

in:sight



**Get on board,
go online now**

More than 43,000 people are already taking control of their future with our re-vamped member website. And now's the perfect time for you to jump on board.

More new features have been added to [railwayspensions.co.uk](https://www.railwayspensions.co.uk), making planning for your retirement and tracking your progress easier than ever before.

By simply logging in you now have access to:

- a Retirement Modeller – showing what your pension pot might be worth when you retire. And the different ways you can choose to use that money

We're also launching:

- a Retirement Budgeting Calculator – to show you how much money you might need in retirement

You can also:

- check the value of your Personal Retirement Account (PRA)
- see or switch your funds
- request estimates online as many times as you need
- make or change your nominations
- check and update your contact details
- manage your account and reset your password
- make a one-off contribution
- ask us a question

You'll find more information about some of these features throughout this newsletter.

If you haven't used the website since it relaunched in summer 2020, you'll need to register before you can access any of the features outlined above. You may even need to re-register if you were already signed up to the old site.

A step-by-step guide on how to register can be found at [railwayspensions.co.uk/register](https://www.railwayspensions.co.uk/register)

Chair's message...

Welcome to Insight

I appreciate times have remained challenging for many since our last newsletter. And I would like to reassure you that business is very much continuing as usual here at the Railways Pension Scheme (RPS) and for its administrator, RPMI.

While many of us are still working remotely, we continue to support the Scheme with minimal disruption and your financial future remains our number one priority.

As a member of the Industry-Wide Defined Contribution (IWDC) section of the RPS, your interests are looked after by a group of 16 employer and member representatives, known as the Trustee. Chaired by myself, the Trustee has overall responsibility for the Scheme.

We are supported by a number of specialist committees. This includes the Defined Contribution Committee (DCC), which is responsible for making sure the IWDC section can deliver good outcomes for its members at retirement and for finding the best ways to support IWDC members on their pension journey.

The DCC Committee Chair, Richard Jones, has written a summary of the Committee's recent activity on the right. And you can find out more about the Trustee as a whole at railwayspensions.co.uk/about-us

Don't forget, there is a whole host of information available at railwayspensions.co.uk and if you have any concerns, we're only a click away.

Best wishes,

Chris Hannon, Trustee Chair



Defined Contribution Committee (DCC) update

DCC Chair, Richard Jones, gives an update on what's been happening since the last issue of Insight...

Despite some big challenges over the last 12 months, a number of significant improvements have been made to the service you receive.

We have enhanced our member website at railwayspensions.co.uk. And you can now do more online, including switching investment funds, changing your nominations, updating your contact details and getting an estimate.

You will also find new content and tools online aimed at helping our IWDC members take control of their pension. This includes new videos, as well as a modeller allowing you to explore different retirement options.

We hope this will help give you the confidence to take action if needed, such as increasing your contributions to keep your savings on track.

From April (2021), IWDC members will also have access to a drawdown arrangement with our partner, Legal and General Investment Management. This would give you a flexible income when you retire. And in line with current legislation is available from age 55.

It will be underpinned by high-quality, value-for-money, advice provided by Liverpool Victoria.

Both have been endorsed by the Trustee. And you will find further information throughout this newsletter.

We also conducted an independent review of our services as part of our annual DC value for members assessment. We were rated as 'good', which helps us understand how we can make things even better for you going forward.

We have a number of other improvements underway and you should start seeing the results of those shortly.

Thank you for trusting us with your pension savings.



New tool to estimate your pension pot

Need a helping hand with your retirement planning? Try the retirement modeller, available now in your myRPS account.

What does it do?

The retirement modeller works out how much your total pension pot could be when you retire by taking into account:

- your current age
- salary
- current Personal Retirement Account (PRA) balance
- Target Retirement Age (TRA)
- contribution rate (this is set automatically for the section you're in)
- any Additional Voluntary Contributions (AVCs) you've made
- whether your fund choices are low, medium or high risk

It also shows you some of the ways you could choose to take your money, including:

- as flexible income, known as a drawdown
- as a regular income, known as an annuity
- as a cash lump sum

What should I do with my results?

The planner will show you how much your annual income is likely to be when you retire.

You can then compare this to your likely spend and decide for yourself whether it's likely to be enough for you.

As a guideline the Retirement Living Standards (RLS) from the Pensions and Lifetime Savings Association suggest that an individual will need between £10,200 and £33,000 per year when they finish work.

You can find out more by visiting retirementlivingstandards.org.uk

Further details about the RLS and how to work out your likely spend in retirement can be found on page 6.

What if the numbers don't add up?

If you don't think that your pension pot will be large enough to give you the life you want in retirement, you may choose to take further action.

