



# Saving for life after work – your journey to retirement

## Investments guide

Picturing the retirement you want is probably quite easy.

Working out what your plans are likely to cost, and whether you're on track to achieve your vision can seem tougher. Let's make that easier for you.

This guide walks you through the things you should consider when making plans for your retirement, and explains how your investment choices can help you achieve your goals.

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## What you'll need to hand before you start

To make the most of this guide it would be helpful to have the following handy:

- The current value of your 'pension pot'. Log in to your myRPS account (or register for one) to see an illustration of your account value
- Details of your other pension savings (if you have any)
- An estimate of your State Pension benefits and the date when you can claim them. Check your estimated State Pension at [gov.uk/check-state-pension](https://www.gov.uk/check-state-pension)

**NOTE:** You'll find useful contact details on the back page, and a glossary on page 19 to explain some of the more technical terms.

# The basics of a defined contribution scheme

A defined contribution (DC) pension is basically a tax-friendly way to save for your retirement. Here's how it works...

While you're working, money (contributions) is paid into a pot in the pension scheme. The money is invested with the aim of increasing in value over time to provide a pot of money for you to spend on your life after work, when the time comes to retire.

## Who pays in

You and your employer both pay contributions into your pension. You also get tax relief, so some of your pay – which would normally be taken as tax – goes into your pension instead.

Put simply, that's 'free' money from your employer and the government towards your pension.

## How your money is invested

There are a range of investment funds for you to choose from. The funds vary in the types of assets they invest in – like bonds, property, shares and cash – which affects the level of risk involved and the potential growth you can achieve.

You can look after your investments yourself or, if you prefer, let the Trustee to do it for you – the choice is yours!

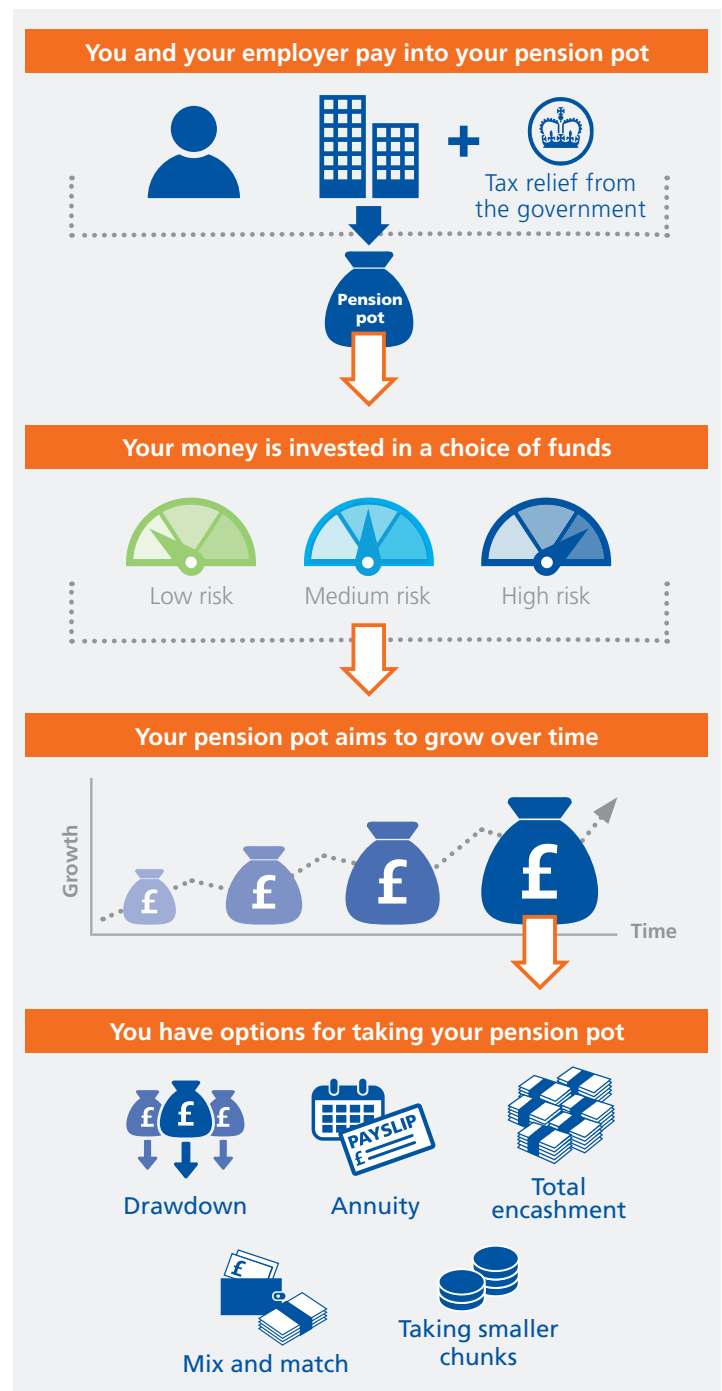
## What you get when you retire

The final value of your pension pot depends on:

- How much money has been paid in
- How long you have saved for
- How well your investments have performed

## What you can do with your pension pot

In line with pension freedoms introduced by the Government in 2015, there are several ways you can take your pot when the time comes to retire. This ranges from taking it a bit at a time, through drawdown to getting a secure, regular income with an annuity or taking it all as cash (see p.5 for more detail).





## Picturing your retirement as an IWDC member

The defined contribution section of the Railways Pension Scheme (RPS) is known as the Industry-Wide Defined Contribution section (IWDC).

