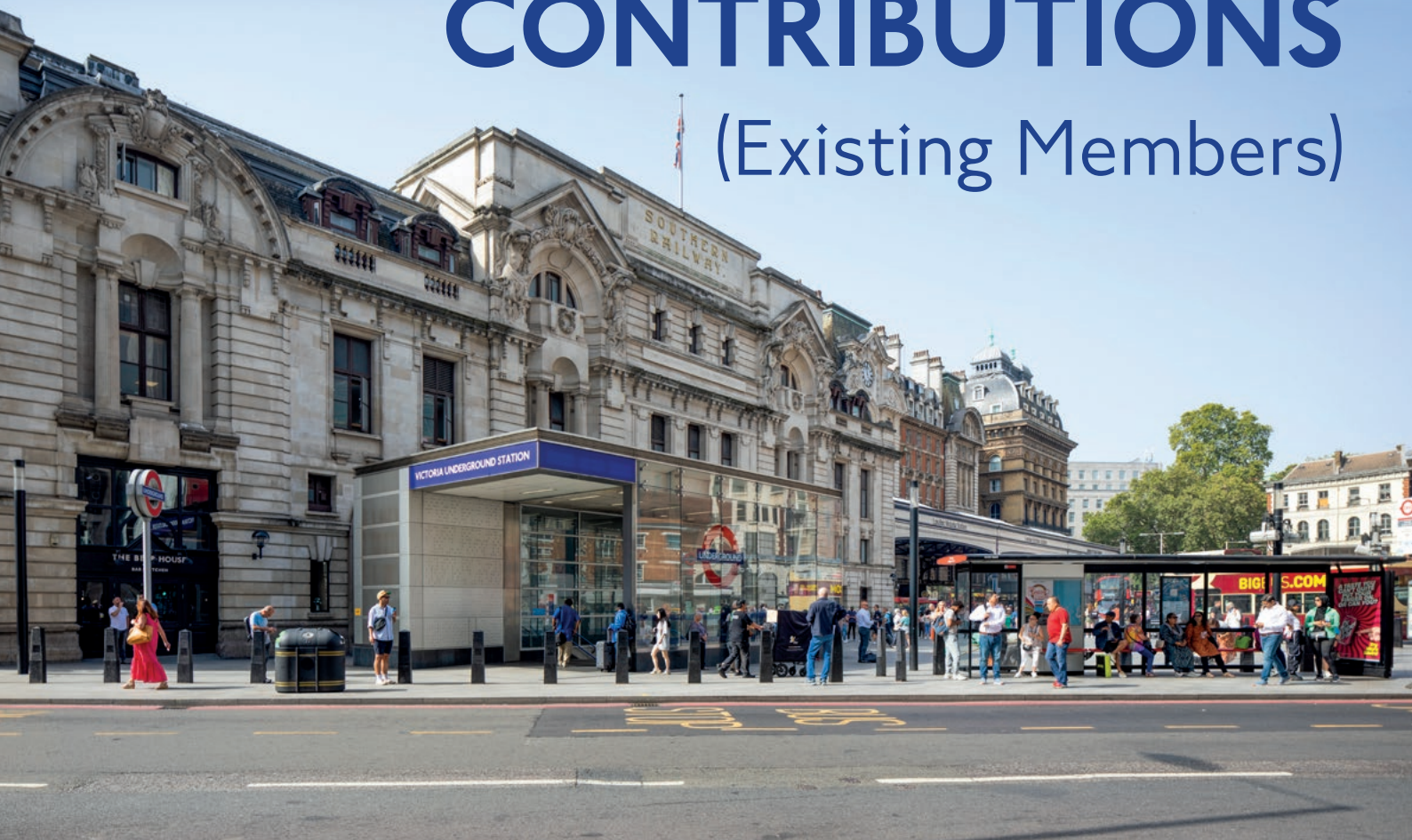


# A GUIDE TO CEASING CONTRIBUTIONS

(Existing Members)



## Notice for the visually impaired

Copies of this guide in large type and in a text-only format are available from the Fund Office. Please write to TfL Pension Fund, 8<sup>th</sup> Floor, Palestra, 197 Blackfriars Road, London SE1 8NJ, or email the Fund Office at [helpdesk@tflpensions.co.uk](mailto:helpdesk@tflpensions.co.uk)



## CONTENTS

Important Note	03
Using your Guide	03
My Checklist	03
Option to cease contributing	04
Additional Voluntary Contributions (AVCs)	06
Annual Allowance	07
Further Information and Support	09
Pension Scams	10
Personal Data	11
Who to contact	12

## EXISTING MEMBERS

If you joined the Fund as set out below, you are known as an **Existing Member**.

