

Pensionews

TfL Pension Fund

March 2010

Issue 6

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From the Chairman

As your new Chairman of Trustees, I am pleased to welcome you to the sixth edition of Pensionews. I would firstly like to express my thanks to Stephen Critchley who as Chairman led the Trustees since September 2003 and I hope to build on his achievements. I am pleased to confirm that Stephen is continuing as a Trustee and will remain Chair of the Investment and Appeals Committees.

This edition brings you up-to-date on regular items such as the Annual Members' Meeting, Trustee Board matters, pension increases and the latest news on the valuation and funding position. We also provide the latest information on matters currently facing the Fund:

- Changes to the Fund and transfers in
- Rule change for entitlement to a deferred pension
- An update on Additional Voluntary Contributions (AVC) held with Equitable Life and Standard Life
- The latest news on the National Fraud Initiative (NFI) carried out in conjunction with the Audit Commission
- The results of the Pension Consultative Council elections
- Use over the last year of member self service and e-comms
- Expression of Wish forms

There have been a couple of changes to the Trustee Board and we thank retiring Trustees and welcome new members to the Board (see page 10).

As usual we provide a communications timetable which can be found on page 8 and details of this year's Annual Members' Meeting are on page 11.

I would also like to take this opportunity to congratulate the Fund Office team on their success at the UK Pension Scheme of the Year Awards where the Fund won awards for best use of IT and best website in the Public Sector.

If you have any comments about this issue of Pensionews or any other Fund publication, we would love to hear from you. We always welcome your feedback and the Fund Office contact details can be found on the back cover.

Maria Antoniou

Chairman of the TfL Pension Fund Trustees

Actuarial Valuation as at 31 March 2009

Every three years the Trustees are required to carry out a formal actuarial valuation of the Fund. As the last valuation was carried out with an effective date of 31 March 2006, the Trustees are currently undertaking the latest valuation as at 31 March 2009.

The purpose of the valuation is to assess the value of the Fund's assets and liabilities and to review and revise (if necessary) the level of contributions paid by TfL and the other Participating Employers. Any recommendations made by the Trustees in relation to the method and assumptions used in the valuation, as well as the required level of contributions, must be agreed with TfL and formally set out in a number of key compliance documents. The revised contributions are payable with effect from 1 April 2010.

The valuation is effectively split into two components. The first relates to what are known as the Technical Provisions. This stage is largely centred on what actuarial method and assumptions are appropriate for placing a value on the Fund's liabilities. The second component relates to the "Recovery Plan" which sets out the pattern of contributions agreed between the Trustees and TfL in order to pay off any shortfall in the assets versus the liabilities. Furthermore, any contributions agreed between the Trustees and TfL must be recorded in a "Schedule of Contributions".

The whole valuation process must be completed within fifteen months of the valuation date of 31 March 2009 so for the current valuation this deadline is 30 June 2010, although both the Trustees and TfL are keen to ensure that any agreed contributions are paid from 1 April 2010.



Progress on the valuation to date has been in accordance with the timetable and it is expected that the Technical Provisions and Recovery Plan will be agreed together with the other documentation in advance of the 30 June deadline. Further information will be provided at the AMM and in other publications issued by the Trustees to keep members informed.

Once the valuation process is completed the Recovery Plan, Schedule of Contributions and the valuation results must be sent to the Pensions Regulator who will then review the appropriateness of the agreed funding plan.

Annual payslips

Your annual payslip, which will include your P60 for the 2009/2010 tax year, is due to be issued on 20 April 2010.

We understand that you may need confirmation of your pension before this date in relation to claiming State benefits; benefits agencies may accept other forms of confirmation, such as bank statements. If you experience any problems, please contact the Fund Office for help.

Additional Voluntary Contributions

Legislation which has been in effect from April 2006 has made two significant changes to Additional Voluntary Contributions (AVCs). Firstly, there is no longer a legal obligation for pension schemes to offer these arrangements and secondly it allowed AVCs generally to be used for providing a tax free lump sum on retirement.

AVCs continue to benefit from tax relief, but members need to be aware that the investment risk resides with the members themselves. As the value of AVCs fluctuates in line with the underlying investment, Members should review their investment choice periodically, especially as they near retirement, in order to minimise the risk of significant fluctuation in the value of their AVCs just as they are about to retire.

The Trustees, with the agreement of Transport for London as Principal Employer, have continued to offer AVC arrangements. The current provider is Standard Life and their annual management charge is currently 0.45 per cent. This was reduced from 0.6 per cent with effect from 1 June 2009.

