

Contents

Chair's Message	2
The Importance of taking advice	4
National Fraud Initiative	7
Annual Members' Meeting	8
Sustainability Report	10
Pension Increases	12
Annual Payslips	12
Communications Timetable	12
Trustee Update	13
TfL Pensions Consultative Council	14
Other Fund Matters	15
Contacting us	Back page

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, 200 Buckingham Palace Road, London SW1W 9TJ, or email the Fund Office at helpdesk@tflpensions.co.uk

CHAIR'S MESSAGE

Welcome to the 2020 edition of PENSIONEWS.

Once again it has been a busy year in terms of activity for the Fund.

- 2018 actuarial valuation completed
- Fund Office move to Buckingham Palace Road
- 25,990 active members at 31 December 2019
- Fund assets increased to £11.5bn (at 31/12/2019)

More recently global events have meant that we have had to change our ways of working; details of the current changes are included on *page 15*. As Government advice continues to develop we will adjust our operating model accordingly and provide updates on the Fund website.

In this edition we bring you the latest news on issues currently facing the Fund, including:

- Annual Members Meeting
- Sustainability Report
- National Fraud Initiative
- Pension Increases
- PCC Election Results
- Trustee update

Over the past year there have been some changes to members of the various Trustee Board sub committees (see *page 13*).

As usual we provide a communications timetable for 2020 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 – *a true story*

Tom lived with his partner and her son and had 2 children from previous relationships who did not live with him. Sadly, Tom passed away and the Pension Fund had a lump sum death benefit of £150,000 to pay, but who should we pay it to?

In an ideal world Tom would have told us who he'd like us to pay, but he didn't so the Trustees had to decide.

Who should be paid?

Is there a right or wrong answer?

We will all have a view depending on our own circumstances and almost certainly our individual views will be different.

Luckily we don't have to pay death benefits too often, but if we do it is far better we know your wishes.

Don't be like Tom; fill out an Expression of Wish form today to make sure we know who you'd want to receive any lump sum if you died.

Download a form from
www.tfl.gov.uk/pensions
or call us on **auto 64000**
or email helpdesk@tflpensions.co.uk
for a form



The importance of taking advice

Pensions are a complex area with members having decisions to make at various stages throughout their time as a member. In addition members have to take into account the tax implications of any decisions they are making.

While the Pension Fund Office provide members with information they cannot provide members with advice, so for this reason we recommend that members seek appropriate independent financial advice when making important decisions about their pension. Some of the key decisions where you should consider taking appropriate independent financial advice are:

- Whether to transfer benefits into the Fund
- Whether to transfer benefits out of the Fund
- Whether or not to choose the late retirement option
- What option to choose when you retire
- Whether to pay AVCs or not

Tax Legislation

The tax legislation impacts pensions in a number of areas:

Members receive tax relief on their contributions and have the option to take part of their benefits on retirement as a tax free cash sum.

But, there are limits to the amount members can save towards their retirement; the Lifetime Allowance limits the value of pension savings to £1.055 million (increasing to £1.073 million from 6 April 2020). While this may sound a lot, your TfL pension is valued for Lifetime Allowance purposes as 20 x your pension, you then need to add the value of any other pension savings you may have including Additional Voluntary Contributions. Where total pension savings exceed the Lifetime Allowance, the excess is subject to a tax charge at 55%.

On top of the Lifetime Allowance there is an Annual Allowance limiting the amount you may save towards your pension while receiving tax relief. The Annual Allowance is £40,000 but for those with higher incomes (over £110,000, increasing to £200,000 from 6 April 2020) this allowance is reduced and depending on the level of income can be reduced to £10,000 (reducing to £4,000 from 6 April 2020).

For Annual Allowance purposes the change in the amount of TfL pension you have built up over the tax year is multiplied by 16, plus any AVCs you have paid are added to that value.

