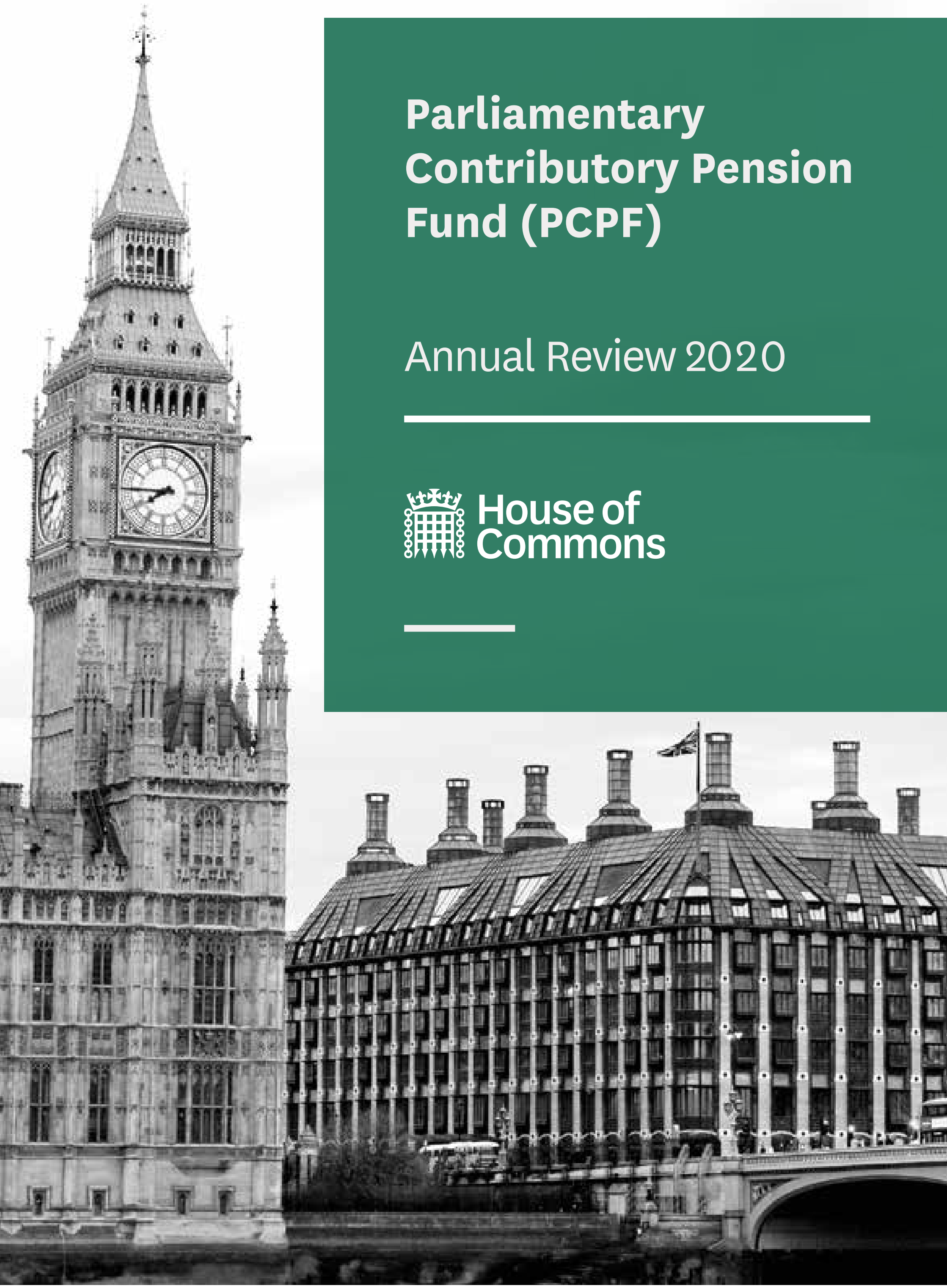


Parliamentary Contributory Pension Fund (PCPF)

Annual Review 2020

House of Commons

Welcome

Welcome to this year's Annual Review for the Parliamentary Contributory Pension Fund, the Trustees' annual report on the pension scheme for the year 2020. In the following pages you will find a summary of the accounts for the year ending 31 March 2020, as well as the latest news and information about the Scheme.

