# **BRASS Pension Assured Fund (PAF)**

## A typical retirement journey

See glossary terms overleaf for explanations of key terms used



Find a list of Independent Financial Advisers (IFAs) in your area at unbiased.co.uk.

### How saving in the fund works

#### The PAF quarantee

Contributions made to the PAF, before the fund closed, bought 'basic' units that cost £1 each. These basic units are guaranteed to be worth £1 when you reach age 55\* (or if you die before then). At the end of each month, investment return – above what is needed to meet the guarantee to members - is allocated to members of the PAF as 'bonus' units. Once given, bonus units cannot be removed and are also guaranteed to be worth £1 when you reach age 55\*.

#### **Investment returns**

The amount of bonus units you get depends on how many basic and bonus units you have built up over time. This means that the investment returns you get from the PAF are specific to you and depend on the following:

- your history of contributions
- the number of basic and bonus units you have
- your age.

#### Leaving the PAF before age 55\*

If you take your Railways Pension Scheme benefits, transfer benefits to another scheme or leave the PAF before age 55\*, you are not guaranteed to get £1 for each unit. The value of your savings will depend on the value of the PAF assets at the time. If the value of assets at the month end is not enough to pay all members £1 for every unit, the value of units is reduced. This reduction is called a Market Depreciation Discount (MDD).

The MDD takes into account the number of whole years you have left to reach age 55, and so the further you are from age 55 the higher the discount. The MDD can be different for basic and bonus units.

\*55 is the guarantee age, but once you are 54 years and 1 day old, the MDD no longer applies to your units as it is based on the number of complete years until your 55th birthday. This means that when you reach age 54 the value of each unit is worth at least £1 for you.

NOTE: If you choose to move your funds from the PAF this decision cannot be reversed. Past investment performance can not be relied on as a guide to future performance.

# **BRASS Pension Assured Fund (PAF)**

## What do we mean by risk?

Investments can experience rises and falls in value. Generally speaking, the larger the expected rises and falls in your investment value, the higher the risk rating.

Risk isn't necessarily bad for you. All funds carry some risk. Your investment choices depend on your own attitude to risk.

## Examples of risks that can influence the value of your investment

- Currency risk: The performance of the fund may rise and fall due to changes in currency exchange rates.
- Inflation risk: The chance that returns on investments may not keep up with inflation. This means the investments may not be worth, or be able to buy, as much in the future.

Investors should expect there to be an MDD applied at certain times before the guarantee age\*.

## Glossary

**Bonds:** Essentially a loan to a borrower. Money is made investing in bonds by either; holding the bonds until the loan is repaid (or reaches its maturity date) and collecting interest payments on them, or by selling them for a profit.

**Equities:** These are shares in companies. By investing in equities, you are entitled to a share of any profits.

Market Depreciation Discount (MDD) factors: Information on MDD factors, including current and historic MDDs, can be found online at: www.railwayspensions.co.uk

Monthly priced: On a bid-offer basis and monthly trading.

### Points to remember

This factsheet is designed to help you learn more about the fund, but is not a recommendation that it is suitable for your own circumstances and retirement plans.

The Trustee, **RPMI** and Aviva cannot give you financial advice about your fund choices.

The Trustee – which is responsible for overseeing the defined contribution arrangements – reserves the right to make changes to the available fund choices (including withdrawing funds). The Trustee can also make changes to how the fund is made up, its comparator, management and charges.

### What to do next

One of the best and easiest ways to manage your pension arrangements is by registering for, or signing in to, your personal myRPS account at **railwayspensions.co.uk**.

Registered office: 7th Floor Exchange House, 12 Exchange House, London EC2A 2NY. Registered in England and Wales, no. 02315380