grips with your pension and plan for the future more effectively.

You can find the videos on our website at [railwayspensions.co.uk/video-library](https://railwayspensions.co.uk/video-library). The library is currently split into five sections. These are:

### Welcome to your pension

- ▶ helping you understand how your pension works, what your benefits are and how to understand the information in your annual benefit statement.

### Planning and saving

- ▶ outlining some of the ways you can get more from your pension, such as making nominations, saving more through Additional Voluntary Contributions (AVCs) and choosing your investment funds.

### Tax and other complex topics

- ▶ making tricky subjects a little more digestible with bite-sized guides to tax relief and the tax-free limits that apply to your pension contributions.

### How to use this website

- ▶ guiding you through some of the things you can do online, such as updating your nominations, requesting an estimate and switching your Additional Voluntary Contribution investment funds.

### Your retirement options

- ▶ looking at the ways you can take your pension when you stop work and things to consider carefully before you transfer your pension elsewhere.

You can access the video library at [railwayspensions.co.uk/video-library](https://railwayspensions.co.uk/video-library). Keep an eye out for new videos coming soon.

### Got any questions about your pension?

You might find the answers you need in the Frequently-asked questions section of the website at [railwayspension.co.uk/questions](https://railwayspension.co.uk/questions)



## Your options for taking your pension

As a member of a defined benefit (DB) pension scheme you will get an income for life when you retire. The exact amount you'll get is based primarily on how long you've paid in and your final average pay. But there are still a few decisions you will need to make.

### Do the numbers add up?

- Log into your account to find out exactly what your pension benefits are.
- Use the retirement budgeting calculator to see if you'll be able to afford the lifestyle you want.

### When to retire

There are 4 types of retirement you can take. Each option has an effect on the amount of benefits you get. Check your Member Guide (available in your myRPS account) to see the rules for your section of the Scheme.

- Normal retirement – usually between 60 and 65 years old, depending on which section of the Scheme you're in and its Normal Retirement Age (NRA).
- Early retirement – usually for members aged over 55, or 50 if you have a Protected Pension Age. Your pension payments are likely to be lower than in normal retirement, because you'll likely have longer to live and so your pension will need to last longer.

- Late retirement – you can take your benefits up to age 75. Your pension payments are likely to be higher than in normal retirement, because your pension is likely to be paid over a shorter time.
- Ill-health retirement – if you have to stop work because of your health, you may be able to start taking your pension before your NRA. If you have a limited life expectancy, you might be able to take your entire pension as a lump sum. Your pension won't be reduced, and you might be credited with up to 10 years' additional membership to take you up to your NRA.

### Benefit options

If the rules of your particular section allow:

- You could take part of your pension benefits as a cash lump sum and the rest as regular pension payments. You can decide how you divide this. You could take a larger lump sum and less pension, or a smaller lump sum and more pension. Generally, as long as the lump



sum is worth 25% of your entire benefits, or less, then it will be tax-free.

- If you're retiring before State Pension Age (SPA), you can choose to take more pension before SPA and less after, or the other way around.
- You might be able to take all your pension benefits as regular pension payments. For most members, this is only possible if you don't make any Additional Voluntary Contributions (AVCs).
- In limited circumstances, you could take all your benefits as a cash lump sum. You could only do this if your benefits are worth £10,000 or less, known as taking a "small pot payment". If your benefits are worth £30,000 or less, you could exchange your pension benefits for a one-off cash lump sum, known as trivial commutation. There are other criteria to meet too, but the government sets the rules around these payments. You can find out more in the 'Read as You Need guide to trivial commutation', available on your member website.

### Retire or return to work

When you reach 55, you might be able to claim your pension while continuing to work. But your pension will be reduced if you start claiming before you reach your section's Normal Retirement Age (see your Member Guide). The reduction in your pension may be greater if you continue to work rather than retire.

You could decide to stop working, but then change your mind and go back to work at a later date.

In both cases there may be a significant impact on the tax you pay. This is because you will be taxed on both your wages and your pension income.

### Transfer out - with risks

It is possible to transfer your defined benefit pension out of the scheme, but this comes with risks. You'd be trading a guaranteed income for life as well as regular income for a surviving spouse or dependent, for a sum of money that could run out, leaving you with nothing. If you do choose to go down that route, make sure you read the guidance on your member website on how to safely transfer out of the Scheme.

## Annual accounts available online

A copy of 2021 Annual Report and Audited Financial Statements is now available on your member website at [railwayspension.co.uk/accounts](https://railwayspension.co.uk/accounts).