The year 2020 has certainly been a challenging year for us all, with the pandemic leading to unprecedented changes made to the way we live and work. Everyone has had to adjust and learn to do things differently this year and the work of the Trustees and the pension scheme were no exception. I am delighted with the way all our advisers, managers and Secretariat staff made the switch to working from home so quickly and efficiently to ensure the continued management of the scheme. As a board we have also managed to hold several of our Trustee meetings virtually allowing the important work of the Trustee board to continue seamlessly, and I am grateful to the Secretariat for their help in organising this. I hope that you have all managed to adjust well too, and that you are staying safe.

This year, following his appointment as Minister for International Trade in May, Ranil Jayawardena MP resigned as a Trustee. I would also like to thank Ranil

for his hard work and dedication to the Fund during his time as a Trustee and congratulate him on his appointment. Accordingly, the Secretariat undertook a Member Nominated Trustee (MNT) exercise to appoint a replacement. You would all have received a letter inviting you to nominate yourself or another colleague for this vacancy. We received several nominations which were all reviewed by a selection panel before coming to a decision. As a result, I am delighted to announce that we welcomed Meg Hillier MP to the Trustee board in October 2020.

As you all know, Buck were appointed as the new PCPF administrators in September 2019. Dealing with an Election so soon after their appointment really was a baptism of fire for the new administrators and it is fair to say they struggled to get to grips with the level of work coming out of the Election turnover and the intricacies of the PCPF. Early in 2020, Buck took the decision to move the PCPF administration into a specialist incubation team to help iron out the difficulties in dealing with casework. I am pleased to report that this has been successful and since September Buck have cleared the back log in cases that had built up. The Secretariat continue to work closely with Buck to ensure that all members receive a high quality service, but please do get in touch if you have any feedback on this or any other administration issue you wish to raise.

We are extremely pleased to have worked with Buck to launch our online portal for pension scheme members this year. All those members who have currently or previously served as an MP or Minister, can now view information about their pension benefits online. You should have received a letter introducing you to the portal and inviting you to log on and create a unique password. If you didn't receive this letter, or require a copy, please contact Buck. Unfortunately, access is not currently available to dependant pensioner members, although in time, we do hope

to expand access to all members. If you have any ideas for information you would like to see made available, please do let Buck or the Pensions Secretariat know.

This was a challenging year for investment markets as the pandemic led to extreme volatility in assets values and returns. During the year to 31 March 2020 the Fund's annual return was 3.2% behind the benchmark. This was largely as a result of sharp falls to the equity market caused by the COVID-19 pandemic. However, markets rebounded quickly, and I am pleased to report a positive return of 13.3% between 1 April and 30 September 2020, which represents 1.6% return against the Fund's benchmark. Information on the investments held by the Fund, together with a summary of the investment strategy and details of past performance is set out on **pages 12-14**.

This year, changes to pension legislation meant that pension fund Trustees were required to update their Statement of Investment Principles (SIP) to include the Trustees' Manager engagement policy, and for the first time, Trustees now need to include an implementation statement, which covers the voting and engagement of fund managers, alongside the annual report and accounts. The new SIP was agreed in July, and the annual report and accounts, containing the implementation statement, will be made available on our website (**mypcpfpension.co.uk**) once they have been finalised. We remain committed to responsible investment and responding to climate change risks to our assets.

In November we approved our Climate Risk Policy, outlining Trustees' approach to addressing climate related risks within the Fund. We also adopted a sustainable and low carbon approach to our passive equity assets, made an investment in a renewable infrastructure fund and have agreed to allocate further assets to an additional environmental or social infrastructure fund during 2021. We believe these changes will reduce the portfolio's carbon emissions intensity by at least half, without negatively impacting performance.

The actuarial valuation of the Fund as at 1 April 2020 is also currently underway and we expect to have the results of this in early 2021. It is anticipated that the results will be published on the Fund's website in May 2021 and we look forward to the final valuation results which will set the basis for reviewing the investment strategy and setting the Exchequer contribution. This year it is anticipated that the actuarial valuation will be followed by the cost cap valuation which is a requirement under the new CARE scheme rules and will determine the level of member contributions payable. This is also now a feature of the other reformed public service pension schemes. More information about the cost cap valuation will be issued to serving and contributing members when the details are understood.

Finally, and as always, I would like to express my thanks to my colleagues on the Trustee Board for the time and service they have given over this busy year. I would also like to take this opportunity to thank the Secretariat staff for their continued support and help through what has proved to be a somewhat difficult year.

