

Pensionews

TfL Pension Fund

March 2019

Issue 15

Contents

Chair's Message.....	2
Annual Members' Meeting.....	6
National Fraud Initiative.....	6
Investment News.....	7
Pension Increases.....	8
Annual Payslips.....	8
Communications Timetable.....	8
TfL Pension Consultative Council.....	9
Trustee Update.....	10
Other Fund Matters.....	11
Contacting us.....	back page

Notice for the visually impaired

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Chair's Message

Welcome to the 2019 edition of Pensionews.

Once again it has been a year of significant activity for the Fund:

- **26,198 active members at 31 December 2018**
- **3 new Investment managers appointed**
- **Fund assets increased to £10.3bn (at 31/12/2018)**
- **Our first Environmental, Social and Governance report published**

A substantial amount of the Trustees time was taken up with work on the 2018 triennial actuarial valuation of the Fund. We are currently on track to have concluded the valuation before the statutory deadline of 30 June 2019.

In this edition we bring you the latest news, including:

- **How to keep your details up to date**
- **GMP Equalisation**
- **Brexit**
- **Annual Members' Meeting**
- **Investment News**
- **National Fraud Initiative**
- **Pension Increases**
- **PCC Election Results**
- **Trustee update**

Over the past year there have been a number of changes to members of the various Trustee Board sub committees (see page 10).

As usual we provide a communications timetable for 2019 which includes the details of this year's Annual Members' Meeting for your diary.

If you have any comments about this issue of Pensionews or any other Fund publication, we always welcome your feedback and you can let us know by contacting the Fund Office at the address on the back page.

Maria Antoniou
Chair of the TfL Pension Fund Trustees

Expression of Wish Forms

The Fund provides important benefits for your family, offering security and peace of mind for you and your dependants. If you are an Active or Deferred member, or have very recently retired there may be a lump sum payable on death. By completing an **Expression of Wish Form**, you let us know who you would like the lump sum paid to.

We remind all Active and Deferred members to either complete or review their **Expression of Wish Form** in the annual benefit statements. However a significant number of members have still failed to take action; about 35 per cent of Active members and 60 per cent of Deferred members have still not completed a form.

Where a lump sum is payable following your death, the Trustee has absolute discretion to pay it to one person or more and in any way they decide is appropriate, however the Trustee will endeavour to take account of your wishes.

If we don't hold an **Expression of Wish Form** for you, and the worst happens, in the event of your unexpected passing it could lead to hardship for your loved ones or those dealing with your affairs; this has been brought home to us by the cases we have seen where an **Expression of Wish Form** was not completed. The Pension Fund is not always able to pay out the lump sum until those dealing with your affairs apply for Letters of Administration (if there is no Will) or Grant of Probate of the Will, which can take time. Worst case scenarios are that you have no blood relatives, then without a Will it may be we cannot pay out at all or if payment is made it is not to the person(s) you would have hoped.

It is therefore important that you complete and keep up to date an Expression of Wish Form to let the Trustee know how you would like this to be paid. Forms are available from the Fund Office or can be downloaded from the Fund's website.

Keep your details up to date

Every year we receive hundreds of items of returned post; this can lead to pensions being suspended or delays to payment of benefits while we track down members' new addresses.

For current employees, please ensure that your address on SAP is up to date as this information is fed through to the pensions team. For pensioners and deferred members you can tell us of a change of address through our Pension Web Portal or by writing to or telephoning us.



Pension Web Portal

Over 9,000 members have already registered to use the portal, if you have not already done so why not register today? To Register, please visit www.pensions.tfl.gov.uk you will need your e-mail address, Pension Fund Member number and your National Insurance number, you will also need to key in other details about yourself such as your name and date of birth.

Once registered you will be able to:

- View payslips (pensioners only)
- View P60s (pensioners only)
- View benefit statements
- Run retirement calculations (active and deferred members only)
- Update your address (pensioners and deferred members only)
- Submit and track the progress of general enquiries to the Fund Office



GMP Equalisation

You may be aware, the High Court has considered a case involving the Lloyds Bank pension schemes. This was about scheme members who were contracted out of the State Earnings Related Pension Scheme (SERPS) and accrued a **Guaranteed Minimum Pension (GMP)** in their pension scheme between 1990 and 1997. This decision may affect you if you are entitled to a GMP benefit from the TfL Pension Fund.

A GMP is the minimum benefit that a pension scheme must provide to a member who had been contracted out of SERPS between 6 April 1978 and 5 April 1997 and would form part of your Fund Pension. The State scheme, and the GMPs that were provided in its place, were unequal for men and women because both were linked to what was then State Pension Age – 60 for women and 65 for men.

The equalisation between genders required under the Lloyds judgment would apply to GMPs earned between 17 May 1990 and 5 April 1997.

