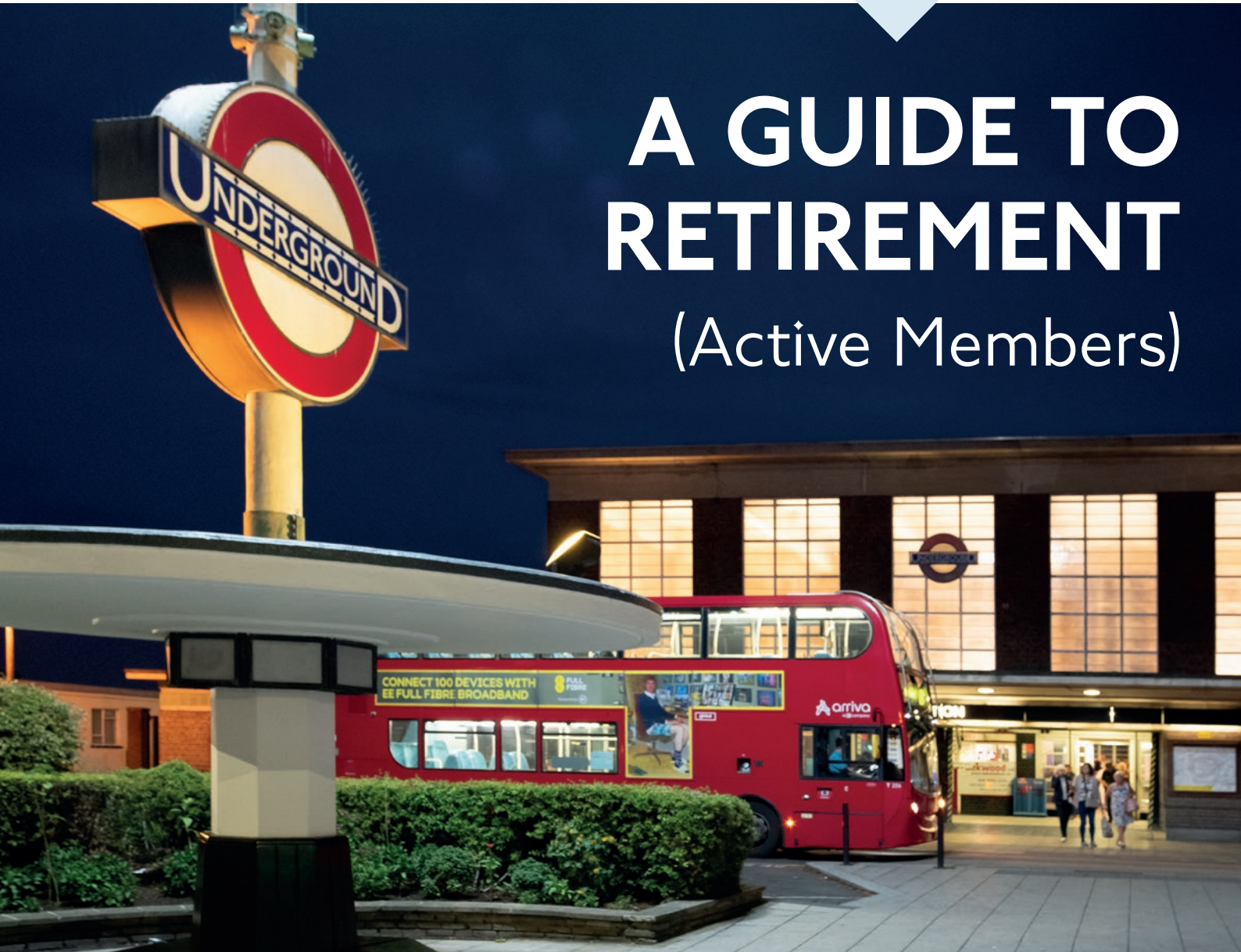


A GUIDE TO RETIREMENT (Active Members)



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, 8th Floor, Palestra, 197 Blackfriars Road, London SE1 8NJ, or email the Fund Office at helpdesk@tflpensions.co.uk



**Victoria
Station**

📍 Buckingham Palace

📍 BELGRAVIA

Victoria Coach Station

📍 WESTMINSTER

Victoria Street

Cardinal Place

Westminster Cathedral



Map of the Victoria Station area, showing streets, landmarks, and the Underground network.

