



*Your pension,
your choice!*



Network Rail believes that providing great pension benefits is an important part of being a responsible employer that truly values its staff during their time with the company, but also wants to continue that support after retirement.

Network Rail is proud to provide a range of pension options, as demonstrated by the three schemes eligible staff can currently join; our Section of the Railways Pension Scheme, the NRDC defined contribution scheme, and the Network Rail CARE scheme; our career average pension scheme.

We want your pension options to be affordable and sustainable. It is important to us that we can continue to offer this amount of choice to you now and also to those joining us in the future, and therefore we must respond quickly and effectively when changes are needed.

Your pension

As an active member of the RPS you may be aware that every three years, the Scheme (including the Network Rail Section) goes through a valuation. The last valuation was carried out as at the end of 2010. This process involves adding up all the money within the Scheme and comparing it to the total needed to pay out in pensions and other benefits. The latest valuation showed that our Section was underfunded by 8 %, which is around £331 million.

The RPS is a 'shared cost' scheme, which means that Network Rail pays 60 % of the cost and you pay 40 %. Generally where a funding deficit is found we all have to put more money in, but we want the RPS to be fair and affordable for all.

We needed to act now to get back on track and try to prevent future deficits, so we worked with the Trade Unions to agree a plan that aims to ensure that our Section of the RPS remains open and affordable, both now and in the future.

The solution caps increases to your pensionable pay each year. And any additional promotional increases will count for your future pensionable service only. Normal contributions for all members will reduce. There's also a set of new membership terms which will apply to all new members, and you have a one-off option to switch to these terms if you wish.

These changes will take place on 1 July 2012 and will enable us to continue to provide the RPS whilst making it more affordable for you as a member.



Please note

This guide and the accompanying personal illustration is only intended to provide a broad summary of the terms of the Network Rail Section of the Railways Pension Scheme (RPS) that apply from 1 July 2012. Further details of the changes were set out in the letter of 17 January 2012 to all employees, a copy of which is also provided on Connect. In any event your pension contributions and entitlement to benefits is governed by the Trust Deed & Rules of the Network Rail Section of the RPS and any overriding legislation.

“ We want all your pension options to be affordable and sustainable.

Your choice

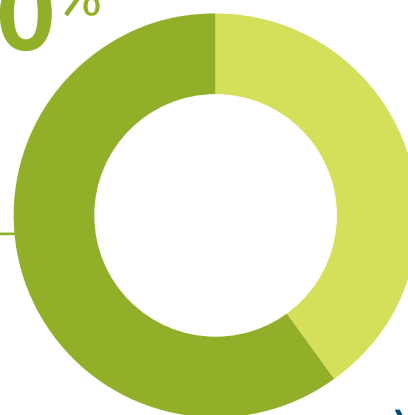
The most important thing is that your choice supports your needs and that you tell us what your decision is before Friday 8 June 2012. You can stay as you are and you will be on the RPS 60 terms, or you can choose to switch to the new RPS 65 terms for your future membership from 1 July 2012. This guide and the www.myNRpension.co.uk website explain the changes that will affect all members of our RPS Section, as well as the differences between RPS 60 and RPS 65 to help you make your decision.

Please return the enclosed form in the pre-paid envelope indicating your decision, by Friday 8 June 2012. If you choose not to return the enclosed form you will stay as you are, this is referred to as 'RPS 60' throughout this guide, and you will be subject to the changes to pensionable pay that are described on page three.

“ The most important thing is that your choice supports your needs.

Network Rail

60%



You

40%



The changes

Firstly there are some changes that will apply to everyone in our Section of the RPS, regardless of whether they are RPS 60 or RPS 65. These changes are:

Changes affecting all members of our Section of the RPS	
Reduction in normal contribution rate	<p>Normal contributions are what you and Network Rail pay into the RPS. The contribution rate is what it costs to provide pension and other benefits that come with membership, including the death in service lump sum. From 1 July 2012 your contribution rate will be less than the current 11.6%.</p> <p>Note: Contribution rates are reviewed from time to time by the RPS Actuary to check whether they are still appropriate and therefore may change in the future.</p>
Increases to pensionable pay	<p>Your pensionable pay is usually your basic pay plus London Allowance, if applicable. Pensionable pay may not reflect your actual pay which may also include things like overtime and shift allowances. Pensionable pay is used to calculate your Section Pay which determines:</p> <ul style="list-style-type: none">• what your normal contributions will be; and• what your benefits are likely to be. <p>From 1 July 2012:</p> <ul style="list-style-type: none">• Any annual increase to your pensionable pay, for example from your yearly pay review, will be capped at a maximum of the Retail Prices Index (RPI) plus 0.5%. Thereafter, from 1 April 2013 this cap will apply every year from 1 April to 31 March.• If you receive a promotion, which results in a change in Grade or Band, any increase in pay you receive will be treated as a 'Pensionable Restructuring Premium' (PRP) for your future pensionable service from the date of your promotion. In short, the promotional increase will only take effect from the date it is received, and depending on how many changes in Grade or Band you receive over time, you may have more than one of these PRPs.