Equalisation will not take place immediately. The decision may be subject to appeal and it will take time for the Trustee to equalise the benefits after the government has finalised the requirements. This will be a complex process and it is possible that your benefits may be increased as a result. For most members, an increase if any is likely to be relatively small.

This will not stop you from transferring your benefits or receiving your benefits at retirement in accordance with the Fund Rules. We will communicate with you further once the equalisation process has been completed, and if you are directly affected by it.

Brexit

As we are all aware, there is considerable uncertainty to the nature and form of the UK's imminent departure from the EU (Brexit) and how this will affect economies and markets. It is helpful to note that the investment consensus is that Brexit is not that significant on a global basis, despite it currently being the single most important political issue locally.

A period of short-term disruption and volatility is quite possible during the Brexit period in March and months beyond, especially in the event of a 'Hard Brexit' outcome, defined as a **No Deal** scenario.

The Fund's asset portfolio is robust to a wide range of outcomes including a Hard Brexit event. The Fund is globally diversified across asset classes and has limited exposure to domestic assets. The Fund employs a partial currency hedging programme which serves to reduce currency risk. Moreover, in the case of a Hard Brexit, the value of Sterling is likely to fall, and as this increases the value of the Fund's overseas holdings, this would protect the Fund to some extent from falls in market levels.

From an operational standpoint, the Fund's underlying managers are preparing to ensure they

can continue to manage the Fund's holdings in the event of any of the potential outcomes. The Trustee will also continue to monitor any regulation and compliance considerations that require action to ensure the Fund is positioned to react accordingly.

Ultimately it is important to highlight that while Brexit may present a short-term challenge to investors, the Fund has a long-term horizon and Brexit is a less material consideration when taking a medium to long-term view, particularly given the Fund's global approach to investment.

Where the Fund's pensioner members have requested that their pension be paid to an overseas bank account, the Fund uses Western Union to make the payment. Western Union operate under a fully regulated European Banking Licence and as such, can continue to trade as normal regardless of the Brexit outcome.

Where pensioner members receive payment to a UK bank account and make their own arrangements to transfer funds overseas, they should check with their bank whether they can continue to make overseas transfers post Brexit.



Annual Members' Meeting

The Annual Members' Meeting was held at One Great George Street on 12 October 2018. The meeting began with an introduction from the Chair of Trustees, Maria Antoniou, and was followed by a review of the year by the Fund Secretary, Stephen Field. He provided a summary of the Trustee structure including the number of meetings held by each of the boards six standing committees. He reported on the Fund's investment managers, focussing on responsible investments which included an investment in an energy from a waste facility, the income, expenditure and investment returns of the Fund which included a detailed breakdown of investment manager costs and the 2019 pension increase.

There were three guest speakers on the day. Gareth Oxtoby, Scheme Actuary, from Willis Towers Watson, presented the progression of the financial position of the Public Sector Section of the Fund since the 2015 valuation and an update on the external environment and its impact on the developments for the 2018 valuation. Ed Francis, from Willis Towers Watson, the Fund's Investment Adviser, then provided an investment update on the importance of the Fund's assets, the investment process and performance through 2018/2019. Of further note was diversification of manager risk and investment classes, the importance of recent developments in **Sustainable investment** and

what the Fund was already doing in this area of investment. Finally reference was also made to investment manager changes to further diversify assets and seek out more best in class managers. Ian Pittaway, from Sackers, the Fund's legal adviser, presented an update on the Pensions Regulator and the Trustees role and challenges in running the scheme efficiently.

Alongside the presentations there was a variety of exhibitors, including The Pension Consultative Council, The Friends of the London Transport Museum, Tax Help for Older People and Transport Benevolent Fund. Representatives from the Fund Office were also present.

The meeting concluded with a question and answer session which can be found on the Fund's website at www.tfl.gov.uk/pensions

The 2019 Annual Members' Meeting will take place on Friday 18 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.

National Fraud Initiative (NFI)

The Audit Commission has developed a data matching exercise which detects and helps to prevent fraudulent and erroneous payments from being made from the public purse. The NFI analyses and cross checks electronic data from audited public bodies participating in the exercise, which is run every two years. The Fund has participated since 2004 and submitted data for the 2018 exercise.

The results of the 2018 NFI exercise are expected shortly and an update will be provided in the next issue of Pensionews.



Investment News

The Trustee takes a holistic view in aligning their Sustainable Investing Beliefs towards the Fund's investment activities. There is a clear recognition that each of the three factors: **Environmental, Social and Governance (ESG)** play an important role in driving the appreciation in the long-term value of the Fund's investment portfolio. The Trustee believes that as a long-term provider of responsible capital, the Fund should be an agent for positive change. Through its Fund Managers it engages with companies to help them adopt and transition to best business practices and sustainable business models.

