

TfL

# PENSIONFUND

MARCH 2021

## A GUIDE TO ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)



### 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](mailto:helpdesk@tflpensions.co.uk)

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## IMPORTANT NOTE

The guide summarises the benefits provided by the TfL Pension Fund as at March 2021. However, it is only a guide. 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 Trust Deed and Rules are lengthy and technical documents, but they are available on the Fund's website at [www.tflpensionfund.co.uk](http://www.tflpensionfund.co.uk) or on request to 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.

The information in this guide is based on the Trustee's understanding of current pensions and tax legislation.



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.

# INTRODUCTION

As a member of the TfL Pension Fund (the Fund), you will receive a pension from the Fund when you retire. You will also receive your State pension entitlement, payable from State Pension Age. However, this income may be less than the amount you would like to have in retirement.

One way of increasing your income in retirement is to pay Additional Voluntary Contributions (AVCs); which the Fund offers through the TfL AVC plan. As your decision to make 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 AVC investments that may be appropriate for you.

This guide tries to avoid technical language, however some technical terms are unavoidable. Where words with technical meanings have been used, we have highlighted them in blue. All of these terms are explained at the end of this guide.

# AVCs

## WHAT ARE AVCs?

- AVCs are additional pension contributions that you can make voluntarily
- They are a tax-efficient way to boost your pension arrangements
- Any contributions you make to the AVC plan are held in your personal AVC fund
- Your AVC fund is invested on your behalf, in line with your investment choices
- On retirement, you can use your AVC fund to provide a tax-free cash lump sum and/or extra pension (in other words an annuity or annual income)
- The Trustees are responsible for the AVC plan; this means that it is subject to the terms and conditions in the TfL Pension Fund Trust Deed & Rules and Regulations

## WHO IS THE AVC PROVIDER?

The Trustees of the Fund reviews the appropriateness of investment managers on a regular basis; the current AVC provider is Legal & General who offer a range of funds in which you can invest your AVCs. The Trustees of the Fund may change this in the future.

If you have previously paid AVCs under the TfL AVC plan you may have paid contributions to Standard Life (excluding those invested in With Profits), Equitable Life (now Utmost)

or Clerical Medical, however you can no longer pay contributions to these providers. Following the appointment of Legal & General, AVCs with Standard Life and Equitable Life (Utmost) were transferred to Legal & General. If you have AVCs with Clerical Medical you may request that these be transferred to Legal & General.

You can currently only pay AVCs under the TfL AVC plan to Legal & General.

## TAX ADVANTAGES

AVCs enjoy the following tax advantages:

- Your AVCs qualify for income tax relief, at your highest rate of tax, in the same way as your normal pension contributions
- Your money is invested in funds which benefit from favourable tax treatment
- Your AVCs can be taken as part or all of the lump sum which you will normally be able to take when you start to draw your pension benefits. Under current legislation this lump sum is paid free of tax within HM Revenue & Customs allowances for those subject to UK tax



## HOW THE PLAN WORKS

If you join the AVC plan you decide how much you want to save. Each pay period your AVCs are deducted from your pay and invested in your chosen investment option(s).

You can use your AVCs, plus the returns they earn while they are invested, to buy additional pension benefits for you and your dependants.

Although the AVC plan is part of the Fund, it works quite differently. With the Fund, your benefits depend upon your **pensionable salary** and your **pensionable service**. With the AVC plan, on the other hand, your benefits depend upon the contributions you pay, the return those contributions earn while they are invested and the cost of buying a pension, if you convert your AVCs into pension.

Unlike with the Fund, there are no **Company** contributions to the AVC plan, although currently some of the administration costs are paid for you.

## SHOULD I BE INTERESTED IN PAYING AVCs?

AVCs are relevant for all members of the Fund who want to look forward to a bigger income and a better standard of living in retirement. They are likely to be especially attractive for:

- Those who joined the **Company** later in their working life, with little or no pension from previous jobs
- Those who are hoping to retire early

However, you should consider AVCs in the context of other financial products which are on offer before deciding whether they are right for you. If you are unsure which method of saving for retirement is best suited to your requirements, you should take appropriate independent financial advice.