Your options

To keep things simple, let's call the two sets of terms RPS 60 and RPS 65. RPS 60 are the current terms and RPS 65 are the new terms.

There are a number of differences between RPS 60 and RPS 65, including the cost involved and the benefits you could expect to receive upon retirement.

The table on page four explains the differences to help you compare them.

Please note, if you do choose to switch to the RPS 65 terms this will only be for your future membership of our Section of the RPS from 1 July 2012; all your benefits up to 30 June 2012 will be calculated based on the RPS 60 terms.

Before considering your options, it's important you understand if you have what is called 'protected person status'. The letter that came with this guide confirms if you are 'protected'. If you are 'protected', please take time to read about this on page seven.

11.6%
current member
contribution

	RPS 60	RPS 65
Cost	9.36 % of RPS 60 Section Pay from July 2012.	7.00 % of RPS 65 Section Pay from July 2012 .
	The definition of Section Pay in RPS 65 is higher than in RPS 60; see below. The amount you will pay under RPS 60 and RPS 65 is shown in your Personal Illustration enclosed with this pack.	
Section Pay (Used to calculate your contributions and pension benefits)	<p>Pensionable pay less 150 % of the basic State Pension (BSP).</p> <p>This means that from July 2012 approximately £8,000 of your pensionable pay is not included in your Section Pay.</p>	<p>Pensionable pay less 75 % of the basic State Pension (BSP).</p> <p>This means that from July 2012 approximately £4,000 of your pensionable pay is not included in your Section Pay.</p>
Normal pension age	60	65
	You can retire earlier or later than your normal pension age.	
Early retirement	<p>Your pension is reduced if it commences before age 60.</p> <p>Favourable early retirement terms apply if you are a 'protected person'.</p> <p>For all other members these favourable terms apply only for pre-July 2009 service; after this date the terms are on a cost neutral basis to age 60.</p>	<p>Your pension is reduced if it commences before age 65 for service from 1 July 2012.</p> <p>Any membership in our Section of the RPS before this date will be treated under RPS 60 early retirement terms.</p> <p>Early retirement terms for all members will be cost neutral to age 65.</p>
Lump sum	Automatic cash lump sum, in addition to the scheme pension.	No automatic cash lump sum, but the option of converting some of your scheme pension to cash.
Ill health and death in service pension	Added years of membership apply to a maximum of age 60.	Added years of membership apply to a maximum of age 65.
SMART	Participation in the SMART arrangement remains voluntary.	Participation in the SMART arrangement will be compulsory.
	See www.myNRpension.co.uk for details on SMART.	
Protected Person Status	No change to protected person status.	You will need to give up part of your protected benefits where the terms above are different to RPS 60.



From 1 July 2012 your contribution rate will be less than the current 11.6 %

Additional benefits

There are additional benefits and options that come with your RPS pension.

Additional benefits and options	
Additional Voluntary Contributions (AVCs)	<p>As a member you can save more for retirement in a tax-efficient way by paying AVCs into BRASS, subject to HMRC limits. Your BRASS contributions and any BRASS matching are the same in RPS 60 and RPS 65.</p> <p>You can find out more about BRASS at www.myNRpension.co.uk and download a form to join if you register.</p>
Lump sum death benefits	<p>Membership of the RPS comes with the peace of mind that, should you die while still an active member, you can nominate people* to receive a lump sum payment and possibly a dependants pension.</p> <p>To ensure the Trustee knows who you wish these benefits to go to, you must complete a Nomination Form. If you have completed a Nomination Form but not reviewed it for some time, it's worth completing a new Nomination Form to ensure the Trustee has a record of your wishes which is up to date.</p> <p>You can download a Nomination Form from the RPS Section of www.myNRpension.co.uk or request one to be posted to you by calling RPMI on 0800 2 343434.</p>



Have you filled out your Nomination Form?

Please note

If you do not return the form enclosed in this pack you will remain on the RPS 60 terms. You will see a reduction in your contributions to 9.36 % from 1 July 2012 and you will be subject to the annual cap on increases in pensionable pay, and the introduction of new Pensionable Restructuring Premiums (PRP) for future promotional pay awards.

Checklist

1 May

1. Your position

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Understand what the changes mean for you.