Once again, I hope you enjoy reading this year's Annual Review and that you find it informative. If you have any feedback to give on this year's Review or any of our other communications or need additional information about any of the topics covered, the Trustees would be pleased to hear from you via the Pensions Secretariat – their contact details are on the back page. You may also like to visit the Scheme's website at **www.mypcpfpension.co.uk** which provides more information about the Scheme and your pension benefits.

With best wishes

Sir Brian H Donohoe
Chair of Trustees

Contents

At a glance

Total Assets:

£638m

(down from last year's £733m)

Investments returned:

-7.3%

(down from last year's 7.4%)

Total membership:

2,125

(up from last year's 2,006)

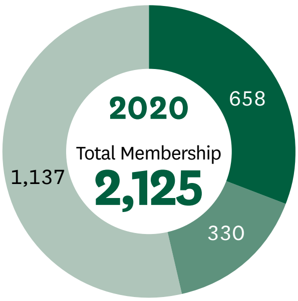
This information is taken from the draft Accounts for the year ended 31 March 2020, which as at time of printing have not been finalised. Once agreed, the accounts are published by the National Audit Office as a House of Commons paper, at which time a copy of the full report will be made available on the Scheme's website (**www.mypcpfpension.co.uk**).

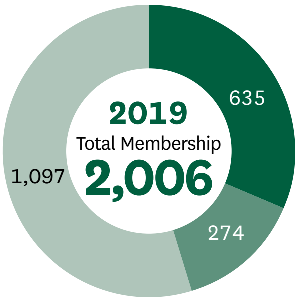
Financial highlights

	As at 31/3/2020 £'000s	As at 31/3/2019 £'000s
Money in		
Contributions from Exchequer	6,953	6,946
Contributions from members	6,034	5,900
Investment income	9,884	10,640
Total income	22,871	23,486
Money out		
Benefits paid	30,821	25,792
Transfers out	265	1,161
Investment management expenses	1,586	1,255
Administration expenses	858	793
Total expenditure	33,530	29,001
Total assets at end of the year	637,937	732,842
Pension liability at end of the year	910,100	957,000

This information was taken from the draft Accounts for the year ended 31 March 2020, as at time of printing.

Membership





Contributing members

Deferred members (no longer contributing but not yet retired)

Pensioners

Investment perspectives

Market update (over 12 months to 31 October 2020)

Global GDP growth was slowing even before lockdowns aimed at stemming the spread of COVID-19 led to a plunge in activity in the first half of 2020. Q3 GDP releases showed that the initial rebound in activity was sharp as major economies exited lockdowns. Even so, output remains well below end-2019 levels and high frequency activity data suggested a plateauing of the US recovery and a renewed downturn in the UK and Europe since the end of the Summer, even before the imposition of new restrictions. Output in most major advanced economies is not expected to reach pre-pandemic levels until 2022, at the earliest.

Inflation has fallen across most countries in the wake of the pandemic – headline UK CPI inflation fell from 1.7% to 0.5% over the 12 months to the end of September 2020. The price of Brent crude oil fell by 38% over the period, with a nadir in Q1 being the lowest level seen since 2002.

The US Federal Reserve (the Fed) and the Bank of England (BoE) cut rates to record low levels and the European Central Bank and Bank of Japan joined the Fed and the BoE in announcing large expansions of quantitative easing programs. The Fed's shift to "flexible" average inflation targeting likely means interest rate rises are even further away than previously envisaged.

Sovereign bond yields fell, reflecting the far more subdued outlook for growth, interest rate and inflation. 10-year US and UK government bond yields fell 1.0% p.a. and 0.2% p.a. respectively. Implied inflation, as measured by the difference between nominal and index-linked gilt yields of equivalent maturity, fell 0.2% p.a. to 3.3% p.a., as nominal yields fell more than real yields.

Despite rising 1.6% p.a. in March, at the peak of market stress, significant tightening in the wake of central bank interventions saw end of September investment grade spreads only 0.2% p.a. higher than 12 months prior. Global speculative-grade spreads followed a similar pattern, but still ended the period 1.3% p.a. higher, having risen 4.9% p.a. above September 2019 levels in March.

Following the quickest sell-off in modern history, global equities rebounded strongly in Q2 and Q3 of 2020, helping global equities finish the period up 9.4% in local currency terms – a 5% rise in sterling versus the dollar reduced return to 5.7% for unhedged GBP investors. Sector composition helps to explain why the US (heavy in technology) leads the regional ranking tables over the year and why the UK (hardly any technology and heavy in financials) brings up the rear.