You should also remember that, because AVCs are designed as a method of saving for retirement, they will normally be tied up for the long term. If you leave the **Company**, you can only have a refund of your AVCs if you are entitled to a refund of your contributions from the Fund.

# CONTRIBUTIONS

## DEDUCTED FROM SALARY

If you join the AVC plan, your contributions are deducted from your salary in the same way as your contributions to the Fund and you decide how much you want to save, which can be:

- A fixed amount each pay period
- A percentage of **pensionable salary** each pay period
- A single lump sum

You can start, stop or vary the amount of AVCs that you pay. All that we ask is that you give four weeks' notice to the Pension Fund Office (see back cover for contact details) of any change in order that it can be processed through the payroll.

Once your AVCs are deducted from your salary, your contributions are paid to the AVC provider (currently Legal & General) and invested into your selected investment fund option(s).

## TAX RELIEF

Subject to the Annual Allowance set by HM Revenue & Customs (see page 6), your AVCs will qualify for tax relief at your highest rate of tax in the same way as your contributions to the Fund. The tax relief is dealt with automatically because your AVCs are deducted from your pay before income tax is calculated.

## HOW MUCH CAN I PAY?

There is a limit under the Fund Rules that your total pension contributions under all TfL sponsored pension arrangements must not exceed 15 per cent of your gross earnings, subject to a maximum of 15 per cent of the **scheme earnings cap** if you joined the Fund after 31 May 1989.

Contributions to the Fund are 5 per cent of your **contributory pensionable salary**, so that leaves you scope to pay up to approximately 10 per cent in AVCs. The exact scope for AVCs will depend on how much your gross earnings exceed your **contributory pensionable salary**. The team in the Pension Fund Office can calculate the maximum scope for you. Please see the back cover for contact details.



You may be liable for a tax charge if your total pension savings in any tax year exceed the Annual Allowance (see page 6) set by HM Revenue & Customs (HMRC) or your overall pension savings at retirement exceed the Lifetime Allowance (see page 7).

# 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 with effect from 6 April 2020 (previously £110,000). 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 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 Money Purchase Annual Allowance in that tax year, and every subsequent tax year. Please note, you cannot take your benefits flexibly from the AVC plan, except by taking cash which is subject to a tax charge (see page 10 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 Money Purchase Annual Allowance is £10,000.

You will also have a reduced Annual Allowance for any defined benefit pension savings (in addition to the Money Purchase Annual Allowance). 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 Money Purchase Annual Allowance and you exceed it in a given year, the minimum Tapered Annual Allowance is reduced to zero for that year.

## PENSIONS 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 Money Purchase Annual Allowance 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 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 Money Purchase Annual Allowance.

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.

# LIFETIME ALLOWANCE

The Lifetime Allowance is an overall ceiling set by the Government on the total amount of tax privileged pension savings that any one individual can draw from all pension arrangements (not including the State Pension). For the 2022/23 tax year it is £1,073,100m and it is expected to increase each year in line with the Consumer Prices Index.

Your benefits are valued as follows for Lifetime Allowance purposes as the sum of:

- 20 x your Fund pension
- The value of your AVC fund in the AVC plan
- The value of any other pension benefits you may have

If the value of your pension benefits in all the pension arrangements in which you participate exceeds the Lifetime Allowance, the excess will be subject to a Lifetime Allowance charge at the rate of 25 per cent if the benefits are taken in pension form or 55 per cent if taken as a lump sum.



