

November 2024

# LOOKING FORWARD

The newsletter for members of the  
Network Rail CARE Pension Scheme



# Welcome

Welcome to your 2024 issue of *Looking Forward*, the newsletter for members of the Network Rail CARE Pension Scheme.

For the first time, your 2024 annual benefit statement has been issued electronically via the member portal, unless you have elected for a paper copy. As more of our Scheme communications will be issued electronically going forward, it is really important that you make sure you're registered so you can receive future communications. There are more details about the member portal on page 4.

The latest actuarial valuation of the Scheme, which looked at the position as at 31 December 2022, was signed off at the end of March 2024, and it showed a funding deficit. However, I am pleased to be able to report that the funding update, as at 31 December 2023, has signalled a significant improvement in the funding level since the 2022 valuation. This is largely due to a reduction in the cost of benefit accrual, essentially meaning that the cost of the pensions has reduced, as well as the positive performance of the Scheme's investments. For more information on the Scheme's funding level, please see page 5.

With the recent change in government and the Labour Party's publicised proposals for the railways, it would be remiss of me to not mention Great British Railways. As yet, we do not know what impact this may have on the Scheme, however, I can reassure that your CARE pension benefits are secure, no matter what direction Great British Railways takes. We will of course be communicating any developments and potential impact with all Network Rail colleagues.

Finally, there have been some changes to the Trustee board with Andrew Fielding (a Union Nominated Trustee) and Mark Engelbretson (Employer Nominated Trustee) both resigning from their roles during 2023. They are replaced on the board by Ian Waters (Union Nominated Trustee) and Lisa Leeds (Employer Nominated Trustee). Following the member-nominated director (MND) ballot process, Ian Icteton has been appointed as MND from 1 April 2024, replacing Robert Arnold.

I hope you enjoy reading this issue of *Looking Forward* 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 2023,  
the Scheme was worth  
**£297.6 million**

Membership has  
increased to  
**12,638 members**

During the year, the  
Scheme paid benefits  
to members worth  
**£5.7 million**



## Look inside

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# Noticeboard

## Your pension communications are now digital

We have gone digital. As with this newsletter, our communications are going online and will be issued to you in the future via the member portal. You can opt out of receiving communications in this way, but please be aware that the default method of communicating with you in the future will be via the member portal.

You can find any Scheme communications, by logging in to your account at [epa.towerswatson.com/accounts/nwr](http://epa.towerswatson.com/accounts/nwr)

You can also use the portal to:

- view and update your personal details
- review and make changes to your AVC investments
- use the retirement planning tools
- request a cash equivalent transfer value
- request a retirement quote
- check and update your expression of wish.

If you've lost or forgotten your login information, the quickest way to regain access to your account is by calling WTW on 01737 230487. Alternatively, you can email them at [NetworkRailPensions@wtwco.com](mailto:NetworkRailPensions@wtwco.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 become a parent. Please use the member portal to make any changes to your nominated beneficiaries or simply to reconfirm your existing nominations.

## Scheme funding

The most recent actuarial valuation of the Scheme, looking at the position as at 31 December 2022, has been completed. The Scheme's assets were valued at £220.95 million, and the Scheme's liabilities were valued at £261.52 million on the technical provisions (or ongoing) basis. This means, at that date, the Scheme had a deficit of £40.57 million, which is a funding level of 84 %, a decrease from the 31 December 2019 valuation of 103 % (£8.8m surplus).

Each year, a Summary Funding Statement is produced, which reports the Scheme funding level as at 31 December. As at 31 December 2023, the Scheme's funding position had improved to 94 %, due to the growth assets performing better than expected, along with the cost of pension accrual reducing.

The positive funding experience has continued so far in 2024, and the funding plan is ahead of target.

### Change to actuarial factors

Following the actuarial valuation, the factors applied for early retirement, the conversion of annual pension to lump sum and for late retirement have changed. These factors are periodically reviewed by the Trustee and its advisers, typically every three years following an actuarial valuation, to ensure they remain appropriate.



## Pension increases

Pensions in payment are reviewed on 1 April each year in line with the Rules of the Scheme. Benefits built up before 31 March 2016 are increased by the Retail Prices Index (RPI) capped at 5%, while benefits built up from 1 April 2016 are increased by the Consumer Prices Index (CPI) capped at 5%, based on the index figure for the previous September.

