

November 2023



# Choices

The newsletter for members of the Network Rail Defined Contribution Pension Scheme (NRDC)

# Welcome

Welcome to your 2023 issue of *Choices*, the newsletter for members of the Network Rail Defined Contribution Pension Scheme (NRDC).

I'd like to remind you about our member portal, provided by the Scheme administrator, WTW. If you haven't yet registered to use the portal, let me encourage you to do so. Whether retirement is a long way off for you or just around the corner, it's a great way to keep track of the value of your pension, it allows you to switch investment funds and includes some useful tools to help you plan for your retirement. There are more details about this on page 4.

The year in the financial markets has been dominated by volatility once again, with high inflation, war in Ukraine and the gilts crisis of September 2022 impacting market performance; with many of our funds in the last 12 months having negative performance as a result. However, please note that your pension is a long-term investment. The Trustee monitors the markets on a regular basis and, in October 2022, decided to suspend the implementation of the new investment strategy to reassess the planned changes in the light of the market movements during the year and to take further advice with the Scheme's investment advisers.

This strategy review has now been completed, and we've recently made some changes to the fund options you can choose when investing your contributions, adding new funds and investment strategies which can provide more of an environmental, social and governance (ESG) focus to your investments. There is more information about this on page 5.

Finally, some changes were made to pensions tax allowances in the spring 2023 budget, which is good news for savers. The tax-free amount you can save in a year has been increased, and you can find more information about this on page 13.

I hope you enjoy reading this issue of *Choices* and find it useful. If you have any questions, please get in touch using the contact details on the back page.



**Samantha Pitt**  
Chair of the Trustee

## At a glance



As at 31 December 2022,  
the Scheme was worth  
**£488.6 million**



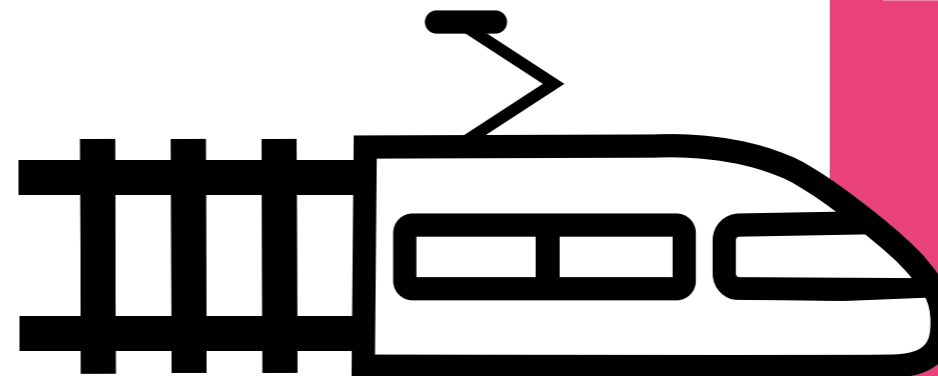
Membership has increased to  
**32,276 members**



The Scheme offers a choice  
of **12** investment funds and  
**3** lifestyle strategies.

## Look inside

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# Noticeboard

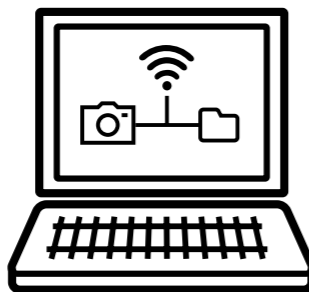
## Your pension at your fingertips: 24/7

You can use the secure member portal provided by WTW, the Scheme administrator, to keep track of your pension at any time.

Simply log in to your account at <https://epa.towerswatson.com/accounts/nwr/> where you can:

- view and update your personal details
- select or change your target retirement age
- review and make changes to your investment options
- obtain cash equivalent transfer values
- make a top-up contribution
- use the retirement planning tools
- check and update your expression of wish.

If you've lost or forgotten your login information, use the 'User ID reminder' or 'Reset your password' links and follow the on-screen prompts. If you're still having problems logging in, you can email WTW at [NetworkRailPensions@willistowerswatson.com](mailto:NetworkRailPensions@willistowerswatson.com)



## Update your expression of wish online

Knowing who's important to you is important to us. An up to date expression of wish tells the Trustee who you would like to receive your pension benefits in the event of your death. It helps us pay the right people without additional delay to your loved ones. It's important to review your wishes every year and whenever your circumstances change, such as if you get married or divorced, enter or leave a civil partnership, or have a child. Please use the member portal to make any changes to your nominated beneficiaries or simply to reconfirm your existing nominations.