# YOUR INVESTMENT DECISIONS

## DECIDE YOUR OBJECTIVES

When making any investment decision, your objective may depend largely on when you intend to use your AVC fund and what you want to use it to provide. When investing in a pension scheme, this generally means the number of years until retirement:

- If you are younger then you may be looking for investment growth
- Older members may be more concerned with avoiding a fall in value which reduces the income they may receive

## DECIDE YOUR ATTITUDE TO RISK

Different people wish to take different levels of risk with their savings, which is sometimes called their attitude to risk. Some are naturally cautious while others are willing to take more of a risk with a view to getting a better return. There are many ways to describe attitude to risk. Here we use three which could be described as follows:

- A **cautious investor** is someone who wants investments to be less volatile so that they won't fall in value very much, if at all, and who accepts that in the long run their fund may not be worth as much as it might have been if they had taken more risk
- A **balanced investor** is someone who is prepared to take short-term falls in return for the potential of long-term growth and will perhaps be investing overseas and not just in the UK, which means there may be more volatility than with UK investment alone

- An **opportunity investor** is someone who understands and accepts much higher degrees of risk in return for higher potential long-term growth, and with this comes greater volatility

The majority of people tend to see themselves as balanced investors but it may well be that your attitude to risk will change over time or indeed might be affected by other investments that you have.

## WHAT ELSE MAY INFLUENCE THE WAY YOU INVEST?

If you have built up significant savings outside of your pension, or if you have already built up a significant amount of pension in your main scheme, then you may be prepared to take more risk than someone for whom this forms a major part of their retirement planning.

Likewise, somebody who is, for example, 20 years or so away from retirement, or who expects to draw on their investment later in retirement, may be more willing to take a more adventurous view because they have some time and there is potential for investment markets to recover if there is a fall.

Somebody who is within, say, ten years of retirement may take a more cautious view to try and avoid the possibility of a sudden market downturn because they have less time for a potential recovery in investment markets.

You may have other reasons for choosing a particular investment fund, or funds, so when making a decision you should also consider your personal circumstances and seek independent financial advice.





# YOUR INVESTMENT OPTIONS

Under the TfL Pension Fund AVC plan you choose how to invest your contributions. You can either choose individual funds or you can choose the lifestyle option. Details of the specific funds available are included in the separate AVC fund leaflets and on the Fund website where AVC fund factsheets are available. Below is an overview of the options available.

It is important to remember that the value of your investments may go down as well as up. If you are in doubt over which option or funds may be appropriate for you then you should seek appropriate independent financial advice.

## SELF SELECTION

If you prefer to choose the individual funds in which to invest and so directly manage your own investments, then you can select from the range of individual investment funds that the Trustees have selected for the AVC plan. You can select from any combination of the investment funds available.

Legal & General assigns a risk rating to each of the AVC funds available to members. This is to provide an indication of how much a fund may fluctuate and to assist you in deciding how much risk you are comfortable with.

Investors may look to invest in a range of funds across different types of investments and levels of risk. The range of investment funds therefore includes funds that invest in stocks and shares, bonds (which can be both company and government debt), and cash-type funds.

Details about the charges, what they cover and how they work are included in the AVC fund leaflets.

Making the right investment choice at the outset is important, as is ensuring that your decision remains appropriate, so you should keep your investment choice under periodic review to ensure it continues to meet your needs. For this reason you can change your investment fund choice, currently without charge, by contacting Legal & General.

## LIFESTYLE

Depending on the number of years to your retirement age or chosen maturity age, a Lifestyle option invests contributions in the designated investment funds and as retirement approaches Legal & General (which manages the Lifestyle options) automatically transfers your fund from higher to lower risk investments. The aim of this is to lock in any growth you may have benefited from in earlier years and to protect the value of your pension fund from any adverse market movements as retirement approaches. This also means that you may miss out on future investment growth as you approach retirement.

Making the right investment choice at the outset is important. Therefore if you choose a Lifestyle option, you need to be satisfied that the funds within the option are suitable for you.

It is also important to keep your investment choice under periodic review to ensure it continues to meet your needs. If you wish to change your investment choice please contact Legal & General.

## CHOOSING A MATURITY AGE

Unless you advise otherwise, if you choose the Lifestyle option then it will automatically re-balance your funds from higher to lower risk investments assuming you will retire at age 65, which is the Fund's Normal Retirement Age. However, you can select a different maturity age on your application form (for example, age 58 or 63) to which your Lifestyle option will re-balance.