- ◆ You joined the Fund on 1 April 1989 as a result of the merger of the London Transport Pension Fund and the London Transport 1970 Superannuation Fund
- ◆ You were in service on 1 April 1989, aged over 18, but had not completed a year's service or were too young to join either the London Transport Pension Fund or the London Transport 1970 Superannuation Fund and were automatically entered into the Fund on 1 April 1989
- ◆ You were under 18 on 1 April 1989, and at that date were given the option, which you accepted, to join the Fund on reaching age 18

# IMPORTANT NOTE

The TfL Pension Fund (the Fund) is established under a Trust and the formal Trust Deed and Rules determine the benefits provided by the Fund except where they are overridden by legislation.

The guide attempts to summarise the provisions of the Trust Deed and Rules as at November 2023 that are relevant to active members looking to cease contributing to the Fund from age 60 or age 65. However, it is only a guide.

The Trust Deed and Rules are lengthy and technical documents, but they are available on the Fund's website ([www.tflpensionfund.co.uk](http://www.tflpensionfund.co.uk)) or on request to the Pension Fund Office of TfL (the Fund Office).

In short, should there be any discrepancies between the information in this guide and the Trust Deed and Rules, the Trust Deed and Rules will always prevail.

If you have any questions about the Fund and the benefits it provides, you should contact the Fund Office. Please see the back cover for details.

## USING YOUR GUIDE

Pensions can be complicated. This guide gives an overview of the benefits provided by the Fund. It makes things as clear as possible so that you can understand your benefits and options, no matter what you have planned for the future.

This guide is meant for you if:

- ◆ You are an Existing Member still contributing to the Fund
- ◆ You are approaching age 60 or age 65 and considering ceasing to pay contributions to the Fund

## MY CHECKLIST

- Check you are reading the correct guide
- If you are within 6 months of age 60 or age 65, have you received a letter from the Fund Office offering you the option to cease contributing; if not then please contact the Fund Office.
- Read the complete guide
- If you have any questions contact the Fund Office
- Consider whether you need to take appropriate financial advice
- Return your option form to the Fund Office by the deadline, as failure to do so will mean the option will lapse
- If you pay AVCs:
  - ◆ Consider whether you wish to change the amount you are paying
  - ◆ If your AVCs are invested under the lifestyle option, review your target retirement age and update it if necessary

## OPTION TO CEASE CONTRIBUTING AT AGE 60

As you approach age 60 the Fund office will write to you offering the option to stop making contributions to the Fund. If you choose this option your pension will be calculated as if you had retired at age 60. However, you will receive a bonus of  $\frac{2}{3}$ ds of one per cent for each complete month (8 per cent a year) that your pension remains deferred and you remain in service.

In addition to the bonus mentioned above your accrued pension will be increased each April in line with the increase in the Retail Prices Index (RPI) over the 12 months ending the previous September.

If you do not take up the option to cease contributing to the Fund you will continue to pay contributions to the Fund and build up further benefits in the usual way.

This is an important decision to make and the option to make a decision expires three months after your 60<sup>th</sup> birthday. This deadline is not extendable and once passed the option will lapse.

## OPTION TO CEASE CONTRIBUTING AT AGE 65

If you did not elect to cease contributing at age 60, as you approach age 65 the Fund office will write to you offering the option to stop making contributions to the Fund. If you choose this option your pension will be calculated as if you had retired at age 65. However, you will receive a bonus of  $\frac{2}{3}$ ds of one per cent for each complete month (8 per cent a year) that your pension remains deferred and you remain in service.

In addition to the bonus mentioned above your accrued pension will be increased each April in line with the increase in the Retail Prices Index (RPI) over the 12 months ending the previous September.

If you do not take up the option to cease contributing to the Fund you will continue to pay contributions to the Fund and build up further benefits in the usual way.

This is an important decision to make and the option to make a decision expires three months after your 65<sup>th</sup> birthday. This deadline is not extendable and once passed the option will lapse.