## New investment options

Responsible investment is a way of investing that considers the importance of environmental, social and governance (ESG) factors in the long-term health and stability of the market. The Trustee has made available some new ESG-focused options that you can choose when investing your Scheme savings.

In September 2023, we added two new funds:

- The Infrastructure Equity Fund aims to track the performance of the FTSE Developed Core Infrastructure Index to within 1 % p.a. for two years out of three.
- The Positive Impact Equity Fund aims to contribute to a more sustainable and inclusive world by investing in companies whose products or services contribute to impact themes addressing critical social or environmental challenges, measured over at least a five-year period.

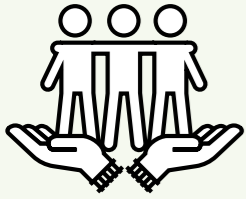
We've also made some changes to the investment strategy in the Global Equity Fund, which seeks to maximise exposure to positive environmental, social and governance (ESG) factors while minimising carbon exposure. You can find out more about all these funds from the detailed factsheets on the Scheme's microsite hosted by Legal & General at [www.legalandgeneral.com/workplace/n/network-rail/helpful-resources/document-library-page/](http://www.legalandgeneral.com/workplace/n/network-rail/helpful-resources/document-library-page/)

Scan me!



## Moneyhelper

MoneyHelper is the government's financial information and guidance service. It's the easy way to get free, trusted help for your money and pension choices. Easy to use, MoneyHelper is available online and over the phone and provides clear guidance, as well as pointers to trusted services if you need more support. Go to [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)



# Could you be a Trustee director?

**In 2024, there will be an opportunity to put yourself forward for election to the Trustee board, as there will be a vacancy for a member-nominated director (MND), when our current MND, Robert Arnold's first four-year term of office comes to an end.**

## Looking after the Scheme

Pension schemes are required by law to allow their members to have a say in selecting and appointing at least one-third of the Trustee directors. Network Rail goes further than this as half of the Trustee board is member nominated, with three Trustee directors being nominated by RMT, TSSA and Unite and a fourth by employed members of NRDC and CARE and CARE pensioners.

## What does a Trustee director do?

The Trustee board is responsible for the proper running of the Scheme, from the collection of contributions to the investment of assets and payment of benefits. Being a Trustee director is a responsible and important role. All the Trustee directors:

- attend quarterly Trustee meetings and any additional sub-committee meetings
- prepare for meetings by reading through the agenda papers in advance
- participate in meetings by asking questions and contributing to the discussions and decisions
- learn about and keep up to date with the trust deed and rules
- make sure that the Scheme is managed effectively and in line with the regulator's Codes of practice and pensions legislation
- act with integrity at all times and represent the interests of all the Scheme's members.

## Who can be a Trustee director?

Being a Trustee director is open to any member of the Scheme who is dedicated to looking after the interests of the members and who is willing and able to learn all that is required to fulfil the duties and responsibilities of the role.



## It's a rewarding role

We asked Robert Arnold, our current MND, to tell us more about being a Trustee director: 'It involves a lot of reading and keeping informed on matters relating to the running of schemes, whether that's digesting information in board papers, committee papers, emails or advisory updates. I attend meetings and ensure I contribute to the best of my ability to get the right outcomes for our members.'

'It's a great development opportunity for individuals from all types of backgrounds. Don't dismiss the opportunity because you're concerned you don't get it all straight away. Part of being a Trustee director is continuously learning and there's so much support on hand. It's such a worthwhile experience both for an individual and their employer, a brilliant way to advance professionally and be exposed to exciting, varied activities. Most of all, the satisfaction you get from helping members is incomparable.'

'I'd say that being a Trustee director is a big commitment, but do I have any regrets? No, I absolutely love it!'

If you're interested in putting yourself forward to become a Trustee director, please keep an eye out for further details in the coming months.

# Looking after the Scheme

The Scheme is a trust-based scheme, which is run by a trustee company called Network Rail Pension Trustee Limited.

