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[Member Name]
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23 March 2018

Your ref: [member ref]

Dear [Member Name]

Carillion Rail (GTRM) Shared Cost Section of the Railways Pension Scheme (the "GTRM Section")

I am writing to provide you with an update about a change of circumstances affecting the GTRM Section. It follows my letter to you dated 19 January 2018.

What has changed?

The sponsoring employer of the GTRM Section, Carillion Construction Limited, entered compulsory liquidation on 15 January 2018. As a result, the GTRM Section entered an assessment period for the purposes of the Pension Protection Fund (the "PPF") on the same date (the "**assessment date**").

The PPF was established to provide you with compensation if your employer, or former employer, becomes insolvent, and your pension scheme does not have sufficient assets to pay at least PPF compensation levels. PPF compensation is explained in the enclosed Member Announcement.

Let me assure you, if you attained the GTRM Section's Normal Pension Age (age 60) before 15 January 2018, or you retired on the grounds of ill health, or you are receiving a spouse's or dependant's pension, your pension payments are not expected to reduce from their current level.

If you reach the GTRM Section's Normal Pension Age (age 60) on, or after, 15 January 2018 (including members who retired early) then your pension payments will be reduced to broadly 90% of your current pension. This letter and the enclosed Member Announcement provide more information on these changes.

What happens next?

Railways Pension Trustee Company Limited (the "Trustee") will be helped through the PPF assessment period by the current scheme administrator RPMI Limited and a specialist adviser called 20-20 Trustee Services Limited. The PPF has recommended 20-20 Trustee Services Limited because it has extensive experience of taking schemes through the PPF assessment process.

Registered in England
Registered Number: 2934539
Registered Office: As above

The Trustee will work closely with RPMI and 20-20 Trustees to ensure that the PPF assessment period is completed as quickly and efficiently as possible. The Trustee will also be supported by a specialist PPF administrator who will assist with the work required during the assessment period. Quattro Pensions has been appointed to carry out this role for your Scheme. Quattro will carry out a number of tasks which will ensure that data held for all members is up to date and will contact you in due course to verify the information currently held on your record. Quattro will also take over full scheme administration and payroll from 1 June 2018 for the duration of the assessment period. RPMI will continue to administer the BRASS AVC arrangement during this time.

During the assessment period, the GTRM Section will be assessed in order to determine, among other things, what assets there are in the GTRM Section, and whether these assets are sufficient to pay benefits that are at least equivalent to PPF compensation levels.

If there are sufficient assets, benefits will be secured with an insurance company at a level that the GTRM Section can afford which will be either at, or above, the PPF compensation levels. If there are not sufficient assets, the PPF will assume responsibility for the GTRM Section and you will receive PPF compensation. Either way, you will receive benefits that are at least equivalent to PPF compensation levels.

What do you need to do?

You don't need to do anything at this time, but we would encourage you to read the enclosed booklet entitled 'What is the Pension Protection Fund ... and what do we do?' alongside the Member Announcement.

Data Protection

The PPF assessment process involves passing personal data about GTRM Section members to the PPF. Additionally, data is supplied for statutory reasons and, depending on whether the PPF assumes responsibility for the GTRM Section, data may be required to pay compensation to members. In order to carry this out, the PPF may need to pass data to appropriate third parties. If you are concerned about this, please contact the Trustee using the contact details provided in the announcement.

Target Professional Services (UK)

During the assessment period, the Trustee is required to ensure that the address data it holds for all its members is up to date and accurate. To do this, the Trustee may enlist the help of Target Professional Services (UK). Target Professional Services is an industry leader in providing tracing services to pension schemes. In order to verify that the details we hold for you are correct, Target Professional may contact you directly, by either telephone or letter. If you wish to read more about Target Professional, you can visit their website: www.targetprofessional.co.uk.

Further queries or concerns

The PPF has a comprehensive website with a separate section for members. The address of this website is pensionprotectionfund.org.uk/Pages/SchemeMembers.aspx.

Please contact us if you have any more questions or concerns about your pension. Full contact details for the Trustee and RPMI are included on page 10 of the attached Member Announcement.

We will keep you regularly updated so you know what is happening while the GTRM Section remains in the PPF assessment period.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Chilman', written in a cursive style.

John Chilman
Chairman, Railways Pension Trustee Company Limited

Enclosed - Member Announcement dated 23 March 2018
- 'What is the Pension Protection Fund ... and what do we do?' booklet

MEMBER ANNOUNCEMENT

Carillion Rail (GTRM) Shared Cost Section of the Railways Pension Scheme

The date of this Member Announcement is 23 March 2018

In this Member Announcement, the Carillion Rail (GTRM) Shared Cost Section of the Railways Pension Scheme will be known as the “**Scheme**”.

