

re:view

Coronavirus update – supporting you



The impact of the Coronavirus is being felt across the country and we are focused on supporting you during this difficult time.

There are a number of things you can do with regard to your pension:

1 Visit your website

Your member website is your best source of news regarding the Scheme. We know that up-to-date information will be extremely important to you and your website will be the place to find it.

If you haven't already, you can register for your personal 'myRPS' account. This gives you access to a secure area where you can view and manage a lot of aspects of your membership.

Please register as soon as possible. As well as being easy and convenient for you, doing any transactions online (instead of using paper forms) also helps the administrator, RPMI, manage its services at a challenging time.

2 Only call the member Helpline with urgent queries

Staff on the member Helpline run by RPMI are now working remotely to ensure they can continue to provide support. But **please only phone if the matter is very urgent**. While we know that this situation affects everyone, it is important that those with the greatest need are able to get support first.

Before calling, please check your member website to see if the information you need is there, or whether you can carry out your transaction online.

3 Please be patient

RPMI is having to prioritise the most urgent queries during this time. The team is here to support you; it just may take a little longer to deal with any requests.

Please be patient – we are all in these extraordinary times together and the RPMI team is working its hardest for you.

Chair's message...

Welcome to your latest Review, which I know arrives at a most challenging time for us all, given the impact of the Coronavirus.

I want to use this newsletter to let you know how the situation is affecting the Scheme, the services provided by its administrator, RPMI, how we'll be helping you through this difficult time, and also what you can do to help us.

Our top priority is paying pensions.

The Scheme has good levels of liquidity (cash available) to continue to pay pensions without interruption.

RPMI will continue to operate as normal a service as possible in supporting the Scheme. It has responded incredibly quickly to the current situation, enabling many of its services to continue.

The investment teams are all working remotely to ensure we defend the Scheme's assets during this time and make the right investment decisions. Administration staff are increasingly doing likewise.

Of course, this situation continues to change at a rapid pace and it is hugely important that we keep you up to speed with developments. Your member website will always be the place to go to find the very latest news – **I would urge you to register for your personal online account** if you haven't already and to please avoid calling the member Helpline with non-urgent queries.

In the meantime, I hope you and all your loved ones are well, safe, and managing as best you can.



Best wishes

Chris Hannon, Trustee Chair

inside this issue:

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Key statistics for 2019

Here's how the Railways Pension Scheme stood at the end of 2019.

Total Membership **341,628**

Net increase in the Scheme **£3,158m**

Net assets of Scheme **£29,910m**

The new Report & Accounts will be available online in June at railwayspensions.co.uk/reports. It will include the Trustee Investment Report along with more key Scheme statistics.



Update on investments

There have been both significant social and economic challenges as a result of the global Coronavirus pandemic during the early part of 2020.

As governments across the world have taken unprecedented steps to contain this threat, we have seen financial and investment markets respond. Markets around the globe have inevitably fallen as investors take stock of the impact these steps will have on economic activity.

Our in-house investment team has been working hard to keep on top of this fast-changing situation. Over this period, our funds have held out well relative to the markets in which we invest. As a long-term investor, acting on behalf of our members, we have a wide range of good quality investments in a number of countries and regions. This diversification of investments has benefitted the Scheme during this time of uncertainty.



While it is difficult to draw conclusions over what the long-term impacts of the pandemic might be, we will continue to focus on carefully seeking out those investments that enable us to pay pensions now and well into the future.

Who contributes to my pension?

you put in + your employer puts in + the government puts in*



*in the form of tax relief





Be aware of scams

Following the Coronavirus outbreak, pension scams are a growing risk, with fraudsters taking advantage of the widespread panic and confusion and luring savers into illegal transfers.

However, by recognising the warning signs, you can protect your retirement income that you've worked so hard for. Here are some handy tips to follow to avoid falling victim to scams.

- Don't engage with cold calls (and texts or emails) – cold calls on pensions are illegal
- Make sure your adviser is FCA registered on fca.org.uk/firms/financial-services-register
- Also visit fca.org.uk/scamsmart to see if the deal you're being offered is a known scam
- Carry out checks – even if the person or company you're dealing with has been 'recommended by a friend'
- Don't be fooled by a professional-looking website or brochure
- Take your time and don't be rushed by 'time-limited offers'
- Ask the Pensions Advisory Service for help by calling **0800 011 3797**, or visit pension-scams.com for more information on scams.