## Should you take up the option to cease contributing?

We cannot provide advice and each individual's position will be different, so please look at your own financial situation and plans for retirement and consider taking appropriate independent financial advice.

All we can give you are the facts and things to consider:

- ◆ Please look at the figures we provide, we show how much your pension would be based on your current salary if you continued to contribute compared to if you stop contributing.
- ◆ If you have short pensionable service or expect significant pay awards in the future it may be that the impact of these on your overall pension could outweigh the 8 per cent a year bonus added to your pension if you cease contributing.
- ◆ If you leave within six months of ceasing to contribute to the Fund there is no bonus added. Therefore, if you are planning to leave within six months of the date you could cease contributing to the Fund, this may not be the option for you, unless you are looking to save money by stopping your pension contributions, accepting that your pension would not be as high as it might otherwise have been.
- ◆ You do continue to be covered for the four times pensionable salary life cover if you cease contributing, while your pension remains deferred and you remain in service. Therefore, please make sure that your Expression of Wish form is up to date.
- ◆ If you choose to cease contributing to the Fund at age 60 and subsequently die in service before age 65, any pension payable to an adult dependant or eligible child would be based on your accrued pension with increases including the bonus rather than based on pensionable

service plus additional service to age 65 subject to a 40 year maximum.

- ◆ If you choose to cease contributing at age 60 and are subsequently granted an ill health pension before age 65, the pension payable would be your accrued pension with increases including the bonus rather than based on pensionable service plus additional service to age 65 subject to a 40 year maximum.

---

## Option to draw your pension at age 65

As an Existing Member the Fund Rules allow you to draw your pension from your 65<sup>th</sup> birthday while you continue in employment. You can even re-join the Fund as a New Member if you choose this option.

The Fund office will write to you as you approach age 65 with details of all of the options available.

If you are planning to draw your pension while you continue to work, your pension once in payment will be subject to tax under pay as you earn (PAYE) and when added to your salary may take you into a higher tax band.

Information on the options available and the things you should consider can be found in our Guide to Retirement which can be found on the Fund website.



## ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

We offer a range of funds in which you can choose to invest your AVCs, please visit the Fund website for more details and review whether you are currently investing in funds appropriate for you.

If you have AVCs with Legal & General, if you wish to view your latest fund value, change your investment choice or, if your AVCs are invested under the Lifestyle option and want to change your target retirement age, you can do this online through Legal & General's online portal 'Manage Your Account' at [www.legalandgeneral.com/mya](http://www.legalandgeneral.com/mya)

If you are paying AVCs and decide to cease contributing, you may wish to review whether

to continue to pay AVCs and if so at what rate. The total you can pay in pension contributions (standard 5 per cent and AVCs) under the Fund is 15 per cent of gross earnings (up to the Scheme Earnings Cap currently £205,200), so if you cease contributing to the Fund, your maximum AVC is 15 per cent of gross earnings up to the Scheme Earnings Cap.

You can also contact Legal & General by:

**Telephone:** 0345 070 8686

**Email:** [employerdedicatedteam@landg.com](mailto:employerdedicatedteam@landg.com)

**Post:** Legal & General Assurance Society Ltd  
Workplace Savings – Trustee Servicing First  
Contact Team, City Park, The Droveaway, Hove  
BN3 7PY

## CONFIRMING YOUR DECISION

Please read the option letter and this guide carefully and consider seeking suitable independent financial advice before making your decision.

We will advise you of the deadline by which you need to confirm your decision.



### Option Form

Select just one option and remember to sign and date the form



### Age evidence

We may have asked you to provide age evidence, please remember to provide a copy of your Birth Certificate or passport if we have asked you to do so

## What happens next?

If you have decided to cease contributing to the Fund, we will advise payroll to stop your contributions. In accordance with the Fund Rules, contributions cease from the end of the pay period in which you reach age 60 or age 65.

We will then write to you to confirm that we have received your option form and updated our records to reflect your decision.

# ANNUAL ALLOWANCE

The Annual Allowance is an amount set by the Government to limit the tax-free pension savings that you can build up each year (6 April to 5 April). If your pension savings go above this amount, you may be liable to a tax charge.

How the Annual Allowance applies to you will depend on your circumstances and, in particular, if you access any defined contribution pensions savings flexibly or you have taxable income in excess of £200,000. We summarise how this applies below.