The Trustee has set out in some considerable detail its approach to sustainable investing and how it approaches ESG in its '**Foundation Report on Sustainable Investing 2018**' (the 'Sustainability Report'). While there is some information on the Trustee's policies on ESG in the current **Statement of Investment Principles**, this will be updated soon with more information on how the Trustee takes account of financially material ESG issues and specifically including climate change.

In the report we show how the Trustee is approaching ESG by reference to the following six areas:

- 1. Background:** Understanding the Fund's obligations following the Department for Work and Pensions publication of its update to the Investment Regulations.
- 2. Measurement & Disclosures:** Measuring the ESG footprint of the Fund in an objective and consistent way establishes a clear baseline to measure the progress.

- 3. Investment Approach:** Recognising how ESG issues are affecting long-term risk and returns and integrating these insights to the Fund's investment activities.
- 4. Activism:** Engaging with our investment managers and the companies in which they invest on sustainability related issues that impact long-term performance.
- 5. Collaboration:** Achieving long-term change through collaboration on improving disclosure and policy advocacy.
- 6. Case Studies:** These showcase the initiatives taken by the Fund in the form of actual investments in both the public and private markets.

The Fund is an active member of various industry bodies and initiatives that are helping pension schemes globally to collaborate and speak with one voice on the various ESG matters, particularly **Climate Change**. The belief is that by working with like-minded investors on climate change, it is more effective than working alone or just disinvesting from companies that are making changes to their business models. In particular the Fund is a signatory to the **UNPRI** (United Nations Principles of Responsible Investment) and to the Carbon Disclosure Project, is a member of **A4S** (Accounting for Sustainability) and is a supporting investor of **Climate Action 100+**.

To gain a greater understanding of the Fund's approach and learn more about some of the Fund's investment activities, please refer to the full report available on our website.

<http://content.tfl.gov.uk/foundation-report-on-sustainable-investing-2018.pdf>



Carbon Footprint

From the carbon emissions data the Fund has established a measure of its "carbon footprint" based on scope 1 and 2 greenhouse gas emissions giving a figure of 162 metric tonnes per million USD sales at 31 December 2018. This compares with an average figure of 213 for the representative global equity index.

Pension Increases

The April 2019 pension increase is based on the rise in the Retail Prices Index (RPI) over the 12 months to September 2018.

The full year increase, with effect from 1 April 2019, is 3.3 per cent and will be paid to all eligible pensioners on 15 April 2019.

If you have been receiving your pension for less than a year you may receive a pro rata increase and details can be found on the TfL Pension Fund website at www.tfl.gov.uk/pensions

Depending on the period of membership of the TfL Pension Fund, your pension may comprise various components, some of which are not increased by the Fund at the above rate, but may be increased by the State.

Annual Payslips

Your annual payslip, which will include your P60 for the 2018/2019 tax year, is due to be issued on 26 April 2019. The pay dates for 2019/20 are:

15/04/2019	02/09/2019	20/01/2020
13/05/2019	30/09/2019	17/02/2020
10/06/2019	28/10/2019	16/03/2020
08/07/2019	25/11/2019	
05/08/2019	23/12/2019	

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

View your P60 online

P60s will be available online through the Pension Web Portal with effect from 6 April 2019. To view your P60 online you will need to have registered for the Pension Web Portal, if you were registered under our old system, **you will need to re-register**. For further information see page 4 or visit our website www.tfl.gov.uk/pensions



Communications Timetable

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 2018/2019
May/June	AVC statements to all members of the AVC Plan
June/July	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 – details will be included in the Annual Review
<i>As well as the documents listed above which are issued to various categories of Members, the following documents will also be published on the Fund's website where you can view or download them.</i>	
April	Statement of Investment Principles – this is the Trustee statement of the principles governing investment decisions
September	Annual Report & Accounts at 31 March 2019 – the Annual Review which is issued in September is a summary version of the full Report & Accounts
December	ESG Report

Member Guides

We have recently updated the following member guides. These will be available online from April 2019 on the Fund's website www.tfl.gov.uk/pensions or on request from the Fund Office:

- Guide for New Members
- Guide for Existing Members
- AVC Guide
- Guide for Pensioners

TfL Pension Consultative Council (PCC)

The PCC discusses any issues relating to the operation of the TfL Pension Fund (but not individual entitlements). PCC members are elected from three sections representing pensioners and deferred pensioners, employees of London Underground (LU) and TfL employees other than LU. The PCC has a role in nominating Trustees to the Pension Fund to represent these groups. The PCC constitution is on the Fund's website at www.tfl.gov.uk/pensions



Election results 2018

The longest serving quarter of the TfL Pension Consultative Council (PCC) retired from office on the 30 November 2018. The term of office for the new appointments commenced on the 1 December 2018 and will end on the 30 November 2022.