The Trustees monitor the continued suitability of the AVC funds offered and have decided to introduce a new "lifestyle fund" called the 2010 Lifestyle fund. The existing lifestyle fund will continue to operate, but for existing contributors only.

The 2010 Lifestyle fund will operate in a similar fashion to the existing lifestyle fund which switched investments from the Managed fund (a mix of equities, bonds, property and cash) to the Protection fund (predominantly bonds) over a ten year period up to the designated retirement date.

In the 2010 Lifestyle fund over the last two years funds will be switched into cash so that at the end of the ten years the AVC fund will be all in cash.

The 2010 Lifestyle fund is now available. Anyone wishing to switch can download a form from our website at www.tflpensionfund.co.uk or telephone Beverly McLeod on 020 7918 4735 or Hazel Gray on 020 7918 3797.

In addition to Standard Life, the Fund maintains legacy arrangements with Equitable Life and Clerical Medical. The issues surrounding Equitable Life which led to its closure to new business in December 2000 continue to await resolution. In last year's Pensionews we informed members that following the Parliamentary Ombudsman's report, the Government had appointed an Appeal Court Judge (Sir John Chadwick) to resolve the issue. This included a voluntary payment scheme for members who had been "disproportionately" affected rather than a compensation scheme.



On 15 October 2009, the High Court issued a ruling on the government's plan for the compensation. This broadly accepted the Government's plan to compensate via an ex-gratia payment those policyholders who had suffered most, but some elements of the ruling could broaden the scope of the compensation scheme.

In December 2009, Sir John Chadwick, in response to the High Court ruling and to earlier representations made on the compensation proposals, issued a further report (the Second Interim Report) setting out the proposed scope of his work, the principal issues to be resolved and how he proposed to approach them. He invited representations on his report by 29 January 2010.

Sir John Chadwick expects to issue a further interim report before completing his work and submitting a final report.

The Trustees, with their advisers, will continue to monitor these developments and report to the members in due course as we know this is a matter of interest to members.

Changes to the Fund

Suspension of transfers in

The Fund has historically accepted transfers of benefits from contributing members' former employers' and most personal pension arrangements. In return for a transfer payment, contributing members are granted additional pensionable service under the Fund.

The Trustees, at the request of the Principal Employer, have considered whether it is appropriate to continue to allow such transfers, and as a result have agreed to suspend transfers in to the TfL Pension Fund with effect from 1 April 2010; the position will be reviewed as at 1 April 2013.

Notice of the suspension of acceptance of transfers in to the Fund was published via the Fund's website, as well as via internal communication channels at each of the participating companies.

Change to minimum retirement age

As previously reported, the minimum retirement age for members who joined the Fund on or after 6 April 2006 increases to age 55 with effect from 6 April 2010.

Joiners to the Fund prior to 6 April 2006 are unaffected by this change; they can continue to choose to retire from age 50 onwards.

Minimum service for a deferred pension

Members who join the Fund on or after 1 April 2010 and leave the Fund with less than three months' pensionable service will receive a refund of their contributions and the option to defer or transfer pension rights will no longer apply.

Members who joined the Fund before 1 April 2010, and subsequently leave with less than three months pensionable service, will retain the option to choose a deferred pension or a transfer instead of a refund of contributions.



Ill-health pensions in payment

The Trustees have amended their policy in relation to ill-health pensions in payment and have confirmed that with immediate effect future reviews will be undertaken in response to contact made by the member or other parties, where ill-health pensioners seek re-employment with Transport for London (TfL), or if their earnings, when added together with their ill-health pension, exceed the current earnings of their former job with TfL as currently performed. There will be no review after age 60. This change does not alter in any way suspensions of ill-health pensions made prior to implementation of this change.

If you are in receipt of an ill-health pension, **the Fund requires you to tell us** if the total of your current earnings (if any) when added to your pension exceeds the greater of 150 per cent of your current pension or £30,000. This latter figure will be increased annually by earnings inflation and the new figure communicated to members.