In addition there is also the Money Purchase Annual Allowance, this applies if you have flexibly accessed defined contribution benefits, if this applies to you your future defined contribution savings are capped at £4,000 a year, so you need to consider carefully and take appropriate independent financial advice before flexibly accessing any defined contribution savings you may have.

If your pension savings exceed the Annual Allowance the excess may be subject to tax, so it is important to take advice when making additional pension savings to ensure that you are fully aware of the implications.

Transferring In Benefits

This is an important decision as once made the decision cannot be reversed. Many members look to transfer their benefits from a former employer's pension scheme or from a personal pension arrangement. In return for the payment of a transfer value the TfL Pension Fund offers a service credit; the credit is based on various factors and takes into account assumptions about future investment returns and salary growth. While a service credit may offer some degree of certainty, members should look very carefully at the option and compare the pension they are giving up with the pension being offered by the TfL Pension Fund. Different pension schemes value benefits in different ways depending on the type of scheme and also the schemes assumptions; for this reason it does not always follow that proceeding with a transfer is in the member's interests.

You should seek appropriate independent advice when looking at a transfer as factors such as your overall financial situation and your longer terms plans for retirement also need to be taken into account.

Transferring Benefits Out

This is the opposite of transferring benefits into the Fund; you need to compare the benefits you are giving up with the benefits that you will receive on transfer. While some arrangements may offer more flexibility in the timing and method of drawing your pension, this

flexibility needs to be balanced against the certainty you are giving up. For this reason legislation requires members transferring from a defined benefit pension scheme such as the TfL Pension Fund to a defined contribution arrangement to have sought appropriate independent advice from an FCA registered advisor and we cannot pay a transfer without having received evidence that members have received such advice.

Additional Voluntary Contributions (AVCs)

Members have the option to pay AVCs, this is a way to save more towards your retirement and may give you flexibility as to when you can retire. As your decision to pay AVCs and your AVC investment decisions may have significant financial implications, you should consider obtaining appropriate independent financial advice if you are in any doubt about whether to make AVCs or the approach to investment that may be appropriate to you.

Late Retirement Option

Existing Members at age 60 and age 65, and New Members at age 65 who are still contributing members of the Fund, have the option to stop paying contributions to the Fund and instead receive a late retirement increase to the pension they have built up. You need to carefully consider whether the option to stop paying contributions is better for you, this will depend on how much pension you have already built up as well as your longer term plans for retirement. Again if you are not sure which is the best option for you, you should seek appropriate independent financial advice.

Retirement Options

When you reach retirement, you will have various options depending on your age, these may include

- the option to take a tax free cash sum with a lower ongoing pension
- the option to have a higher pension until State Pension Age with a lower pension from State Pension Age

These options have an impact on your long term pension income as well as an impact on limits for the Lifetime Allowance and Annual Allowance, so again if you are not sure which is the best option for you, you should seek appropriate independent financial advice.