Every year, the Scheme publishes a report about its accounts and performance for the previous year. The 2021 Annual Report includes:

- The membership and assets of each section
- The total number of sections, members and assets in the Scheme
- The Scheme's investments and how they are
- An overview of the Trustee and Committees, their roles and responsibilities

You can view the latest report, and previous copies, at [railwayspension.co.uk/accounts](https://railwayspension.co.uk/accounts)





## Pension Wise guidance for BRASS members

**If you're over 50 and pay Additional Voluntary Contributions, you'll have to consider guidance from Pension Wise when you want to take your benefits.**

Pension Wise is a government service that provides free and impartial guidance about the options available to people with defined contribution benefits. For members of a defined benefit scheme like your section of the RPS, this applies if you pay into BRASS or AVC Extra.

The government has introduced new legislation which means that when you decide to take your pension benefits you have to tell us if you're taking an appointment with Pension Wise.

An appointment with Pension Wise is free and will help you understand what your overall financial situation will be when you retire.

You'll discuss:

- Things to think about when considering your choices. For example, your plans to continue working, your personal and financial circumstances, and leaving money after you die.
- All the payment options available, and how they relate to your circumstances.
- The tax implications of accessing your pension.
- What you should check before you make any decisions.
- How to look out for scams.
- Your next steps.

The adviser will talk you through your options to help you make the right decision. Appointments usually last around an hour, and can be over the phone or local to you.

Even if you're not ready to take your benefits yet, you can still get guidance on your defined contribution benefits from Pension Wise if you're over 50. For more information or to book an appointment, visit [moneyhelper.org.uk/pensionwise](https://moneyhelper.org.uk/pensionwise) or call **0800 138 3944**.



## Family leave and your pension

**If you're expecting a new child into the family, it's an exciting and busy time, so it's easy to ignore your pension. But it's important to know how your maternity, paternity or adoption leave might affect your pension arrangements.**

Your Scheme membership will continue while you are off, unless you have an agreement with your employer for this to be different. Your pension contributions may change during family leave, because pension contributions are calculated using a percentage of your earnings.

If you don't get any pay while on family leave, or if your pay reduces to nil, then your contributions will stop, but your employer may continue to pay them on your behalf. You may have to pay these back once you return to work.

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

### Additional Voluntary Contributions (AVCs)

During your family leave, if you're still earning enough to cover AVC contributions, then they will continue. But if you wish, you can change or stop these extra contributions while you're receiving lower wages. To do this, you'll need to speak to your employer.

### Nominate your new family member

Once your new child has joined you, make sure they are looked after in the event of your death. Your child (or all your children), could benefit from a tax-free, lump sum of money if you die before your pension is taken.

This will depend on the benefits you have built up in your pension plan and is not a fixed amount, but it could be a substantial sum.

To make sure the money is paid in line with your wishes, it's important to let us know where you would like this money to go. We then inform the Trustee. If your circumstances change after you have completed your nomination, you can change your choice simply by updating your wishes in your myRPS account.

The easiest way to nominate is by logging in to your online pension account at [railwayspensions.co.uk](https://railwayspensions.co.uk).

## Get in touch...

Your member website, [railwayspensions.co.uk](http://railwayspensions.co.uk), offers lots of information about your RPS pension. And when you log in to your myRPS account you can manage your pension and use the planning tools available. But if you can't find the answer you need, email [csu@railpen.com](mailto:csu@railpen.com).

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

### Survey time

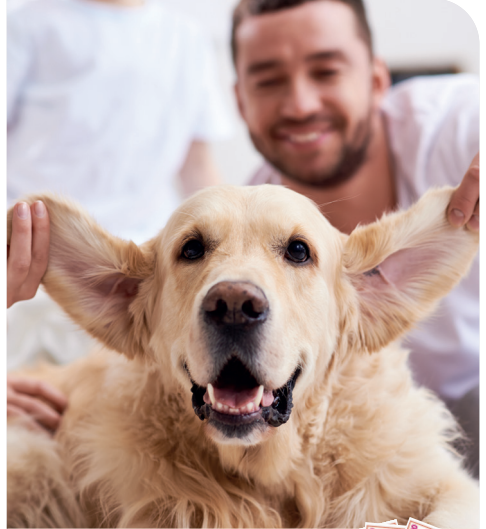
Help us improve Review – your feedback matters. Tell us what you think at [www.surveymonkey.co.uk/r/augustreview22](http://www.surveymonkey.co.uk/r/augustreview22) - or use your iPhone camera or QR code app to scan this code. It will only take 5 minutes.



### Follow us on Twitter



We share useful information and guidance on getting the best from your pension. Join us at [@RPSPensions](https://twitter.com/RPSPensions)



## We're all ears

Whatever your thoughts are on your pension, we want to hear from you!



Are you interested in your pension? Do you like to share your opinions?

If so, you may be the ideal person to join Platform, our volunteer communications panel.

By joining Platform, you can make sure your views are heard. You could also shape the way we communicate with members in future.

As a thank you, you'll be entered into our prize draw with the chance to **win £150 worth of shopping vouchers** at the end of 2022.

Sign up to Platform now at [railwayspensions.co.uk/platform](http://railwayspensions.co.uk/platform).

Printer Logos