



focus:



IN THIS ISSUE:

- Your tax limits
- Equal State Pension age for men and women
- Don't hang around – hang up!



We're all ears...

and we'd love to hear your thoughts!

It's time for some straight talking about your pension – that's why we're looking for volunteers to join our new online member group, **Platform**.

You can help shape the communications you receive from the Fund – whether via this newsletter, online or video – to make sure they meet your needs.

Sign up today
to have your say.



You could win £150

of vouchers in our special prize draw as a thank you for registering.

Winner to be announced in December 2019.
See btppensions.co.uk/Platform for terms and conditions.

Here's how Platform works...



Sign up at
btppensions.co.uk/Platform
with your full name, date of birth and Fund pension reference number.



We send you an email...
inviting you to look at a new design, video or idea.



You tell us what you think...
by answering 2 or 3 short questions.



We listen and take your feedback on board...
some of our ideas may work – others won't – but your views will definitely make sure we stay on the right track.



We share the results with you...
so you're kept in the loop.

Making better pension communications, together



Chair's message...

Welcome to the April issue of Focus – and the last message from me as Chair of your Trustee Board.

After many years on the Trustee Board, most recently in the privileged role as Chair, I announced in January that I would be stepping down as of March 2019.

However, my commitment to the ongoing mission of the railways pension schemes – to pay members' pensions securely, affordably and sustainably – remains as strong as ever and I'm very pleased to tell you that I'll be moving into the position of Chief Executive Officer at RPMI, your Fund's administrator, from June.

I'd like to thank all of my fellow trustees for their support over the years. It's been a pleasure working with such a knowledgeable and committed group of individuals and I will, of course, continue to work alongside them in my new role to make sure we continue to effectively manage the railways pension schemes and provide the best possible service to members, pensioners and employers.

I'm also very pleased to report that my successor as Trustee Chair is Chris Hannon, who has over 40 years' experience as a pension professional, including as a Trustee Director of the British Transport Police Force Superannuation Fund (BTPFSF) since 2005. You can read his first Chair's message in the August newsletter.

On behalf of my fellow trustees and the Fund, I would like to congratulate Chris on his appointment and look forward to continuing our close working partnership in the future.

JOHN CHILMAN
Trustee Chair



Equal State Pension age for men and women

The State Pension age is now the same for men and women.

The change has been gradually phased in and finally came into effect on 6 November 2018.

It means that both men and women coming up to retirement can only claim their State Pension from the age of 65.

Your Fund pension age is not affected as it is covered by Fund Rules, not government legislation.

How the State Pension age has changed...

- Until 2010, women could claim their pension at age 60, and men at 65
- From 6 November last year, everyone can now only claim from age 65.
- The State Pension age will rise again to 66 by October 2020, and to 67 by March 2028.
- Yet another rise to age 68 is proposed by March 2039.

Why is the age rising? Because people are living longer. Successive governments are worried that the State Pension is becoming too expensive to maintain in its current form.

Work out when you can start claiming your State Pension at gov.uk/state-pension-age.

Trustee Board update



After 14 years as a Trustee Director, Tony Cotgreave has decided to step down from the Trustee Board at the end of June 2019.

We wrote to the relevant nominating organisations towards the end of March to seek a new Pensioner Director to fill this vacancy. We would like to thank Tony for his dedication and commitment to the railways pension schemes. He will continue as a member of the 1994 Pensioners' Section Committee until the end of his current term of office.

Following John Chilman's appointment as Chief Executive of RPMI, there is also a vacancy for an Employer Trustee Director and we will be writing out to members of the Train Operating Companies Electoral Group to fill this seat.



News round-up

This regular feature looks at developments in pensions that may be relevant to you as an active member of the Fund.

Pension dashboards

Pensions dashboards were first announced in the 2016 Budget as a way to help people see information about all their pension savings, including their State Pension, in one place. It is estimated that over £400m is sitting in pensions that people have lost contact with.

The government hopes for a first dashboard to be introduced by the new Money and Pensions Service in 2019-20. Other pensions-industry dashboards are then expected to follow so that individuals can choose which one to use.

Once pension dashboards are up and running, we will provide further information about where to find them and how Fund members might want to use them.

GMP equalisation

On 26 October 2018, a High Court ruling was released on Guaranteed Minimum Pension (GMP) equalisation for the Lloyds Banking Group's pension schemes. You may have GMP as part of your Fund benefits if you were an active member before 6 April 1997.

The High Court ruling was that the schemes must address the effect of inequalities caused by GMPs and ensure benefits are equalised to reflect their impact. Although the judgment relates to the Lloyds Banking Group, it also creates a precedent for other formerly contracted-out defined benefit schemes, such as the Fund.