UK commercial property market returns were already slowing at the end of 2019, but the pandemic has added pressure resulting in a return of -2.9%. Income return of 5.5% over the quarter could not offset the -7.8% fall in capital values. Many UK property funds had to suspend dealing as property valuers were unable to accurately value the underlying assets although the majority of these have now lifted the dealing suspension.

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Fund performance

Over the year to 31 March 2020, the Fund's assets returned -7.3%. This reflected the Fund's long term exposure to equities, which suffered heavily in Q1 2020 (the last reporting period for that year) although they recovered strongly later in the year.

The Fund also underperformed its benchmark by -3.2%, which was the result of its exposure to credit portfolios. (M&G European Loans, M&G illiquid Credit Opportunities Fund & PIMCO Global Libor Plus Fund), all of which suffered in a flight to quality as the pandemic spread and investors sought refuge in government bonds. These funds are measured against absolute return based benchmarks and as such underperformance can be expected during periods of significant market stress, as was experienced at the end of Q1 2020.

Strategy update

During the year the Trustees focused on a review of the Fund's equity holdings in particular focusing on issues of climate risk exposure. As part of the review and to give effect to the Fund's objectives, its beliefs, and its Responsible Investment Policy, the Trustees considered ways to reduce the carbon emissions intensity of the portfolio. After receiving training on alternative benchmark indices, presentations from industry partners and formal advice, the Trustees agreed to transition the Fund's index tracking regional equity portfolio to a sustainable multi-factor and low carbon index approach. This change is expected to reduce the carbon emissions intensity from the equity holdings by more than 50% relative to the current position. The transition to the new structure is expected to be completed in early 2021.

After making a commitment to global renewable infrastructure in 2019, the Trustees made their first investment into the fund when the manager called capital in August 2020. A second investment took place in December 2020.

During 2020, the Trustees also agreed to allocate 5% of Fund assets to impact investment. It has been agreed that the impact investment will be made in an infrastructure fund with an explicitly stated objective to achieve a positive environmental or social impact, alongside generating a financial return. Following completion of a manager selection process, the Trustees expect to make this investment in 2021. The investment will be funded from listed equity.

Responsible Investment update

The Fund's Responsible Investment policy

The Trustees' Responsible Investment policy continues to be a primary consideration when forming the Fund's forward-looking business plan. Some key commitments from the Responsible Investment policy which feed into the business plan include:

- Opportunities arising from a greater understanding of ESG factors (e.g. renewable infrastructure) will be considered when setting investment structure
- Responsible investment considerations will be explicitly made for new mandates, including voting and engagement policies
- Managers demonstrating weaker practices over sustained periods will not be considered for future appointments, and their appointment will be reviewed
- Analysis of the Fund's carbon exposure and intensity will be considered on a regular basis
- The Responsible Investment Policy will be reviewed annually
- An update on the Fund's stewardship and governance activities, including voting and engagement is available on the PCFP website (see below).
- The Trustees' full Responsible Investment policy is available on the PCPF website: **mypcpfpension.co.uk**

The Fund's Climate Risk policy

After finalising the Fund's Responsible Investment policy in 2019, the Trustees began to consider formalising a Climate Risk policy to provide transparency around the Trustees' approach to monitoring and managing related risks. It also forms the basis for the Trustees' governance of climate risk, which is a material financial risk particularly relevant for investors with long-term time horizons such as the Fund.

The Climate Risk policy was agreed by the Trustees in November 2020, it sits alongside their Responsible Investment policy to set out the Trustees' beliefs about climate risk and addresses their strategy for managing these risks.

Through the policy the Trustees reaffirm that their primary objective is to ensure assets are invested in such a way to ensure they can meet member benefit payments as they fall due. The Trustees recognise that climate related risks may negatively impact investment returns, and by association their ability to meet pension payments. The Trustees therefore agreed their aim for PCPF assets to be compatible with net zero emissions by 2050 at the latest.

The full policy is available on the PCPF website: **mypcpfpension.co.uk**

Update on Responsible Investment developments

Following the commitment of 5% of Fund assets to a Global Renewable Infrastructure strategy managed by BlackRock in late 2019, the Trustees made their first investment in the strategy in August 2020. The new strategy specialises in building the infrastructure required to generate renewable energy, such as Solar and Wind farms, and offers investment characteristics compatible with the Fund's investment objectives.

