Register now... to take control of your pension and you could WIN an iPad Air

Register for your personal online account at www.railwayspensions.co.uk before 27 May 2016, and you’ll be in with a chance of winning an iPad Air!

It’s quick and easy to register for your myRPS account – signing up will only take five minutes.

And once you’ve done it, you’ll find lots of tools and information to help you manage your IWDC pension at your convenience – anytime, anywhere, on any device.

By registering, you’ll automatically be entered into a prize draw to win an iPad Air (or the equivalent value in High Street shopping vouchers).

More details about the benefits of registering, and a step-by-step guide on what to do, can be found inside.

Don’t miss out: the closing date is 27 May 2016.

See page 3 for how to get started

Did you know?

You can save more for your retirement by joining an Additional Voluntary Contribution (AVC) arrangement. You can read more on page 6.
Welcome to the latest Insight.

A lot has changed since the last issue – not least that if you’re a member of the IWDC Section you are now able to register for your myRPS account at www.railwayspensions.co.uk.

Once you’re registered, you’ll be able to access information about your own account and manage your IWDC pension online.

Whichever pension arrangement you’re a member of, it is important that you regularly review it. Make sure that the choices you made in the past are still right for you today and in the future, such as your expected retirement age, which funds your contributions are invested into, and how much you are currently paying in. It’s never too early – or too late – to start taking control, and a small change now could make a big difference to your future.

For the first time, this year we will prepare a statement to explain how the Trustee’s defined contribution (DC) pension arrangements are governed, and to tell you if we think they offer value for members. This statement will be published on the website in the summer. I hope it provides some useful information and reassures you that the Trustee is acting in your best interests.

The Trustee is keen to hear from members and you can complete our survey at www.surveymonkey.com/s/IWDCmember. Your feedback helps us to understand your plans for retirement so we can offer investment options that will help you achieve the outcome you want, and design the scheme around how you intend to use your funds. Please do take the time to share your views with us.

With all best wishes

John Chilman
Trustee Chairman

Get in touch

If you have a query about your IWDC Section pension, or need to update your contact details, email: dc@rpmi.co.uk.

The Helpline is open Mon to Fri, 8am-5pm. Tel: 0800 2 343434.

Your newsletter

If you have a query about this newsletter, a story idea, or some general feedback, email insight@rpmi.co.uk or log in to: www.railwayspensions.co.uk and fill in the survey in the Insight newsletter section (under Resources). Scan the QR code to go straight to the survey.
Register to win!

To keep on track for the retirement you want, you should regularly review your IWDC pension. Register at www.railwayspensions.co.uk to get started and you could win an iPad Air.

When you register at www.railwayspensions.co.uk, you’ll get access to your own personal account, in a secure area of the website called myRPS. Here, you’ll find details about your current Personal Retirement Account, and lots of handy tools and information to put you in control of your retirement planning.

What’s more, once you’ve registered, you’ll instantly be added to a prize draw for the chance to win an Apple iPad Air (or the equivalent value in shopping vouchers).

The closing date for the draw is 27 May 2016 and the winner will be contacted on 1 June 2016, so go online today!

The website can be accessed via your computer, smart phone or tablet. Cyber-security is taken very seriously, so please be assured that your personal details will be safe.

Your myRPS account is waiting...

myRPS is your personal online account. After registering, you can:

- Check your Personal Retirement Account value
- Review your investment funds, and switch your investment choices
- Nominate your beneficiaries online
- View your contributions
- See your salary history

You can also change your address details and read important updates.

Get started

You’re only three easy steps from registering.

Step 1

Go to www.railwayspensions.co.uk and follow the Register Now link. You’ll need your:

- Pension Reference Number (which can be found on your Annual Benefit Statement or any correspondence from the administrator, RPMI).
- National Insurance number
- Date of birth

Step 2

Fill in a short form. You will need to include your email address (this will be your username), create a password, and set up a couple of security questions.

Step 3

A unique PIN will be sent straight to your email which you’ll use the first time you log in and can change later.

That’s it! You’re ready to manage your IWDC pension.
Why you need to nominate your beneficiaries

Consider, click, complete – it’s that simple to make life a little easier for those you care about.

If you die before claiming your benefits from the IWDC Section or defined contribution (DC) arrangement, a lump sum may be paid to your beneficiaries. By nominating, you can tell the Trustee who you’d like those beneficiaries to be.

All you need to do is consider who you’d like to nominate, go to www.railwayspensions.co.uk and take a few minutes to complete a simple form.