CONTENTS

Important Note	03
Using your Guide	03
My Checklist	03
Your Benefits at Retirement	04
Your Pension Options	06
Annual Allowance	07
Putting Your Pension into Payment	09
How Your Pension is Paid	10
State Pension	11
Further Information and Support	12
Pension Scams	13
Personal Data	15
Who to contact	16

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 April 2025 that are relevant to active members looking to retire. 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) 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 Active member
- ♦ You are considering retirement other than on the grounds of ill health

MY CHECKLIST

- ☐ Check you are reading the correct guide
- ☐ Read the complete Guide
- ☐ If you have any questions about the options contact the Fund Office
- ☐ Consider whether you need to take appropriate financial advice
- ☐ To put your pension into payment fully complete and return all forms:
 - ♦ Option Form
 - ♦ Payment Form
 - ♦ Lump Sum Allowance Form
- ☐ If you pay AVCs, consider whether to stop your AVCs

YOUR BENEFITS AT RETIREMENT

When you retire, your pension will be based on the length of your pensionable service and your pensionable salary. Your annual pension is calculated as follows:

1/60

×

your pensionable service at retirement

×

your pensionable salary at retirement

=

your annual pension at retirement

Because your pension is calculated based on your pensionable service, the age at which you retire plays an important part in the amount of pension you may receive.

Retiring before age 65

In the Fund, your Scheme Pension Age is 65; however, you may retire between the ages of 60 and 65 without any reduction to your accrued pension.

If you retire before age 60 your pension will be reduced because it would be paid earlier and for a longer time. Here are some example reduction rates:

Retirement Age	Reduction
58	8 per cent
55	18 per cent
50	33 per cent



What is the earliest age I can retire?

If you joined the Fund before 6 April 2006, the earliest age you can retire and draw pension is age 50.

If you joined the Fund on or after 6 April 2006 but before 4 November 2021, the earliest age you can retire and draw pension is age 55.

If you joined the Fund after 3 November 2021, then from 6 April 2028 the earliest age you can retire and draw your pension will be 57. If however you reach age 55 before 6 April 2028 you can draw your pension from age 55 onwards, as long as you have drawn your pension before 6 April 2028.

In all cases you can only draw your pension if you have left service when you take your pension, and any other applicable conditions are met.

INCREASES TO PENSIONS IN PAYMENT

Once in payment, your pension will increase each April. Your first year's increase may be pro-rated. For example, if the full increase is 4 per cent and you have been receiving your pension for six months, you will receive a pro-rated increase of 2 per cent.

For members below State Pension Age, the whole of your pension may increase in line with inflation. Inflation is measured by the increase in the Retail Prices Index (RPI) over the twelve months ending in the previous September. For members who joined the Fund after 1 April 1989 this is limited to a maximum of 5 per cent each year. If there is no increase in the RPI, your pension will remain unchanged for that year.

Once you reach State Pension Age, increases will be paid on the various parts of your pension as follows:

- ♦ **Pension in excess of the Guaranteed Minimum Pension (GMP) (including all pension earned after 5 April 1997)**

This part of your pension is increased in line with inflation as described above, limited to 5 per cent for members who joined the Fund after 1 April 1989.

- ♦ **GMP earned between 6 April 1988 and 5 April 1997**

This part of your pension is increased in line with the increase in the Consumer Price Index (CPI) over the twelve months ending in the previous September, limited to a maximum of 3 per cent each tax year.

- ♦ **GMP earned before 6 April 1988**

This part of your pension is not increased by the Fund.

YOUR PENSION OPTIONS

Taking a cash lump sum

When you retire, you can give up some of your annual pension for an immediate cash sum – which under current UK law is tax-free. The maximum lump sum that can usually be paid is currently 25 per cent of the ‘value’ of your pension at retirement, but you can choose to take a smaller lump sum which will leave you with a larger remaining pension. The lump sum is subject to an overall maximum of £268,275 unless you hold a tax protection in connection with the Lifetime Allowance.