During the Trustees' review of the Fund's equity structure, which was completed in February 2020, the Trustees agreed to transition the existing index tracking regional equity portfolio to a sustainable multi-factor and low carbon approach. This change is expected to reduce the carbon emissions intensity from the equity holdings by more than 50% relative to the current position.

In addition, the Trustees agreed to invest 5% of Fund assets in an impact investment. Impact investing relates to investment into companies, organisations or investment funds that aim to deliver a genuine beneficial return to society or the environment as well as delivering a compelling financial return.

It has been agreed that the impact investment will be made in an infrastructure fund with an explicitly stated objective to achieve a positive social or environmentally impact, alongside a financial return.

The Trustees continue to monitor the voting and engagement activities of the Fund's equity managers on a quarterly basis, with the review a standing item of Investment Committee meetings. When the Trustees identify concerns, relative to the Fund's policy, they will challenge the relevant manager and seek justification, for example on individual votes.

The Financial Reporting Council released their new UK Stewardship Code which came into effect from 1 January 2020. The revised Code seeks to raise standards for asset owners and managers, extending to establishing clear stewardship objectives, integration of stewardship in investment strategies, and adhering to clearer and more elaborate reporting requirements. As signatories to the existing Code, the Trustees will be reviewing the new requirements and developing their compliance statement ahead of the reporting deadline in April 2021.

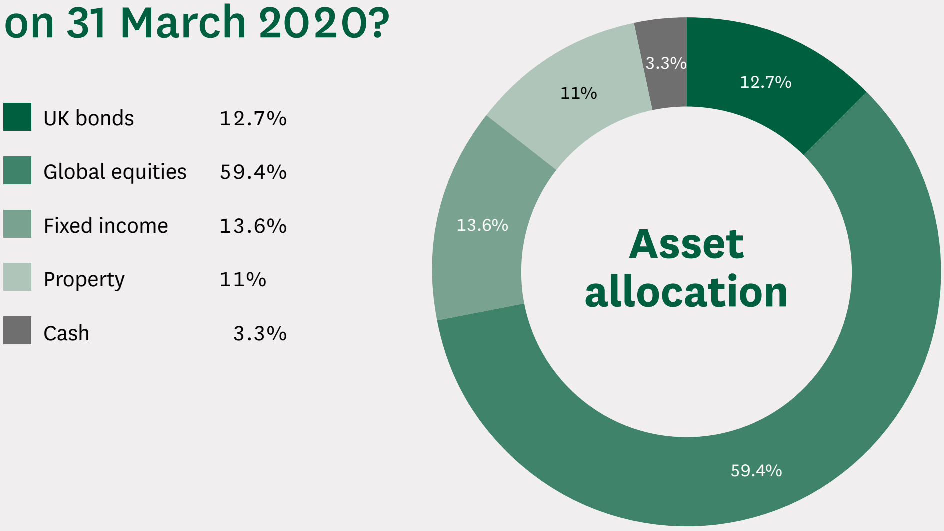
Fund managers

The manager proportions and mandates at the year-end (31 March 2020) are shown in the table below:

Manager	Mandate	Holding as at 31/03/2020	Target Allocation
BlackRock Advisors (UK)	Passive Global equities	41.8%	44.0%
MFS International (UK) Ltd	Active Global equities	17.6%	16.0%
M&G	European Loans	8.7%	10.0%
M&G	Illiquid credit	4.9%	5.0%
Multi-managers	Property	11.0%	10.0%
PIMCO Europe Ltd	UK bonds	8.4%	7.5%
BlackRock Advisors (UK)	UK Gilts	4.3%	7.5%
Cash*	Cash	3.3%	-
Total		100.0%	100.0%