If something doesn't feel right, it probably isn't. If you've already signed something you're now unsure about, call Action Fraud on **0300 123 2040** and contact RPMI straight away by emailing csu@rpmi.co.uk. RPMI may be able to stop the transfer if it hasn't taken place.

If you're unsure about a transfer, you should seek advice from an Independent Financial Adviser.

Your questions answered

It's important to understand your pension to get the most from it.



Here are the answers to a few common questions and you can find more on your member website at railwayspensions.co.uk/FAQs.

Q. What are the benefits of being in the RPS?

- A.** There are many benefits to your RPS membership, not least the peace of mind that you are playing an active role in saving for your future. Retirement may be a long way off for some of us and closer for others, but it always pays to take an active interest in what, for many of us, may be the longest saving and investment plan we are involved with.

Along with building up pension benefits for the future, you can also benefit from:

- Tax reduction – the contributions you pay into the Scheme are deducted before income tax is calculated; reducing the amount you pay in tax on your wages
- The potential for pensions to be paid for spouses, partners or children
- A tax-free lump sum on retirement
- Opportunities to save more in a tax-efficient way by paying Additional Voluntary Contributions (AVCs)
- The potential for ill-health benefits, subject to certain conditions

Q. What happens if I move from full-time work to part-time work?

- A.** If you work part-time, your contributions are reduced according to the amount of hours you work.

You are entitled to the same benefits as full-time members, but they are calculated using your part-time hours (rather than full-time hours) for your job.

Q. When will I stop paying contributions?

- A.** Your contributions into the Scheme will stop if:

- You stop working for your current employer
- You opt-out of the Scheme
- You start taking your pension benefits at retirement
- You reach the maximum age for your section or maximum number of years' membership

These may differ according to your specific section rules.

Q. What is my Normal Retirement Age (NRA)?

- A.** Your Normal Retirement Age (NRA) is the age from which you can take your full pension benefits without any reduction factors applied for early retirement.

NRA's vary between sections, but most are between 60 and 65. You can check your Member guide by logging into your myRPS account at railwayspensions.co.uk.

You may be able to take your benefits earlier than your section's NRA, but these will be reduced depending on how early you take them. You may also have an option to take your benefits later than your NRA, up to age 75, if you prefer.



Pension news in brief:

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

A note on Brexit



The UK officially withdrew from the European Union on 31 January 2020 with a withdrawal deal and is now in a transition period until 31 December 2020.

During the Brexit transition period, the UK is no longer a member of the European Union. However, the UK continues to be a member of the European Union's single market and customs union.

We do not expect the transition period to impact the administration or investment services we provide to members. Pensions will continue to be paid in the usual way.

As the Brexit transition comes to an end, we will provide updates on our member website if there are any developments that relate to your active membership in the RPS.

Budget 2020

Following on from the general election in December 2019, the new government's first Budget took place on 11 March 2020, although the pension-related announcements were not as major as many expected.

The Chancellor of the Exchequer, Rishi Sunak, delivered his first Budget in the House of Commons, announcing the government's tax and spending plans for the year ahead. Many of the announcements made related to the government's plans to deal with the current Coronavirus pandemic.

Changes were announced in the following areas for pensions:

Tapered Annual Allowance

The Budget saw changes to the Tapered Annual Allowance, which reflected the Conservative manifesto pledge to review this area. From Monday 6 April, the income threshold increased to £200,000 (an increase of £90,000 from its previous amount).

The change will remove many people from the rules of the Tapered Annual Allowance, with the new rule only affecting those who have an



'adjusted income' above £240,000 – the £200,000 allowance plus the £40,000 Annual Allowance you can save into a pension.

However, the minimum level of Annual Allowance applying under the taper system reduces from £10,000 to £4,000, so some high earners will lose tax relief.

You can learn more about the Annual Allowance (including the Tapered Annual Allowance) at gov.uk/tax-on-your-private-pension/annual-allowance.

Lifetime Allowance

The maximum amount you can save tax-free into pension schemes over a lifetime (the 'Lifetime Allowance') increased from £1,055,000 to £1,073,100 for the 2020/21 tax year.

Seeking feedback on the tax relief system

The Budget announced that there is to be a call for evidence about how tax relief applies under net pay arrangements, such as the Railways Pension Scheme. The alternative tax relief system, referred to as 'relief at source', takes contributions from income after tax, with the pension scheme reclaiming basic rate tax relief from HMRC.

Pension Schemes Bill

Following the reintroduction of the Bill in the Queen's speech on 19 December, the Pension Schemes Bill was republished in January 2020 and has passed its second reading in the House of Lords.