Pension Web Portal

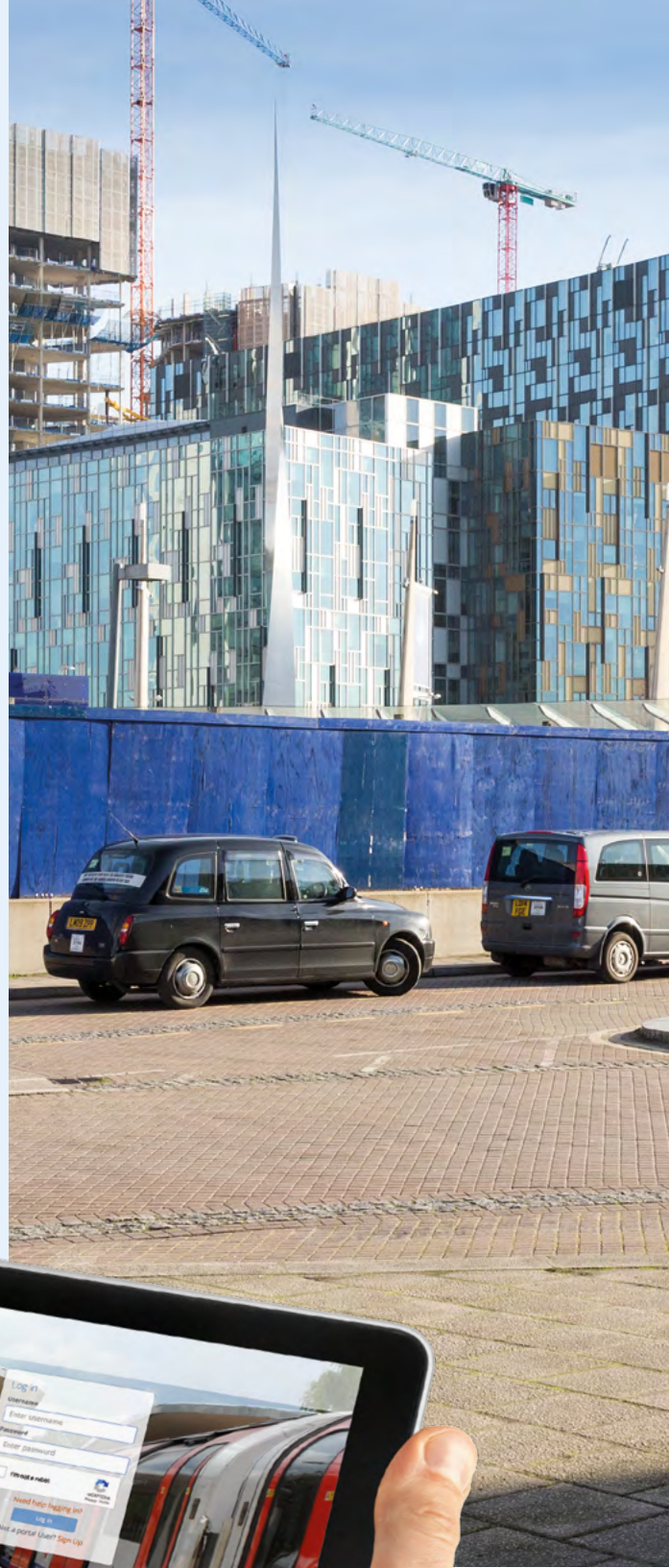
Over 13,000 members have already registered to use the portal, if you have not already done so why not register today? To Register, please visit www.pensions.tfl.gov.uk you will need your e-mail address, Pension Fund Member number and your National Insurance number, you will also need to key in other 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

We have published a Pension Web Portal user guide on the Pension Fund website which includes step by step the process to register.

SIGN-UP TODAY





The triennial valuation

Formal valuations of the Fund take place every three years. The 31 March 2018 valuation was completed within the within the fifteen month deadline of 30 June 2019.

The Trustees have agreed both the Technical Provisions and the Recovery Plan with the Principal Employer, and have published the various valuation documents on the Fund website.

The highlights of the valuation and Recovery Plan are:

- The deficit had increased from £396 million at 31 March 2015 to £603 million at 31 March 2018
- The Recovery Plan targets to clear the deficit by 31 May 2026
- The Trustee and TfL have signed a Pension Funding Agreement which provides additional security through an annual review of the deficit

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.

As a direct result of our participation in 2018, overpayments have been recovered and further inappropriate payments have been stopped. The Fund Office is still pursuing some overpayments identified by this exercise.



Additional Voluntary Contributions (AVCs)

Our AVC provider is changing, from 1 April 2020 all future AVCs will be invested with Legal & General. If you have AVCs with Standard Life or Equitable Life, these will be transferred to Legal & General later in the year. For those with AVCs invested with Clerical Medical these can be transferred to Legal & General as well although the process to transfer is different.

