

A guide for members of BRASS



Please read this guide together with your Scheme booklet 'A guide for members'. If you have lost yours you can go to www.pensionfriend.co.uk to download a PDF copy. This leaflet is only a broad summary of the rules of the Scheme. Most sections of the Scheme have different overall benefit provisions. Your entitlement to benefits from your section of the Scheme is governed by the Pension Trust Deed and rules, not this leaflet.

Paying Additional Voluntary Contributions (AVCs) may be particularly suitable if you:

- have large earnings which do not qualify for *Scheme* pension (such as overtime and bonus payments); or
- want to consider taking your benefits early (as long as you meet the conditions to do so).

Summary

- BRASS is the Railways Pension Scheme in-house AVC arrangement.
- When you join BRASS, you will open a Personal Retirement Account (your BRASS Account) to hold your savings.
- You pay contributions each time you are paid and, like your normal Scheme contributions, these attract tax relief subject to the annual and lifetime allowances.
- Contributions are used to buy units in a selection of fund choices.
- When you take your benefits, the value of your BRASS Account is used to buy you extra pension in your section of the Scheme. However, you are required to take a tax-free cash lump sum equal to the value of your BRASS Account.

Membership

You can join BRASS if:

- you are a contributing member of the Scheme; and
- your normal contributions do not come to more than 15% of your gross pay or 20% of your pensionable pay (and *pensionable restructuring premiums* if you have them), whichever is more.

If you would like to join BRASS you can fill in a 'PM603 BRASS Payroll Deduction' form and a 'PM84 BRASS future contributions fund choices' form which are available from:



- the website under AVCs, BRASS and then BRASS Forms
- the Helpline; or
- your personnel or payroll office.

Contributions

Contributions to BRASS start from as little as £2 a week, or £10 a month.

BRASS contributions, like your contributions to *the Scheme*, are taken from your *pay* before you pay tax. This reduces the cost to you.

Your BRASS Account also benefits from tax advantages, for example there is no capital gains tax payable on the capital growth of your fund.

The most you can contribute to BRASS each tax year is the higher of either:

- 15% of your *gross pay*; or
- 20% of your *pensionable pay plus pensionable restructuring premiums if you have them; less*
- the amount you already contributed in normal contributions to *the Scheme*.

If you want to contribute the maximum amount, you can top up your regular payments with a single amount before the end of each tax year. Page two of the 'PM603 BRASS Payroll Deduction' form will help you work out the maximum amount you are allowed to pay into BRASS in a tax year.



If you wish to pay more AVC contributions than BRASS can allow, the Scheme offers another AVC arrangement called AVC Extra. More information and a leaflet called 'A Guide for Members of AVC Extra' are available from the website or the Helpline.

Changing your contributions

You can increase, reduce or stop your BRASS contributions at any time. If you want to change your BRASS contribution you will need to fill in a 'PM603 BRASS Payroll Deduction' form.

Brass matching contributions

If you reduce your contributions any matching contribution made by your employer may reduce accordingly. If you increase your contributions, any matching contribution made by your employer is not necessarily increased. You need to check with your employer on their matching policy.

Maternity, paternity and adoption leave

If you take maternity, paternity or adoption leave, your contributions will stop if your pay reduces to zero. You will need to make sure that your employer restarts deductions from your pay for BRASS when you return to work.

Transfers into BRASS

If you leave your current employer you must stop paying your BRASS contributions. However if your new employer also has a section in *the Scheme* you can start your BRASS contributions again by filling in a 'PM603 BRASS Payroll Deduction' form.

Fund choices

Your BRASS Account and fund choices



Your contributions to BRASS are used to buy units in the fund, or funds, you choose. There are a number of fund choices made available by the Trustee Company in which you can choose to save your contributions to BRASS. You can find details of these fund choices on the website.

The value of the units in your BRASS Account depend on the number of units you have and the price of your units each day, so the value of your BRASS Account can go down as well as up.



The value of your BRASS Account will depend on which fund choices you make and how those fund choices perform. Information about the available fund choices, including performance, is published on the website or you can get a copy from the Helpline.

Changing how future contributions are allocated to your chosen funds

You can change the fund choices your future contributions are paid to at any time by either:



- filling in a 'PM84 BRASS future contributions fund choices' form and sending it to rpm; or
- online at the Pension Friend website (www.pensionfriend.co.uk).

Changing your current BRASS holdings

You can switch your existing fund holdings between funds by either:



- filling in a 'PM81 BRASS change the fund choices for my current BRASS holdings' form and sending it to rpm; or
- online at the Pension Friend website (www.pensionfriend.co.uk).

You may want to take independent financial advice before you make any decisions.

Fund performance



Fund choice performance information is published monthly on the website or you can request a copy from the Helpline.

Charges

The costs for administering the BRASS AVC Arrangement (including fund manager fees for the various fund choices) are paid for by levying a charge against each individual member's BRASS Account. This is achieved by adjusting the daily unit prices available in each BRASS fund choice.



Details of all charges are available from the website or from the Helpline.

Annual statement

Each year, close to your birthday, you will receive a statement showing the total contributions that have been used to buy units and the number of units in your BRASS Account.

Your BRASS funds will also be included on your annual pension estimate from *the Scheme* and are shown in the secure area of the railways pension website called Pension Friend.

Tax limits

You can contribute, tax-free, any amount each tax year towards all of your pension arrangements up to the limits as explained later in this section.