This could include:

- saving more money by making Additional Voluntary Contributions (AVCs)
- changing your Target Retirement Age (TRA)
- changing your funds and investment risk level (low, medium, high)

The modeller will let you see what impact these changes could have. Before making any changes you should consider speaking to an Independent Financial Adviser (IFA). You can find out more about IFAs and where to go for help and advice on page 11.



Your options in retirement

By the time you're ready to retire, you will hopefully have built up a pot of money in your pension savings. In the IWDC this is known as your Personal Retirement Account (PRA). So how, and when, can you use your PRA?

When can you access your PRA?

You can usually access your PRA when you reach your Normal Retirement Age (NRA), between the ages of 60 and 65.

If you have invested in a Lifestyle Strategy you may have chosen a Target Retirement Age (TRA), instead. This is typically between 55 and 75 years old (unless you have a Protected Pension Age).

In line with pension freedoms introduced by the Government in 2015, you may be able access your PRA from age 55, or as early as 50 if you have a Protected Pension Age, even without a TRA.

You can also decide to delay taking your pension right up until your 75th birthday.

What can you do with your PRA?

There are three main ways to use the money in your PRA.

A new video explaining these options, can be found in the video library of the RPS member website - railwayspensions.co.uk/resources/video-library. We've also included a brief summary to the right.

Whichever option you choose, you could take up to 25% of your PRA as a tax-free lump sum. The rest of your PRA will be subject to tax. Different rates of income tax apply depending on the type of income and how much it is. If you choose the drawdown option, the tax-free cash would be paid by your new provider.

1. Get a flexible income – known as drawdown

This option lets you take your money, bit by bit, as and when you need it. The rest stays invested, so it has a chance to grow further, but could decline in value as well.

Drawdown means you have control over when you take your money, but also means you're responsible for making sure you've got enough to last for the rest of your life.

The Trustee is partnering with Legal and General Investment Management (LGIM) to offer members access to its high-quality, drawdown arrangement. You are also free to shop around with other providers if you wish.

2. Get a secure income – known as an annuity

This will guarantee you a regular income, like a wage, either for the rest of your life or for a set period of time.

There are many different types of annuity available. Each offer different levels of income and different support for your dependants if you die and come with different management charges. So it's important to shop around and find the best annuity for you.

3. Take all your money in one go as a cash lump sum – we call this total encashment

Total encashment offers instant access to your money, all in one go.

The first 25% is tax free, and the remainder may be taxed.

You may pay a higher rate of tax if you take out a large amount.

And you'll need to make sure you've got enough to last for the rest of your life.

How to work out what's the best option for you?

More detailed information about your retirement options can be found in the Planning for Retirement section on railwayspensions.co.uk

The IWDC retirement planner, available in your myRPS account, has also been designed to help you explore these options. You can find out how to use it on page 3.

For extra support, the Trustee has carefully chosen Liverpool Victoria (LV) to give members access to independent financial advice. LV can be contacted on 0800 023 4187.

You are still free to choose your own Independent Financial Adviser. And you can find out more about getting help and advice on page 11.

Expect the unexpected – make your nominations now

If 2020 taught us anything, it's that you never know exactly what's waiting round the corner.

But while some things in life may prove difficult to plan for (like a global pandemic), it's easy to put things in place to help protect those you care for if the worst happens.

If you die before taking your pension from the IWDC section, the Scheme may pay out a lump sum benefit.

This would be paid directly to your beneficiaries, or estate, at the discretion of the Scheme's Trustee.

You can let the Trustee know who you want your lump sum to go to by nominating them online now. Not doing so could delay any lump sum being paid if you die.

Your nominees can include:

- individuals, such as family members or friends
- a charity or
- a club or organisation

If you nominate more than one person, you can list what percentage of the benefits you think should go to each of them, as long as this adds up to 100%.

Nominating is confidential and it's quick and easy to do in your myRPS account.

If you haven't already registered on our new website you will need to do that before you can nominate online.

Then once you're logged in you can make, see and change your nominations at any time. All you need is the name, address and postcode of each nominee. And details of a parent/guardian if your nominee is under 18.

Any previous nominations you've made, on paper forms or via the previous website, are still held on your record but might not show in your online account.



Get your savings on track

Wherever you are in your career and pension journey, it's good to know whether your savings are on track.

The best way to do this is by looking at:

- what your costs are likely to be when you retire
- how you might be able to fund those costs
- whether your pension savings are on track to give you enough income, and
- what you can do if the numbers don't add up

Your costs when you retire

The Retirement Living Standards (RLS) are benchmarks for the income you might need in order to afford different lifestyles (minimum, moderate and comfortable).