Member self-service

The TfL Pension Fund launched member self-service via the internet in January 2009 and the signs so far are that this is proving popular:

- 14,100 quotations have been run
- 3,875 payslips and P60s have been viewed
- 4,300 benefit statements have been viewed
- 190 addresses have been changed

If you want to take more interest and control of your pension planning, why not register for member self-service today, via the Fund's website www.tflpensionfund.co.uk then you too can make use of the member self-service facilities:

- Interactive online access to personal pensions information for Fund members including pensioners and deferred members (former employees with benefits under the Fund)
- The ability to forecast pensions via an interactive pensions and AVC modeller
- The ability to view your last annual benefit statement
- For pensioners the ability to view four weekly payslips and P60s
- For pensioners and deferred members the ability to maintain their address details

To register you will need the following details to hand:

- **Your member number**
This can be found on previous correspondence you have received from the Fund such as your annual benefit statement
- **Your date of birth**
Must be entered in the format DD/MM/YYYY
- **Your National Insurance number**

Once registered, you will be issued with a username and password under separate cover by post.

If you experience difficulties registering, please email helpdesk@tflpensionfund.co.uk including your contact details and member number.

Pension increases

This year, for the first time, pensions from the TfL Pension Fund will not increase.

Pension increases are governed by the Fund Rules which provide that any increase in pensions will be by reference to the increase in the Retail Price Index (RPI) in the September just gone compared with the September before that.

In September 2008 the increase in RPI was 5 per cent and pensions were increased at this rate with effect from 1 April 2009 even though inflation, as measured by RPI, fell substantially after that September date.

The increase in RPI to September 2009 was negative at -1.4 per cent.

The good news though is that pensions will NOT reduce. The value of your pension is therefore protected and keeping it at the same rate actually represents an increase relative to the cost of living as measured by RPI at that date.

Save money and go green

About this newsletter:

- We produce and issue approximately 85,000 copies of this newsletter
- It costs 50 pence per copy to print and post to you
- It takes 4,600 kilos of paper to produce, excluding packaging
- It is available to view online at the Pension Fund website

In order to do our part to help reduce greenhouse emissions, we have introduced e-comms so you can register to opt out of receiving a paper copy of this newsletter and some of the other Fund publications that we issue. Instead you can choose to view them on our website or download your own copy to keep.

We will still issue certain documents to you in paper form, including those we are required to by legislation. So if you are keen to do your bit to help the environment and save the Fund money, read on to see the benefits and how to register.

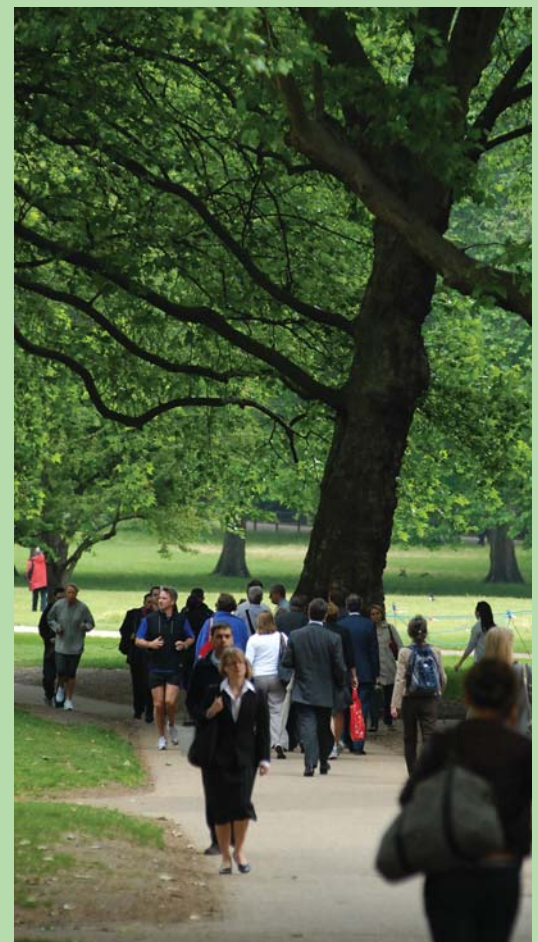
How you benefit:

- Enjoy quicker access to Fund publications
- View Fund publications online anytime
- Lower mailing and printing costs for the Fund
- Help the environment: save paper and reduce waste!

To register:

Visit the Fund's website www.tflpensionfund.co.uk and click the 'save money and go green' link on the home page, all you need to enter is your name and member number.

If at any time in the future you want to start receiving paper communications again, just contact the Fund Office, our contact details are on the back cover of this newsletter.



Expression of Wish forms

Did you know?

Only around twenty five per cent of members have completed a form to inform the Trustees to whom they would like any lump sum due on death to be paid.

