



focus



IN THIS ISSUE:

- News round-up
- Annual Allowance: submitting information to HMRC
- Join Platform and win £150

Chair's message...

Welcome to your latest Focus, which I know arrives at the most challenging of times 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 Fund, 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 Fund 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 Fund. 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 Fund'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, at btpensions.co.uk, 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 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*



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 and register for your account

The member website at btpensions.co.uk is your single and best source of news regarding the Fund. 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 also register for your personal 'myFund' 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. Whilst we know that this situation affects everyone who wants to speak to the Helpline team, it is important that those with the greatest need are able to get help and 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.

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 (see the table below) will 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 meant 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? The Fund's normal retirement ages are: 55 for active and preserved members of the 1970 Section; 55 for active members and 65 for preserved members of the 2007 Section; and 60 for active members and 65 for preserved members of the CARE Section. However you might 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.

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

...now work out your costs

Obviously you don't have to decide your target income right now, but the figures below will help you understand what you might need to live on, and give you something to aim for.

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

For example:

Around £15k is expected to cover a couple's minimum needs, with enough left over for some socialising and leisure activities, such as a UK holiday, and eating out. The figure excludes mortgage or rental 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.
- Check the current value of your Fund pension. Log into your myFund account at btpensions.co.uk/login 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. See the detail for more information at retirementlivingstandards.org.uk.



News round-up

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

A new government and Brexit

The general election on 12 December 2019 resulted in a Conservative government with an 80-seat majority. The Conservative Party manifesto suggested the government would:

- keep the triple lock for State Pension increases,
- reintroduce the Pension Schemes Bill, which we cover later in this article,
- carry out a review of tax relief for net pay pension schemes – such as the Fund – as increases to the personal allowance have had an impact on tax relief for low earners, and
- review the tapered Annual Allowance, which has been in the news due to the impact it has had on working hours for doctors.

Following the election and the ratification of the withdrawal agreement by the UK and the European Union (EU), the UK exited the EU on 31 January 2020. There is now an implementation period until 31 December 2020 while the EU and UK negotiate new arrangements.

We are continuing to pay pensions as normal to pensioners who live outside the UK during the implementation period and do not currently expect any impact after the implementation period.

Budget 2020

Following on from the general election, the new government's first Budget took place on 11 March 2020.

Although there had been rumours of potentially significant changes in pension tax relief in the run up to the Budget, the pension-related announcements were not as major as expected. It was announced that there would be:

- **An increase in the thresholds used in the tapered Annual Allowance** (which reflected the Conservative manifesto pledge to review this area). The thresholds increased by £90,000 with effect from 6 April 2020 and this will benefit many high earners who had been impacted by the taper. However, the minimum

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

You can learn more on the Annual Allowance (including the tapered Annual Allowance) at

[Gov.uk/tax-on-your-private-pension/annual-allowance](https://www.gov.uk/tax-on-your-private-pension/annual-allowance)

- **An increase to the Lifetime Allowance from £1,055,000 to £1,073,100 for the 2020/21 tax year.**
- **A call for evidence about how tax relief applies under net pay arrangements, such as the Fund.** 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

In the last edition of Focus, we provided information about the Pension Schemes Bill that had been published by the previous government. This draft legislation was released in October 2019 but, effectively, postponed due to the general election.

The Queen's Speech, which followed the general election, announced a further Pension Schemes Bill and the draft legislation has now been published. This resurrects the previous draft legislation and includes similar measures to those that were covered in the December newsletter, which you can read online at **btppensions.co.uk/newsletters**.

Privacy notice update

In line with legislative requirements and guidance issued by the Information Commissioners Office, we regularly review our privacy notice.

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 your website at **btppensions.co.uk/privacy**



Annual Allowance: submitting information to HMRC

If you have recently received a Pensions Savings Statement from RPMI, or if you are a high earner, you may have to pay an Annual Allowance tax charge.

You can check if you owe a tax charge by reading your Pension Savings Statement and the Annual Allowance Read as You Need guide at btppensions.co.uk.

It would be your responsibility to inform HMRC of an Annual Allowance tax charge as part of the Self-Assessment process.

If you need to pay a charge, you may be able to pay it from your Fund benefits through the Scheme Pays process. This means the Fund pays the charge direct to HMRC on your behalf, and the tax charge is taken out of your pension savings. This option is included within HMRC's Self-Assessment tax return form.

If you tell HMRC that you will use the Scheme Pays option, it is important for you to complete and provide a form to let the Fund know. The form is in the Read as You Need section of btppensions.co.uk (look under 'Resources'). The deadline for applying for Scheme Pays for tax charges from the 2018/19 tax year is 31 July 2020. We cannot accept forms after that date.

There's still time to join Platform and 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 Fund'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 end-of-year draw to **win £150** in shopping vouchers.

How to join Platform

- Sign up online at btppensions.co.uk/Platform, using your full name, date of birth and Fund pension reference number (you can find this on any communication from RPMI).
- You'll receive emails every now and again, inviting you to share your views or to feed back on new designs, videos or 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 keep us on the right track.

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

For instance, our first ever survey tested the water by asking 'What your Rail pension means to you'. The top answer was 'Saving for life after work' with 76% of the vote.

Pension queries

 **Visit:** btppensions.co.uk

 **Email:** csu@rpm1.co.uk

 **Telephone:** 0800 012 1117 (Mon - Fri, 8am-5pm)

Have your say

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

Your feedback is very important, so please scan the QR code or visit: surveymonkey.co.uk/r/Focus-April20