There are certain HM Revenue and Customs limits on the amount of pension benefits you can build up and receive from *the Scheme* **before** you have to pay extra tax.

Annual allowance and Lifetime Allowance

The Annual Allowance is the most you can save tax-free towards your pension in a tax year. It includes any AVC contributions like BRASS you make. The Annual Allowance is currently £50,000 (2011/2012 tax year).

If your pension savings do go over the limit you will have to pay tax on the amounts over the Annual Allowance if you do not have sufficient unused Annual Allowance from the previous three years.

The Lifetime Allowance is an overall ceiling on the amount of pension benefits that you can take (from all your pension arrangements added together, excluding the State Pension) before you pay extra tax. The allowance is £1,800,000 (2011/2012 tax year). However, the government has introduced new legislation to reduce the allowance to £1,500,000 from the 2012/2013 tax year.



The value of your BRASS Account, your *Scheme* benefits and any other pension you are receiving added together must not be more than the Lifetime Allowance in force at the time you take your benefits to avoid a liability to an additional tax charge.

This limit is so high that very few members of *the Scheme* will reach the limit.

If you would like more information you can read the leaflet A guide for members on tax limits on benefits and contributions which is available from the website or the Helpline.

Your benefits may need to be adjusted if, near the time your benefits are to become payable, you change the amount you contribute regularly to BRASS. If there is an adjustment, we will write to you as soon as we can to tell you what the change will be to your benefits.

Benefits

When you take your benefits, the value of your BRASS Account is used to buy you extra pension in your section of the Scheme. However, you are required to take a tax-free cash lump sum equal to the value of your BRASS Account. (Note: A different rule applies if you work for Unisys or RSSB – For more information on this please contact the Helpline).

Your benefits may need to be adjusted if, near the time your benefits are to become payable, you change the amount you contribute regularly to BRASS. If there is an adjustment, we will write to you as soon as we can to tell you what the change will be to your benefits.

The value of your BRASS Account, your *Scheme* benefits and any other pension you are receiving added together must not be more than your lifetime allowance to benefit from tax relief.

Leaving work

If you leave work and do not take payment of your benefits, you cannot continue to pay contributions to BRASS. In this situation, your BRASS Account will remain in BRASS, in your chosen fund choices, until you claim your benefits.

If you voluntarily change railway employer, you must stop paying your BRASS contributions to your previous employer's section of *the Scheme*. However, if your new employer has a section in the Railways Pension Scheme and you join, you can restart your BRASS contributions by filling in a 'PM603 BRASS Payroll Deduction' form.

If you transfer your section benefits to any other pension arrangement, your BRASS funds will also be transferred.

Contact us



If you have any questions about BRASS, you can:

- visit the website;
- call the Helpline; or
- contact your personnel or payroll office.

Definitions in this leaflet

Additional voluntary contributions (AVCs)

AVCs are contributions that you make over and above your normal *Scheme* contributions to give you the opportunity to increase your benefits.

Earnings cap

Your employer may restrict the amount of *pensionable pay* that can count towards your benefits. This is called the *earnings cap* and for the tax year 2011/2012 this is £129,600.

Gross pay

Your total remuneration, including non-pensionable elements, in any tax year.

Pay

Your basic pay less any part which your employer decides does not qualify for pension, plus any allowances which your employer has agreed will qualify for pension such as the London Allowance and South East Allowance. Some other payments will not be included, such as overtime, bonuses or *restructuring premiums* if you have them. If your section of the Scheme restricts the amount of pensionable pay that can be count towards your benefits then certain high earners may have *pay* limited to the *earnings cap*.

Pensionable pay

Your yearly rate of *pay* on each 1 April.

Pensionable restructuring premium

Your yearly rate of *restructuring premium* on each 1 April. This is mainly used to work out your contributions (see the definition of *section pay*). If you have more than one *restructuring premium*, you will have more than one *pensionable restructuring premium*.

Restructuring premiums

The part of your non-pensionable earnings which may, as part of an agreement with your employer to restructure *pay*, become pensionable for future service from the date that your *pay* was restructured (or another agreed date). This is used to work out your benefits. You may have more than one *restructuring premium* with different dates. Certain high earners may have the total of *pay* and *restructuring premiums* limited to the *earnings cap*.

Section pay

Pensionable pay plus all *pensionable restructuring premiums* if you have them, normally less one and a half times the single person's *basic State Pension*.

Your *section pay* will never be less than half of your *pensionable pay* plus all *pensionable restructuring premiums* if you have them.

The Scheme

The Railways Pension Scheme, Shared Cost Arrangement. You and your employer share the cost of providing your benefits. You fund 40% of the total cost of benefits and your employer funds 60%.

The Trustee Company

The Railways Pension *Trustee Company* Limited.



All read as you need information is available on the railways pensions website or from the Helpline:

- A guide for members of BRASS.
- A guide for members of AVC Extra.
- A guide for members on maternity, paternity, parental or adoption leave.
- A guide for members on working part-time.
- A guide for members on divorce or dissolution.
- A guide for members applying for incapacity benefits.
- A guide for members if your pay has been restructured.
- Transfer-in
- A guide for members transferring from one section of the Scheme to another.
- Welcome to the team
- Will my pension savings exceed the Annual Allowance?
- Paying tax on pension savings over the Annual Allowance limit.
- A guide for members on benefits and contributions tax limits.
- Your Protected Rights.