This is a very valuable benefit of your membership, so it’s important to keep your nominations up to date. You should update your wishes online (or submit a new form) every few years, either to reconfirm your wishes or change them.

Six steps towards peace of mind

It’s never been easier to make your nominations.

1. Visit www.railwayspensions.co.uk and either log in or register for myRPS.

2. Once you’re logged in, go to ‘My Nominations’, then ‘Manage nominees’.

3. To add a beneficiary, enter their name, relationship to you, date of birth, age, and address, then select ‘Save’, or...

4. To nominate more than one person or organisation, select ‘Add another’ and repeat step 3 until all your beneficiaries are added. Then select ‘Save’ and ‘Next’.

5. Enter the percentage of the lump sum you’d like each of your beneficiaries to receive (this must add up to 100 per cent), then select ‘Next’.

6. Review your nominations and, if you’re happy, click on the box to confirm your wishes. Then select ‘Confirm’.

Your nominations will be confirmed in writing within 28 days. You can then see a list of your nominations whenever you log in to myRPS, making it easier to review your choices.

Alternatively, you can download a Nomination form from the website (look under ‘Resources’ and ‘Forms’ then ‘IWDC member forms’), or request one from the Helpline on 0800 2 343434.
Why does your **Target Retirement Age** matter?

It’s important to think about when you plan to retire so your money can be invested in a way that meets your needs.

The great thing about your Industry-Wide Defined Contribution (IWDC) pension is the way you can make it work for you.

One of the most important decisions we all have to make when we look ahead to retirement is when we plan to retire. This is known as your Target Retirement Age (TRA). This decision can affect how your money is invested.

Your IWDC pension works by money being paid in to your Personal Retirement Account (PRA) by you, your employer and the government (in the form of tax relief). This money is then invested until you retire.

When you became a member, you would have been invested in the default fund, which is the Lifestyle strategy. Most members stay invested in this unless they decide to switch into any of the other available funds.

Lifestyle strategies work by changing your investments as you approach retirement, gradually moving your money from higher growth (and risk) funds to more stable (lower risk) funds. This is designed to help your PRA grow when you are further from retirement, then protect the value as you get closer. These changes happen automatically and start ten years before your TRA.

So you can see, it is really important that you let the administrator, RPMI, know if you are planning to take your benefits at a different age to your current TRA. A correct TRA will mean that the Lifestyle strategy starts to switch you out of those growth investments at the right time.

If you would like to check or change your current TRA, please call the Helpline on **0800 2 343434**.

It’s important to think about when you plan to retire so your money can be invested in a way that meets your needs.
Will you have enough?

Do you think you'll have enough money when you retire to do all the things you want? Take holidays? Socialise with friends and family? Have your own car?

Planning for your retirement now will help you keep on track for what you want later.

The average pension pot in the UK is around £15,000. Remember this isn’t the same as your pension income. The money in your account is used to provide you with an income which would be a lot less than this each year.

Would this be enough to last you for 20 years in retirement?

When you register at www.railwayspensions.co.uk, you can use the Lifestyle Calculator to estimate how much you’ll need to do the things you want and help you decide if you need to save more.

Saving more towards your retirement

The amount you save into your pension is entirely up to you, but have you really thought about whether it’ll be enough for the life you want in retirement?

When you save into your pension, you get tax relief on your contributions and up to 25% of your fund is paid tax-free at retirement, so there are lots of benefits to saving even more.

You can save more by paying Additional Voluntary Contributions (AVCs). You can pay as little as £2 per week, but it is a good idea to review the amount every year and think about how this fits with your other savings.

The more you save now, the more time your money has to grow. Over the long-term, the investment returns on your AVCs could make a big difference to the amount you have to live on when you retire.

Plus, some employers allow contributions to be paid via a ‘salary sacrifice’ arrangement, which reduces your National Insurance bill, and they may even increase the amount they pay into the scheme if you choose to save more. It’s worth checking!

You can find out more about AVCs at www.railwayspensions.co.uk
Andrew has been in his current job, as a rail engineering technician, for less than a year and has a small personal pension from a previous employer.

He was automatically enrolled into the IWDC Section when he joined his current employer. At the moment he is saving 2% of his salary into his pension, while his employer pays in an additional 2%.

He knows that he should be paying more attention to his own pension arrangements, but as a busy working dad with a hectic lifestyle, he hasn’t given it much thought. He also knows his contributions (and his employer’s) are due to increase slightly over the next couple of years, but he wonders whether this will be enough.