Selecting a maturity age may assist with your overall financial planning but does not change your minimum retirement age or require you to draw benefits at that time as you can subsequently change the selected maturity age at any time by contacting Legal & General. Your employer will not be informed about the maturity age you have selected. You may wish to review the maturity age of your Lifestyle option if your retirement plans change.

## CHARGES

Legal & General apply a charge to money invested in their funds. This is known as the Fund Management Charge (FMC) and is shown as an annual rate. It is accounted for in the unit price and reflected in the value of the fund.

The FMC consists of the Investment Management Charge (IMC) plus additional expenses (AE). It includes investment management fees, fund administration fees, custody/custodian fees, auditing and accounting fees and regulatory charges.

In addition there is an Annual Management Charge (AMC) of 0.14 per cent which covers Legal & General's administration costs, this amount is deducted from your AVC account.

The total cost, known as the total expense ratio or TER, is the sum of the Fund Management Charge, Investment Management Charge and Administration Management Charge. Other than the charges referred to above, no further charges or deductions will be applied to your account unless advised otherwise.

# WHAT HAPPENS WHEN I RETIRE?

## LUMP SUM

At retirement, you can take up to 25 per cent, broadly speaking, of the combined value of your Tfl Pension Fund benefits and AVC fund as a tax-free cash lump sum under current UK tax rules. Your AVC fund could all be taken as a tax-free cash lump sum subject to HMRC limits.

If your AVC fund exceeds the maximum tax free lump sum then you may be able to take the excess as a taxable lump sum; this would be taxed at your marginal rate of tax however you should consider this carefully. By taking this as a taxable lump sum you would trigger the Money Purchase Annual Allowance (see page 6 for more details), which means that if you make defined contribution pensions savings in the future, the maximum total contributions that can be made in respect of you tax free is £4,000 each tax year.

## A COMBINATION OF LUMP SUM AND ANNUITY

If you take only part of your AVC fund as a cash lump sum, you can use any remaining AVC fund to purchase an annuity. An annuity is a product which, in return for a lump sum, guarantees a predetermined annual income for life (in other words a pension). Alternatively, you can transfer your entire AVC fund out of the AVC plan and use it to provide pension benefits in another registered pension scheme.

## ANNUITY

You may choose to buy an annuity with your entire AVC fund. You can buy an annuity through the current AVC provider or through any other annuity provider by taking an open market option.

## OPEN MARKET OPTION

This option means that you can take the value of your AVC fund and 'shop around' to see what annuity rates/arrangements other insurance companies offer. Many different types of annuities are available on the open market; for example annuities can be paid at a flat rate, can escalate in retirement at different rates and can provide pension cover for your dependant(s). It is important to consider all the available options and decide what is right for you.

If you are in poor health, some annuity providers may offer impaired life annuity rates. You should seek advice as to whether you could qualify for an impaired life annuity rate.

Annuity quotations from insurance companies are fixed for a limited time and usually expire between 7 and 28 days after the quotation has been issued. If you use the open market option, advisers may be paid by commission. The insurance company will pay this, so this should not affect the amount you pay for the annuity. However, you should ask your adviser if you will have to pay any other charges.

If you decide to take an open market option, the Fund will not impose any charges on you to transfer your AVC fund out of the AVC plan.

## DEFERRAL

At retirement, you may decide not to draw your AVC fund immediately, even though you have started to draw your Tfl Pension Fund pension. If your AVC benefits become payable after your Fund pension then, under current UK tax rules, up to 25 per cent of your AVC fund can be taken as a tax free cash lump sum at the time the AVCs are drawn. The balance must be used to buy an annuity or may be taken as a taxable cash lump sum. Alternatively, you could transfer your entire AVC fund to another pension arrangement.

Your AVC fund will remain fully invested until such time as you decide to take your benefits, however you must take your benefits from your AVC fund before you reach age 75.