This Member Announcement covers the following:

- **Section 1** - Pension Protection Fund FAQs
- **Section 2** - Members who were receiving a pension at 15 January 2018
- **Section 3** - Members who were **not** receiving a pension at 15 January 2018
- **Section 4** - Contact details

Please retain all the details in this Member Announcement in a safe place.

Note

This Member Announcement provides a summary of some of the changes to your pension that will occur once the Scheme has entered a Pension Protection Fund assessment period. It is a summary guide only and does not seek to set out all of the implications or provide a definitive statement of what members will receive. The Rules of the Scheme and the law relating to the Pension Protection Fund will govern the benefits or compensation that you will receive.

MEMBER ANNOUNCEMENT

SECTION 1 – PENSION PROTECTION FUND FAQs

1.1 What is the PPF?

The PPF was set up in April 2005 to protect you if your employer or former employer becomes insolvent and the Scheme can no longer afford to pay your promised pension. The PPF's purpose is to provide benefits to members of eligible schemes where the scheme has insufficient assets to provide members with pension benefits at PPF compensation levels, details of which are set out in Sections 2 and 3 of this Member Announcement.

1.2 What is the PPF Assessment Period?

This is a process that the Scheme goes through during which specialist advisers, appointed by the Trustee, will carry out a number of important checks to ensure that all the information the Scheme holds is accurate and up to date, so that members are paid the right benefits. The assessment period allows the PPF to establish the 'funding level' of the Scheme which is explained below. At the end of the assessment period the PPF can then determine whether or not it is required to take responsibility for the Scheme and for the payment of PPF level of Compensation to members.

1.3 What is the assessment date?

The assessment date is the day the Scheme starts its assessment period, which is 15 January 2018. This is the date your employer/former employer became insolvent.

1.4 What is Compensation?

Benefits payable by the PPF are generally referred to as compensation. PPF compensation is the amount payable to you in place of the pension that you would have received from the Scheme.

1.5 What is the PPF Compensation Cap?

The Compensation Cap is a statutory limit that applies to the amount of Compensation the PPF can pay to certain members. The Compensation Cap varies with age and is £32,769.97 per annum at age 60 for the year 2017-18. If you have 21 or more years' service in the Scheme you will be entitled to an uplifted cap as the standard compensation cap will be increased by 3 per cent for each full year of service over 20 years, subject to a maximum of double the standard cap.

These conditions apply if you are under Normal Pension Age (NPA) prior to the assessment date (15 January 2018).

1.6 What is Normal Pension Age?

This is the age specified in the Rules of the Scheme as the earliest age at which a member may receive his/her pension without reduction and without requiring the consent of the employer or the Trustee, disregarding any special provision for early payment on the grounds of ill health or otherwise.

The Scheme's Normal Pension Age is age 60.

1.7 How does the PPF determine if it will take responsibility for the Scheme?

During the assessment period, the funding level (see 1.8 below) is calculated as at the day before the assessment date. If the 'funding level' is found to be below 100% of the PPF level of benefits, then the PPF will accept responsibility for the Scheme.

1.8 What is the funding level of a pension scheme?

An actuary is appointed to value the liabilities of the Scheme; this is the value of all of the benefits payable to members now and in the future based on PPF benefit levels. This value is then compared to the assets of the Scheme, which is all the money invested on behalf of the Scheme. The comparison of these is called the 'funding level' of the Scheme. For example, if the value of the liabilities is £100m and the value of the assets is £80m, then the funding level of the Scheme is 80%. As this is below 100%, in this example, the PPF would accept responsibility for the Scheme.

1.9 How long will the PPF assessment period take to complete?

PPF assessment periods typically last between 12 and 24 months. You will be notified if, for any reason, the process is likely to take any longer.

MEMBER ANNOUNCEMENT

SECTION 2 – MEMBERS WHO ARE RECEIVING A PENSION

This section provides information and answers to frequently asked questions for those members who were being paid a pension from the Scheme at the PPF assessment date of 15 January 2018.

2.1 Will my pension stop being paid?

No. You will continue to receive your pension.

2.2 Will my pension be reduced?

Your pension may be reduced if you were below the Scheme's Normal Pension Age ("**NPA**") at the assessment date. NPA is explained in Section 1.6. The Scheme's NPA is 60.