It works much the same as any DC scheme, shown on page 3, and allows you to build up a pension pot known as your Personal Retirement Account (PRA).

Picturing life after work using your PRA might be hard, particularly if retirement is still a long way off. But having a rough idea of your long-term plan will help you work out if you're saving enough for the future.

### Here are three things you need to consider:

#### 1. When would you realistically like to retire?

In line with pension freedoms you can usually start taking money from your pension at the minimum pension age, which is currently 55. This sounds great, but you'll need about 40 years of saving to be able to provide an income for 30-40 years of retirement. So, think about:

- what your Normal Retirement Age (NRA) is. As an IWDC member it's usually between 60 and 65, depending on your employer's rules for your Section. You can find this in your member guide by logging into your myRPS account at [railwayspensions.co.uk](https://railwayspensions.co.uk)
- the financial impact if you decide to retire early (ie, before your NRA)
- when you can claim the State Pension (if you're eligible). You can check this at [gov.uk/check-state-pension](https://gov.uk/check-state-pension)

- whether you want to delay your retirement. As an IWDC member you can postpone taking your benefits up until your 75th birthday

#### 2. What level of comfort do you hope for in retirement?

Most of us don't actually imagine having a Ferrari or a second home on the Costa del Sol. It's more likely that, during our retirement years, we'll want to continue the lifestyle we've enjoyed while working.

The Retirement Living Standards\* have been developed to help us picture the standard of living we could have in retirement – and what it may cost.

- A '**minimum**' standard of living covers all your basic needs, with some left over for fun and social occasions. You could holiday in the UK, eat out about once a month and do some affordable leisure activities about twice a week.
- A '**moderate**' standard of living provides more financial security and more flexibility. You could have one foreign holiday a year and eat out a few times a month. You'd have the opportunity to do more of the things you want to do.
- A '**comfortable**' standard of living allows you to be more spontaneous with your money. You could have a subscription to a streaming service, regular beauty treatments and two foreign holidays a year.

\* The Retirement Living Standards by the Pension and Lifetime Savings Association (PLSA) are based on independent research by Loughborough University. Full details at [retirementlivingstandards.org.uk](https://retirementlivingstandards.org.uk)

## What do you want?

### 3. What do you imagine you'll do with your PRA?

How you ultimately take your pension is up to you and will depend on your personal circumstances. If you don't know yet, don't worry – you can always decide later, or change your mind, but it's important to understand the choices available. The good news is you have a number of options for using your PRA as an IWDC member, including:

- **Taking it a bit at a time with drawdown** – The Trustee is partnering with Legal and General Investment Management (LGIM) to offer members access to a high-quality, drawdown arrangement. For details visit: [www.legalandgeneral.com/workplace/campaigns/rps-pas/](http://www.legalandgeneral.com/workplace/campaigns/rps-pas/)
- **Getting a secure income with an annuity** – a policy that guarantees you a regular income for the rest of your life or for a set period of time.
- **Taking your whole pot as cash** - we call this total encashment. The first 25%\* is tax free and the rest is taxable.

Different tax rules apply to each of the options above. For example taking large cash lump sums could put you into a higher tax bracket.

Whichever option you choose, you could decide to take up to 25%\* of your PRA up front as a tax-free lump sum.

#### Additional options

Other options may be available in line with pension freedoms. This includes:

- taking cash in smaller chunks - with 25%\* of each withdrawal being tax free
- mixing and matching your options from all those mentioned above

If you want to go ahead with either of these two options you will need to transfer to another provider, as they are not currently offered by the IWDC section.

\* But no more than £268,275, unless you have lifetime allowance protections.

### Options with your PRA

#### Currently offered by the IWDC section:

Take up to 25%\* as a tax-free lump sum



Take the rest as following:



Drawdown



Annuity



Total encashment

#### Other options that may be available with alternative providers:



Taking cash in smaller chunks



Mix and match the above

**Note:** Neither the Trustee, the Scheme administrator nor your employer can give you financial advice. You should consider speaking to an Independent Financial Adviser (IFA) regulated by the Financial Conduct Authority before making decisions about your pension. Liverpool Victoria (LV) has been carefully chosen to give members access to financial advice. LV can be contacted on 0800 023 4187. You can also find an IFA in your area at [unbiased.co.uk](http://unbiased.co.uk)

### FAQs

#### Q How can I find out more about retiring earlier or later than my Normal Retirement Age (NRA)?

A Your member guide has more information about the impact of taking your benefits at a time other than your NRA.

#### Q How do I know what I'll want to do with my money 30 years from now?

A None of us has a crystal ball, and circumstances change. Regular review, especially as you get closer to retirement, will help you keep on track and make decisions that are right for you at the time.

#### Q Where can I find more information on the options?

A A video explaining your options as an IWDC member can be found in the video library on [railwayspensions.co.uk](http://railwayspensions.co.uk). General information on all the options available can also be found at [MoneyHelper.org.uk](http://MoneyHelper.org.uk). And if you're over 50 you could book a free Pension Wise appointment.

# How to know if you're saving enough

Research has shown that about 3 out of every 4 savers don't know how much they'll need in retirement.\* If you don't know how much you'll need, how do you know if you're saving enough?

**77%** of savers don't know how much they'll need in retirement\*

\* Pensions and Lifetime Savings Association 2019

Working out what you'll need might seem a daunting task, but follow these 3 steps to see if your current level of saving is likely to be enough for the lifestyle you want when the time comes to retire.

## Step 1: Set your target

Research has shown that people are more likely to save regularly if they have specific future goals or a target to aim for.