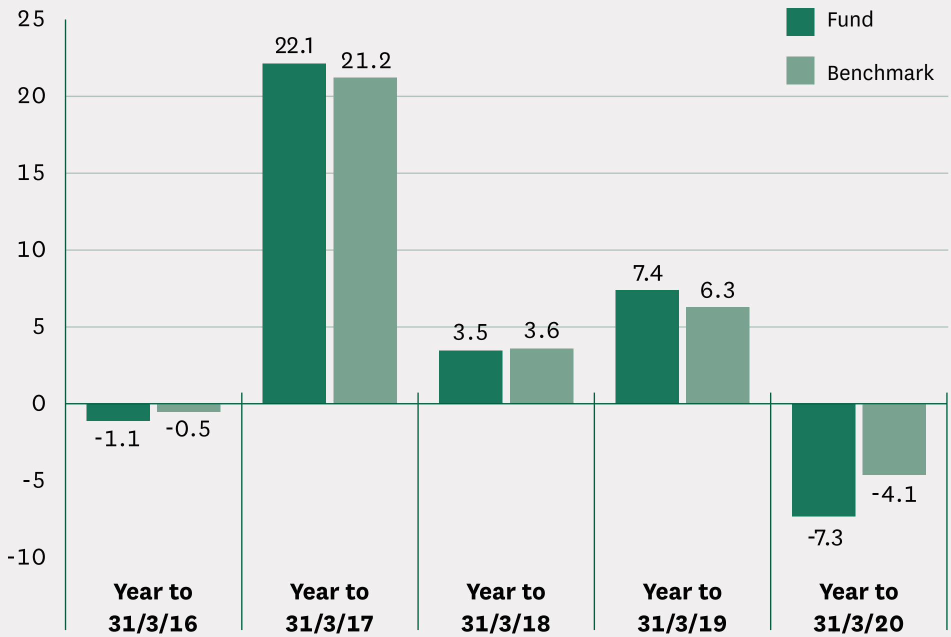
*Cash balances include balances held by Fund's custodian, Northern Trust, and the balance of the Trustees' bank account. A higher proportion of cash was being held at the year end to continue to support payment of benefits following the Election in December 2019.

Where were the assets invested on 31 March 2020?



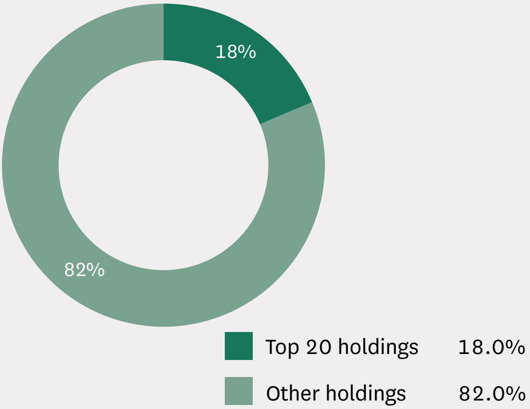
How did the investments perform?

The overall Scheme performance during the past five years is shown here, relative to the benchmark set by the Trustees.



Overall holdings as at 31 March 2020

In an effort to maintain transparency and accountability to stakeholders, we disclose our overall top 20 holdings. The Scheme's exposure to underlying stocks reflects a combination of the managers' benchmark index (for passive mandate), and for active mandates only, the managers' views on the stocks' return expectation taking into account the stocks' underlying risks.



Top 20 Holdings	Holding as at 31/3/20	Change since 31/3/19
	18.0%	-0.7%
UK Government	4.3%	-3.4%
US Government	2.9%	2.6%
Nestlé	0.9%	0.1%
Diageo	0.7%	0.0%
Roche Holding	0.7%	0.0%
Visa	0.7%	0.0%
Comcast	0.7%	0.1%
Thermo Fisher Scientific	0.6%	0.0%
Reckitt Benckiser Group	0.6%	0.1%
Medtronic	0.6%	0.0%
HSBC	0.6%	-0.1%
Moët Hennesy Louis Vuitton	0.5%	0.0%
Schneider Electric	0.5%	0.1%
AstraZeneca	0.5%	0.1%
Apple	0.5%	0.0%
Accenture	0.5%	0.0%
Essity	0.5%	0.1%
Microsoft	0.5%	0.0%
Honeywell International	0.5%	0.0%
BlackRock Primary Healthcare Trust	0.5%	0.1%
Other Holdings	82.0%	0.7%

Source: Northern Trust and investment managers, Hymans Robertson Calculations, includes equity, credit and property credit holdings.

Online Member Portal

In November 2020, we launched your new Member Portal, hosted by our administrators, Buck, which enables you to take better control of your pension and planning for your retirement. The Pension Portal has been developed to help you as a scheme member view personal information about your PCPF pension, whether you are retired, a serving member or have left Parliament but not yet taken your benefits. You can access it anytime, on any device.

Using the Pension Portal

View and manage your Pension Portal Profile
Here you can select your communication preferences. Please note that by default, we'll send you electronic communications using the email address you register when you log in to the Portal.