2.3 How will my pension be reduced?

If you were under age 60 at the assessment date, you will be paid 90% of your pension currently in payment. Additionally, your pension will be subject to an overall cap. This cap is known as the Compensation Cap and is explained in Section 1.5.

If you were over age 60 before the assessment date, or if you retired early due to ill health or you are receiving a spouse's or dependant's pension, you will normally be paid 100% of your pension currently in payment.

2.4 When will my pension be reduced?

If your pension needs to be reduced, you will receive advance notification of the reduction. As the change needs to be backdated to the assessment date, please be aware that initially there may be a further reduction to your PPF Compensation to take account of any overpayment between the assessment date and the date your pension is actually reduced. You will be notified of any such changes.

2.5 Will my pension continue to increase annually?

Your pension may increase yearly. If part of your pension was earned on or after 6 April 1997, this part will increase each year in line with the statutory basis (currently the Consumer Prices Index or CPI) up to a maximum of 2.5%. No other part of your pension will increase.

Pension increases will be applied at each 1 January rather than at the current increase date. The first increase will be applied on 1 January following the start of the assessment period. You will be notified prior to 1 January 2019 if your pension will increase and what your new pension will be.

Under the Railways Pension Scheme, pensions earned both before and after 6 April 1997 would have been expected to increase in line with inflation in April each year. You will not receive the pension increase which is due from 9 April 2018.

2.6 I took my pension due to early retirement. Will my pension be affected?

As mentioned in section 2.2, this depends on your age at the assessment date. A review of your pension benefits will be undertaken and you will be notified if any adjustment is to be made to your pension.

2.7 I took my pension due to ill-health. Will my pension be affected?

In most cases your pension will not be reduced. If your pension came into payment in the last three years, a review of your pension benefits will be undertaken and you will be notified if any adjustment is to be made to your pension.

2.8 I am receiving a spouse's or dependant's pension. Will my pension be affected?

No. You will continue to receive your pension and it will not be reduced.

2.9 What benefits are payable on my death?

During the assessment period, lump sum death benefits are no longer payable. Generally, a spouse's or dependant's pension of 50% of your pension being paid at the date of your death will be payable.

2.10 Can I transfer out my benefits to another pension arrangement?

Transfers are not generally permitted during the assessment period except to comply with a pension sharing order on divorce. Transfers are not permitted following any transfer to the PPF.

2.11 Part of my pension is based on my BRASS contributions. Will this part of my pension be affected?

If any element of your pension in payment relates to the conversion of BRASS funds to pension, this part of your pension may also be subject to a reduction in accordance with PPF legislation.

2:12 I took the level pension option. How will this be affected?

If you had taken the Level Pension Option when you retired then, according to the PPF rules in force at the assessment date, your compensation will be based on the level of pension that was being paid to you on 15 January 2015. If you were under State Pension age at that date, any future planned reduction which was due to happen at your State Pension age will no longer take place.

2.13 Will my pension continue to be paid on the same dates?

No. Under the Railways Pension Scheme, pensions are paid four weekly in arrears. The PPF pay pensions monthly in advance. Quattro are liaising with HMRC about this change, following which the new payment pattern will be implemented.

MEMBER ANNOUNCEMENT

SECTION 3 – MEMBERS WHO WERE NOT IN RECEIPT OF PENSION PAYMENTS

This section provides information and answers to frequently asked questions for those members who were **not** being paid a pension from the Scheme at the PPF assessment date of 15 January 2018.

3.1 When will I receive my pension?

At the Scheme's Normal Pension Age ("**NPA**") which is explained in Section 1.6 of this document. From the assessment date, compensation is re-valued each year up to your retirement date in line with the Consumer Prices Index. This annual increase will be subject to a cap of 5% for compensation linked to pensionable service prior to 6 April 2009, and a cap of 2.5% in respect of compensation linked to pensionable service on or after 6 April 2009.

Unless you elect to take your pension early, it will be paid at the Scheme's NPA which is age 60.

3.2 Will my pension be reduced?

Yes, if you were under age 60 at the assessment date, you will broadly receive 90% of your pension. The adjustment to your pension will reflect PPF Compensation levels and will be applied at the time you take your retirement.

If you were over age 60 before the assessment date, you will be paid 100% of your pension.

3.3 How will my pension be reduced?

The adjustment to your pension will reflect PPF Compensation levels. Generally, this means you will be paid 90% of your pension. Additionally, a cap on your pension is applied. This cap is known as the Compensation Cap and is applied before the 90% adjustment is made. The Compensation Cap is explained in Section 1.5 of this Member Announcement. Additionally if you choose to give up part of your benefits and receive a tax-free cash sum when you take your benefits, your PPF compensation will be reduced.