### Retirement Budgeting Calculator

Available in the resources area of [railwayspensions.co.uk](http://railwayspensions.co.uk), the Retirement Budgeting Calculator has been designed to help you set a personal target. It takes into account the Retirement Living Standards (detailed below) and allows you to adjust individual figures to create a goal that's tailored to you.

### Retirement Living Standards

The Retirement Living Standards\* are levels – minimum, moderate and comfortable – which give you a sense of what different standards of living could cost you. They are designed to provide a guide to comfort levels based on common costs for many people in retirement, which will help you set a target for your future needs.



### Using these tools

If you're using the Retirement Living Standards as a benchmark you may need to add other costs depending on your circumstances, such as mortgage, rent, social care costs and tax on any pension income.

The Retirement Budgeting Calculator will help you develop a more individual target, with costs tailored specifically to you.

Setting a target now doesn't mean you can't change it in future - it just gives you something to aim for.



 SINGLES	RETIREMENT LIVING STANDARDS*	 COUPLES
£37,300	COMFORTABLE	£54,500
£23,300	MODERATE	£34,000
£12,800	MINIMUM	£19,900

\* Figures quoted are from the Retirement Living Standards by the Pension and Lifetime Savings Association (PLSA) and Loughborough University. Costs will be higher in London. Full details at [retirementlivingstandards.org.uk](http://retirementlivingstandards.org.uk).

## ? FAQs

### Q What's included in the comfort levels?

**A** The Retirement Living Standards are based on what a range of common goods and services would cost for each level. Costs in London would be higher. The costs do not account for mortgages or rent – this would be additional. For more detail about exactly what's included, visit [retirementlivingstandards.org.uk](http://retirementlivingstandards.org.uk)









## Step 2: Review your retirement savings

The figures in your personal retirement target may look daunting at first. But remember that private and State Pensions, combined with other savings, could go a long way towards making up the costs for many people. Working out if your retirement savings are on track to meet the living standard you want is not easy. Especially if you have a number of pensions - which is common if you have moved jobs. And, if you have a mixture of defined contribution and defined benefit pensions, which can be difficult to compare.

To help with this, use the table below to work out roughly how much each of your pensions will be worth individually and then add them together to get a total estimated annual income. You can then use the table on the next page to compare this total with your personal retirement target.

If you've lost track of a personal pension, you can find out how to trace it with MoneyHelper [here](#). You can also call the Pensions Tracing Service on **0345 6002 537**, or visit: [gov.uk/find-pension-contact-details](https://www.gov.uk/find-pension-contact-details)

 Retirement savings	 Estimated annual income at retirement
<p> <b>Your IWDC PRA</b> To find out the projected total value login to your myRPS account on <a href="https://www.railwayspensions.co.uk">railwayspensions.co.uk</a></p> <p style="text-align: right;">Projected total value</p> <p style="text-align: right;">£ <input type="text"/></p>	<p>You can work out the annual income value using the retirement modeller in your myRPS account on <a href="https://www.railwayspensions.co.uk">railwayspensions.co.uk</a></p> <p style="text-align: right;">£ <input type="text"/> p.a.</p>
<p> <b>Other DC pension pots and savings (Including other pension lump sums)</b> You will first need to contact your pension provider for a projected total value</p> <p style="text-align: right;">Projected total value</p> <p>1. .... £ <input type="text"/></p> <p>2. .... £ <input type="text"/></p> <p>3. .... £ <input type="text"/></p>	<p>Use the annuity calculator at <a href="#">MoneyHelper</a> to convert the total value into an annual income. You'll need to scroll down to the 'How much retirement income will I get from an annuity' section to find it.</p> <p style="text-align: right;">£ <input type="text"/> p.a.</p> <p style="text-align: right;">£ <input type="text"/> p.a.</p> <p style="text-align: right;">£ <input type="text"/> p.a.</p>
<p> <b>State Pension entitlement</b> Check your entitlement at <a href="https://www.gov.uk/check-state-pension">gov.uk/check-state-pension</a></p>	<p style="text-align: right;">£ <input type="text"/> p.a.</p>
<p> <b>Other defined benefit pensions</b> You will need to contact your pension provider for an estimate</p> <p>1. ....</p> <p>2. ....</p>	<p style="text-align: right;">£ <input type="text"/> p.a.</p> <p style="text-align: right;">£ <input type="text"/> p.a.</p>
<p style="text-align: center;"><b>TOTAL ESTIMATED ANNUAL INCOME AT RETIREMENT</b></p>	<p style="text-align: right;">£ <input type="text"/> p.a.</p>

### Step 3: Do the maths

This is the easy bit. Take your potential retirement income and deduct your personal target suggested by the Retirement Budgeting Calculator or Retirement Living Standards. This will help you see if your savings are on track to be enough to cover your costs.

#### EXAMPLE CALCULATION

Your estimated annual income at retirement:	£	20,500.00
..... MINUS		
Your personal retirement target	£	34,000.00
Based on: <b>COUPLE / MODERATE</b>		
<b>BALANCE</b>		£ -13,500.00

In the example there is a shortfall of £13,500. Use the table below to see how it works out for you...

Your estimated retirement income:	£	<input type="text"/>
..... MINUS		
Your personal retirement target	£	<input type="text"/>
<b>BALANCE</b>		£ <input type="text"/>

### ! NOTE

#### Please note:

The normal retirement date may differ between schemes and you may be able to start claiming some benefits earlier than others. Please keep this in mind when planning for your future.