## Your Trustee Directors

Independent chair



**Samantha Pitt**  
Law Debenture Pension Trust Corporation Ltd

Nominated by the Trades Unions



**Paul Norris**  
Rail, Maritime and Transport Union (RMT)

Appointed by Network Rail



**Tim Craddock**  
HR Director Eastern Region



**Mark Engelbretson**  
Director of Pensions, Network Rail



**Louise Kavanagh**  
Chief of Staff

Member nominated



Vacancy (from October 2023)  
**Andrew Fielding** (to September 2023)  
Unite Union



**Robert Arnold**  
Attribution Controller Network Rail

## Advisers to the Trustee

Auditor

RSM UK Audit Ltd

Investment adviser

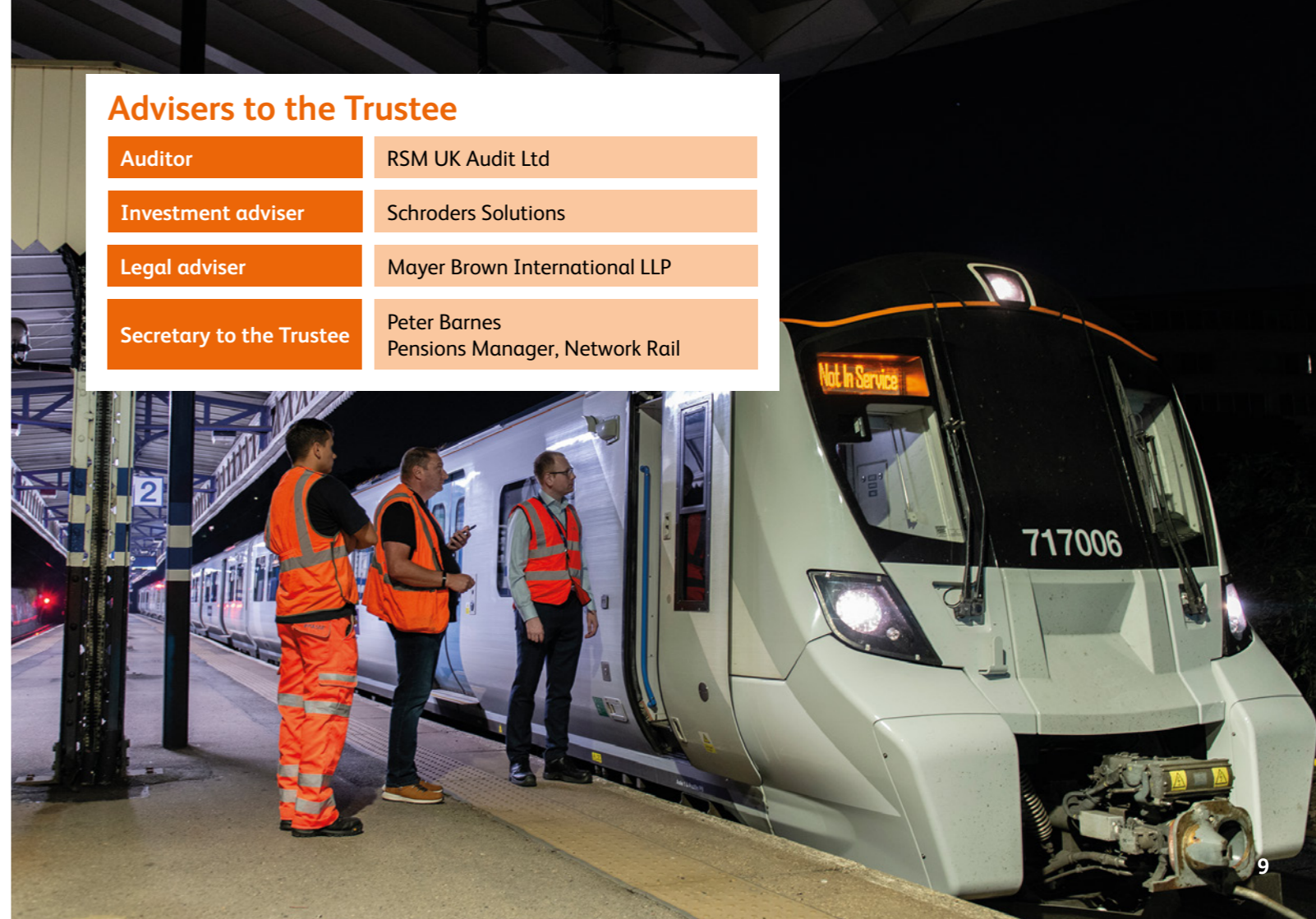
Schroders Solutions

Legal adviser

Mayer Brown International LLP

Secretary to the Trustee

Peter Barnes  
Pensions Manager, Network Rail



# Report and accounts for the 12 months to 31 December 2022

The information on these pages is a summary taken from the Scheme's audited report and accounts. If you would like to see the full report, you can find it on the Scheme website.