Full details can be found at retirementlivingstandards.org.uk. But as a general rule, they suggest the following:

	MINIMUM	MODERATE	COMFORTABLE
Single	£10,200 a year	£22,200 a year	£33,000 a year
Couple	£15,700 a year	£29,100 a year	£47,500 a year
What standard of living could you have	Your basic day-to-day needs, with a little money left over for fun	More financial security and flexibility, in your day-to-day needs and extras e.g the opportunity for one foreign holiday a year	Financial freedom in your day-to-day needs, plus a few luxuries on top.

How to fund your costs when you retire

You may have several sources of income when you retire, so take stock of each and work out how much you may have in total.

This could include:

- your workplace pension – check your Annual Benefit Statement or log in to your myRPS account for an estimate of how much your pension will pay out.
- your State Pension – you can request an estimate at [gov.uk/check-state-pension](https://www.gov.uk/check-state-pension)
- other pensions – you may have a private pension or pensions linked to previous employment. You'll need to speak to each of the providers for estimates on those accounts.
- savings and investments – if you have savings outside your pension, get those statements from your bank or other provider.

How to know if you're on track

The simplest way to check if you're on track is to look at whether the costs you'll have in retirement are likely to be covered by your income.

Keep in mind, this could be affected by a number of other factors, such as:

- when you retire
- what options you take for claiming your pension
- life expectancy
- tax on your sources of income

You can find out more by visiting the Planning for Retirement section at [railwayspension.co.uk](https://www.railwayspension.co.uk)

Actions you can take if it doesn't add up

If you're worried that your income in retirement, won't cover your costs, there are a number of things you can do.

- **Get advice** – speak to an Independent Financial Adviser (IFA) for guidance. The Trustee has carefully chosen Liverpool Victoria (LV) to give members access to independent financial advice. LV can be contacted on 0800 023 4187. You are still free to choose your own Independent Financial Adviser (IFA). And you can find an IFA in your area at [unbiased.co.uk](https://www.unbiased.co.uk)
- **Consider topping up your pension pot** – think about paying more in if you can. This is known as making Additional Voluntary Contributions (AVCs). And it's tax-free up to certain limits.
- **Think about late retirement** – if you are remaining in employment past your normal retirement age then you can continue to contribute to the Scheme up until the age of 75, giving you more time to build up your pot. This is not a decision to be taken lightly and we suggest you speak with an IFA first.
- **Clear your debts** – if possible, you might want to consider paying off any debts you owe before you retire.



We're launching a Retirement Budgeting Calculator to help you see in more detail what your specific costs could be when you retire.

Log into your myRPS and keep an eye on the 'Planning for the Future' section to give it a go.

Climate change and **your pension**

Sustainability - and climate change in particular - can have a huge impact on your savings and investments, as well as on the world in general.

Climate change is something that we consider carefully in the funds we offer, and is an issue we are actively involved in helping to tackle.

Our work on climate change to date

In 2019, we formally committed to voting in Annual General Meetings (AGMs) against any companies that we believed lacked oversight of climate change at management level.

And this year that policy has been expanded to include voting against companies in key climate-affected sectors that do not make the impact of climate change clear in their financial accounts.

This is the latest in a series of steps we've taken, recognising the importance of climate change and its impact on your savings (see timeline, right).

Our plans on climate change

Over the past 12 months, we've been working hard to reduce the impact of climate change even further. We recently published our Climate-Related Disclosure at www.rpmirailpen.co.uk/wp-content/uploads/2018/05/SO-Climate-related-Disclosure-report.pdf so you can see exactly how this is going.

We've also established a cross-team Climate Working Group, to look at how we can play our part in helping the UK achieve its ambition to bring greenhouse gas emissions to net zero by 2050.

This is an ever-changing field, but one we are committed to remaining at the forefront of.

We have been actively involved in the Government's Pensions Climate Risk Industry Group (PCRIG), which supports the pensions industry in responding to climate change and aims to raise standards of climate-aware investment.

And we will continue to use our voice, alongside those of other investors, to publicly call for positive corporate action on climate change and to apply positive influence on the companies we invest in.

We also hope that the UK hosting the 26th UN Climate Change Conference (UKCOP26) later this year will provide more opportunities to discuss the impact of climate change, not only on your pension but on the world you will retire into.