From 1 April 2024, the increase for pre-April 2016 benefits was 5% and for post-April 2016 benefits, it was 5%. There were no discretionary increases during the year.

## 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)



# Meet your new member-nominated Trustee director



Ian Icton

Following the member-nominated director (MND) ballot process, Ian Icton was appointed to the Trustee board on 1 April 2024, replacing Robert Arnold. Ian has over 20 years' experience, including five years as trustee and chair of the two Network Rail pension schemes between 2013 to 2018. Before that, he was a trustee of his previous employers'

pension schemes, Skanska and Volkswagen, and is currently an independent trustee and chair of the Waterways Pension Scheme and the Cambridge University Assistants Pension Scheme. Ian has passed the prestigious Diploma in Trusteeship from the Pensions Management Institute.

In addition to Ian's trustee experience, he has worked for a pension investment adviser, River and Mercantile, so he has seen how scheme advisers operate from the other side of the table.

As HR Director, first for Infrastructure Projects and then Network Rail Group, Ian had six years meeting many employees and pension scheme members with frequent opportunities to listen to your needs and requirements from the schemes. Ian also met with the Trade Unions on many occasions so has experience of their priorities too.

Ian is a visiting lecturer and Honorary Professor at the University of Buckingham, focusing on work relating to his Doctorate looking at employment opportunities for autistic and neurodivergent individuals. He is a keen sportsman and triathlete and remains a guest member of Sleepers, the Network Rail golf society.



# Looking after the Scheme

The Network Rail CARE 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

Appointed by  
Network Rail



**Tim Craddock**  
HR Director,  
Network Rail



**Lisa Leeds**  
Finance Director,  
Network Rail



**Louise Kavanagh**  
Finance Director,  
Network Rail

Nominated by  
the Trades  
Unions



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



**Gary Adams**  
Transport Salaried  
Staffs' Association  
(TSSA)



**Ian Waters**  
Unite Union

Member  
nominated



**Ian Icton**



## Advisers to the Trustee

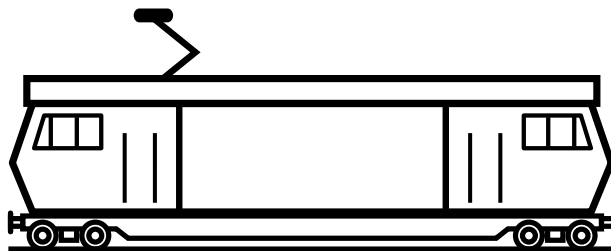
<b>Auditor</b>
RSM UK Audit Ltd
<b>Investment Adviser</b>
Schroders Solutions
<b>Legal Adviser</b>
Mayer Brown International LLP
<b>Secretary to the Trustee</b>
Claire McCarthy Pensions Trustee Governance Manager, Network Rail

The Trustee board meets each quarter. There are also three sub-committees:

**Audit and risk sub-committee:** responsible for identifying, monitoring and recommending methods of managing the key risks associated with the Scheme.

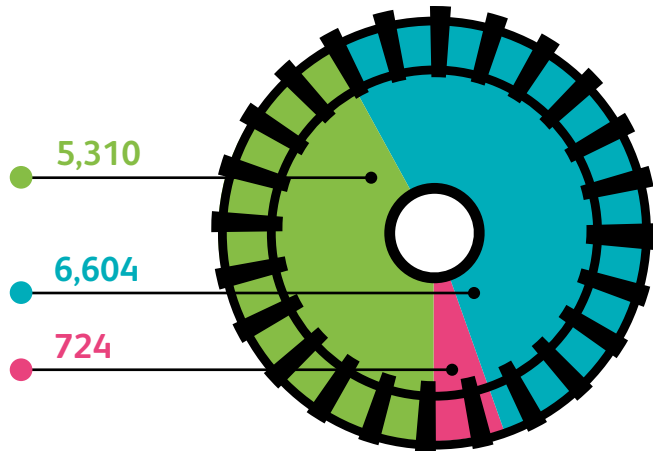
**Investment sub-committee:** responsible for the management of the Scheme investment portfolio, reviewing the investment performance with the investment adviser and making recommendations to the Trustee board on any aspects relating to the Scheme's investment strategy.