Financial highlights	31 Dec 2022 £'000	31 Dec 2021 £'000
Net assets at the start of the year	541,170	469,077
Money in less money out	27,740	30,876
Net return on investments	(80,272)	41,217
Net assets at the end of the year	488,638	541,170

During the year, the fund decreased in value by £52.5 million (2021: increase of £72.1 million)

Money in	31 Dec 2022 £'000	31 Dec 2021 £'000
Members' normal contributions	1,739	1,767
Members' AVCs	2,231	1,664
SMART contributions	18,096	19,564
Employer's normal contributions	18,157	19,915
Employer's special contributions	28	10
Death benefits from insurance company	2,300	2,245
Individual transfers in	536	1,024
<b>Total</b>	<b>43,087</b>	<b>46,189</b>

Money out	31 Dec 2022 £'000	31 Dec 2021 £'000
Benefits paid to members	(7,995)	(6,001)
Transfers out	(7,336)	(9,257)
Administration expenses	(16)	(55)
<b>Total</b>	<b>(15,347)</b>	<b>(15,313)</b>

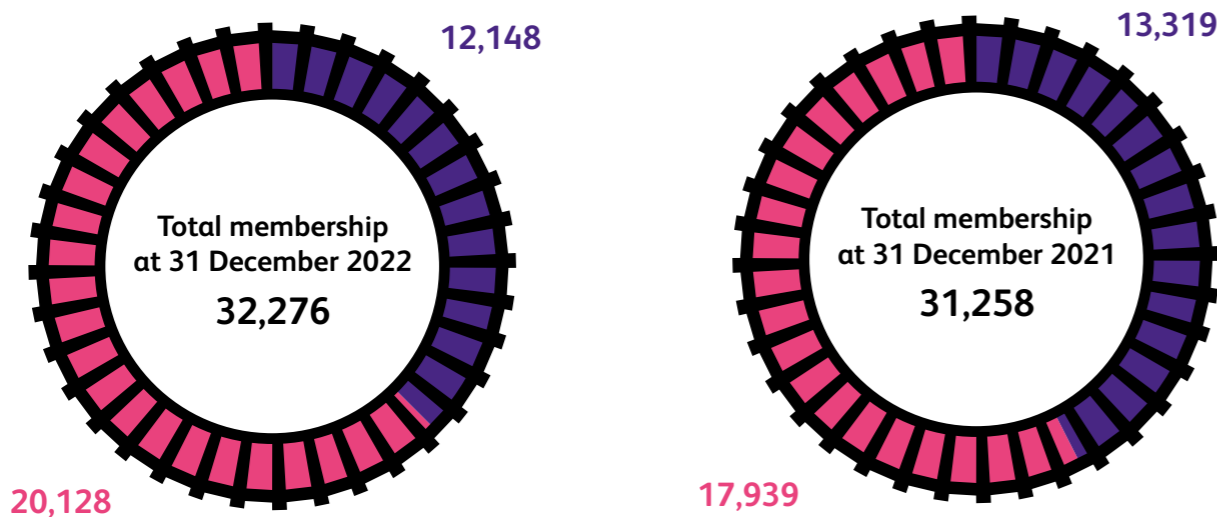
## Scheme investments

The Scheme's assets are invested through a unit-linked insurance policy designed for company pension schemes. It is provided by Legal and General Assurance Limited (L&G). You can choose to manage your own investments from the Pick & Mix range of funds, or you can have your investments managed for you in the Managed Lifestyle strategy.



# Scheme membership

You are one of 32,276 members in the Scheme. The charts below show a breakdown of the membership as at 31 December 2022, and how it has grown compared with the previous year.