Due to the increased media spotlight on pensions, and following some prompting from colleagues (not to mention having just hit the big 40!), retirement planning has become more important to Andrew, as he wants to make sure he’ll be able to afford to retire when he wants to.

Because he is already contributing to the pension scheme, Andrew decides that paying AVCs will help to top up his Personal Retirement Account. By increasing his own contribution by just £10 a month (equivalent to a cup of coffee a week), he is on the way to saving for a more comfortable retirement.

This small change now will potentially make a big difference over Andrew’s working life.

### How could AVCs benefit you?

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<th>Age 20</th>
<th>Age 35</th>
<th>Age 40</th>
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<td>£20</td>
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*These figures are intended as a guideline only and are based upon illustrative calculations (SMPI) which are not guaranteed. Actual fund returns may be higher or lower. This article should not be considered as investment advice. Your AVC contributions are invested in funds and the performance of these funds can go down as well as up. We strongly recommend that you speak to an independent financial adviser (IFA) before making any decisions about your financial future. You can find a list of IFAs in your area at www.unbiased.co.uk.
Protect your pension **against fraudsters**

Make sure you know the warning signs of fraud.

Since April 2015, members of defined contribution schemes have had much greater freedom over how they access their pension savings.

Unfortunately, this can put them at risk of being exploited by scammers looking to take advantage of the fact that full funds can now be accessed as cash.

Beware offers of:

- early access to your pension;
- investments with guaranteed returns;
- pension loans or upfront cash; or
- transferring your pension savings into small occupational schemes to avoid scrutiny from regulators.

Once any transfer has gone through, it’s too late. You could lose all of your pension savings and face tax charges too.

You can find out more about pension scams at [www.thepensionsregulator.gov.uk/pension-scams](http://www.thepensionsregulator.gov.uk/pension-scams)

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**What to do:**

- Ensure that any adviser is registered by the Financial Conduct Authority (FCA) at [www.fca.org.uk/register](http://www.fca.org.uk/register).
- Look at the FCA’s Scamsmart warning list at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart).
- If you are approaching 55 or about to retire, you can talk to Pension Wise about your pension options and what you can do next. Visit the website at [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk).
- Take time in making your decision. A genuine adviser will never rush you.
- Before you sign anything, call The Pensions Advisory Service on **0300 123 1047** for information and advice about pension scams.
- If you’ve already signed the papers but suspect fraud, report it to Action Fraud at [www.actionfraud.police.uk](http://www.actionfraud.police.uk) or call **0300 123 2040**.
**Understanding: your options**

When you come to retire, there are a number of ways you can take your benefits.

In the past, you needed to buy an annuity with the majority of your defined contribution pension pot, but the government introduced new ‘pension freedoms’ in April 2015 which give you greater choice.

Now, after taking up to 25% of your Personal Retirement Account (PRA) as a tax-free lump sum, you can choose whether to:

- use the rest of it to buy an annuity;
- withdraw the rest of it in full;
- leave all of your PRA invested until age 75;
- withdraw some but leave the rest invested until you need it (known as drawdown); or
- use another approach to drawdown where you do not take a lump sum when you retire but take a series of lump sums over the years. You will be entitled to 25% tax free on each of the lump sums and the remainder will be taxed as income.

The IWDC scheme offers the first three options but not drawdown. However, if this is an option that you would like to use, you could transfer your PRA from the IWDC to a different scheme that does offer it.

A video on [www.railwayspensions.co.uk](http://www.railwayspensions.co.uk) helps to explain your options. It’s called ‘Your 3 pension options in 3 minutes’ and can be found under ‘In the Scheme’, ‘Paying into IWDC’ and ‘Understand your benefits’.

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**Seek advice**

A government service called Pension Wise offers free, impartial guidance about your options at retirement to anyone over age 50.

This will give you more time to start planning for your retirement and understand the choices that will be available to you later in life.

You can either have a face-to-face meeting or get guidance over the phone. Visit [www.pensionwise.co.uk](http://www.pensionwise.co.uk) for more details or phone **0800 138 3944** to book a free appointment.
This regular feature looks at developments in pensions which may affect you.

**Changes to the State Pension**

A new State Pension was introduced from 6 April 2016. This will affect you if you reach State Pension age on or after 6 April 2016. Those who were already over State Pension age by 6 April 2016 will continue to receive State Pension in line with the old system.

