



# focus:



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- How the Fund is doing
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## Don't let them down!

**Nominate now...**



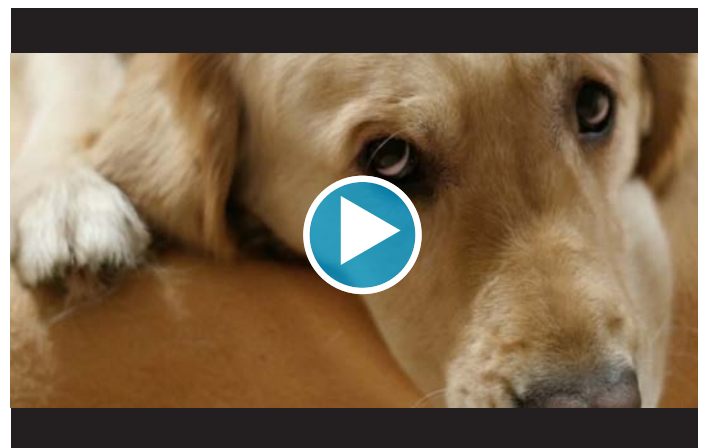
**You might not always be around – so make sure your loved ones don't lose out.**

They could get a cash lump sum worth up to **4 times your final annual salary** if you die before claiming your Fund pension.

**To nominate, sign into - or register for - your myFund account at [btppensions.co.uk](http://btppensions.co.uk).**

- Add/update your choices.
- Click confirm.

**And that's it** – your wishes are logged straightaway.



Scan this QR code to watch your short video and see why nominating is so important. It'll only take a minute! (You'll find a free QR code reader in your phone's app store).

**REMEMBER** you can change your nominations online any time you want.

# Message from the Chairman

## Welcome to your December newsletter.

Last year was an extremely positive year for the Fund, with returns of almost £168 million recorded on net investments. Find out the full details in your latest Annual Report at [btpensions.co.uk/Resources](http://btpensions.co.uk/Resources).

You will also know that your member contribution rate to the Fund has not changed. This is because the last full actuarial valuation (as at 31 December 2015) showed a funding level of 101%, meaning there were more than enough assets to cover all commitments to beneficiaries.

In addition, member charges for the Fund's Additional Voluntary Contribution investment funds are all lower than the previous year. This is partly due to ongoing efforts by RPMI Railpen – which manages the funds – to keep costs in check. Go to page 3 for more details.

Continuing the good news theme, the latest annual funding update (as at 31 December 2016) is equally positive. The update is produced in between formal valuations as a way to continuously monitor the Fund's financial performance. Its main findings are outlined in the Summary Funding Statement enclosed with this newsletter.

If you'd like to read the report – or have a question about any of the information in the statement – email [csu@rpmico.uk](mailto:csu@rpmico.uk) or contact the helpline on **0800 2 343434**.

As at the end of October, investment performance for 2017 was ahead of target. However, volatility of both investment and the valuation of benefits means that this may not necessarily translate to a better funding level at the next full actuarial valuation, which will take place as at 31 December 2018.

John

**JOHN CHILMAN**  
Trustee Chairman



# Join your... workmates in myFund today!

More than 1,500 of your colleagues have already signed up for a myFund account.

It's a quick and simple way to keep an eye on your Fund pension by PC, smartphone or tablet!

## 5 reasons you should register

- 1 Complete your nominations
- 2 See what your BRASS funds are worth\*
- 3 Check and change your investment choices
- 4 Read your Member Guide to find out all about your benefits
- 5 Use handy online tools to plan for retirement

\* CARE members: please email [csu@rpmico.uk](mailto:csu@rpmico.uk) with queries about your benefits.

## Registering couldn't be easier. All you need is your:

- Email address
- National Insurance number
- Pension reference number, and go to [btpensions.co.uk/myfund/register](http://btpensions.co.uk/myfund/register).

