

Date: 20 November 2024

Item: TfL Savings for Retirement Plan

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to brief the Committee on the new 'Supplementary Section' of the TfL Savings for Retirement Plan (SfR Plan). This has been set up by the TfL Pension team and trustees of the SfR Plan at the request of TfL. No decision is required by the Committee as no additional cost or increase to individual reward package and this briefing is provided for its information.

2 Recommendation

- 2.1 **The Committee is asked to note the paper.**

3 Background

- 3.1 Specified employees who were eligible to remain as a member of the TfL Pension Fund (the Fund) but have instead opted out in particular circumstances and as a result are currently in receipt of a 'cash supplement' payable by TfL in lieu of active membership of the Fund and standard pension provision. This cash supplement is treated as taxable remuneration on the employee.
- 3.2 Due to this cash supplement being made in lieu of future pension accrual, it was felt appropriate that these employees be granted a method to save some or all of this cash supplement (and other Basic Salary) as they wish, into a TfL sponsored pension arrangement but at no additional cost to TfL.
- 3.3 TfL requires that such option does not result in a further pension 'liability' to TfL and the risk of potential pension funding costs in future.
- 3.4 Based on these criteria, it was concluded that a Defined Contribution (DC) arrangement would be the most suitable. Such arrangements are funded by the contributions paid into them, and do not result in any ongoing pension liability or risk on the sponsor (TfL) and the existing TfL SfR Plan pension arrangement can be utilised for this purpose.

4 Solution

- 4.1 TfL has one active DC arrangement that is open to new members, the SfR Plan. This is an occupational trust arrangement, sponsored by TfL, with governance and operations managed by a board of trustees taken from TfL employees.
- 4.2 At the request of TfL, the trustees of the SfR Plan have put in place a Supplementary Section, to be used for any TfL employees that wish to use it.

Membership is offered at the sole discretion of TfL and by its invitation only and is voluntary for the employee to join should they wish.

- 4.3 No employer (TfL) contributions are required into the Supplementary Section. Communications from TfL explaining the Section make it clear that it is available for employee contributions only, and TfL will not make contributions into it.
- 4.4 The benefits provided to members are in-line with the standard benefits to members of the SfR Plan (i.e. DC benefits) using the existing range of investment and retirement options available to all members. Therefore, the implementation of this and ongoing operation has been, and will continue to be at a minimal marginal cost to TfL.

5 Proposed Next Steps

- 5.1 The Section is now in operation and able to accept new joiners. TfL will inform relevant employees of its availability and will invite future members as it determines necessary. TfL's expectation is this will therefore be a narrow range of employees and hence membership of the Section will be modest in number.

List of appendices to this report:

None.

List of Background Papers:

None.

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