Some changes affect all members, but the new 'RPS 65' terms will only apply if you choose to switch.

Look at your covering letter and personal illustrations to see what the changes could look like for you in terms of cost and benefits. *Please note that your personal illustration excludes any BRASS funds you may have, and pension values are shown as annual amounts.*

2. Your options

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Take some time to consider your options. Both this guide and www.myNRpension.co.uk have lots of information for you to take in. You may want to discuss the changes and the option to switch to the RPS 65 terms with your dependants, and you might also want to seek independent financial advice.

3. Your needs

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Consider what the changes mean for you in practical terms; that's the changes to future increases in pensionable pay for all members, as well as the one-off option to change to the RPS 65 terms for future service from 1 July 2012.

Which contribution costs are best for you, which retirement age and benefits are closest to meeting your needs and expectations?

4. Your choice

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Make your choice! Only you will know which option is right for you; you can stay on the RPS 60 terms or switch to RPS 65 for future service from 1 July 2012.

5. Complete your form

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Complete your form as soon as possible. Remember RPMI must receive your completed form (including waiver notice if you are a protected person choosing RPS 65) by **Friday 8 June 2012**.

6. Receive confirmation

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You will receive a letter from RPMI confirming your decision within five working days after they have received your completed form.

7. Peace of mind

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Continue to enjoy the peace of mind your pension brings and play an active role in your pension planning by:

- registering at www.myNRpension.co.uk to access a wealth of information and useful tools;
- considering whether it is worth using the saving in your RPS contributions to start, or increase, your voluntary BRASS contributions;
- ensuring you have a Nomination Form on your membership record which is up to date.

CHOICE

DECISION
8 JUNE

CONFIRM

CHANGE

1 July

History

Certain promises were made to people who were members of the British Rail Pension Scheme in 1993 (as part of the privatisation of the rail industry), guaranteeing that they would retain a level of benefits comparable to those they had before privatisation. These promises were given in the form of a 'protected person status' and by having an 'indefeasible right' to be a member of the RPS, subject to qualifying conditions. You may have one or both of these promises if you were a member at that time, please refer to the covering letter enclosed with this pack for confirmation of your current status.

For the changes that are happening from 1 July 2012, your 'protected person status' will be affected if you choose to switch to the RPS 65 terms, but you will only be giving up some of your protection to the extent that the RPS 65 terms differ from RPS 60. These differences include cost neutral early retirement factors, the removal of an automatic lump sum and an increase to normal pension age, as explained earlier in this guide.

If you choose to switch to the RPS 65 terms, you must sign the waiver section on the enclosed form and return it to RPMI by Friday 8 June 2012.

Protected person status

The covering letter you have received with this guide shows whether you have 'protected person status'. If you have this status your protected rights are as follows.

1. That your pension rights in the Railways Pension Scheme must be at least as favourable as the rights which the BR Pension Scheme provided on 31 May 1994.
2. That Network Rail, as your employer, has a legal obligation to provide an adequately funded pension scheme which meets these requirements.
3. If you leave one rail employer and join another one which is also an employer within the RPS, you can choose to transfer your pension benefits from one RPS Section to another. Your new employer must give you credit for your past service that is at least as much as you had with your old employer at the time you transferred the benefits.

Please Note: The changes to the limits on future pensionable pay increases and creation of new Pensionable Restructuring Premiums on promotion are part of a pay agreement reached outside of the RPS Rules and are therefore applicable whether or not you have 'protected person status'.

Indefeasible Right

This gives you a statutory right to be a member of the RPS, but not necessarily to have the same level of benefits. The indefeasible right is unaffected by the changes described in this guide.

You can learn more about protection and the indefeasible right in the RPS section of: www.myNRpension.co.uk.