- **View and change your details**
  View your personal information and keep your contact details up to date.
- **View member documentation**
  If you are a serving member, you can access your annual benefit statements.
- **View your deferred pension**
  If you have left, you can see the pension details calculated at the date you left the Fund.
- **View your pension payslip**
  If you are a pensioner, you can view your payslips and end of year tax information.

To access the portal, visit **www.mypcpfpension.co.uk** and click '**LOGIN TO MEMBER PORTAL**' at the top of the page.

If this is your first time logging in, please refer to the letter you will have received in November 2020 with your unique ID. If you no longer have this letter and need reminding of your unique ID, please contact Buck using the contact details on **page 24**.

McCloud Judgement

In 2015 the Government introduced reforms to public sector pensions. The Independent Parliamentary Standards Authority (IPSA) introduced similar reforms to the PCPF, in the form of a new 'Career Average Revalued Earnings' (CARE) scheme section. All new members entering the PCPF from 8 May 2015 joined the CARE section rather than the final salary section of the PCPF. As part of the changes, transitional provisions were introduced to protect the rights of all members within ten years of normal retirement age, with tapering protections applied for those between 10 and 13.5 years from pension age. These protections allowed members to stay in the previous scheme until retirement or for a period of time, depending on their age. All members with more than 13.5 years to retirement were moved to the new scheme.

The changes made in public sector schemes were challenged by members of the firefighters' and judges' schemes (which became known as the McCloud case) who complained unlawful discrimination on the basis of age. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judges' and firefighters' schemes as part of the reforms amounted to unlawful discrimination.

Having agreed to remove the age discrimination from various public sector schemes, in July 2020 the Government issued a range of consultations which outlined a proposal to remedy the McCloud judgement by allowing affected members to choose between the new (mostly CARE) and old (mostly final salary) pension schemes for the duration of the remedy period, after which all members would move to the new CARE scheme. The consultations are closed and the Government's conclusions were published in early February 2020.

The McCloud judgement doesn't impact the PCPF directly, as it has a separate legal structure to other public service schemes. This means that it is for IPSA to determine whether changes are needed in relation to the MPs' Scheme in light of the McCloud judgement and, if so, what the changes should be.

In October 2020, IPSA committed publicly to reviewing the MPs' Pension Scheme and indicated they would take account of the Government's recent consultations on the McCloud judgement, while also keeping in mind their guiding principle that the overall remuneration MPs receive should be fair to them as well as to taxpayers. If IPSA considers that changes are needed to the MPs' Scheme, they will consult on their proposals before making a decision.

The Trustees will write to all those who were serving members of the scheme during the period to which those transitional arrangements relate shortly and further communications will be issued to relevant scheme members as more is known. If you have any questions, please get in touch with the PCPF Secretariat (details on the back page).

In the meantime, please be assured that any pension you have built to date remains safe.

The Pension Schemes Bill

You may be aware of the Pension Schemes Bill that is currently going through Parliament and we expect this to receive royal ascent soon. Key points of the Pensions Bill that we anticipate will apply to the PCPF include:

Pensions Dashboards

The Bill provides a framework for the provision of a "qualifying pensions dashboard service", which is "an electronic communications service by means of which information about pensions may be requested by, and provided to, an individual or a person authorised by the individual", and in relation to which prescribed requirements are satisfied.

Most of the detail on this will be set out in regulations, including a new requirement to be imposed on both occupational pension scheme trustees and providers of workplace arrangements to provide "pensions information" to a qualifying pensions dashboard service, or any such service provided by the Money and Pensions Service.

Transfers – exercising a right to a cash equivalent

The Bill proposes that trustees will not be able to transfer a cash equivalent transfer value unless prescribed conditions are satisfied. These conditions will be set out in regulations, but the Bill makes clear that they will include providing the trustees "with information or evidence about the member's employment or place of residence".

Climate change risk

The Bill sets out a structure for regulations to impose requirements on trustees with a view to securing effective governance of a scheme with respect to the effects of climate change. It also provides for regulations to require trustees to publish certain information relating to the effects of climate change on their scheme.

Among other things, regulations may require the trustees to publish a document of a prescribed description, make information or a document available free of charge and/or require information or a document to be provided in a prescribed form/by prescribed means.

It is anticipated that other aspects of the Bill do not affect the PCPF, but once the Bill is enacted the PCPF Trustees will work with their legal advisers and investment consultants to fully understand the implications for the PCPF. The Trustees fully welcome the amendments proposed in relation to climate change risk and are pleased to see more clarity and guidance being provided in this area.