## TRANSFER

At retirement or later, if you decide not to draw your AVC fund immediately, you can elect to transfer your AVC fund to another pension arrangement. This may be an attractive option if you want to access your benefits through, for example a drawdown facility, which you can't do from the AVC plan. For example, some other pension arrangements may allow you to take a series of smaller lump sums from your AVC fund until the fund runs out; each smaller lump sum would be 25 per cent tax free and 75 per cent taxable.

You should seek the appropriate independent financial advice when considering your options.

## WHAT HAPPENS IF I DIE?

If you die before taking your Fund pension, your AVC fund will become payable as a lump sum at the discretion of the Trustees, after considering your wishes set out in your **Expression of Wish Form**.

If you die after taking your Fund pension, but before taking your benefits from the AVC plan (i.e. the deferral option), your deferred AVC fund would be payable as a lump sum. The Trustees decide to whom the lump sum is paid, taking into account your wishes set out in your **Expression of Wish Form**.

If you die having purchased an annuity with your AVC fund, the benefits payable will depend on the type of annuity you purchased. You can purchase various types of annuity to suit your own situation:

- Without dependants' benefits on your death
- With dependants' benefits on your death (the level of dependant's pension can be more than 50 per cent of your annuity if you so choose)
- With a guarantee period (this means that if you die before the end of the guarantee period a lump sum equal to the balance of pension instalments that would have been paid until the end of the guarantee period is payable)
- Without a guarantee period

## WHAT HAPPENS IF I LEAVE THE COMPANY?

Although your AVCs are invested separately from the Fund, it is important to remember that the AVC plan is part of the Fund. If you leave the Fund for any reason, you can no longer make contributions to the AVC plan.

If you leave the Fund with a deferred pension (because you leave the service of your **Employing Company** or because you decide to opt out of the Fund) the options available will depend on your length of **pensionable service** under the Fund.

### LESS THAN 3 MONTHS

Your AVCs will be refunded less a deduction for tax.

### LESS THAN 2 YEARS

If you have at least 3 months but less than 2 years' **pensionable service** you can choose either a refund of contributions including your AVC fund (less a deduction for tax), or to retain a deferred pension under the Fund in which case your AVCs will remain invested until you take your pension from the Fund (or later if you choose to defer taking your AVC benefits beyond this date) or transfer your AVC fund to another scheme.

### 2 YEARS OR MORE

Your AVC fund will remain invested until you take your pension from the Fund (or later if you choose to defer taking your AVC benefits beyond this date).

Alternatively, if you have retained a deferred pension, you can transfer your Fund benefits, including your AVC fund, to another Registered Pension Scheme.

If you have retained a deferred pension, you may transfer your AVC fund to another provider, however only 25 per cent of the AVC fund would be able to be taken as a tax free cash sum under current UK tax rules.

If you leave your AVC fund invested in the TfL AVC plan, you can change your AVC investment funds at any time. You can do this by contacting Legal & General.

If you are a deferred member, you should keep the Fund Office informed of any changes of address.

Regardless of your length of **pensionable service** under the Fund, you will also be able to transfer your AVC benefits in isolation to another pension arrangement. If you do this, however, you will not be able to later use your AVC benefits towards your tax-free lump sum when you take your Fund benefits.

## MANAGING YOUR AVCs

Once your Legal & General AVC account has been set up, Legal & General will write to you with details of your account number as well as details of how to register for their online service 'Manage Your Account' at [www.legalandgeneral.com/mya](http://www.legalandgeneral.com/mya)

### Under 'Manage Your Account' you can:

- Check the current value of your AVCs
- Monitor your contributions
- See your statements
- Update your details
- Change your investments

### 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

## PENSION WEB PORTAL

To use the system you will need to register for access. If you registered before June 2017, your old username and password are no longer valid, and you will need to re-register.

