

A guide for members of BRASS (Network Rail Section)



Please read this guide together with your Railways Pension Scheme (RPS) 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*. Your entitlement to benefits from the Network Rail section of *the Scheme* is governed by the Pension Trust Deed and Rules, not this leaflet, and current tax legislation.

Paying Additional Voluntary Contributions (AVCs) may be 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 HM Revenue & Customs (HMRC) Annual Allowance. You should ensure that your total contributions are within the allowances set by HMRC and that you are entitled to the tax relief applied. Please refer to HMRC for details of tax relief available on pension contributions.
- Contributions are used to buy units in a selection of fund choices.
- When you claim your *Scheme* benefits, the value of your BRASS Account is added to your *Scheme* benefits to increase the total amount of benefits you will receive.

Membership

You can join BRASS if you are a contributing member of the *Scheme*. If you would like to join BRASS you can fill in a 'PM602A or PM602B (part 1) BRASS Payroll Deduction' form and a 'PM85 BRASS future contributions fund choices' form which are available from:



- the website, click on AVCs, BRASS and then BRASS Forms
- the Helpline; or
- the Network Rail Pensions Department, 020 7557 8371 (internal 085 78371) or email pensions@networkrail.co.uk

Note: If you are filling in a 'BRASS Payroll Deduction' form please make sure that you choose the correct one for you, a PM602A or PM602B (part 1). If you are unsure which one applies to you, please contact the Network Rail Pensions Department on the above telephone number.

Contributions

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

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

The maximum you can contribute to BRASS is potentially up to 100% of your annual taxable earnings (subject to the *Earnings Cap* of £129,600 in the 2011/2012 tax year), less the normal *Scheme* contributions you make to the Network Rail section of *the Scheme*.

By using the Network Rail payroll system, you can contribute up to 75% of your contribution limit and automatically benefit from tax relief. If you wish to contribute more than 75%, you can make supplementary contributions by cheque direct to RPMI. If you pay any contributions by cheque it is your responsibility to reclaim any tax from contributions you pay directly from HMRC.

Note:

If you are a member of the Network Rail section of *the Scheme* and are a protected person under Part II of the Railway Pensions (Protection and Designation of Schemes) Order 1994 (the Protection Order), your maximum BRASS contribution is restricted to 15% of your annual taxable earnings less the amount you currently pay as normal *Scheme* contributions. However, you can choose to waive your protected right, in respect of your future BRASS contributions, so that you can contribute more than the 15% limit. If you wish to consider this, get a PM602B (part 2) 'BRASS Payroll Deduction form – Election notice', read the information and sign the Election if you wish to proceed with the waiver.

Your BRASS Account also benefits from tax advantages, for example there is no Capital Gains Tax (CGT) payable on the capital growth of your BRASS Account.

If you are not currently paying the maximum amount to BRASS and want to make a one-off payment you can top up your regular payments towards the end of each tax year. This will take account of your *gross pay* earned in the tax year, which may be higher than your *pensionable pay* if you receive additional payments like overtime. You should contact the Network Rail Pensions Department who will confirm the additional amount you can pay

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 either a 'PM602A or PM602B (part 1) BRASS Payroll Deduction' form and send to the Network Rail Pensions Department.

Note: If you are filling in a 'BRASS Payroll Deduction' form please make sure that you choose the correct one for you, a PM602A or PM602B (part 1). If you are unsure which one applies to you, please contact the Network Rail Pensions Department on the above telephone number.

BRASS matching contributions

If you receive matching contributions and choose to reduce your BRASS contributions any matching contribution made by Network Rail may reduce if your own contribution goes below the matching amount you receive. Once your matching has been reduced it will not be increased in future. If you increase your BRASS contributions, any matching contribution made by Network Rail is not increased.

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.

BRASS and leaving employment

If you leave Network Rail your BRASS contributions will cease automatically and your benefits will be preserved unless you take immediate payment of your benefits (subject to eligibility).

However, if your new employer also has a section in *the Scheme* and you are eligible to join, you can start paying BRASS contributions again by filling in a new 'BRASS Payroll Deduction' form.

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

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 BRASS contributions are paid to at any time by either:



- filling in a 'PM85 BRASS future contribution fund choices' form and sending it to RPMI; 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 'PM82 Change the fund choices for my current BRASS holdings' form and sending it to RPMI; 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 prices of units available in each BRASS fund choice.



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

Benefits

When you claim your benefits, the value of your BRASS Account is added to your main *Scheme* benefits to increase the total amount of pension benefits you will receive. On 6 April 2009, the way your BRASS Account is used to provide additional benefits changed.

If you were a member of BRASS before 6 April 2009, any contributions made up to 5 April 2009 provide a lump sum benefit which can be converted at the rate of £12 of lump sum for £1 of pension per year.

Contributions made on and after 6 April 2009 will not provide additional pension at the rate of £12 of lump sum for £1 of pension per year. Instead these funds will be used to provide you with either a cash lump sum up to the permitted maximum under Her Majesty's Revenue & Customs (HMRC) rules or a pension at the rate determined by the Actuary or, if the *Trustee Company* elects, on terms available from an insurance company. If your lump sum exceeds the permitted maximum at retirement the *Trustee Company* will convert any excess BRASS funds into pension at a rate advised by the Actuary, or on terms available from an insurance company. The permitted maximum is a lump sum broadly equal to 25% of the total value of your *Scheme* benefits.

When you receive your Annual Pension Estimate, the value of your BRASS Account for any contributions made before 6 April 2009 will be shown as BRASS2. The value of your BRASS Account for any contributions made on or after 6 April 2009 will be shown as BRASS3.

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 Account will also be included in your Annual Pension Estimate issued each year. You can also view your BRASS Account online by visiting the Pension friend website at www.pensionfriend.co.uk

Tax relief 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 HMRC limits on the amount of pension benefits you can build up and receive from *the Scheme* **before** you become subject to a tax charge.

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 currently £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.



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.

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.

Contact us



If you have any questions about BRASS, you can:

- visit the website;
- call the Helpline; or
- contact the Network Rail Pensions Department email: pensions@networkrail.co.uk

Definitions in this leaflet

Additional Voluntary Contributions (AVCs)

Contributions that you choose to pay over and above your normal *Scheme* contributions to give you the opportunity to increase your benefits.

Earnings Cap

The amount of *pensionable pay* that can count towards your main RPS benefits currently £129,600 for the tax year 2011/2012.

Gross pay

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

Pay

Your basic *pay* plus London/South East Allowance (if applicable). Some other payments will not be included, such as overtime and bonuses. Certain high earners may have their *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*) and calculate your main *Scheme* benefits. 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 (including 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 Network Rail share the cost of providing the benefits from the *Scheme*. You fund 40% of the total cost of benefits and Network Rail funds 60%.

The Trustee Company

The Railways Pension Trustee Company Limited.

All read as you need information is available on the 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.