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## NR RPS Consultation: Say Hands Off Our Pensions!

Network Rail have written to Railways Pension Scheme members seeking comments on their proposals to cut pensionable pay and cut your pension benefits in the name of being “affordable and sustainable”. Led by your elected representatives, your union are opposed to the company’s cuts proposals. For background, see <http://bit.ly/NRHandsOff>. While we seek further talks with NR, you can help preserve benefits by telling Network Rail that you are too!

### 60 day minimum consultation

By law, your employer is required to consult with individual members for not less than 60 days before making any changes to future pension arrangements. Network Rail have written to pension scheme members to comply with this requirement. You have the right to engage in this process by explaining that you reject the proposals. You should not be subject to any negative treatment as a result. Make sure you write to Chris Hannon, Head of Pensions, before 27 March to oppose the proposals.

### Proposed cuts illustrated

Taking the example of a member with a salary of £30,000 today who retires with full pensionable service in 10, 20, 30 or 40 years from now, if average RPI is 2.5% and pay increases are RPI + 0.5% each year, you can see the impact an RPI cap would have below, compared to the current arrangements:

Retirement year	Monthly pension if RPI + 0.5% cap (£)	Monthly pension if RPI cap (£)	Difference in monthly pension (£)	Difference in monthly pension (%)
2024	2217.46	2112.14	105	4.75
2034	2980.08	2703.72	276	9.27
2044	4004.98	3460.99	544	13.58
2054	5382.36	4430.36	952	17.69

The right hand column demonstrates that a reduction of 0.5% per year would have a compounding effect on pensions for every year you work, up to nearly 18% for an employee who joined the scheme in 2014 and works for the next 40 years!



NR's proposals would reduce joint contributions. What they fail to state is that for **every pound you put in to your pension, they put in £1.50**. For every pound you don't contribute they avoid paying you £1.50 in deferred wages. For many, this equates to a pay cut of over 2% of annual salary!

	Current NR contribution (%)	Proposed NR Contribution (%)	NR Saving per person per year (%)
Protected	14.04	13.2	0.84
RPS60	14.04	12	2.04
RPS65	10	9.78	0.22

## NR Section RPS fully funded!

Network Rail are seeking to reduce your pension benefits by up to 18% by cutting the amount of money you and they contribute in deferred wages. The company are attempting to force through these cuts as part of the 2013 valuation discussions, despite the section being FULLY FUNDED! Changes to national insurance and pensions legislation not due to come in until April 2016 are being used as an excuse for NR to claw an estimated £27m per year from your pension funds to supplement their profits!

## The valuation

Every three years, representatives from our union meet with Network Rail to discuss the health of the NR section of the Railways Pension Scheme (RPS). Actuaries complete a "valuation" of the scheme, estimating whether it will be able to pay out the full pension of every member when they retire. This is based on a wide range of assumptions made at the point of the valuation, including members' life expectancy, projected returns on investments and inflation over the next forty years. The last valuation, in 2010, identified a deficit of nearly 3%, owing largely to increased life expectancy and the financial crash. Capping pensionable pay rises at RPI + 0.5%, while opposed by TSSA, satisfied the legal requirement to recover any deficit in the scheme's future costs (pensions) against contributions. In the current, 2013, valuation, there is no deficit, so no recovery plan is needed.

## Making you pay three times over!

The company want to reduce their contributions to your pension and lower your benefits at the same time as offering four years of pay cuts to most staff

- Because the Government refused to grant the CP5 funding bid in full, NR want to cut members' pay and pension rather than go cap in hand to their new bosses in the Department.
- Because the Government wish to increase National Insurance contributions made by you and your employer from 2016, NR plan to raid your pension to find the £27m that this will cost them rather than find it from elsewhere - small change for the company, huge cuts to the value of your pension!