### Keeping your details secure online

Cyber crime is a threat that RPMI takes very seriously, and lots of safeguards have been put in place to protect your personal details on the website. These include member security checks, anti-virus software and firewalls.

## How the Fund is doing



**6,477** members



**£1.22bn** total assets



**£167.9m** return on investments

## Are you making the most of your Fund pension benefits...

You should have received your Annual Pension Estimate by now.

### The estimate tells you:

- what your Fund benefits are currently worth.
- how much they could be worth when you retire.
- the value of any Additional Voluntary Contributions you have invested in BRASS and/or AVC Extra.

Your APE is also recorded in [btppensions.co.uk](http://btppensions.co.uk). Register or login to your myFund account to view it at any time.

**Reality check:** the new full State Pension is £159.55 per week (around £8,325 per year) for a single person. How much you actually get depends on your National Insurance record (Source: gov.uk).

Current estimates show that a typical couple needs £26,000 a year – around £2,200 per month – in today's money for a comfortable retirement. (Source: Which, February 2017, based on a survey of 1,590 retired couples).

**Did you know?** By 2020, men and women will both have to be 66 before they can claim a State Pension.

**Are you saving for the retirement you want?** Try our online calculator at [btppensions.co.uk](http://btppensions.co.uk) to see if your finances match up to the reality of retirement.

## Your investments: where are they now?



If you're topping up your Fund pension with payments into BRASS or AVC Extra, it's a very good idea to:

- check how much these funds are worth
- make sure your choice of funds is still right for your needs.

### The best way to do this

#### BRASS members:

Log in to – or register with – myFund at [btppensions.co.uk](http://btppensions.co.uk)

#### AVC Extra members:

Telephone 0800 2 343434 or email [csu@rpm.co.uk](mailto:csu@rpm.co.uk)

## Investment charges and costs

An investment management charge is applied to funds used by members of BRASS and AVC Extra.

As you can see, member charges were lower for all the defined contribution (DC) investment funds in 2016 than in the previous year.

DC fund	2016 fees (%)	2015 fees (%)
DC Long Term Growth Fund	0.60	0.75
DC Global Equity Fund	0.21	0.28
DC Aggregate Bond Fund	0.33	0.41
DC Index Linked and Global Bond Fund	0.29	0.35
DC Deposit Fund	0.23	0.29

RPMI Railpen (which looks after your investments) is constantly making improvements to try and obtain the best possible returns after fees and transaction costs are taken into account.

All performance figures quoted by RPMI are shown after the deduction of investment charges. Check the fund factsheets at [btppensions.co.uk](http://btppensions.co.uk) for estimated costs for the year ahead.

You can read the Trustee's latest governance statement for the railway pensions schemes in full at [btppensions.co.uk](http://btppensions.co.uk). You'll find it under

Resources on the Report & Accounts page.

## Make the most of BRASS/ AVC Extra

- Check the current value of your investments
- Check you're getting the returns you want
- Change your fund choices and Target Retirement Age if they're not right for you
- Let RPMI know if you want to change your Target Retirement Age. Email [csu@rpm.co.uk](mailto:csu@rpm.co.uk) or telephone 0800 2 343434

It's a good idea to do a quick check of all the above at least once a year.

## Remember!

It's best to think about investments over the long term.

- **Investment values** can go down as well as up.
- **Higher-risk funds** may mean higher returns - and higher losses.
- **Lower-risk funds** are not necessarily the 'safe' option. If your savings don't grow steadily, inflation could seriously affect your spending power in the long run. Speak to a financial adviser (see [unbiased.co.uk](http://unbiased.co.uk)) if you'd like to chat about your options.

## Pension news

### Autumn Budget 2017

This newsletter went to print before the Autumn Budget on **22 November 2016**, so you can find news about any significant pension-related announcements at [btppensions.co.uk](http://btppensions.co.uk). An update on any impact on your Fund benefits will also be included in your April newsletter.