In Section One (representing pensioners and deferred pensioners) David Biggs and Beverley Milner-Simonds retired. This Section received nominations from David Biggs and Stephen Spurgin who have both been duly elected. The PCC also ratified the appointment of returning Councillor Luke Howard to take up the casual vacancy left by Linda Arwood following her retirement from office in July. David Biggs has been a serving Councillor since 2005. Luke Howard previously served on the PCC from 2008 to 2016.

In Section Two (representing TfL and its subsidiaries or contractors, excluding London Underground Limited) Jamie Parry retired. This Section received two nominations and following a postal ballot, Jamie Parry was elected.

In Section Three (representing London Underground Limited and its subsidiaries) Steve Connolly and Tony De Wet retired. Five nominations were received and following a postal ballot, Hari Srikandarajah and Peter Woods were both elected.

For more information about the PCC you can visit the TfL Pension Fund website at www.tfl.gov.uk/pensions or contact Julian Collins, PCC Secretary on 020 7918 3789 or email juliancollins@tflpensionfund.co.uk

Trustee Update

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

There have been a few changes to the Trustee Board and the Committees on which the Trustees sit since we issued the Annual Review last September, the main changes are:

Mark Evers, nominated by TfL, was appointed on 7 December 2018 to replace Steve White who resigned as a Trustee on 1 September 2018.

Miriam Kingsley, nominated by TfL, was appointed on 7 December 2018 to replace Rachel Kerry who resigned as a Trustee on 19 October 2018.

The current membership of the committees is shown below:

Committee	TfL Nominated	Non TfL Nominated
Investment	Mike Binnington Mark Evers Lilli Matson Nigel Pickup	Lewis Brown Paul Kilius-Smith Paul Murphy John Timbrell*
Operations	Tricia Ashton Jill Collis Miriam Kingsley Lilli Matson	Lewis Brown Graham Dean Sean Mobbs** Paul Murphy*
Audit	Jill Collis Michael Hurwitz Miriam Kingsley	Lewis Brown* Graham Dean Stephen Hedley
Appeals	Tricia Ashton Mark Evers Michael Hurwitz	Graham Dean* Stephen Ellaby Paul Kilius-Smith
Actuarial Valuation	Maria Antoniou* Miriam Kingsley	Stephen Ellaby Chris Miller
Alternatives & Liability Hedging	Mike Binnington Nigel Pickup	Paul Murphy John Timbrell*

*Chair

** Resigned 24 January 2019





Other Fund Matters

The Triennial Actuarial Valuation process

Formal actuarial valuations of the Fund take place every three years, normally on 31 March. The 2018 actuarial valuation is currently in progress and on track to be concluded within the fifteen month deadline of 30 June 2019.

The current progress on the valuation has been in line with the timetable and it is expected that the Technical Provisions and Recovery Plan will be agreed before the 30 June 2019 deadline.

Further information will be provided at the Annual Members' Meeting 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.

Ill-health pensions in payment

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 £34,800. This latter figure is increased annually by earnings inflation.



Telephone numbers

If you are looking to start, change or stop Additional Voluntary Contributions, contact

Your surname begins with..... Telephone number

A to D	020 7918 4498 (auto 44498)
E to K.....	020 7918 4726 (auto 44726)
L to Q.....	020 7918 4926 (auto 44926)
R to Z.....	020 7918 3027 (auto 43027)

For all other enquiries, contact

Your surname begins with..... Telephone number

A, F or V.....	020 7918 3797 (auto 43797)
B	020 7918 4895 (auto 44895)
C or Z.....	020 7918 4176 (auto 44176)
D or E.....	020 7918 3322 (auto 43322)
G or L.....	020 7918 4864 (auto 44864)
H.....	020 7918 4828 (auto 44828)
I, Q, W, or X.....	020 7918 3026 (auto 43026)
J, K or N.....	020 7918 4784 (auto 44784)
M.....	020 7918 4720 (auto 44720)
O or P.....	020 7918 4897 (auto 44897)
R, T or Y.....	020 7918 3021 (auto 43021)
S or U.....	020 7918 4697 (auto 44697)

Contacting us

The staff in the Fund Office will be pleased to answer any queries you may have. They cannot give financial advice or deal with tax matters but will be able to advise you who to contact for the assistance you need.

TfL Pension Fund,

4th Floor, Wing over Station,
55 Broadway, London, SW1H 0BD

Email at:

helpdesk@tflpensionfund.co.uk

If you have access to the internet, you can access the Pension Web Portal and find lots of information, including forms and Fund documents, on the Fund's website at www.tfl.gov.uk/pensions

Fund Office Appointments

If you need to visit the Fund Office to talk to a member of the team, please call in advance to arrange an appointment, it will save you having to wait and also mean that we can be prepared to deal with your enquiry.