It is important to note that even if you take a lump sum and reduced pension, the Fund will not reduce the amount of any adult dependant’s or eligible children’s pensions payable on your death. The Fund will not charge you for taking a cash lump sum. For more information about taking a cash lump sum, contact the Fund Office.

Whether or not to take a tax free cash sum is a personal decision based on your own financial situation. You should consider:

- ♦ How much tax free cash sum (if any) you need or want to take
- ♦ Whether a tax free lump sum today is better than pension for life taking into account that the pension increases once in payment

Variable pension

You may want to take advantage of a variable pension if you take your Fund pension more than 6 months before you reach your State Pension Age (SPA). A variable pension allows you to receive a higher pension until your SPA, and then a reduced one from SPA. You can take a variable pension regardless of whether or not you take a lump sum.

When considering the variable pension you should be aware that this will increase the value of your pension for Annual Allowance purposes.

Please note that this option is not available if you are within 6 months of your State Pension Age.

The Fund must make sure that your reduced pension after SPA is at least half of your original pension and at least equal to your Guaranteed Minimum Pension (GMP).

You should note that in relation to the variable pension, the SPA to which the higher level of pension is paid is the SPA that was in force at the date your pension commenced. If legislation alters your SPA after the date your pension commenced, it will not alter the date to which the variable pension is paid.

You can obtain a detailed forecast of your State Pension online at www.gov.uk/check-state-pension

Other information about State benefits and pensions in general are also available at www.gov.uk



You are encouraged to seek suitable independent financial advice before making any decisions relating to your retirement.

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 2025/26 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 2025/26, 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 2025/26 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.

Additional Voluntary Contributions

If you are paying AVCs you should note that we cannot settle your benefits and put your pension into payment until your final AVC has been received by Legal & General.

Once your final AVC is received by Legal & General we can disinvest your AVCs to pay them to you and finalise putting your pension into payment.

If you leave part way through a pay period then it could be up to 4 weeks before your final AVC is received by Legal & General, so you may wish to consider ceasing to pay AVCs in the pay period before you retire to minimise the time required to set up your benefits. If you do wish to cease paying AVCs please advise the Fund Office.

Ceased Contributing at Age 60 or Age 65

Some members have the option to cease contributing to the Fund at age 60 or age 65. If you took up this option, your pension will be calculated as the pension at the date you ceased to contribute increased by the 2/3rds of one per cent for each complete month (8 per cent a year) until the date you retire. In addition the accrued pension will also be increased each April in line with the increase in the Retail Prices Index (RPI) capped at 5 per cent if you joined the Fund after 1 April 1989.

If you took up this option you should consider carefully when in the year you retire. While the 8 per cent a year uplift is based on the number of complete months since you ceased contributing, the RPI linked element of the increase applies on 1 April, so if you retire part way through the year you will not receive an RPI linked increase between the previous 1 April and the date you retired, the RPI linked increase at the next 1 April increase will be a pro-rata of the full year increase based on the date you retired.

For example if the Increase in the April after you retire is 5 per cent and you retire on 30th September, your first increase once your pension is in payment will be 2½ per cent, the benefit determined at the date you retired will receive no increase above the 8 per cent a year to cover the period from the previous 1 April to the date you retired.

PUTTING YOUR PENSION INTO PAYMENT

Once we have been advised that you are retiring we will send you a retirement options pack. Please read the pack and this guide carefully and consider seeking suitable independent financial advice before making any decision about your retirement options.

We will ask you to complete a number of forms:



Option Form

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



Pension Payment Form

Please write the account details clearly and double check that you have written the sort code, account number, any roll number and account holders name correctly, and remember to sign and date the form.



Lump Sum Allowance & Lump Sum Death Benefit Allowance Declaration

This form has a number of sections all of which must be completed. If you have no benefits in a section please clearly mark the No option for that section 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.

Failure to provide all of the paperwork requested completed in full may delay the payment of your pension. Once we have all of the paperwork we will make arrangements for your pension to be put into payment from your retirement date.