The content that has been introduced to Parliament is essentially the same as the text of the previous Pension Schemes Bill, when it was originally published on 14 October 2019.

The progress of the previous Bill halted when Parliament was dissolved for the general election in December 2019.

It sets out legislation covering the following areas:

- Collective money purchase schemes (CMPS)
- Pension dashboards
- New powers for TPR (The Pension Regulator)
- New Defined Benefit funding and investment strategy
- Changes to statutory transfers

Privacy notice update

In line with legislative requirements and guidance issued by the Information Commissioner's Office, we regularly review our privacy.

We have recently made some changes to the content of the privacy notice to make it easier to understand why we collect data and what we do with it. This includes verifying your identity to prevent and detect fraud and so we can pay any benefits you may be entitled to.

The updated privacy notice is available on our websites at railwayspensions.co.uk/privacy and member.railwayspensions.co.uk/privacy.



Picture your retirement

You probably have an idea of the retirement you want, but working out the actual cost is much tougher.

The Retirement Living Standards from the PLSA can give you a sense of what life after work could cost. The figures are realistic expectations based on feedback from real people around the UK*.

It's important to remember these standards are intended to be a helpful rule of thumb – they do not constitute financial advice.

It helps to think about how many years you may have to fund...

When do you want to retire? You can find out your Normal Retirement Age by checking your Member Guide when you log into your myRPS account online.

However, you may want to retire earlier (see your Member Guide for eligibility) or later, up to age 75. Meanwhile, the age when you can start taking your State Pension will soon be 66 for men and women.

This means you may need enough income to cover another 10, 20 or even more years of 'life after work'.

Work out the costs!

You don't have to decide your target income right now, the figures on the opposite page will help you to understand what you may need to live on, and give you something to aim for.

For example:

Around £15k is expected to cover a couple's minimum needs, with enough left over for some socialising, leisure activities, and a UK holiday. The figure excludes mortgage or rental costs.

Don't forget that private and State Pensions, combined with other savings, could make up some of your costs.







Of course, we're all different. Your living costs depend on household expenses, mortgage and rent, and other outgoings you may have.

Get a rough idea of where your retirement savings stand now:

- Check your State Pension entitlement at gov.uk/check-state-pension
- Add the current value of your RPS pension. Log into your myRPS account online to see your Annual Pension Estimate
- Add any other relevant savings and pensions you may have

* Figures quoted are from the Retirement Living Standards published by the Pension and Lifetime Savings Association (PLSA) and Loughborough University. Costs will be higher in London.

Full details can be found at retirementlivingstandards.org.uk.

	MINIMUM	MODERATE	COMFORTABLE
Couple	£15,700 a year	£29,100 a year	£47,500 a year
What standard of living could you have?	Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries
 House	DIY maintenance and decorating one room a year	Some help with maintenance and decorating each year	Replace kitchen and bathroom every 10/15 years
 Food & Drink	A £67 weekly food shop	A £74 weekly food shop	A £91 weekly food shop
 Transport	No car	3-year old car replaced every 10 years	Two cars, each replaced every five years
 Holidays & Leisure	A week and a long weekend in the UK every year	2 weeks in Europe and a long weekend in the UK every year	3 weeks in Europe every year
 Clothing & Personal	£460 per person for clothing and footwear each year	£750 per person for clothing and footwear each year	Up to £1,500 per person for clothing and footwear each year
 Helping others	£10 for each birthday present	£30 for each birthday present	£50 for each birthday present

Figures from the Pensions and Lifetime Savings Association and Loughborough University.

These amounts would typically fund this lifestyle for people outside London. For more information, go to: retirementlivingstandards.org.uk



Sustainable Ownership is Railpen's approach to incorporating ESG (environmental, social and governance) considerations into the investments it manages on behalf of members of the Railways Pension Scheme.

Railpen's investment process considers ESG factors through four lenses:

- 1 Do they improve investment returns?
- 2 Do they reduce investment risk?
- 3 How do they impact the future world our beneficiaries retire into?
- 4 How do they impact our reputation as a responsible investor?

2019 saw the implementation of the UK government's amendments to the Occupational Pension Schemes Regulations and, by 1 October 2019, almost all UK occupational pension schemes needed to document their approach to ESG factors and stewardship in their Statement of Investment Principles. This can be found on the Railpen website, rpmirailpen.co.uk/sustainable-ownership.