Find out more about our approach to climate change

You can read more about our work on climate change and other environmental, social and governance factors (ESG) in our Sustainable Ownership Report, at railwayspensions.co.uk

- 2012** Signed up to Carbon Disclosure Project - helping companies around the world to measure, manage, disclose and reduce their emissions
- 2013** Committed to Aiming for A - a group of organisations calling for greater disclosure around climate change
- 2014** Began participating in Institutional Investors Group on Climate Change and now lead on company engagements
- 2015** Signed Montreal Carbon Pledge, committing to measuring and publishing our carbon footprint each year
- 2016** Integrated climate change into investment decision-making process
- 2017** Divested from companies on climate grounds (thermal coal and tar sands)
- 2018** First publicly reported our approach to climate governance, strategy and risk management
 Signed the Global Investor Statement on Climate Change, supporting The Paris Agreement's goal of keeping global temperature rise below 2°C
- 2019** Formally committed to voting against company boards which lack climate expertise
- 2020** Published our first standalone Climate-related Disclosure
- 2021** Committed to voting against auditors and companies who ignore the impact of climate change on their financial accounts

Review your investment choices

As an IWDC member, your contributions are invested in a range of specially selected funds.

The performance of these funds will affect how much you have in your Personal Retirement Account (PRA) when you retire. So it's important that you review your investment choices regularly.

You can manage your own funds if you want to, or you can opt for a 'hands-off' approach and have them managed for you.

Either way it's good to keep an eye on the funds you're invested in and make sure they still suit your needs.

For example:

- if you have just joined the IWDC and don't plan to retire soon, you may be prepared take more risks in search of higher returns.
- if you are getting closer to retirement, you may have a more cautious approach to investments and opt for more 'stable' funds which have a lower risk of losing value.

You can check, and change, your funds by logging

in to your myRPS account.

Once you've logged in, you will also have access to a retirement modeller. It is designed to show how much your total pension pot could be when you retire and takes into account whether your fund choices are low, medium or high risk.

Before making any changes based on these results, you might want to speak to an Independent Financial Adviser (IFA).

The Trustee has carefully chosen Liverpool Victoria (LV) to give members access to independent financial advice. LV can be contacted on 0800 023 4187.

You are still free to choose your own Independent Financial Adviser. And you can find an IFA in your area at [unbiased.co.uk](https://www.unbiased.co.uk)

Information on all the available investment funds can be found in the 'Paying into IWDC' section of the member website.

Investment update

The performance of the funds you are invested in can fluctuate regularly.

Fluctuations can cause your PRA to go up and down in the short term, without having much impact on the total value you'll have by the time you retire.

For example, there was a sharp fall in the value of many investments in the first few months of 2020, as markets reacted to the financial impact of Coronavirus on businesses.

However, asset prices recovered from these falls over the following months, as governments across the world took exceptional measures to try to support jobs, businesses and the wider economy.

In the latter part of the year, financial markets were cheered further by news of successful vaccine trials and investment values rose again.

Against this backdrop, all of our funds delivered positive investment returns over the 2020 calendar year.

While it is difficult to draw conclusions over what the eventual impacts of the pandemic might be, our in-house investment team is working hard to keep on top of the changing situation and secure our members' future.

In addition to offering you funds that generate good investment returns, we continue to use our scale and expertise to bring these to you at a competitive fee, providing you with good value for money. The fee is built into our daily prices so nothing is deducted from your pension pot.



Pensions news

Take a look at the latest developments in pensions...

Budget 2021

On 3 March 2021, the Chancellor of the Exchequer, Rishi Sunak, delivered his second Budget in the House of Commons. There were no major changes in relation to pensions.

However, the Lifetime Allowance is going to be maintained at £1,073,100 until the 2025-2026 tax year.

You can learn more about the Lifetime Allowance in our Read as You Need guide at railwayspensions.co.uk/rayn

End of Brexit transition period and State Pension uprating

The Brexit transition period ended at 11pm on 31 December 2020. On 24 December, the EU-UK Co-operation Agreement was announced. It came provisionally into effect from 1 January 2021 before being ratified by the EU.

The Department for Work and Pensions (DWP) has updated its guidance and confirmed that UK nationals living in the EU, the European Economic Area or Switzerland will still receive the State Pension increase each year. This will be in line with the rate paid in the UK from 1 January 2021.

Increasing the Normal Minimum Pension Age

In September 2020, the Government confirmed that the minimum age at which people can access

their private pensions will rise from 55 to 57 in 2028.

A consultation was issued by the Treasury in February 2021, seeking views on protecting an earlier age for those who had a right to it under the scheme rules as of 11 February 2021 (the date of this consultation).

Members of a registered pension scheme who do not have such a right, will have the current minimum age of 55 until April 2028, from which point it will increase to age 57.

Pension Schemes Act 2021

The Pension Schemes Act 2021 was passed on 11 February 2021.