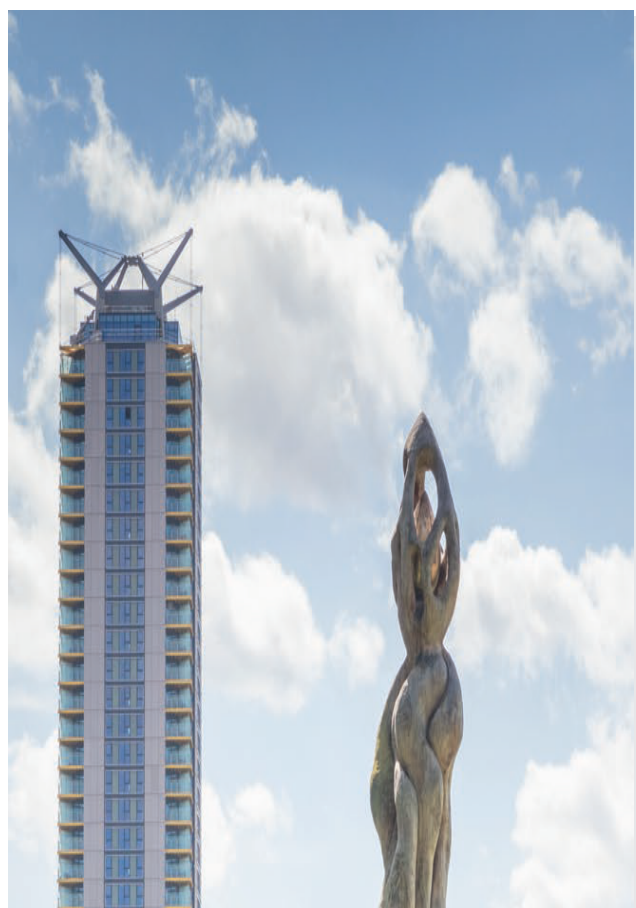
HOW YOUR FUND PENSION IS PAID

Your Fund pension is paid to you for life in four-weekly instalments in advance. It, and any lump sum payment, is paid directly into your bank or building society account.

Pension payments are usually made on Mondays, or the following working day in the case of Bank Holidays.

The first time you receive a pension payment, we will send you a payslip showing your gross and net pay and pension pay dates. After this, we will send payslips annually at the beginning of the tax year only, unless your pension payment changes by more than £10 compared with your previous pay period.

If you have registered to use the Pension Web Portal (PWP) you will be able to view or download all your four-weekly payslips online – even those that are not sent out to you.



Tax on pensions

The maximum lump sum that can usually be paid on retirement is currently 25 per cent of the 'value' of your pension at retirement, but you can choose to take a smaller lump sum which will leave you with a larger remaining pension. The tax-free lump sum is subject to an overall maximum of £268,275 which is the current Lump Sum Allowance limit. This may be higher if you hold a tax protection in connection with the Lifetime Allowance. If you are resident overseas, you should check with the local tax authorities for any tax implications if you take a cash lump sum on retirement.

Your four-weekly pension will be treated as earned income and is therefore subject to taxation under the PAYE system. Note that the Fund Office must use the tax code provided to it by HMRC.

We will include a P60 form with your annual payslip to help you with your tax return. If you have registered to use our Pension Web Portal you will be able to view or download your P60 information online.

For more information about tax on your pension, you can visit the HMRC website at www.hmrc.gov.uk

The Fund is not authorised to deal with enquiries about tax matters, and all enquiries should be referred to HMRC using the details set out at <https://www.gov.uk/find-hmrc-contacts/income-tax-enquiries>

If you contact HMRC, you will need to tell them your National Insurance number and the Fund's reference, which is **083/LT7**.

More information about State benefits in general is available online at www.gov.uk

THE STATE PENSION

The State Pension is a regular payment from the Government that you can claim when you reach State Pension Age.

To be eligible for it you must have paid or have been credited with a certain level of National Insurance contributions.

The earliest you can receive the State Pension is when you reach State Pension Age. You can claim your State Pension even if you carry on working. However, you have the option to postpone claiming it, which can increase the amount you receive.

