**TSSA Bulletin – TfL Pension Options Paper – what does it mean?**

**What is the latest news?**

TfL has published a Pension Options Paper which it has sent to the Government.

**What is the purpose of the report?**

In the Long Term Funding Settlement agreed with the Government at the end of August 2022, TfL were required to adhere to a series of deadlines about reviewing the TfL Pension Fund. The Pension Options Paper meets the second deadline that required TfL to submit two options (and two sub options) for change in order to save £100m from the Pension Fund

**Does it say anything about changing the Pension Fund?**

Yes. TfL has actually submitted three options for changing the Pension Fund in respect of future service:

* No change to the existing scheme;
* Amend the current Final Salary scheme
* Change the current pension into a CARE (Career Average Revalued Earnings) Scheme

Both change options have two sub-options which mean members could not retire with an unreduced pension before either 65 or 67 (instead of 60) and the annual uplift in pensions would reduce from the current RPI inflation measure to the lower CPI rate.

One of the sub options for changing the current scheme and one for the move to a CARE arrangement would see the introduction of tiered contributions.

***For those thousands of TfL employees subject to Pay for Performance or the Senior Managers Reward Framework pay arrangements, nothing was mentioned about how the pensionable pay suppression issue would be overcome.***

**How will the pension that I have already paid for be protected?**
The changes to the Pension Fund should not affect what you have already paid into the pension scheme. The benefits that you have already accrued in the TfL Pension Fund are called your “past service” and should be protected.

TfL has suggested to the Government that past service liabilities (pension benefits accrued) and assets should either be transferred to an existing or new public sector pension fund or, alternatively, be the subject of a Crown Guarantee.

***The problem that the trade unions have identified is that there is no mention of how members’ past service would be uprated to retain its value – would it receive annual indexation based on the current arrangement in which most members get RPI, maximum of 5%?***

**What else has TfL put forward?**

TfL has additionally:

* Contested the requirement to save £100m from the Pension Fund, saying it is based on outdated factors, and citing the £70m reduction in the contributions it pays following the £179m surplus announced after the latest scheme Valuation;
* Suggested that the Pension Fund should reflect the company’s position as a public sector organisation. Despite the company’s classification, the Pension Fund is a private sector arrangement but reclassifying it could lead to a surplus of £2bn;
* Sought to move The TfL Pension Fund to the public sector in respect of both past and future service.

**How has the report been received?**

Members and reps have reported that they find the paper confusing because of the amount of detail. We hope that this Bulletin will provide some clarity.

The recent trade union Pension Working Group staff side meeting was critical of the report for what it didn’t say in a number of areas, including about how:

* The do nothing option was not emphasised
* The practice by many employees of commuting pension for a lump sum when they retire was ignored in the assessment
* Mortality was mentioned – once – but as increasing numbers of people live into their 80s, using ten years as a way to study an impact analysis does not truly reflect how members experience future increases in their pension which bake in reductions in indexation
* Whether the Protected Person Status of about 1700 members would be retained or if it might be lost by a transfer to the public sector
* Legal action is being taken against the Government over their handling of the surplus generated in the Mineworkers Pension Scheme has also been taken to court

**What happens next?**

From a trade union perspective, the Pension Working Group will be meeting with TfL in early November to give a response to the Pension Options Paper and to seek to establish how things will progress in practice.

The next deadline that TfL has to fulfil from the Long Term Funding Settlement occurs at the end of January 2023 when the company and the Mayor “will agree with the Government a final detailed proposal for any recommended changes to both future service benefits and past service liabilities together with an implementation plan.”

**TSSA prepares for industrial action – are your details correct?**If you haven’t already, please make sure you prioritise checking and updating the contact details that TSSA holds for you, including your job title, home address, personal email and mobile phone. Go to MyTSSA (<https://www.tssa.org.uk/login>) or to membershipservices@tssa.org.uk

**What else is TSSA doing?**

TSSA will be arranging online Teams meetings for members so that they can express views and ask questions about the Pension Options Paper, the Pension Review and what comes next. Dates are currently being arranged and will soon be notified to you.

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