By providing the exercise tables, it in no way means we advocate annuities. What you choose to do with your money, when the time comes to retire, is entirely up to you. These are simply for illustrative purposes to help you picture the retirement you want and can afford.

If you want financial advice, speak to an Independent Financial Adviser regulated by the Financial Conduct Authority. Liverpool Victoria (LV) has been carefully chosen to give members access to financial advice. LV can be contacted on **0800 023 4187**. You can also find an IFA in your area at **unbiased.co.uk**

### Are you on track?



If the answer is **'Yes'** – that's great! You might want to think about saving extra now for a more comfortable retirement. Circumstances can change though, so remember to regularly review your needs and the funds you've invested in.



If the answer is **'No'** – don't panic, there may be ways to make up a shortfall.

- Think about whether you can afford to pay more into your pension now, to help bridge the gap. Paying even a little extra can make a big difference. Find out more at **[railwayspensions.co.uk/in-the-scheme/paying-into-iwdc/are-you-saving-enough](https://railwayspensions.co.uk/in-the-scheme/paying-into-iwdc/are-you-saving-enough)**

To see how increasing your contributions can make a difference, log into your myRPS account on **[railwayspensions.co.uk](https://railwayspensions.co.uk)** and use the retirement modeller or request an estimate.

- Check how your money is invested to see if it's doing as much for you as it could. For example, if you are still a long way from retirement, investing in higher risk funds may produce a better long-term outcome. See pages 12-17 for more information about options appropriate to your retirement journey.



# Investing in your pension is a long-term commitment

Whether you'll be able to have the retirement lifestyle you want depends on many things. But how you choose to invest your money – along with how those investments perform – could have a big impact on the value of your pension pot in the future.

## Which investment is right for you?

When it comes to investing your money for retirement, how much risk you're willing to take for a potential reward is a balance, often between how long you have to invest and what you want to get back. And, whichever way you look at it, an investment is a gamble. While you hope it'll pay off, there's no guarantee.

The IWDC Section has a range of investment funds for you to choose from which vary in risk levels. Making the right choice for you will be easier if you understand these three things:

### 1. How far you are from retirement

Investing for retirement is about understanding not just how much risk to take, but when. You need to adopt an approach to reflect how and when you expect to take your retirement income.

If you're a long way from retirement, you might be comfortable taking higher risks, knowing your savings have time to recover if their value drops. Closer to retirement you may wish to adopt a more cautious approach.

### 2. Your attitude to risk

Risk isn't necessarily bad for you. All funds carry some risk. Your investment choices depend on your attitude to risk - how comfortable you are taking risks with your money.

### 3. Investment risk

Investments can experience rises and falls in value – this is known as 'volatility'. Generally speaking, the higher the risk rating the higher the expected return over the long-term. However, this also means the bigger the expected rises and falls in value will be along the way.

Risk and reward is a balance and when choosing your investments, consider how much risk you're willing to take, given the expected returns.

The funds vary in the types of assets they invest in – like bonds, property, shares and cash – which affects the level of risk involved. (See the glossary on page 19 for more details).



### High-risk funds

Investors in high-risk funds can expect to experience sharp rises and falls in value in the short term, but see above average growth over the long term. High-risk funds typically invest in things like shares (equities) which means they are more likely to be affected by changes in the economy and stock markets.



### Medium-risk funds

Investors in medium-risk funds can also expect to experience rises and falls in value in the short term, but to a lesser extent than high-risk funds. Over the long term, they would generally expect lower returns than those produced by a high-risk fund. Medium-risk funds often invest in bonds, managed in a low-activity way aimed to strengthen and sustain fund value over the medium term.



### Low-risk funds

Investors in low-risk funds should expect low growth over the short and long term. Although that means you're less likely to experience the extreme highs and lows, low risk doesn't mean no risk. If you save in a low-risk fund for a long time, there is a high risk that the value of your investments are unlikely to keep up with the cost of living (inflation), which makes them unsuitable for long-term investors.





## Investment risk appropriate to a typical retirement journey



A LONG WAY TO GO

GETTING CLOSER

NEARLY THERE

Appropriate risk level*	High risk	Medium risk	Low risk
Types of assets the funds invest in	 <b>Equities</b>  <b>Bonds</b>	 <b>UK government &amp; global corporate bonds</b>	 <b>Cash</b>
What to expect from this type of fund**	Big rises and falls in value in the short term for higher growth in the long term	May see rises and falls in the short term, with lower growth than high-risk funds in the long term	Low growth, over the short and long term, unlikely to keep up with inflation
What the fund aims to achieve	Long-term growth	Stabilise returns	Protect, rather than grow, value for short-term security

\*Depending on your attitude to risk.

\*\*The risk level is based on historic performance and expected risk of funds and future performance cannot be guaranteed.

## Define your investment goal

Defining an investment goal, driven by your retirement plans, is a good way to help you choose the right investments to deliver what you want, when you need it. Decide when you hope to retire, how much risk you're willing to take, and whether you want to make the choices yourself or not.

Here's some investment goal examples for guidance. Now have a go at writing your own.

**NOTE:** Your investment goals can change over time which may cause you to reconsider your approach to investing.

I have a big shortfall and am retiring soon, so I'm comfortable taking a higher risk to try and make as much as possible in a short time frame. I'm prepared to accept there's the potential to lose my money.

I don't feel comfortable making a choice – the thought makes me anxious. I'm happy for the Trustee to do it for me.

I have plenty of time till I retire, so I can afford to take more risk now but need to remember to limit that risk as I get nearer retirement. Note to self – set diary dates for switching in future.