To register go to <https://pensions.tfl.gov.uk>

You will need your e-mail address, TfL 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 you have access you will be able to:

- View benefit statements
- Run retirement and leaving service calculations
- Submit and track the progress of general enquiries to the Fund Office
- Update your contact e-mail address

Various documents are also available for you to download in our Pension Web Portal.

All figures quoted are estimates only and you should not rely on them when making decisions. Confirmation should always be sought from the Fund Office.



## FURTHER INFORMATION AND SUPPORT

- **The Fund's website.** If you have access to the internet, you can find plenty of information at [www.tfl.pensionfund.co.uk](http://www.tfl.pensionfund.co.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 websites contain further details about the services provided and how to access them:

Pension Wise

[www.pensionwise.gov.uk](http://www.pensionwise.gov.uk)

The Money Advice Service

[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)





## TECHNICAL TERMS

A number of special pension terms have appeared throughout this booklet in blue. Definitions of these terms are as follows:

**Contributory pensionable salary** is based on your **pensionable salary** in the previous November and is effective from the following January. **Contributory pensionable salary** usually remains the same until the next year unless your working hours change, in which case **Contributory pensionable salary** will be your new **pensionable salary** effective from the date you changed your working hours.

**Company** – Transport for London, its subsidiaries and several other independent organisations defined under the terms of their Private Finance Initiative (PFI) and Public Private Partnership (PPP) arrangements.

**Existing Member** – Joined the Fund on or before 1 April 1989.

**Lower Earnings Limit** – the minimum amount that someone must earn in a tax year in order to build up entitlement to State benefits, including State Pension. This is set by the Government each year. For the 2023/24 tax year it is £6,417.

**New Member** – joined the Fund after 1 April 1989.

**Pensionable salary** – your contributions and benefits are both based on your **pensionable salary**.

If you are a **New Member**, your **pensionable salary** is your basic or contractual salary and may include permanent allowances if agreed by your employer and the Trustees, but excludes overtime earnings; this is then reduced by the **Lower Earnings Limit**.

If you are an **Existing Member**, your **pensionable salary** is your basic or contractual salary and may include permanent allowances if agreed by your employer and the Trustees, but excludes overtime earnings.

**Pensionable service** – the period of time during which you earn benefits in the Fund while you pay contributions to it. Any period of part-time service will be pro-rated; for example, one year at half of the full-time hours would count as six months' **pensionable service**. Transfer payments received from previous pension arrangements may increase your **pensionable service**.

**Scheme Earnings Cap** – for members who joined on or after 1 June 1989, the **pensionable salary** that can be taken into account when calculating your pension benefits and your own and your employer's contributions is restricted to a level known as the **Scheme Earnings Cap**. For the 2023/24 tax year it is £205,200. It is increased each April in line with the Retail Prices Index to the nearest £600.

# PERSONAL DATA

The Trustees are committed to protecting and processing lawfully and fairly the personal data we gather, hold (either directly or through a third party) and use about you and your family and your dependants. The Trustees need this information so that they can administer the Fund and ensure that benefits are paid correctly and to the right person. The Trustees always ensure that the legal requirements regarding how personal data is looked after are met.

The Trustees have a privacy notice that sets out:

- More detail about the kind of personal data they hold
- How they gather that personal data
- How that data is used
- How long the Trustees hold it for and who the Trustees share it with

This notice also sets out individuals' rights in connection with the personal data that the Trustees hold 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.tfl.gov.uk/pensions](http://www.tfl.gov.uk/pensions)

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





If you are already paying AVCs and want to change where your AVCs are invested you should contact Legal & General; details of how to contact Legal & General are included on page 12 under 'Managing Your AVCs'

If you are looking to start, stop or change the amount you pay in AVCs, or are looking to find out how much scope you have to pay more, please contact the 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 advise you 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

Telephone: 01737 235 298

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

If you have access to the internet, you can access and find lots of information, including forms and Fund documents, on the Fund's website at

<https://tfl.pensionfund.co.uk>

You can view past benefit statements and run your own quotations online through our Pension Web Portal at

<https://pensions.tfl.gov.uk>