We have written to all members with AVCs to confirm the change and how their current investment choice will be mapped to the Legal & General funds, and for those with Clerical Medical AVCs how to go about transferring them. If you have AVCs and have not received a letter please contact the Fund Office.

More details about the changes to AVC provider as well as the fund fact sheets are available on the Pension Fund website

www.tfl.gov.uk/pensions

Annual Members' Meeting

The Annual Members' Meeting was held at One Great George Street on 18 October 2019. 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 growth of the Fund over the year to 31 March 2019, Trustee changes and the key activities over the last year which included the publication of the Fund's Foundation Report on Sustainable investing.

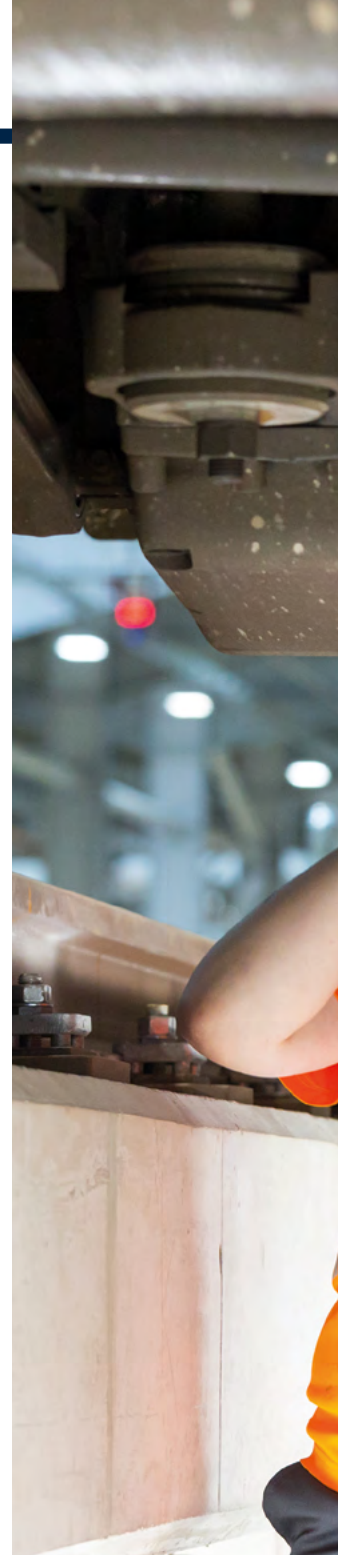
There were three guest speakers on the day. Gareth Oxtoby, Scheme Actuary, from Willis Towers Watson, presented an overview of the valuation process and the key changes compared to the previous valuation in 2015. He provided an overview of the movement in the funding position as well as explaining the outcome of the 2018 valuation and the funding agreement reached with TfL which enhances member benefit security. Ed Francis, from Willis Towers Watson, the Fund's investment adviser, then provided an investment update which included the importance of the Fund's assets, the investment process, diversifying manager risk, the importance of sustainable investment including examples / case studies

of how the trustees were investing sustainably. Finally, Ian Pittaway, from Sackers, the Fund's legal adviser, presented an update on the Trustees role and challenges in running the scheme efficiently, including changes to the Pension Regulator's powers.

Alongside the presentations there was a variety of exhibitors, including The Pensions 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