---

## Standard Annual Allowance

The standard Annual Allowance applies across all pensions savings you make in a given tax year (both final salary and money purchase). For the tax year 2023/24 the standard Annual Allowance is £60,000.

---

## Money Purchase Annual Allowance

The Money Purchase Annual Allowance (MPAA) applies to any defined contribution pension savings you make (such as AVCs). In broad terms, if you access any of your defined contribution pension savings flexibly (i.e. you take such savings through arrangements such as flexi-access drawdown, short term annuities or taxable cash lump sums) then you will be subject to the MPAA in that tax year, and every subsequent tax year. Please note, you cannot take your benefits flexibly from the Fund's AVC plan, except by taking cash which is subject to a tax charge (see our Guide to Additional Voluntary Contributions for more details).

If you have flexibly accessed defined contribution benefits in another scheme, that scheme should provide you with a

flexible access statement. You will then need to tell the Fund Office (and any other scheme you are in where contributions are being made for money purchase benefits). For the tax year 2023/24, the MPAA is £10,000.

You will also have a reduced Annual Allowance for any defined benefit pension savings (in addition to the MPAA). This is known as the alternative Annual Allowance. For the tax year 2023/24 the alternative Annual Allowance is £50,000.

---

## Tapered Annual Allowance

If you are a 'high income individual' (broadly speaking, your total taxable income for the tax year exceeds £200,000) then you may be subject to a lower Annual Allowance (instead of the standard Annual Allowance). If your total taxable income when added to any pensions inputs for the tax year (explained below) exceeds £260,000 then for every £2 that the total amount exceeds £260,000 your Annual Allowance is reduced by £1, subject to a minimum Annual Allowance of £10,000.

Please note, if you are also subject to the MPAA and you exceed it in a given year, the minimum Tapered Annual Allowance is reduced to zero for that year.

---

## Pension Input

Each year your 'pension input' for the year should be compared to the Annual Allowance to determine whether you have exceeded the allowance and need to pay a tax charge. If you are subject to the MPAA you will need to check whether your AVCs and any other money purchase contributions exceed £10,000.

Your pension input is the sum of:

**16 x the increase over the year of your Fund pension**

**+**

**Any AVCs you paid into the Fund AVC plan during the year**

**+**

**Any other pensions savings you made during the year\***

\*You may have additional pension input from other sources such as previous employers' pension schemes, personal or stakeholder pension arrangements.

We include details of your pension input in the Fund on your annual benefit statement. In addition, you will receive an annual AVC statement detailing the contributions you have made to the AVC plan.

If your pension input for the year exceeds your Annual Allowance, any unused allowance from the previous three years can be carried forward and utilised. Please note you cannot carry forward unused allowance for the MPAA.

The excess over the Annual Allowance will be treated as additional income in that year and subject to an Annual Allowance charge at your marginal rate of tax.

If you do choose to cease contributing to the Fund the bonus and pension increases added to your pension do not count for pension input purposes, however any AVCs you pay will continue to count.





## FURTHER INFORMATION AND SUPPORT

- ◆ **The Fund's website.** If you have access to the internet, you can find plenty of information at [www.tflpensionfund.co.uk](http://www.tflpensionfund.co.uk)
- ◆ **The Fund's Pension Web Portal.** Allows you to run your own retirement quotations online at <https://pensions.tfl.gov.uk>
- ◆ **Annual Review.** The Annual Review is a summary of the Trustees' Annual Report and Accounts and is sent to all members. It is also available on the website
- ◆ **Fund documents.** You can obtain a copy of the Trust Deed and Rules of the Fund and Statement of Investment Principles. These documents are available on request or on the Fund's website
- ◆ **Member guides.** These are available to download from the Fund website and contain details of the benefits payable under the TfL Pension Fund
- ◆ **Benefit statements.** Details of your benefit entitlement under the Fund and Additional Voluntary Contributions plan will be sent to you once a year
- ◆ **Pension Fund Office.** The team 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
- ◆ **AVC provider websites.** The Fund currently has three AVC providers; Standard Life and Clerical Medical are closed to new contributions. Their websites contain details of the Funds available and the investment performance of those funds
  - Legal & General  
[www.legalandgeneral.com/mya](http://www.legalandgeneral.com/mya)
  - Clerical Medical  
[www.clericalmedical.co.uk](http://www.clericalmedical.co.uk)
  - Standard Life  
[www.standardlife.co.uk/1/site/employeezone/login](http://www.standardlife.co.uk/1/site/employeezone/login)
- ◆ **Government websites.** The Government have set up services to provide free, impartial money advice to everyone across the UK – online, over the phone and face-to-face. The website contains further details about the services provided and how to access them:
  - Money helper  
[www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)