As with Budgets in recent years, there have been rumours about future changes to tax relief on pensions in the run-up to Budget day. In this edition, we provide an update on two tax relief items that already apply and may be of relevance to you.

### Transferring your pension overseas

If you transfer your pension to a Qualifying Recognised Overseas Pension Scheme (QROPS), you may be charged 25% of the value of your pension benefits. This is called the 'overseas transfer charge'.

A QROPS is a pension scheme which is based outside the UK, but is similar to a UK registered pension scheme.

The overseas transfer charge applies if you wanted a transfer to a QROPS to go ahead on or after 9 March 2017, but there are some exceptions.

To read more, go to [btppensions.co.uk/resources/updates](http://btppensions.co.uk/resources/updates).

### Scammers destroy lives

#### Don't let fraudsters steal your pension pot.

Learn how to spot the red flags and protect your pension against predators. If you've signed something you're unsure about, contact your pension provider straight away. They may be able to stop a transfer that hasn't taken place yet. Then call **Action Fraud** on **0300 123 2040** to report it.

If you're still unsure what to do, call The Pensions Advisory Service on **0300 123 1047** or visit [pensionsadvisoryservice.org.uk](http://pensionsadvisoryservice.org.uk)

## Annual Allowance update

### Tapered Annual Allowance

**The government introduced the Tapered Annual Allowance from 6 April 2016 and it first applied for the 2016/17 year.**

Details of any pension savings in excess of the full Annual Allowance of £40,000 in 2016/17, or the Tapered Annual Allowance if lower, (plus any unused allowance carried forward) need to be reported to HMRC by their self-assessment deadline of 31 January 2018. The Tapered Annual Allowance was announced at the Summer Budget in 2015 as a way of reducing the Annual Allowance for higher earners. It typically applies to those people who have a taxable income above £110,000 and 'adjusted income' above £150,000. For this, adjusted income is the total of taxable income and the level of pension savings (as assessed for Annual Allowance purposes).

As the level of pension savings is included within the assessment and any non-employment income will also be included, such as any property income, your adjusted income may be much higher than your taxable employment income.

Further information about Tapered Annual Allowance is available in the Annual Allowance Read As You Need guide under 'Resources' at [btppensions.co.uk](http://btppensions.co.uk). It is important to read this if your level of income means you might be affected.

If any changes are made to the Annual Allowance or the Tapered Annual Allowance at the Autumn Budget on 22 November 2017, details of these changes will be added to [btppensions.co.uk](http://btppensions.co.uk).

### The Money Purchase Annual Allowance

**The Money Purchase Annual Allowance (MPAA) was introduced in 2015.**

It is a reduced level of Annual Allowance for money purchase (or 'defined contribution') pension savings, such as BRASS or AVC Extra contributions, which may apply if you have already taken some pension savings. Therefore, if you have taken some pension savings already, such as cashing in a personal pension plan, please read on.

The government had announced in the Spring Budget that it would reduce the MPAA from £10,000 to £4,000 from 6 April 2017. However, bringing this into law was delayed by the General Election. The government is now planning to bring the change into law and backdate the change to 6 April 2017, as originally planned.

As indicated above, the MPAA will only apply to you if you've already taken some of your pension savings and one of the following types of payment options was used:

- A full cash payment of more than £10,000 was taken;
- A drawdown arrangement (i.e. a series of cash lump sums) is being used; or
- An annuity where the income can be reduced has been bought.

If you have triggered the MPAA, the scheme in which this was done should have written to you to tell you about this.

Further details about the MPAA are also available in the Annual Allowance Read As You Need guide under 'Resources' at [btppensions.co.uk](http://btppensions.co.uk).

### Pension queries:

**Visit:** [www.btppensions.co.uk](http://www.btppensions.co.uk)

**Email:** [csu@rpm1.co.uk](mailto:csu@rpm1.co.uk)

**Telephone:** 0800 2 343434

(Monday to Friday, 8am-5pm)



**Tell us what you think**

Complete our survey