3.4 When will my pension be reduced?

At the time your pension comes into payment.

3.5 I am over age 50. Can I take my PPF compensation early?

The earliest age you can take your pension will generally depend on when you first became an active member of the Railways Pension Scheme. If you first became an active member before 6 April 2006, you are likely to have the right to apply for your benefits from age 50. Otherwise you can apply for your benefits from age 55.

If you decide to take your benefits early your pension will be reduced further to reflect the fact that your pension will be paid for a longer period of time.

If you are a member of more than one section of the Railways Pension Scheme, you would need to take all your benefits from all sections if you wish to take your benefits prior to age 55 unless the PPF assumes responsibility for the Scheme.

You will need to contact RPMI in writing in order to apply to take your benefits early.

3.6 Can I take my benefits after age 60?

You may be able to retire later than age 60. If you defer taking your compensation, it will be increased to reflect the period during which it is postponed.

3.7 Will my pension increase annually in payment?

Your pension may increase yearly. If part of your pension was earned on or after 6 April 1997, this part will increase each year in line with the statutory basis (currently the Consumer Prices Index or CPI) up to a maximum of 2.5%. No other part of your pension will increase.

Pension increases will be applied at each 1 January rather than at the current increase date. The first increase will be applied on 1 January following the date you take your pension benefits. Please note that your first increase will be applied on a proportionate basis from your retirement date to the following 1 January.

Under the Railways Pension Scheme, pensions earned both before and after 6 April 1997 would have been expected to increase in line with inflation in April each year. The pension increase which is due from 9 April 2018 will not be applied to your benefits.

3.8 I paid BRASS contributions. What happens to these?

Your BRASS fund will remain invested until a decision is made as to how these will be used to secure additional benefits for you outside of the PPF.

If the PPF assumes responsibility for the Scheme, your BRASS funds will be secured in full elsewhere, such as with an insurance company or an arrangement of your choice. However, in the event that you bring your benefits into payment during the assessment period and it becomes necessary to convert some of your BRASS funds to additional pension, this additional pension may be subject to PPF compensation rules.

3.9 What benefits are payable on my death?

Once the assessment period starts, lump sum death benefits are no longer payable. Generally, a spouse's, civil partner's or dependant's pension of 50% of the PPF benefit you are entitled to at the date of your death will be payable at your date of death.

3.10 Can I transfer out my benefits to another pension arrangement?

You cannot generally transfer benefits to another pension arrangement once a scheme enters an assessment period except to comply with a pension sharing order on divorce. However, the PPF does have the discretion to allow transfers and may do so in certain circumstances.

Transfers are not permitted following transfer to the PPF.

3.11 What happens if I was an active member of the Scheme at the assessment date?

Your date of leaving the Scheme will be the day before the assessment date and you will receive a deferred benefits statement from RPMI as soon as your benefits have been calculated.

**MEMBER ANNOUNCEMENT
SECTION 4 – CONTACT DETAILS**

TRUSTEE and RPMI (FOR ADMINISTRATION QUERIES UP TO 31 MAY 2018)

For any general queries or concerns about the GTRM Section, please contact:

GTRM Section Administration Team
Railways Pension Scheme (GTRM Section)
PO Box 300
Darlington
DL3 6YJ

Alternatively, please contact the RPMI helpline on 01325 340130.

TRUSTEE SPECIALIST ADVISER

For any queries relating to the PPF assessment period or the PPF process in general, please contact:

Stewart Graham
20-20 Trustee Services Limited
St Nicholas Court, 1st Floor
25-27 Castle Gate
Nottingham
NG1 7AR

Tel: 0115 948 7037

Email: stewart.graham@2020trustees.co.uk

PPF SPECIALIST ADMINISTRATOR (FOR QUERIES ON OR AFTER 1 JUNE 2018)

With effect from 1 June 2018, any specialist benefit queries or changes to personal information should be directed to the appointed PPF Specialist Administrator, Quattro Pensions (before this time please continue to direct queries to RPMI). Please address any such questions to Marie Hannis of Quattro Pensions at:

Quattro Pensions Consulting Limited
Prospect House
Fishing Line Road
Redditch
Worcestershire
B97 6EW

Tel: 01527 914010 or 01527 914011

Email: carilliongtrm_enquiries@quattropensions.com

Issued on behalf of the Trustee of the Carillion Rail (GTRM) Shared Cost Section of the Railways Pension Scheme