# Four simple steps to protect yourself from pension scams

## Reject unexpected offers

1

If you're contacted out of the blue about your pension, chances are it's high risk or a scam. Be wary of free pension review offers. A free offer out of the blue from a company you have not dealt with before is probably a scam. Fortunately, research shows that 95% of unexpected pension offers are rejected.\*

## Check who you're dealing with

2

Check the Financial Services Register (<https://register.fca.org.uk/s/>) to make sure that anyone offering you advice or other financial services is FCA-authorized.

If you don't use an FCA-authorized firm, you also won't have access to the Financial Ombudsman Service or the Financial Services Compensation Scheme. So you're unlikely to get your money back if things go wrong. If the firm is on the FCA Register, you should call the Consumer Helpline on 0800 111 6768 to check the firm is permitted to give pension advice.

Beware of fraudsters pretending to be from a firm authorized by the FCA, as it could be what we call a 'clone firm'. Use the contact details provided on the FCA Register, not the details they give you.

## Don't be rushed or pressured

3

Take your time to make all the checks you need – even if this means turning down an 'amazing deal'. Be wary of promised returns that sound too good to be true and don't be rushed or pressured into making a decision.

## Get impartial information and advice

4

MoneyHelper ([www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)) – Provides free independent and impartial information and guidance.

Pension Wise, is a service from MoneyHelper, backed by government ([www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise](http://www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise)) – If you're over 50 and have a defined contribution (DC) pension, Pension Wise offers pre-booked appointments to talk through your retirement options.

Financial advisers – It's important you make the best decision for your own personal circumstances, so you should seriously consider using the services of a financial adviser. If you do opt for an adviser, be sure to use one that is regulated by the FCA and never take investment advice from the company that contacted you or an adviser they suggest, as this may be part of the scam.

Be ScamSmart with your pension. Check who you are dealing with.

[www.fca.org.uk/scamsmart](http://www.fca.org.uk/scamsmart)

\*FCA Financial Lives

**FCA** FINANCIAL  
CONDUCT  
AUTHORITY



## PERSONAL DATA

The Trustee is committed to protecting and processing lawfully and fairly the personal data that it gathers, holds (either directly or through a third party) and uses about you and your family and your dependants. The Trustee needs this information so that they can administer the Fund and ensure that benefits are paid correctly and to the right person. The Trustee always ensures legal requirements governing the protection of personal data are met.

The Trustee has a privacy notice that sets out, amongst other things:

- ◆ More detail about the kind of personal data it holds
- ◆ How it gathers that personal data
- ◆ How that data is used
- ◆ How long the Trustee holds the data for and who it is shared with

This notice also sets out individuals' rights in connection with the personal data that the Trustee holds and who to contact if an individual wants to exercise those rights, make a complaint or has any questions. This privacy notice can be found online at [www.tflpensionfund.co.uk](http://www.tflpensionfund.co.uk)

Alternatively, if you prefer a hard copy, please contact the Fund Office.

# THE TFL PENSION FUND OFFICE

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 point you to who to contact for the assistance you need.

## **They can be contacted at:**

TfL Pension Fund  
8<sup>th</sup> Floor, Palestra  
197 Blackfriars Road  
London SE1 8NJ

**Email at:** [helpdesk@tflpensions.co.uk](mailto:helpdesk@tflpensions.co.uk)

If you are telephoning the team, you can reach the call centre on **01737 235 298**. Please have your Member number and National Insurance number to hand when you call.

## Fund Office appointments

The Fund Office team are working on a hybrid basis so we are now able to see visitors in the office, but with fewer people in the office each day we require that you contact us to book an appointment by email or telephone to ensure that a member of the team is available to help you.

If you have access to the internet, you can access our Pension Web Portal and find lots of information, including forms and Fund documents, on the Fund's website at [www.tflpensionfund.co.uk](http://www.tflpensionfund.co.uk)