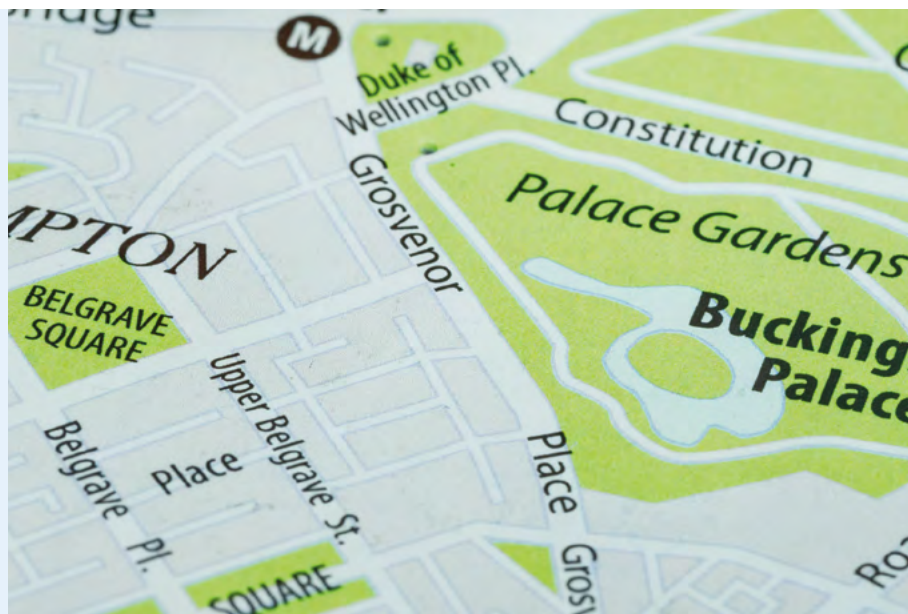
The 2020 Annual Members' Meeting will take place on Friday 16 October at 11:00 in the Telford Theatre, One Great George Street. There will again be an exhibition in the Great Hall, so if you are unable to attend the meeting, you are welcome to drop in at the exhibition, which will be open from 10:30 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.



We have moved

After 31 years at 55 Broadway, the Pension Fund office has moved, we are now based at 200 Buckingham Palace Road.

While our post is being redirected, please note our new address in case you need to write to us, our full address and contact details are included on the back cover of this newsletter.





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.

2019 Sustainability Report

The Fund 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 long-term value of the Fund's investment portfolio. The Fund Trustee believes that as a long-term provider of responsible capital, the Fund should be an agent of positive change, engaging with the companies to help them adopt and transition to best business practices and sustainable business models.

During the year the Trustees updated their 'Statement of Investment Principles' ("SIP") which is a written statement which governs the Trustees' decisions about the Fund's investments. More specifically, the SIP now sets out how the Trustees take account of financially material considerations (including but not limited to ESG considerations and climate change) and stewardship as part of their investment process.

As part of its stewardship role the Trustee appointed Sustainalytics to enhance the Fund's stewardship and active ownership of its assets.

The Fund Trustee published its 2019 Report on Sustainable Investing in December 2019, this includes:

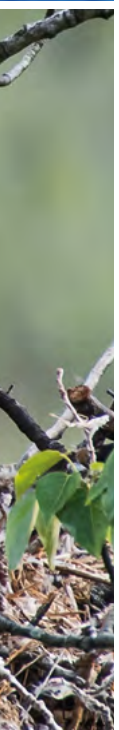
- The Trustees Investment beliefs
- The Fund's ESG journey
- Case Studies

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 working with like-minded investors on climate change is more effective than working alone or just divesting 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, you can find the full report on our website.

<http://content.tfl.gov.uk/tfl-pension-fund-report-on-sustainable-investing.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 138 metric tonnes per million USD sales at 31 December 2019. This compares with an average figure of 186 for the representative global equity index.

Pension Increases

The April 2020 pension increase is based on the rise in the Retail Prices Index (RPI) over the 12 months to September 2019.

The full year increase is 2.4 per cent, and will be paid to all eligible pensioners on 14 April 2020.