**Benefits sub-committee:** the Trustee has delegated authority to this committee to exercise discretion and make decisions regarding the payment of benefits in certain circumstances. This will usually involve deciding who is to receive lump sum and dependants' benefits on the death of a member and approving member requests for early retirement on grounds of incapacity.



# Scheme membership

You are one of 12,638 members in the Scheme. The chart below shows a breakdown of the membership as at 31 December 2023.



Total membership at 31 December 2023

**12,638**

- **Active members**  
are those currently building up benefits in the Scheme.
- **Deferred members**  
are former employees or opted-out members who have not yet taken their Scheme benefits.
- **Pensioners**  
including dependants are in receipt of their benefits.

	31 Dec 2023	31 Dec 2022
Active members	5,310	4,887
Deferred members	6,604	6,091
Pensioners	724	586

# Report and accounts

The information on these pages is a summary taken from the Scheme's formal report and accounts for the 12 months to 31 December 2023, which have been independently audited by RSM UK Audit LLP. If you would like to see a copy of the full report, you can find it on the Scheme website.

Financial highlights	31 Dec 2023 £'000	31 Dec 2022 £'000
Net assets at the start of the year	251,556	459,889
Money in less money out	33,959	29,795
Net return on investments	12,173	(238,128)
Net assets at the end of the year	297,688	251,556

During the year, the fund increased in value by £46.1 million (2022: decrease of £208.3 million).



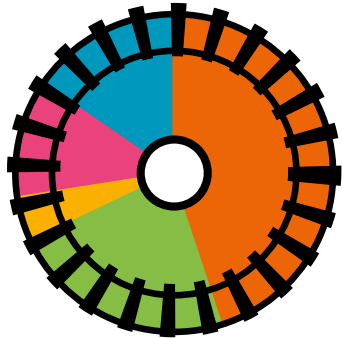
Money in	31 Dec 2023 £'000	31 Dec 2022 £'000
Members' normal contributions	699	622
Members' AVCs	3,211	2,820
SMART contributions	15,129	14,133
Employer's normal contributions	23,996	22,183
Death benefits from insurance company/other income	4	390
Individual transfers in	1,001	939
<b>Total</b>	<b>44,040</b>	<b>41,087</b>

Money out		
Benefits paid to members	(5,703)	(6,174)
Transfers out	(1,406)	(1,567)
Life assurance premiums	(951)	(1,364)
Administration expenses	(2,021)	(2,187)
<b>Total</b>	<b>(10,081)</b>	<b>(11,292)</b>

# Investment update

## How are the assets invested?

The charts show how the assets of the Investment Fund were allocated as at 31 December 2023 compared with 31 December 2022.



	2023	2022
● Equities	44.8%	35.6%
● Bonds	22.8%	14.1%
● Property	4.6%	7.9%
● Alternatives	12.3%	15.4%
● Cash	15.0%	26.9%

Figures may not sum to 100% due to rounding.

## Managing the investments

The Trustee has delegated the day-to-day management of the investments to Schroders Solutions.

The Trustee reviewed the Scheme's investment strategy in June 2023 to ensure it remains appropriate to support the Scheme in meeting its ongoing obligations. The Trustee continues to monitor the investment strategy closely and is well placed to make amendments if necessary to reflect both short-term and longer-term situations.

The Trustee continues to review the impact of current geopolitical and economic issues on Scheme investments, taking advice from the Scheme's actuary, fiduciary managers and legal adviser.

The Trustee is responsible for the Scheme's overall investment policy, which is set out in a formal document called the Statement of Investment Principles (SIP). During the year to 31 December 2023, the policy was updated and signed in July 2023. If you would like to know more about the Scheme's investments, you can find a copy of the SIP on the Scheme website at [www.mynrpension.co.uk](http://www.mynrpension.co.uk)

## Investment performance

The Trustee sets an investment target to measure the performance of the Scheme's assets over one year, three years and five years, as shown in the table below.