The starting level of the new State Pension is £155.65 per week, whereas the corresponding basic State pension under the old system is £119.30 per week.

To get the full level of new State Pension, you will need to have 35 years of National Insurance contributions or credits when you reach State Pension age. Your National Insurance contribution history under the old system will be taken into account.

You can find information about the main features of the new State Pension at [www.gov.uk/new-state-pension](http://www.gov.uk/new-state-pension).

If you are aged 50 or over, you can get a State Pension statement which will estimate your new State Pension based on the new rules. To find out how to apply, visit [www.gov.uk/state-pension-statement](http://www.gov.uk/state-pension-statement).

You can find out what your State Pension age may be by visiting [www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age).

Your State Pension age does not affect when you can take your IWDC Section benefits, but you might want to think about how much State Pension you’ll receive – and when it will become payable – when you consider how and when to take your IWDC Section benefits.
Lifetime Allowance reduction

The Lifetime Allowance is the total amount of pension savings you can make in registered pension schemes during your lifetime before being taxed.

On 6 April 2016, the Lifetime Allowance reduced from £1.25 million to £1 million and it will increase in line with inflation from 2018 onwards.

There will be two types of protection available if you think you could be affected by the 2016 Lifetime Allowance reduction:

1. **Fixed Protection 2016** will allow you to keep a Lifetime Allowance of £1.25 million, although you must not make any further pension savings after 5 April 2016; and

2. **Individual Protection 2016** will give you a personalised level of Lifetime Allowance if you had pension savings of at least £1 million on 5 April 2016.

You can apply online for Fixed Protection 2016 and/or Individual Protection 2016 from July 2016 and there will be no deadline for applications.

Changes to the Annual Allowance

The Annual Allowance is the maximum amount you can save into your pension scheme(s) each tax year before being taxed.

From 6 April 2016, the Annual Allowance reduced for high earners. Those with an ‘adjusted income’ of more than £150,000 will have their Annual Allowance reduced by £1 for every £2 of adjusted income they earn over the £150,000 limit. This is known as the ‘tapered Annual Allowance’.

Adjusted income, in this instance, is typically based on your taxable income plus the level of your pension savings (which, in the IWDC Section is the total contributions paid by you and your employer into your account). Therefore, it will apply to some people who have taxable income below £150,000, as well as above.

However, the tapered Annual Allowance does not apply to people who have taxable income, which includes income from employment and any other sources, which is less than £110,000.

The maximum reduction is £30,000 and individuals with adjusted income of £210,000 or more will have an Annual Allowance of £10,000.

A reduced Annual Allowance of £10,000 also applies if you have flexibly accessed any of your defined contribution funds. This reduced allowance, called the Money Purchase Annual Allowance, doesn’t replace the standard Annual Allowance – it works alongside it, so you may still be able to save up to £40,000 if you are paying in to a defined benefit scheme too.

You can find out more about the Lifetime Allowance and the Annual Allowance in Read as You Need guides in the Resources section at [www.railwayspensions.co.uk](http://www.railwayspensions.co.uk).
A new Lifetime ISA (‘LISA’) will be available from 6 April 2017 to anyone under 40. With a LISA, in return for saving up to £4,000 a year, the government will give a 25% bonus on every pound put in – in other words, £1 bonus for every £4 saved.

These funds must be used to buy a first home or withdrawn after age 60. If you take the money out of the LISA at any other time you would lose the bonus, and incur a 5% charge.

In some respects, the new LISA is similar to a pension. For example, your contributions to IWDC are currently paid from gross pay and aren’t charged income tax (subject to Annual Allowance limits), so this is similar to the 25% bonus for a basic rate taxpayer.

However, with your IWDC membership, your employer also contributes to your retirement account and you may be entitled to death in service benefits based on a multiple of your pay.

Other announcements in the 2016 Budget included:

- The launch of a new pensions dashboard by 2019, which will show all your retirement savings in one place.

- A consultation about a new Pensions Advice Allowance. This may allow people under 55 to take up to £500 tax free from their defined contribution pension against the cost of financial advice. This would mean that you could save £100 on the cost of financial advice if you pay tax at the basic rate. The exact age when this can be done will be decided in the consultation.

**Auto-enrolment contributions**

If you were auto-enrolled into the IWDC or DC arrangement and your contributions have been paid at the minimum auto-enrolment levels, your contributions were due to increase by no later than October 2017. However, the government has now changed this deadline to April 2018.

This means that contributions from your employer may not increase until April 2018.