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 2019/2020 tax year, is due to be issued by 27 April 2020. The pay dates for 2020/21 are:

14/04/2020	01/09/2020	18/01/2021
11/05/2020	28/09/2020	15/02/2021
08/06/2020	26/10/2020	15/03/2021
06/07/2020	23/11/2020	
03/08/2020	21/12/2020	

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

P60's will be available online through member self service with effect from 6 April 2020. 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 6](#) 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 2019/20
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>	
September	Annual Report & Accounts at 31 March 2020 – the Annual Review which is issued in September is a summary version of the full Report & Accounts
December	ESG Report

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:

- **Rebecca O'Donnell, nominated by TfL, was appointed on 5 July 2019 to replace Miriam Kingsley who resigned as a Trustee on 30 June 2019.**
- **Amanda Hopkins, nominated by TfL, was appointed on 27 September 2019 to replace Jill Collis who resigned as a Trustee on 6 September 2019.**
- **Finn Brennan, nominated by ASLEF, was appointed on 27 March 2020 to replace Graham Dean who resigned as a trustee on 5 March 2020.**

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 Amanda Hopkins Lilli Matson Rebecca O'Donnell	Finn Brennan Lewis Brown Sonja Folarin Paul Murphy*
Audit	Amanda Hopkins Michael Hurwitz Rebecca O'Donnell	Finn Brennan Lewis Brown* Stephen Hedley
Appeals	Tricia Ashton Mark Evers Michael Hurwitz	Stephen Ellaby Sonja Folarin Paul Kilius-Smith
Actuarial Valuation	Maria Antoniou* Rebecca O'Donnell	Stephen Ellaby Chris Miller
Alternatives & Liability Hedging	Mike Binnington Nigel Pickup	Paul Murphy John Timbrell*

* Chair



TfL Pensions 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 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 2019

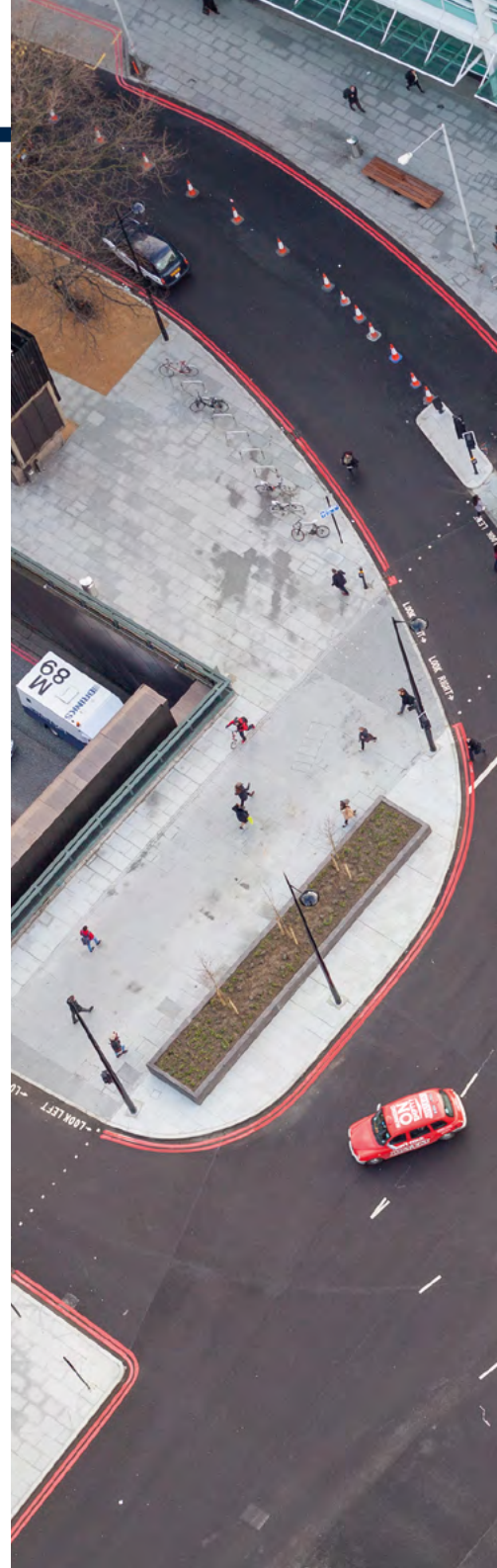
The longest serving quarter of the TfL Pension Consultative Council (PCC) retired from office on the 30 November 2019. The term of office for the new appointments commenced on the 1 December 2019 and will end on the 30 November 2023.