I'm nearing retirement, and given recent stock market crashes, I'd like to be a bit more cautious and secure my money to prevent losing a lot at the last minute.

.....

.....

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.....

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**My investment goal is...**

### ? FAQs

**Q How do I know how I feel about risk?**

**A** Only you know how you might feel about losing some or all of your money, even for the short term. You'll find videos and information on the website which might help you think about it. Visit [railwayspensions.co.uk/in-the-scheme/paying-into-iwdc/invest-in-your-future](http://railwayspensions.co.uk/in-the-scheme/paying-into-iwdc/invest-in-your-future)

# Making your investment choices

Having an investment goal helps make it easier to choose funds that might be suitable for your circumstances and plans. But if this all sounds out of your comfort zone, don't panic.

- If you **DON'T** feel comfortable looking after your investments, you can opt for a 'hands-off' approach with a lifestyle strategy, which looks after the decisions for you.
- If you **DO** want to be involved, you can be 'hands-on' and make your own choices from a range of investment funds.

Hands-on or hands-off, your money is invested in funds carefully chosen by the Trustee with the long-term aim of building up your pension savings.

If you're really not comfortable choosing, your money will be automatically invested in the 'default' option of the Target Flexible Drawdown Lifestyle Strategy (see p14 for details). Your investments and fund choices will be managed for you by a strategy which invests in a mix of assets believed to be suitable for the majority of members. However if you are nearing retirement, consider whether this strategy best suits your needs.

This guide describes all your investment options as an IWDC member, and highlights the level of risk that may be involved. There's plenty more information about the available funds on the following pages, and also if you go to: [railwayspensions.co.uk/iwdc-members/managing-investments](http://railwayspensions.co.uk/iwdc-members/managing-investments)

If you'd like to know more about the Scheme's investment principles and sustainable ownership, visit: [railpen.com](http://railpen.com)

## How involved do you want to be in choosing your investments?

Do you want to be hands-off or hands-on? Let the Trustee make choices for you, or be in control and make the choices yourself?

Lifestyle strategy v selecting investment funds yourself		
	Hands-off (Lifestyle strategies)	Hands-on (making your own choices)
Who makes the decisions?	The Trustee chooses strategy funds on your behalf	You choose your funds
Who manages switching the funds?	Your investments are switched automatically taking into account how far you are from retirement	You have to keep an eye on your funds and manage any switching yourself
What options are there?	You can choose one or as many lifestyle strategies as you like	You can choose one or as many investment funds as you like, plus lifestyle strategies

### How Lifestyle strategies work

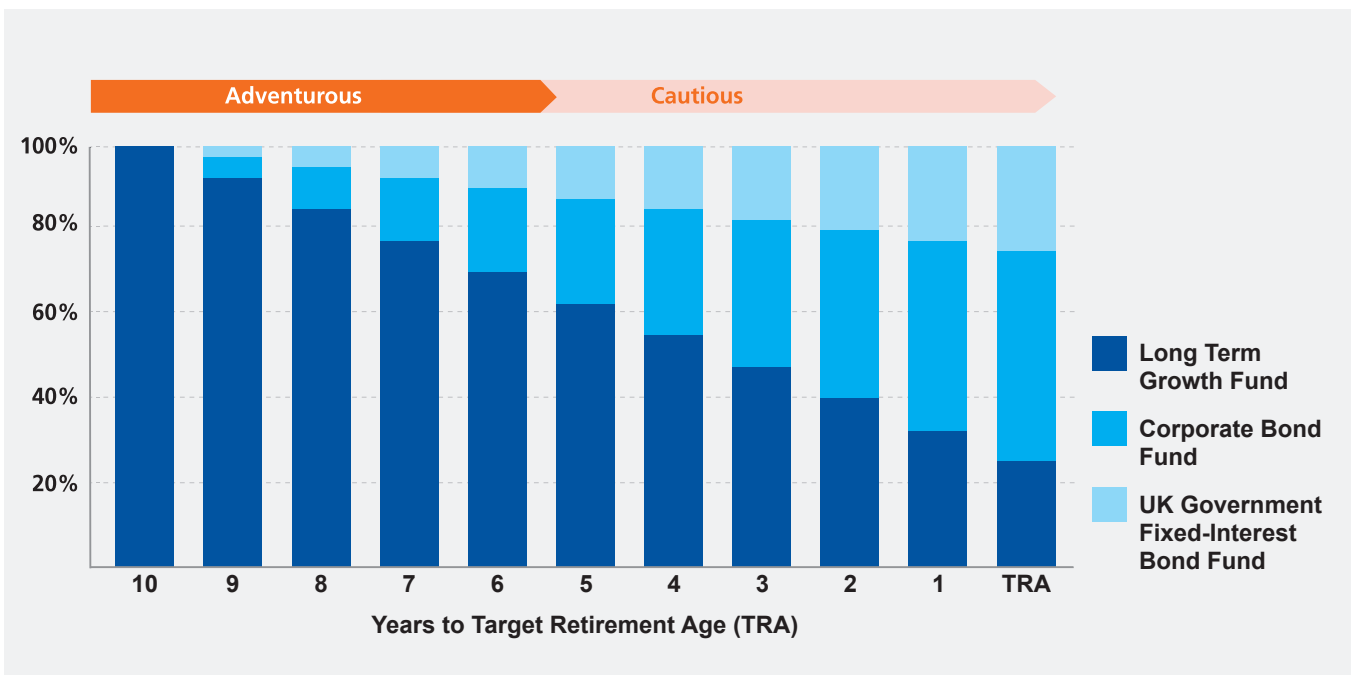
Lifestyle strategies share a common objective. They aim to build pension savings when you still have a long way to go until you retire, and reduce any potential risk of a fall in value as you near retirement.