You can obtain a detailed forecast of your State Pension online at www.gov.uk/check-state-pension. **We strongly recommend that you obtain a forecast ahead of your State Pension Age to identify whether you have any shortfall in your State Pension.**

The Fund office cannot deal with enquiries about State Pension, and all enquiries should be referred to the DWP.

The Government changed the State Pension from 6 April 2016. If you reach State Pension Age on or after this date you will be entitled to a flat rate State Pension provided you have paid or have been credited with the necessary National Insurance contributions. There will be no SERPS / S2P to top up the flat rate State Pension.

The full flat rate State Pension is £230.25 per week (figure correct as of April 2025).

The exact amount of State Pension you will get when you reach State Pension Age will depend on your National Insurance record. You need 35 qualifying years to receive the full amount. Those previously contracted out of S2P are likely to receive a lower amount.

Contracted out employment

The Government introduced a 'second-tier' State Pension in April 1978 (called "SERPS" at that time and "S2P" from April 2002). You may not be entitled to a SERPS if you were a member of the Fund before 1997. This is because the Fund was contracted out of SERPS on the basis that it provided better pensions. In return, National Insurance contributions were payable at a reduced rate and members received a Guaranteed Minimum Pension (GMP) (a pension that is at least as good as the pension they would have received had they remained in SERPS).

If this applies to you, you will only be able to exchange part of your Fund pension for a lump sum or variable pension to the extent that the remaining pension is at least as much as your GMP.

The Government changed the system from 6 April 1997 when GMPs ceased to accrue. For contracted out membership after 5 April 1997, the Actuary has to certify that the level of benefits provided under the Fund overall is at least as valuable as that under regulations.

From 6 April 2016, it is no longer possible to contract out of the State Pension and you will no longer pay a reduced rate of National Insurance. However, the flat rate State Pension may apply.

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
- ♦ **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
 - Clerical Medical
www.clericalmedical.co.uk
 - Standard Life
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



January 2025



PSAG

Pension Scams Action Group

United action against pension scams

Steps to stay **scam safe**

Scammers appear professional and it's becoming increasingly harder to spot the difference between something that's credible and something that's fraudulent.

The Pension Scams Action Group has put together a checklist to go through if you're ever approached about your pension.

Your pension is your future – keep it safe





STEP 1

Is the offer unexpected?

Legitimate pension providers are highly unlikely to contact you out of the blue about your pension. Be wary of free pension review offers and/or promises of high/guaranteed returns.



STEP 2

Have you checked who you're dealing with?

The Financial Conduct Authority's (FCA) website has a Financial Services Register you can check to make sure that anyone offering you advice or services is authorised to do so.

A firm pretending to be an authorised firm is known as a 'clone firm' and may have a clone website that looks exactly like the real deal. **Tip:** double check their contact details against the register and see if they match. Always ensure a firm is FCA-authorized or you won't be protected by the Financial Ombudsman Service or Financial Services Compensation Scheme if something goes wrong.

Website: register.fca.org.uk Phone: 0800 111 67 68



STEP 3

Stop and think – are you being rushed or pressured?

Pressure to act quickly or you will miss out is often a warning sign. Take your time to make all the checks you need and remember, if it sounds too good to be true, it probably is.



STEP 4

Should you seek impartial advice or guidance?

MoneyHelper

Free and impartial information and guidance available online, over the phone and via webchat.

Website: Moneyhelper.org.uk Phone: 0800 011 3797

Financial advisers

If you can, it's a good idea to invest in speaking to a financial adviser. Often large amounts of money are at stake and they will be able to help you make the right decision for you. **Tip:** check any adviser you choose to use is regulated by the FCA.

Stop! Think Fraud

Learn more about how to spot and avoid scams.

Website: stopthinkfraud.campaign.gov.uk



If you suspect a scam, report to **Action Fraud**

Website: Actionfraud.police.uk/contact-us
Phone: 0300 123 2040. In Scotland, call 101.



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

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
8th Floor, Palestra
197 Blackfriars Road
London SE1 8NJ

Email at: 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