In Section One (representing pensioners and deferred pensioners) Joel Kosminsky and Christopher Sullivan retired. Nominations were received for Mr Kosminsky and Mr Sullivan and both were duly re-elected. Mr Kosminsky and Mr Sullivan have served on the PCC since 2015 and 2003 respectively.

In Section Two (representing TfL and its subsidiaries or contractors, excluding London Underground Limited) Maria Taylor retired. A nomination was received for Ms Taylor and was duly elected. Ms Taylor had been appointed to a casual vacancy in July 2019.

In Section Three (representing London Underground Limited and its subsidiaries) Paul Murphy and Paul O'Brien retired. Nominations were received for Mr Murphy and Mr O'Brien and both were duly re-elected. Mr Murphy and Mr O'Brien have served on the PCC since 2001 and 2007 respectively.

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 7126 1162 or email juliancollins@tflpensionfund.co.uk





Fund Office update

Following the updated Government advice, we have made changes to how we operate and provide services to our members.

The key change is that the team will now work remotely with limited team members attending the office to receive and issue member correspondence.

Please note that in line with the guidance we will no longer be offering face to face meetings with members. Please be assured that we are continuing to provide all other services to our members albeit remotely. Given the changes in ways of working this may well lead to slight delays in processing member requests, so please bear with us if you do not receive a response as quickly as you would hope to. Members are also encouraged to use the Pension Web Portal where possible.

Our priorities are to ensure that our pensioners continue to be paid as well as paying all new pensioners as members retire. We have tested our systems and are satisfied that they will continue to operate as usual.

We can be contacted by post, email, telephone (see *back page*) or through the Pension Web Portal (see *page 6*).

Recent Market Volatility

The last few weeks have been challenging for people all around the world, including our members. In respect of the Pension Fund, we have seen equity markets falling sharply, and we recognise that significant price movements are likely to continue in the short term. We focus on the fact that the Fund is a long-term investor and whilst the value of some of the Fund's assets will have fallen, the Fund has a very well diversified portfolio. It also holds investments that have served to protect against the full effects of these falls. The Trustee remains committed to its long-term investment strategy, and will continue to invest in a wide range of investments and take advantage of opportunities to buy assets at attractive prices. The Trustee is confident that the strategy will deliver over the longer-term. Importantly, your pension benefits are not affected as they are a defined promise backed by the Pension Fund and TfL.

Other Fund Matters

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 £35,900. This latter figure is increased annually by earnings inflation.

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.

They can be contacted at:

TfL Pension Fund, 4th Floor,
200 Buckingham Palace Road,
London SW1W 9TJ

Email at: helpdesk@tflpensions.co.uk

If you have access to the internet, you can access member self-service 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, once this becomes available.

Your surname begins with	Telephone number	Your surname begins with	Telephone number
A	020 7126 1625	N	020 7126 1451
B	020 7126 1751	O	020 7126 1402
C	020 7126 1622	P	020 7126 1402
D	020 7126 1628	Q	020 7126 1388
E	020 7126 1628	R	020 7126 1411
F	020 7126 1625	S	020 7126 1329
G	020 7126 1485	T	020 7126 1411
H	020 7126 1485/1490	U	020 7126 1329
I	020 7126 1388	V	020 7126 1625
J	020 7126 1451	W	020 7126 1388
K	020 7126 1451	X	020 7126 1388
L	020 7126 1490	Y	020 7126 1411
M	020 7126 1524	Z	020 7126 1622

If you are calling internally, the auto number is the last 5 digits of the number above

You can also access Member self-service and find lots of information, including forms and Fund documents, on our website at www.tfl.gov.uk/pensions