	One year %		Three years % p.a.		Five years % p.a.	
	Fund	Target	Fund	Target	Fund	Target
Total portfolio	4.1	-0.1	-18.5	-15.9	-5.8	-5.9

## The Scheme's year

During the 12-month period to 31 December 2023, investor focus remained primarily on rising inflation and the policy response from major central banks. There were fears that rising interest rates could lead to recession. However, global economic growth generally remained resilient, particularly in the US.

Towards the end of the year, inflation readings in major economies began to soften. This led to hopes that interest rates may have plateaued and could soon fall in 2024.

The overall performance of the fund is ahead of the investment objectives set by the Trustee for the 12 months to 31 December 2023 but behind over the last three years. The three-year underperformance is a result of a challenging 2022.

In 2023, it was generally a positive year for investment markets. Government bond yields overall were up slightly over 2023.



# Pension news

## New tax allowances and your pension

From April 2024, the government introduced three new limits which apply to pension scheme members.

**Lump Sum Allowance (LSA):** The maximum you can take as tax-free cash from all of your pension arrangements is limited to £268,275, unless you hold a valid Lifetime Allowance (LTA) protection. Lump sums paid under this allowance are called Pension Commencement Lump Sums (PCLS).

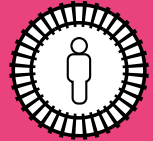
If your lump sum exceeds the LSA, you can claim the excess above the LSA as a lump sum. You would still receive the maximum LSA of £268,275 tax free, but anything above this would be subject to tax at your marginal tax rate. This excess amount is called a Pension Commencement Excess Lump Sum (PCELS).

**Lump Sum and Death Benefit Allowance (LSDA):** There is now a maximum limit applied to the maximum tax-free death benefits that can be paid. The limit has been set at

£1,073,100, unless you hold a valid LTA protection. If any death benefits exceed this amount, the excess will be subject to tax at the beneficiaries' marginal tax rate.

**Overseas Transfer Allowance (OTA):** A new limit has been applied to transferring your pension to a qualifying recognised overseas pension scheme (QROPS). If you want to transfer your pension benefits abroad and the total value exceeds £1,073,100, an overseas transfer charge of 25% will apply on the excess.

## Increase to minimum pension age



The government is raising the normal minimum pension age from 55 to 57 in April 2028. If you intend to retire early, this change may affect your plans. While we expect there to be some protections in place for those close to the current minimum pension age of 55, we don't currently know what these will be.

## Be scam smart

The danger from pension scams continues, and they are becoming ever more sophisticated. The use of artificial intelligence (AI) by fraudsters is making scams more convincing and harder to spot. While the methods can vary, the purpose is always to obtain personal information and money.

Examples of AI scams include deepfakes (a video where a person is digitally manipulated to look like someone else), voice cloning (where victims are convinced they are having a genuine phone conversation with a person) and chatbot phishing (with text that replicates the tone and coherence of legitimate messages).

Look out for the small details on videos, particularly in people's faces. Note any inconsistencies and discrepancies, and pay attention to tone of voice, as AI scams usually lack emotion.

### Don't

- be rushed or pressured – take the time to make all the checks you need. If a deal sounds too good to be true, it probably is.

### Do

- reject unexpected pension offers – a free offer out of the blue is probably a scam

- check who you are dealing with by using the Financial Conduct Authority's financial services register [register.fca.org.uk/s](https://register.fca.org.uk/s)
- get impartial advice – MoneyHelper provides free, independent information and guidance [www.moneyhelper.org.uk](https://www.moneyhelper.org.uk)



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](https://www.fca.org.uk/scamsmart)

## Pensions dashboards update

The pensions dashboards project is a government-backed initiative which will allow people to access information about their pensions across different schemes and with different providers all in one place, including the State pension. It aims to increase people's awareness and understanding of their pensions, help them plan for retirement and make informed decisions, as well as find any pension schemes they may have lost touch with.

By 31 May 2025, Network Rail will be connected to the pensions dashboards, but it has not yet been announced when the dashboards will be available to the public. We will continue to update you with any information as it is released.

# 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@wtwco.com  
or Pensions@networkrail.co.uk

**Call us:**

01737 230487

**Write to us:**

WTW  
Network Rail  
Sunderland  
SR43 4JU

**Website:**

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

**Go online:**

Log in to your account using the member portal at  
[epa.towerswatson.com/accounts/nwr](http://epa.towerswatson.com/accounts/nwr)