We would encourage all members to consider submitting an Expression of Wish form to the Fund Office if you have not already done so; and even if you have, you may want to consider whether your circumstances have changed such that your existing Expression of Wish form no longer reflects your wishes.

You can download a form from our website (see 'Contacting us' section on the back page) or telephone Kim Robertson on 020 7918 3792 or Sarah Pascall on 020 7918 3018.

Under the Fund Rules, lump sum death benefits are payable on the death of active and deferred members and may, in certain limited circumstances, be payable on the death of a pensioner. If you die while still in service the lump sum due is four times your pensionable salary - this is a significant sum.

Lump sum death benefits, when paid directly to the beneficiary at the Trustee's discretion, are currently free of inheritance tax. Although your wishes are not binding on the Trustees, they will always be taken into consideration.

Please make sure that the Trustees know your wishes! It is important that you update your Expression of Wish if your circumstances change – for example, if you marry or enter a civil partnership, have children, or divorce.

Watch out for...

April

- Annual payslips and P60s sent to pensioners. These will show the payment dates for the forthcoming tax year, as well as showing total pension and tax information for 2009/2010

May/June

- AVC statements to all members with an AVC Account

June

- Benefit statements to all contributing members (with at least one year's membership of the Fund)

September

- Annual Review – the Trustees' summary of the Report and Accounts incorporating the Summary Funding Statement – how the Fund's invested assets compare with the liabilities to pay benefits
- Benefit statements to all deferred members

October

Annual Members' Meeting – a forum for all members to meet the Trustees and discuss the Fund

TfL Pension Consultative Council election results 2009

The longest serving one quarter of the TfL Pension Consultative Council (PCC) retired from office as usual on 30 November this year. The term of office for the new appointments, detailed below, started on 1 December 2009 and will end on 30 November 2013.

In Section One (pensioners and deferred members) Linda Arwood and Chris Carroll were the only nominees for the two vacancies following Linda's and Vic Lane's retirement from office. Both Linda and Chris were therefore elected. Linda has served on Section One since December 2005 and Chris has a previous term of office with Section Three between December 2006 and June 2009.

In Section Two (Transport for London and its subsidiaries or contractors, excluding London Underground Limited) Ian Kierans retired. David George was elected following a postal ballot of the Section Two members of the TfL Pension Fund. Following Trevor Haynes' resignation a casual vacancy also arose on the Section and Duncan Delvin, runner up in the elections, was appointed. His period of office will end on 30 November 2011.

In Section Three (London Underground Limited and its subsidiaries) Mark Harding retired. John Robson was due for retirement however his period of office ended shortly before that as he left the organisation. Mark Harding was re-elected, having served on the PCC since September 2004, and Linda Martin elected following a postal ballot of the Section Three members of the TfL Pension Fund.

For more information about the PCC please visit the TfL Pension Fund website at www.tflpensionfund.co.uk or contact Sarah Pascall, PCC Secretary, on 020 7918 3018 or by email to sarahpascall@tflpensionfund.co.uk

National Fraud Initiative (NFI)

The Audit Commission has developed a data matching exercise which detects and prevents fraudulent and erroneous payments from being made from the public purse. Every two years the NFI analyses and cross checks electronic data from audited public bodies participating in the exercise. The Fund participated in 2004 and 2006, and again provided data for the 2008 exercise.

As a direct result of our participation in 2008, overpayments totalling £82,508 have so far been recovered and further inappropriate payments were prevented. The Fund Office is still pursuing some overpayments identified by the 2008 exercise and further details will be published in the next edition of Pensionews.





Trustee update

Since we issued the Annual Review last September, there have been a few changes to the Trustee Board and the Committees on which the Trustees sit:

- Maria Antoniou has taken over from Stephen Critchley as Chairman of the Trustees
- Stephen Ellaby, nominated by Section Two of the PCC, was appointed to replace Ian Kierans on 8 December 2009
- John Knowles was appointed on 16 March 2010 to replace Steve Gray who retired as a Trustee on 31 December 2009
- Stuart Munro was appointed to replace Steve Perry on 16 March 2010
- Fergus O’Connell was appointed to replace Andrew Cleaves on 16 March 2010

The Trustee Board decides all policy matters; however the Trustee Board has established five committees to supervise different aspects of the Fund and report back to the full Trustee Board.

