



# TFL & LUL SPECIAL BULLETIN



## TFL PENSION UPDATE

### REVIEW SUGGESTS 30% CUT TO PENSION WHEN RETIRING AT 60 BUT LONDON UNDERGROUND PUSHED BACK ON TIMETABLE BY RMT OPPOSITION

Strikes and opposition to pension cuts have rocked management's timetable for so-called reform of our pensions. When Brendon Barber took on the review of the TfL pension fund the terms of reference said he would refine proposals and outline a timetable for implementation by 31 March 2022.

In fact, Barber has outlined a huge range of attacks but has failed to make a specific proposal. Instead of a timetable for implementation all he has said is that implementing any changes will be difficult.

A major reason for that is RMT strike action and the massive opposition it reflects to pension attacks. One reason for RMT taking action in advance of the review announcement was to push management back at this stage. We've done that but the threat remains real and imminent. In addition to this, the threat is building of service and job cuts across all functions as LUL searches for over £500m of recurring cuts as part of the managed decline of the tube.

#### What is proposed for our pensions?

Management ruled out moving to a defined contributions scheme a while ago but the threat to switch to a career average scheme remains on the table. That could cut the pension of anyone who has ever moved to higher paying role during their employment with LU.

But that is only the start. Higher contribution rates, in some cases up from the current 5% to over 12% are discussed in the report. So too are many ways to cut your pension benefits, including:

- Moving from RPI uprating to CPI or capping the increase.
- Raising the retirement age and applying an actuarial reduction if you go before 65 or 67.
- Paying 70ths or 80ths of your salary per year in the fund, rather than the current 60ths.

There is also a threat to the value of the pension you have already accrued if it is treated on a 'left service basis', which means it may not be fully inflated in line with your final earnings.

#### How does TfL/LUL intend to proceed?

Barber's report lays out some of the difficulties facing them. TfL could still move quickly with a formal consultation but it may be that they now have to embark on a longer-term plan to attack our pensions.

The report makes it clear that benefits cannot be reduced without the agreement of the majority of fund members. However, contributions rates, for us, can be increased if management can get the agreement of the trustees.

Ultimately, Barber suggests that an act of parliament could be sought to allow TfL to ignore the legal basis of our fund and just close it down. It would then have to be replaced with a new, less favourable fund. Barber suggests this could be done by creating a new section of the local government pension fund, which is a career average scheme with higher contribution rates than TfL's.

#### RMT will fight against the managed decline of public transport

RMT attended ACAS with LU directors after we announced our strike action that took place on 1<sup>st</sup> and 3<sup>rd</sup> March. We were told explicitly that the 600 job cuts on stations was going ahead and that the same process of seeking cuts would be applied to every function on London Underground.

RMT demands that management come clean and tell us where they intend to cut £500m across London Underground. They won't do this. They want to keep it secret for now so they can deal with us one function at a time. RMT will not allow this to happen.

**We will now restate our demands to London Underground**

- No Job Cuts
- No changes to agreements
- No detriment to our pensions

**We will continue to fight, including taking further strike action, until we achieve these demands.**