In the final ten years as you approach your Target Retirement Age (TRA), they automatically and gradually move your money from a higher-risk fund into lower-risk funds.

You can find more information on each of the Lifestyle strategies, including their investment allocation, at: [railwayspensions.co.uk/iwdc-members/managing-investments/fund-choices](https://railwayspensions.co.uk/iwdc-members/managing-investments/fund-choices)

### How the fund switch works

The example below shows how your investments may gradually switch between the funds. This is an illustration, not the exact process and will vary between the different Lifestyle strategies. The Trustee closely monitors investment performance and may make changes to the switching process where appropriate.



### \*Target Retirement Age (TRA)

If you choose to invest in a lifestyle strategy, you need to decide when you want to retire. This is called your Target Retirement Age (TRA) and is important so that your money can be moved into less risky funds to protect their value as you near retirement.

Your TRA will default to your Section's Normal Retirement Age unless you tell us you plan to retire earlier or later. You should regularly check that your TRA is still appropriate for you, and change it if necessary.

### How investment funds work

If you want a hands-on approach, there's a range of investment funds, as well as the lifestyle strategies, to select from which allows you to be in control of your investment choices. Decide which you want to invest in - as many as you like - and how much of your contributions you wish to allocate to each.

## Available fund choices

The tables below and on the next page, show you the full range of available fund choices, what the fund aims to achieve and what type of member they are most suitable for. For full details, and the ongoing charges, refer to the fund fact sheets online at: [railwayspensions.co.uk/iwdc-members/managing-investments/fund-choices](http://railwayspensions.co.uk/iwdc-members/managing-investments/fund-choices)


### Lifestyle strategies

#### Objective:

Lifestyle strategies share a common objective. They aim to build pension savings when you still have a long way to go until you retire, and reduce any potential risk of a fall in value as you near retirement.

In the final 10 years as you approach your Target Retirement Age (TRA), they automatically and gradually move your money from a higher-risk fund (the Long Term Growth Fund) into funds that support how you plan to use your pension pot when you retire (the Corporate Bond Fund and UK Government Fixed Interest Bond Fund).

Lifestyle strategy	Typical investor	Risk level
<b>Target Annuity Lifestyle Strategy</b>		
As you approach your TRA, your money is moved into funds which aim to maintain enough growth to protect the value of the annuity income you may wish to buy with your pension savings.  This strategy also aims to protect the value of your pot at retirement.	Members who want to convert their pension pot to a fixed-interest annuity at retirement.	<b>MANAGED OVER TIME</b>
<b>Target Flexible Drawdown Lifestyle Strategy</b>		
A greater proportion of your money is left invested in higher-risk funds when you reach your TRA. This means the money you keep invested has the chance to keep growing and potentially last you longer in retirement.	Members who want to gradually draw down their pension pot as cash in the future.	<b>MANAGED OVER TIME</b>
<b>Target Lump Sum Lifestyle Strategy</b>		
Most of your money is moved into funds with the aim of maintaining the value of your pension pot so it keeps pace with inflation.	Members who want to take their pension pot as cash in one lump sum.	<b>MANAGED OVER TIME</b>

Investment fund	Typical investor	Risk level
<b>Long Term Growth Fund</b>		
<b>Brief description:</b> This fund invests in a wide range of investment types from around the world. <b>Objective:</b> Aims to grow above inflation over the longer term, but with lower risk than investing purely in shares (equities).	Members who are a long way from retirement, and willing to take a bit more risk for potentially higher rewards.	 <b>HIGH</b>



Investment fund	Typical investor	Risk level
<b>Global Equity Fund</b>		
<p><b>Brief description:</b> This fund invests in shares (equities) in companies from around the world.</p> <p><b>Objective:</b> Aims to achieve high growth over the long term. Due to the high risk rating, it should be viewed as a longer-term investment.</p>	Members who are a long way from retirement, and willing to take a bit more risk for potentially higher rewards.	 <p><b>HIGH</b></p>
<b>Socially Responsible Equity Fund</b>		
<p><b>Brief description:</b> This fund invests in shares (equities) in companies from around the world with very strong environmental, social and governance ratings, and minimal controversies. It avoids industries like tobacco, weapons, alcohol and adult entertainment.</p> <p><b>Objective:</b> Aims to achieve high growth over the long term. Due to the high risk rating, it should be viewed as a longer-term investment.</p>	Members a long way from retirement willing to take a bit more risk for potentially higher rewards, and who consider environmental, social and governance factors particularly important when investing.	 <p><b>HIGH</b></p>
<b>Corporate Bond Fund</b>		
<p><b>Brief description:</b> This fund predominantly invests in bonds issued by global companies rather than the UK government.</p> <p><b>Objective:</b> The fund aims to generate returns by spreading investments across a range of global companies.</p>	Members getting closer to retirement who want to stabilise the value of their pension pot while maintaining a positive return.	 <p><b>MEDIUM</b></p>
<b>UK Government Index-Linked Bond Fund</b>		
<p><b>Brief description:</b> This fund invests in UK government bonds which provide a rate of interest linked to inflation.</p> <p><b>Objective:</b> To build pension savings that will provide an inflation-linked rate of income.</p>	Members nearing retirement who want to buy a guaranteed pension income which increases with inflation.	 <p><b>MEDIUM</b></p>
<b>UK Government Fixed-Interest Bond Fund</b>		
<p><b>Brief description:</b> This fund invests in UK government bonds which provide a fixed rate of interest.</p> <p><b>Objective:</b> To help protect the value of a member's pot at retirement.</p>	Members nearing retirement who want to buy a guaranteed pension income.	 <p><b>LOW</b></p>
<b>Deposit Fund</b>		
<p><b>Brief description:</b> This fund invests in money-market funds and UK government treasury bills.</p> <p><b>Objective:</b> Aims to protect - rather than grow - the value of your savings, over the short term.</p>	Members nearing retirement, who want to protect the current value of their investments.	 <p><b>LOW</b></p>