The current membership of the committees is shown below:

Committee	TfL nominated	Non TfL nominated
Investment	Howard Collins Stephen Critchley Gerry Duffy Peter Regan	Tom Chinnery Chris Miller Paul Murphy John Timbrell
Operations	Jane Hart Clare Kavanagh Stuart Munro Fergus O’Connell	Linda Arwood Stephen Ellaby Chris Miller Pat Sikorski
Audit	Jane Hart Stuart Munro Fergus O’Connell	Tom Chinnery Steve Grant John Knowles
Appeals	Maria Antoniou Howard Collins Stephen Critchley	Linda Arwood Steve Grant Paul Murphy
Actuarial Valuation	Maria Antoniou Howard Collins	Chris Miller John Timbrell

Annual Members' Meeting

The Annual Members' Meeting held at One Great George Street on 13 October 2009 was another well attended event.

The meeting began with an introduction from the Chairman of Trustees, Stephen Critchley, and was followed by a review of the Fund's Report and Accounts by the Fund Secretary, Stephen Field. He also reported statistics on the work carried out by the Fund Office, progress on the former Metronet companies after they went into administration and an update on the work regarding members with potential missing periods of pensionable service. He also referred to the member self-service facility on the Fund's website.

There were three guest speakers on the day. Ian Pittaway, from Sackers, the Fund's legal adviser, provided an update on the legal framework of the Scheme. Ian explained the nature of a trust and how the Trustee operates the TfL Pension Fund. Patrick Race, from Mercer, the Fund's investment adviser, then presented an overview of the investments held by the Fund. Patrick reported on the Fund's investment managers' performance as at 30 September 2009. He also spoke of the Fund's pursuit of increasing diversification by introducing a range of growth assets together with the new global equity portfolio. Finally, an update on actuarial matters came from Richard Williams, Scheme Actuary, Watson Wyatt (now Towers Watson). Richard explained what an actuarial valuation is and reported on progress with the 2009 valuation for the Public Sector Section.

Alongside the presentations there was a variety of exhibitors, including the National Trust, the Friends of the London Transport Museum, the Transport Benevolent Fund, the Pensions

Consultative Council, the Pensioner Liaison Scheme, Diabetes UK, SAGA, and The Pension Service (DWP). Representatives from the Fund Office were also present.

The meeting concluded with a question and answer session; a record of which can be found on the Fund's website at www.tflpensionfund.co.uk

The 2010 Annual Members' Meeting will take place on Tuesday 12 October at 11:00 in the Telford Theatre, One Great George Street. There will again be an exhibition in the Great Hall, so if you are unable to attend the meeting, you are welcome to drop in at the exhibition, which will be open from 10:30 to 12:45. Once the meeting has formally concluded in the Telford Theatre, there is an opportunity to meet the Trustees and their advisers. Fund Office staff will also be present and refreshments will be provided.



The Fund Office

The staff in the Fund Office are always pleased to help with any enquiries you may have. To make it easier for you to get through to the right member of the team faster, we have listed which team member you should contact along with their direct dial numbers.

We cannot give financial advice or deal with tax matters, but will be able to advise you who to contact for the help you need.

You can also access member self-service and find lots of information, including forms and Fund documents, on our website at:

www.tflpensionfund.co.uk

If you are receiving your pension

Your surname	Contact	Telephone number
A-G	Alan Baxter	020 7918 3322
H-O	Lee Dowden	020 7918 4720
P-Z	Kevan Tiley	020 7918 3648

If you are still a contributing member of the Fund

Your surname	Contact	Telephone number
A-K	Beverly McLeod	020 7918 4735
L-Z	Hazel Gray	020 7918 3797

If you are thinking of leaving, retiring or drawing your deferred pension

Your surname	Contact	Telephone number
A, C or E	Asmita Punater	020 7918 4784
B or D	Marcus Green	020 7918 4897
F, M or N	Gavin Fennell	020 7918 4828
H, I, J or K	Sofia Lecky	020 7918 4864
G, L or P	Shahid Iqbal	020 7918 4176
Q, R or S	Wendy Collins	020 7918 4895
O, T, U, V, W, X, Y or Z	Barbara Twena	020 7918 3549

Our postal and email addresses are:

TfL Pension Fund, 4th Floor, Wing over Station, 55 Broadway, London, SW1H 0BD
Email at: helpdesk@tflpensionfund.co.uk

Notice for the visually impaired

Copies of this newsletter in large type and in a text only format are available from the Fund Office. Please write to TfL Pension Fund, 4th Floor, Wing over Station, 55 Broadway, London SW1H 0BD, or email the Fund Office at helpdesk@tflpensionfund.co.uk