The Act includes measures to:

- reduce the risk of members losing benefits to pension scams by preventing Trustees from making a transfer unless certain conditions are met
- introduce pensions dashboards, requiring schemes to provide pensions data to dashboard providers
- require new climate change governance and disclosure requirements; and
- introduce Collective Defined Contribution (CDC) pension schemes

The Trustee and RPMI will be monitoring developments as further details in the Act and supporting regulations are published.

Getting help and advice

It's important you understand your pension and feel confident about making the best decisions for your financial future.

There's plenty of guidance and support available to help you.

The Trustee has carefully chosen Liverpool Victoria (LV) to give members access to independent financial advice. LV can be contacted on 0800 023 4187.

You are still free to choose your own Independent Financial Adviser. And you can find an IFA in your area at **unbiased.co.uk**

Other useful sources of information include:

- **Moneyadvice.service.org.uk** – a free and impartial service, that works with other organisations to help you manage your money
- **Thepensionsadvisory.service.org.uk** – offering free, impartial guidance on a wide range of pension-related topics
- **Pensionwise.gov.uk** – offering free guidance about retirement options to the over 50s
- **Moneyandpensions.service.org.uk** – set up by the Government in 2019 bringing the Money Advice Service, Pension Wise and The Pensions Advisory Service together

Don't forget, there's also a wide range of information and planning tools on the RPS member website – **railwayspensions.co.uk**

Keeping your details up to date

If something in your life changes, your pension could be affected. And it's important that you let us know as soon as possible.

By keeping your records up to date, you can help make sure we can keep in touch about any matters that affect you.

In particular, you should consider updating your nominations if there are changes to your relationship status or any dependent children are born.

And tell us straight away if there are any changes to your contact information, including your address.

You can update your details easily by logging into your myRPS account at **railwayspensions.co.uk**

Alternatively, please call the Helpline on 0800 012 1117 or email csu@rpm.co.uk. Don't forget to quote your pension reference number. You can find this on the letter you received with this newsletter or when you log into myRPS account.

Have your say

We'd love to hear your thoughts on communications you get from us.

By signing up to our member advisory group, Platform, you can make sure your views are heard. You could also help shape the way we communicate in future.

As a thank you for getting involved, you'll be entered into our prize draw with the chance to win **£150 worth of shopping vouchers** at the end of 2021.

Sign up to Platform now at **railwayspensions.co.uk/platform**



Let's talk tax

If you need help understanding tax and your pension, there's some great guidance at Moneyadvice.service.org.uk

And we've included a summary of some key points below:

- Anyone earning over their personal allowance (currently £12,570 for most people) pays tax on their income.
- In Scotland, you can pay 19%, 20%, 21%, 41% or 46% tax, depending on how much you earn above the tax-free Personal Allowance (£12,570). Elsewhere in the UK, it's 20%, 40% or 45%.
- When you're paying into a workplace pension, some of the money you would normally pay in tax, automatically goes into your pension pot instead. This is known as tax relief.
- The Government limits how much tax relief you get on your pension contributions in each tax year and over your lifetime. You can check these limits at gov.uk/tax-on-your-private-pension

You can find detailed information about different types of tax in the Read As You Need guides on railwayspension.co.uk/rayn

Get in touch...

Pension queries

You can find lots of information in our FAQs at Railwayspensions.co.uk/faqs.

If you can't find the answer you're looking for online, email CSU@rpm.co.uk or telephone the Helpline on **0800 012 1117** (Mon to Fri, 8am-5pm).

Tell us what you think

Help us improve Insight!
Your feedback matters.

Email insight@rpm.co.uk or scan the QR code or visit surveymonkey.co.uk/r/InsightMay2021 to share your thoughts on this issue of Insight



Staying safe from scammers

Pension scams continue to pose a serious risk, with transfers in particular becoming an increasingly popular target.

Help protect your future by following these tips from the Financial Conduct Authority (FCA).

1. Reject unexpected offers

Be suspicious if you're contacted out of the blue and offered a free pension review, especially if it's a company you've not dealt with before.

2. Check who you're dealing with

Visit fca.org.uk/scamsmart or call the FCA on 0800 111 6768 to see if the firm you are dealing with is authorised.

3. Don't be rushed or pressured

Take the time to make the checks outlined here, even if it means turning down what appears to be an 'amazing, limited-time deal.'

4. Get impartial advice

Get advice before making any changes to your pension. You can do this via the Pensions Advisory Service (pensionsadvisoryservice.org.uk) or an Independent Financial Adviser. The Trustee has carefully chosen Liverpool Victoria (LV) to give members access to independent financial advice. LV can be contacted on 0800 023 4187.



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