QUESTION	ANSWER
Why is there a deficit?	<p>Every three years the RPS Actuary looks at the value of the money held in our Section and the benefits expected to be paid out in the future. There are several reasons why we had a deficit at the latest valuation.</p> <ul style="list-style-type: none"> • People are living longer than previously expected and so more pension needs to be paid out. • Our investments have not performed as well as expected. • Long term investment returns are now expected to be lower than before. <p>The changes we have introduced have addressed the deficit.</p>
Will I have to pay more?	No, contributions you pay from July 2012 are less than the current contribution rate because of the changes we are introducing. This will be reviewed again by the RPS Actuary at the next RPS valuation.
Will this save Network Rail money as well?	Yes, the RPS is a shared cost scheme where the employer pays 60 % of the cost and the member 40 %.
Is this just a cost cutting exercise?	No, we have agreed measures to address the deficit while keeping our Section of the RPS open and affordable both for existing and future members.
What do the Trade Unions think?	We have worked with the Trade Unions to develop these options.
Can you guarantee this will be the last change to my RPS pension?	There are no guarantees that further changes will not be necessary in the future, but the changes being put into place now are aimed at reducing the risk of this happening.
I don't understand something in this guide, where can I get an explanation?	Contact details can be found later in this guide should you have a question not covered in this guide or in the additional online content.
Can I change my mind in the future?	No. This is your one-off option to switch to the RPS 65 terms. Friday 8 June 2012 is the deadline for confirming your decision.
What happens if I don't return my form or I forget to send it in before the deadline?	If you do not return the form enclosed in the pack you will remain on the RPS 60 terms. You will see a reduction in your contributions to 9.36 % from 1 July 2012 and you will be subject to the annual cap on increases in pensionable pay, and the introduction of new Pensionable Restructuring Premiums (PRP) for future promotional pay increases.
Where can I get more information?	Your covering letter includes a personal illustration, more general information can be found at www.myNRpension.co.uk
Do I have to retire at 60 or 65?	No, there is no compulsory retirement age. You can retire earlier but your pension will be reduced according to the choice you have made. Alternatively you can retire later and continue to build up your RPS benefits.
Which is the best option for me?	<p>This depends very much on your personal circumstances.</p> <p>Neither RPMI, the Trustee nor Network Rail can give you financial advice. If you feel such advice would be of value, you might want to consider speaking to an independent financial advisor (IFA). You can find details of IFA's through: www.unbiased.co.uk</p>

A one-stop-shop containing a wealth of information about the changes from July 2012, and your pension in general, this new website contains:

- an interactive modeller to help you see how different scenarios may affect you;
- videos explaining the changes and what they mean;
- a log-in point to access your own pension details (as you currently do in Pension Friend) and make changes to your BRASS investment choices; and
- a library of RPS pensions information.

The screenshot shows the myNRpension.co.uk website interface. The top navigation bar includes links for HOME, RPS, CONTACT, and LOGIN. The main content area is titled 'Network Rail RPS section - Your pension, your choice!'. It features a video player with Geraldine Latham, Pensions Administration Manager, and a section for 'What's happening and why?'. Below this is an interactive modeller titled 'Compare the options with the modeller below' showing two scenarios: RPS 60 and RPS 65. The RPS 60 scenario shows a bar chart with values for different age ranges (55-65) and a slider set to 55. The RPS 65 scenario shows a similar bar chart with a slider set to 65. To the right of the modeller is a 'Video learning library' with links to various videos: 'What's happening and why?', 'Changes from July 2012', 'What to do and when', 'How to act', 'Protected persons status', and 'NRDC and CARE members'. At the bottom, there is a section for 'Important downloads to help support your choice' featuring campaign 'takeaway' content like 'Your pension, your choice!' and 'SMART...'. Annotations with red lines point to specific features: 'Pension Friend log-in' points to the LOGIN button; 'Links to existing Scheme information' points to the RPS link in the navigation bar; 'Main intro video and interactive modeller' points to the video player and modeller section; and 'Campaign 'takeaway' content' points to the download section.

myNRpension.co.uk

Network Rail

HOME RPS CONTACT LOGIN

Network Rail RPS section - Your pension, your choice!

What's happening and why?

Changes from July 2012

What to do and when

How to act

Protected persons status

NRDC and CARE members

Compare the options with the modeller below

RPS 60 RPS 65

55 65

Important downloads to help support your choice

Your pension, your choice!

SMART...

Pension Friend log-in

Links to existing Scheme information

Main intro video and interactive modeller

Campaign 'takeaway' content

Video learning library

The changes explained in this guide aim to help you make the right decision for your needs now and in the future.

We understand that pensions can be complicated and are committed to supporting you through this change. Here are some places where you can find more information or seek further help to understand your choices before sending your completed form to RPMI by **Friday 8 June 2012**.

Network Rail Pensions Team

Your Pensions Team is here to help.

Email: pensions@networkrail.co.uk

Tel: 020 7557 8371 (Internal number: 085 78371)

Please remember: neither Network Rail, RPMI, nor the Trustee can give you financial advice. You may wish to consider speaking to an independent financial adviser.

Independent financial advice

You may want to consider taking advice from an independent financial advisor (IFA) to discuss your options which you may have to pay a fee for. You can get a list of IFAs in your area by visiting:

www.unbiased.co.uk



Network Rail Pensions

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Email: pensions@networkrail.co.uk

www.myNRpension.co.uk

Go to www.myNRpension.co.uk or scan the QR code.



I AM MULTI-CHANNEL
Simply scan this QR code
with your Smartphone