**Active members** are those currently paying contributions into the Scheme.

**Deferred members** are former employees or opted-out members who have not yet taken their Scheme benefits.

# Pension news

## Changes to pensions tax allowances

### Increase in the Annual Allowance

Paying into a pension scheme is a tax-efficient way of saving for retirement. However, the government places a limit on the amount of pension contributions you can make in a year that get tax relief. This is called the Annual Allowance (AA) and, in April 2023, it increased from £40,000 to £60,000. There are some exceptions to this standard AA:

- If you have an annual income over £200,000, with an adjusted income of more than £260,000, your AA may be reduced and it could be as low as £10,000. This is called the Tapered Annual Allowance (TAA).
- If you've already accessed any pension savings flexibly, you will have a restricted AA called the Money Purchase Annual Allowance (MPAA). From April 2023, this increased from £4,000 to £10,000.

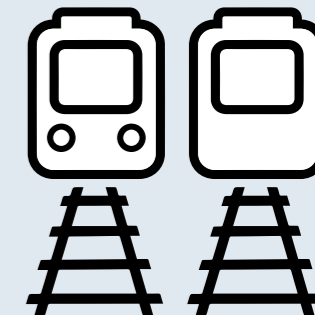
### Removal of the Lifetime Allowance

The government has previously placed a limit, called the Lifetime Allowance (LTA), on the total amount of tax-free pension savings you could build up over your lifetime. From April 2023, the tax charge for exceeding the LTA has been removed, and the LTA itself will be abolished in April 2024, subject to legislation.

### Thinking of taking some tax-free cash at retirement?

When you take your benefits, you can choose to take a tax-free cash lump sum of up to 25% of the value of your pension pot. A limit of £268,275 now applies to this lump sum.

In some circumstances, the value of your tax-free lump sum limit may be higher than this if you've previously applied to HMRC (before March 2023) for 'pension protection'.



## Early pension release scams

Pension scams often involve attractive offers that aim to persuade you to transfer your pension pot (or release funds from it). You should be very wary of any scheme offering to help you release cash from your pension before you're 55. It's almost certainly a scam.

Generally, you can only take money from your pension when you're 55 (rising to 57 in 2028) or older, except in certain cases such as poor health. Offers to access your pension early may be called 'pension liberation' or a 'pension loan', as the scammers often claim you can borrow money from your pension fund. You can't.

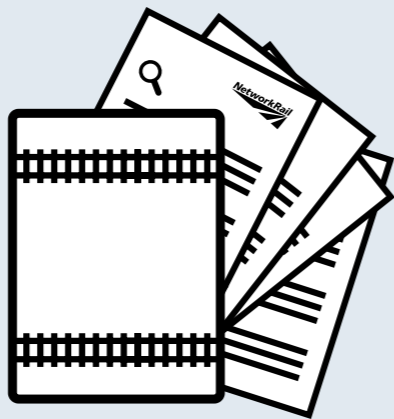
If you take up the offer, your pension savings will be transferred into a scheme set up by the scam, which will often be based abroad. You may be 'loaned' an amount (often around half of your pension), with the company involved taking a fee, perhaps as much as 30%.

You could also face a tax bill of 55% on what you withdraw, even if:

- you didn't realise you'd broken the tax rules
- you put the money back in your pension
- you've paid fees or charges to the company involved
- you've spent all the money.

Once you've paid the fees and tax, any money remaining will then be invested in high-risk products or projects, like overseas property developments. Sometimes it's simply stolen outright.

To find out more about pension scams and how to protect yourself, see the Financial Conduct Authority's website at [www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)



## Dashboard delay

The pensions dashboard project is a government-backed initiative to enable people to access their pensions information online, securely and all in one place. The government has announced a further delay to the project which is now not expected to launch until October 2026. Staging dates for pension schemes to join the complex programme will be set out in guidance rather than by legislation, allowing the government and the pensions industry to work together more flexibly.





# Keep in touch

If you have a question about the Scheme or your benefits, please get in touch with the administrator, WTW, or the Network Rail in-house pensions team.

**Email:**

NetworkRailPensions@willistowerswatson.com  
or pensions@networkrail.co.uk

**Call us:**

01737 230487

**Write to us:**

WTW  
Network Rail  
PO Box 545  
Redhill  
Surrey RH1 1YX

**Website:**

[www.mynrpension.co.uk](http://www.mynrpension.co.uk)

**Go online:**

Log in to your account using the member portal at  
<https://epa.towerswatson.com/accounts/nwr/>



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