RPMI Railpen is responsible for the safekeeping and investing of around £30 billion on behalf of the Scheme's 350,000 members who are connected with the railways industry. It has recently published its 2019 Sustainable Ownership Report, which can be read at rpmirailpen.co.uk/sustainable-ownership-reports.

Michelle Ostermann, Railpen's Managing Director of Investments, stated in the report:



As I look back on my first year with Railpen, I am struck by the commitment I see from colleagues on environmental, social and governance (ESG) topics in all areas of the business. The nature of defined benefit pension plans like the railways pension schemes mean that we can take a truly long-term view when making investment decisions.

ESG values are a core part of our culture as an organisation... this means that ESG factors are an essential element of our investment decision-making process. The schemes' Trustee is committed to meeting all its responsibilities as the asset owner.

Case Study: Real Assets

Railpen purchased Tralorg Wind Farm in South Ayrshire, southwest Scotland, from global renewable energy developer, BayWa r.e. As part of the pre-investment assessment, the Sustainable Ownership team reviewed the environmental impact and community relations. The farm, consisting of eight 2.35 megawatt turbines, is scheduled to be operational this year.



Pete Waterman Q&A

Pete Waterman is the President of the Railway Benefit Fund (the RBF). He's also been involved in projects such as the X Factor, Britain's Got Talent and Celebrity Britain by Barge – Then and Now.

Q. What's it like being President of the BRF? What does the role entail?

- A.** I am extremely proud to be a part of the RBF and fully supportive of the great work they do – I love the railways, it's in my blood. I am here to help spread the word – to get out and about and meet people (see the hashtag #MeetPete on social media) to engage and let them know what we do and how we can help.

Some of my proudest moments involve getting out and about and meeting the people who keep our railways running and have the same passion for the industry as I do. I am proud of each and every one of them and what they do.

Q. What support does the RBF offer?

- A.** We're here to help anyone who works in the Rail industry – from maintenance to freight and administrative to station staff – and all current, former and retired workers. We offer debt advice, a grants programme, and a legal advice helpline just to name a few.

Some of our services stipulate a minimum of 12 months within the industry, but not all of them do so it's worth checking. Call us on **0345 241 2885**, email **info@railwaybenefitfund.org.uk** or visit **railwaybenefitfund.org.uk** for more information.

Q. What sparked your love for trains and the railways?

- A.** I've loved trains from my earliest childhood memories. My great, great grandfather was a driver for Great Northern Railway and we lived in Durham originally, which is steeped in engineering and railway history.

As a child I lived next to the railway line and crossed it every day to school where I could see the trains out of the window. They were mainly transporting coal around the country for fuel and I was hooked. It's been my passion ever since.

Q. What can you tell us about your other projects?

- A.** My TV work is on hold at the moment due to the national crisis. My other passion is the work I do for HS2 and the presidency of Preserve Railways – it's not an easy time for rail at the moment but we will come through this and keep Britain moving.

In the meantime, we are exploring ideas for virtual #MeetPete sessions, so watch this space. You can also request to #MeetPete under 'Events' on the RBF website. I would love to come and visit in the future so get your request in now.

As Covid-19 is proving, times can get tough. The RBF offers financial support to help the railway family during these times, so we can get through them together and return to normality and the jobs we love in this industry.

The RBF has increased its support during this challenging time, so if you have money worries then please get in touch at **covidsupport@railwaybenefitfund.org.uk**

Join Platform for the chance to win £150



Our member advisory group, Platform, enjoyed a very successful first year in 2019.

The group was set up to gather member feedback about the Scheme's pension communications. Hundreds of subscribers have already signed up – and more are always welcome.

Your views will help us understand the best ways to support your retirement planning and improve your communications in the future.



Plus, by signing up, you'll be entered into our annual draw to win £150 in shopping vouchers.

How to join Platform

- Sign up online at **railwayspensions.co.uk/platform** using your full name, date of birth, and RPS pension reference number (you can find this on the message enclosed with your newsletter or any other communication from RPMI)
- You'll receive emails every now and again, inviting you to share your views on new designs, videos, and other ideas
- Tell us what you think by answering a few short questions

We take everyone's feedback on board. Some of our ideas will work, others will fall by the way, but your views will help to keep us on the right track.

At the end of the year, we'll share our findings with you.

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

Help us improve Review!
Your feedback matters.

Tell us what you think at **surveymonkey.co.uk/r/**
ReviewMay20 or complete our survey by scanning this QR code.