## Summary of available fund choices

The IWDC Section has these funds to choose from:

- 3 x lifestyle strategies (see details on p.15)
- 7 x investment funds with high, medium and low risk ratings (see details on p.14-15)

You can invest in more than one lifestyle strategy. You can also combine lifestyle strategies with a mix of investment funds if you wish.

### NOTE

**This guide is designed to help you learn more about investments, but is not a recommendation that any fund is suitable for your own circumstances and retirement plans.**

The Trustee and Scheme administrator 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 funds are made up, their management and charges.

## FAQs

### **Q Can I invest in funds outside the range chosen by the Trustee?**

**A** No, contributions to IWDC can only be invested in the funds made available by the Trustee.

### **Q Can I change my investment choice(s) in the future?**

**A** Yes, you can. You can switch investments online by logging into myRPS at [railwayspensions.co.uk](http://railwayspensions.co.uk), or ask for a form by contacting the Helpline at **0800 012 1117**.

### **Q How long are the current funds going to be available?**

**A** The Trustee continually monitors the performance and suitability of the investment funds and takes action where it is considered appropriate, following professional advice.

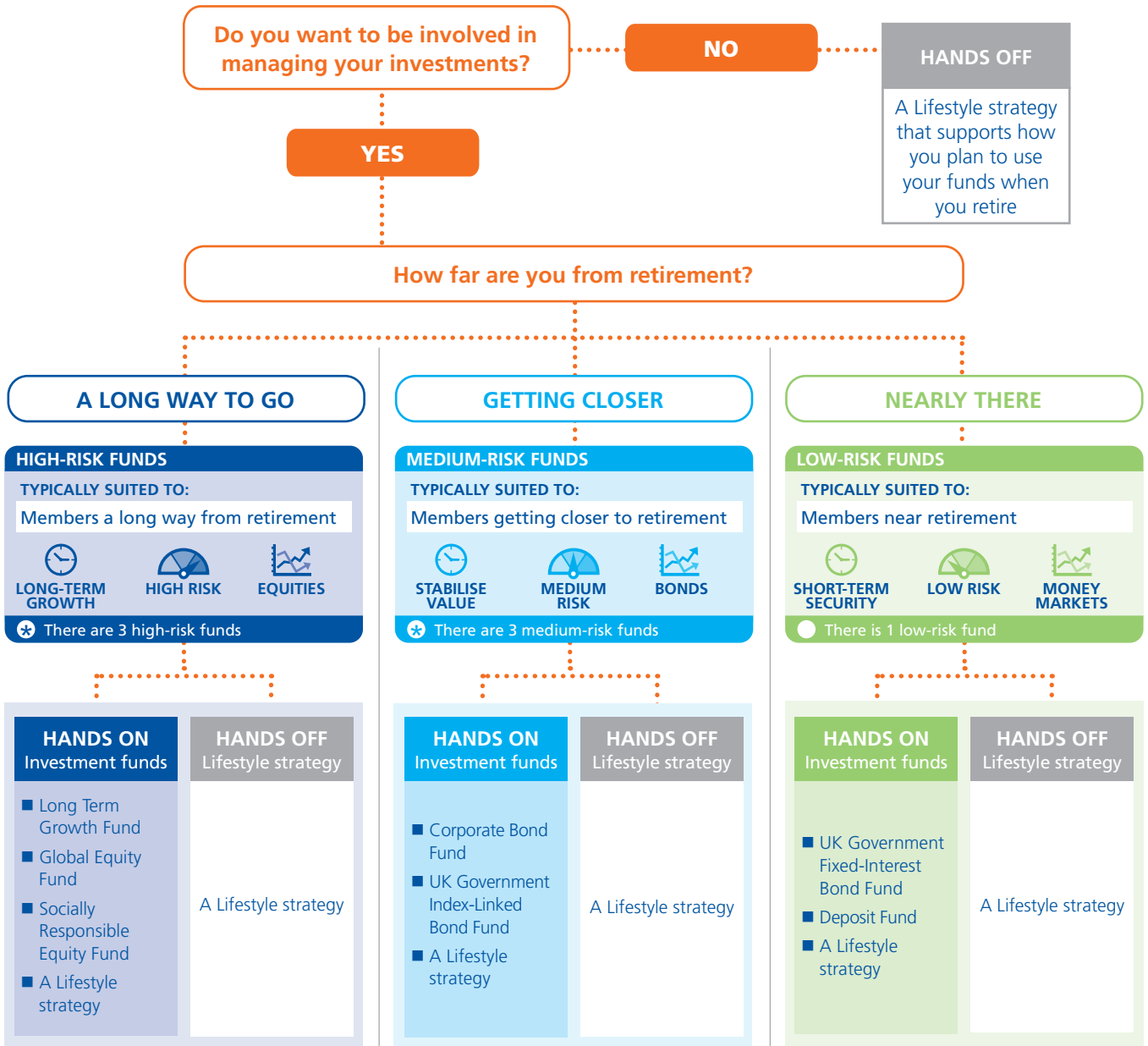
### **Q What if I can't decide if my fund holdings are right for me?**

**A** Neither the Trustee, Scheme administrator nor your employer can give you financial advice. You should consider speaking to an Independent Financial Adviser (IFA) regulated by the Financial Conduct Authority before making decisions about your IWDC holdings and any future contributions.