The Trustee has started to receive advice from its advisers on how to deal with GMP equalisation in the Fund and will communicate how it proposes to deal with this issue as soon as it can. GMP equalisation projects will typically be complex for most schemes and take a significant time to complete.

As background to the issue of GMP equalisation, inequalities arise as GMPs, accrued at different rates for men and women, are payable from age 60 for women and age 65 for men and increased in different ways to non-GMP benefits.

The equalisation between genders required under the Lloyds judgment would apply to GMPs earned between 17 May 1990 and 5 April 1997. Although some members will require an uplift to their benefits as a result of GMP equalisation, many members will not be impacted at all. No members will have their benefits reduced.

We will provide you with more detail on GMP equalisation and likely timescales for the project for the Fund in a future edition of Focus and at btppensions.co.uk.

Don't hang around – hang up!

Pension cold-calling is now banned.

In January this year it became illegal to make unsolicited phone calls, texts and emails about pension transfers – and not before time.

Victims lose an average of £91,000 each to pension fraud, and once it's gone, it's gone.

Criminals use cold-calling to try and steal your savings or tempt you to make a high-risk investment.

Scams usually start with an unexpected call, text, email or social media message, promising:

- A tax-free lump sum worth more than 25 per cent of your pension's value
- Early access to your pension before the age of 55
- Get-rich-quick investments with high returns

Pressure is put on to make a quick decision but, if you change your mind, there's often no company contact details, just a mobile phone number or PO Box address.

Even with the ban, you should still be on your guard. Remember – if you take cash early, you face a hefty tax penalty. If you transfer it overseas, it could vanish forever.

A bit of good news about tax

We all know that tax means taking money out of your pay packet. But did you know it can also be a bonus in the form of tax relief?

You get tax relief because you are paying into a BTPFSF pension. This means that money you would normally pay **out** in tax is put **in** to your Rail pension instead.

Think of it as a reward for saving towards your future.

*Different rates and bands may apply for Scottish taxpayers.

What's your limit?

Nobody likes to talk about tax. But it's important to know there are limits on the amount of tax-free pension savings you can build up.

If you go over the limit, you could face a tax penalty on the excess. Here's a summary of the limits that may apply.

Annual Allowance

Currently set at £40,000 per year. If your annual pension savings go over this limit, you may have to pay a penalty charge – unless you have unused Annual Allowance from the previous three years that you can use to offset the excess.


Some high earners may have to pay a different allowance – see Tapered Annual Allowance for details. Work out your allowance online at hmrc.gov.uk/tools/pension-allowance. The Annual Allowance may reduce if you're a high earner.

How tax relief works

For every £1 saved into your pension


If you are a:

Basic rate tax payer




80p

Higher rate tax payer



60p

is taken from your net pay



20p

40p

is covered by tax relief

Tapered Annual Allowance

This includes all your income over the tax year, such as earnings from work, your pension savings, and any other sources like shares and buy to lets. You will be affected if this combined income is over £150,000 and your taxable income is over £110,000.

Money Purchase Annual Allowance

This tax limit is £4,000. You could be affected if you take money from your additional voluntary contributions (such as BRASS or AVC Extra), and then pay more in.

Lifetime Allowance (LTA)

This limit is now £1,055,000. You can save as much as you like into your pension. But once you start taking money out of your pensions (excluding the State Pension), you could be liable for an LTA excess tax charge.

You usually find out if you are affected by this allowance when you retire because it is based on the benefits you actually get. You can check how much LTA you have used up through your Fund savings with our online Planner by registering or logging in to myFund at btppensions.co.uk.

Does tax drive you nuts? Sid the Squirrel is here to help. Watch him in action at btppensions.co.uk/your-tax-limits.

Useful contacts


Gov.uk – the official government website has lots of easy-to-understand information about pensions, tax and National Insurance.

Citizensadvice.org.uk – provides free, independent, confidential and impartial advice about your rights and things you should think about when setting up a pension and getting near to retirement.

Unbiased.co.uk – if you need help with your financial and retirement plans, visit this site for a list of independent financial advisers in your area.

Pension queries

 **Visit:** Btppensions.co.uk @ **Email:** csu@rpm.co.uk

 **Telephone:** 0800 2 343434 (Mon - Fri, 8am-5pm)

Have your say

Tell us what you think about Focus. It only takes two minutes.

Your feedback is very important, and helps shape the communications we send about your pension in the future.

Scan the QR code or visit: surveymonkey.co.uk/r/FocusApril19.