Liverpool Victoria (LV) has been carefully chosen to give members access to financial advice. LV can be contacted on **0800 023 4187**. You can also find an IFA in your area at [unbiased.co.uk](http://unbiased.co.uk)

## Can't decide?

If you're having trouble choosing funds, this decision tree might help you choose ones suitable for where you are on your retirement journey.



Whether you choose to be hands on or off, you can combine one, or more, of the lifestyle strategies with a mix of **any** of the investment funds, regardless of risk rating. And, whatever you choose, all your investments should be reviewed regularly. If you're having trouble deciding, consider speaking to an Independent Financial Adviser (IFA). You can find an IFA in your area at [unbiased.co.uk](http://unbiased.co.uk). Liverpool Victoria (LV) has been carefully chosen to give members access to financial advice. LV can be contacted on 0800 023 4187.

## Next steps

After making your investment choices, to keep your plans on track, follow these 3 steps...

### 1. Register

Take control of your retirement planning by registering for your myRPS account online at [railwaypensions.co.uk](https://railwaypensions.co.uk), if you haven't done so already. You'll be able to see your own personal pension information, and get access to useful tools like:

- **The Retirement Modeller** – designed to show you how much your pension might be worth when you retire.
- **The Retirement Budgeting Calculator** – helps you work out the income you'll need to fund the lifestyle you want when you stop work.

### 2. Nominate

Protect those that matter to you! By nominating, you can say who you'd like a lump sum to be paid to if you die before claiming your pension. You can nominate online once you've registered for your myRPS account.

### 3. Regularly review

**Remember!** You're responsible for ensuring your investments and future contributions meet your needs. Life never stands still and your retirement plans may change over the years. Check your pension savings regularly and review your fund choices and TRA (if you have one), particularly as you get closer to retirement, to make sure they'll meet your expectations for the future.

#### Reviewing your fund choices

To review and/or change your funds online, log in to myRPS at [railwaypensions.co.uk](https://railwaypensions.co.uk).

Or, request a form by calling the Helpline on **0800 012 1117**.

#### ? FAQs

##### Q If I leave IWDC, what will happen to my investments?

**A** Depending on the type of member you are, and how much pensionable service you have when you leave, you will be entitled to a refund of contributions, or your funds will remain invested until you retire and take payment of your funds. Alternatively, you will have the option to transfer your funds out to another provider.

Please check your member guide for more information by logging into your myRPS account.



# Glossary

## **Bonds:**

Essentially a loan to a company or government at a fixed rate, or a rate linked to inflation. Money is made investing in bonds by either holding the bonds until the loan is repaid (or reaches its maturity date) and collecting fixed or inflation-linked interest payments on them, or by selling them for a profit. Bonds are often seen as a less volatile and lower risk option than equities.

## **Equities:**

These are shares in companies. By investing in equities, you are entitled to a share of any profits and capital gains, but are also vulnerable to losses in the value of the company.

## **Money-market funds:**

Typically invest in high-quality, liquid, short-term debt, including bank deposits and short-term corporate or government loans.

## **Normal Retirement Age (NRA):**

The age when a member would normally take their benefits. For an IWDC member this is usually between 60 and 65 years old.

## **Pension pot:**

The savings you have built up in your personal retirement account (PRA) as a member of a defined contribution pension scheme. It will include contributions made by you and your employer, plus any growth from the funds you chose to invest in (depending on how those funds performed).

## **Target Retirement Age (TRA):**

This is the age when you plan to take your benefits. It may be different from the NRA set by your IWDC membership. You will be asked to set a TRA if you invest in a lifestyle strategy, which changes your investments to lower-risk funds as you get closer to retirement.

## **UK government treasury bill:**

A short-term loan to the UK government.





## Need more help?

### Advice

There is always an element of risk involved with any big financial decision, so you may want to speak to an Independent Financial Adviser (IFA) first.

### NOTE

**Please note:** nothing in this guide constitutes financial advice and neither Scheme administrator, the Trustee, nor your employer can give you financial advice. The Trustee suggests you speak to an IFA regulated by the Financial Conduct Authority if you would like help with your investment choices.

Liverpool Victoria (LV) has been carefully chosen to give members access to financial advice. LV can be contacted on **0800 023 4187**. You can also find an IFA in your area at **[unbiased.co.uk](http://unbiased.co.uk)**

### Pension tracing

If you've lost track of a previous workplace pension, the Pensions Tracing Service can help you on **0345 6002 537**, or visit: **[gov.uk/find-pension-contact-details](http://gov.uk/find-pension-contact-details)**

### General pension information

MoneyHelper from the Money and Pensions Service (MaPS) offers free support on a wide range of financial matters, online and over the phone. This includes a variety of pension topics. For more information visit: **[moneyhelper.org.uk/en/pensions-and-retirement](http://moneyhelper.org.uk/en/pensions-and-retirement)**

### Railpen contact details

IWDC 2013, Railpen, PO Box 377, Darlington, DL3 6XY

**Call:** 0800 012 1117

**Email:** [csu@railpen.com](mailto:csu@railpen.com)

**Web:** [railwayspensions.co.uk](http://railwayspensions.co.uk)