Cyber security

In this day and age, very few people are without some sort of digital footprint, so cyber security is something we should all be aware of. In addition, since the pandemic, cyber attacks have increased, as hackers use campaigns with a COVID-19 theme to trick people into clicking on a link in an email that contains software intentionally designed to cause damage to a computer or its user.

In relation to pension schemes, a cyber attack could involve stealing, making changes to, or deleting personal data held by the administrators, fraudulently gaining access to an individual's pension savings, or stealing Fund assets, which then compromises the pension scheme's ability to pay pension benefits.

Organisations and companies do all they can to protect pension scheme savings and members' data. In terms of the PCPF, the Trustees are confident that Buck are well prepared to guard against security attacks. Buck's Information Security Management program includes a set of comprehensive and layered controls, policies and procedures that address all aspects of IT Security and Privacy and is compliant with global information security control standards.

However, you can also do your bit to keep your digital information secure:

- Always prepare strong unique passwords for each login
- Always keep your password to yourself
- Never click on popups, or any links sent from unfamiliar sources

These are just a few simple tips to help keep your data safe.

Be scam aware

Last year we highlighted the importance of being scam aware. Scammers will try to persuade pension savers to transfer their entire pension savings, or to release funds from it. This often comes in the form of an unexpected call or email from companies and individuals promising to help you 'unlock' your pension savings early. You may be promised 'free' pension reviews, access to 'guaranteed higher returns', legal loopholes, overseas transfers, time limited offers and unusual or complex investment structures.

But, if you try to take your pension early, you are much more likely to lose some, if not all, of your pension, and you may also face a hefty tax bill for unauthorised payments. Buck, the PCPF administrators, also has checks in place to ensure that the receiving scheme is bona fide before a transfer goes ahead, but members should be extra cautious when thinking about such a move.

Please remember that it is illegal for you to receive an unsolicited call about transferring your pension benefits, so if someone does call, you know it is not legitimate. Please also be very wary of pension review offers that you may see elsewhere, such as on social media platforms.

If you'd like to find out more about being scam aware, or Buck's cyber security controls, please speak to Buck using the PCPF helpline: **0330 123 0634**.

Nomination reminders

Partners' pensions

Changes to the scheme rules, laid in July 2019, mean that all members of the PCPF (including deferred and pensioner members) can now nominate a partner to receive the dependant's pension, ensuring they would receive the same benefits that would be paid to a spouse/civil partner.

While dependant's pensions are provided automatically to legal spouses/civil partners, you must currently register your partners in order for them to receive the same dependants' benefits that are provided to spouses/civil partners.
In order to qualify, you must complete a partner nomination form, declaring that you and your partner are co-habiting, in an exclusive, financially dependent or inter-dependant relationship and not prevented from marrying or forming a civil partnership.

Death benefits

All serving members, and also any deferred* or retired members with CARE benefits, are reminded that they should keep their death in service nomination up to date. The death benefit nomination form allows you to nominate a beneficiary for the lump sum payable if you were to die whilst serving as an MP, or in the case of those with CARE benefits, also if you were to die whist a deferred* or pensioner member too. In the absence of a form, the payment would be made to your estate.

Please note that the level of death benefit payable varies depending on your category of scheme membership. If you wish to know what would be payable in the event of your death please contact Buck.

How to nominate...

You can download a partner nomination form, or death benefit nomination form, at: **www.mypcpfpension.co.uk/forms**

Alternatively, request one from the Scheme administrator, Buck, by calling **0330 123 0634** or emailing **pcpf@buck.com**

* A deferred member is no longer a serving MP, but they have not yet taken their pension benefits.

Your Pension Tax limits

You get tax relief on your pension savings, but there are limits and tax will be charged on any excess.

The Trustees also offer tax seminars to all serving Members. If you are interested in attending a tax seminar, please contact the PCPF Secretariat, who can advise you of the dates of upcoming events.

Annual Allowance

This is the amount of tax-free savings you can pay into your pension in a tax year. This allowance is based on the total amount of defined benefits you have built up (plus any defined contribution savings you make, if you have any).

The Annual Allowance is currently £40,000, although there are some exceptions for higher earners (see Tapered Annual Allowance).

Lifetime Allowance

You can save as much as you like into your pension. But there is a limit to the amount you can draw out of all your pensions without attracting an excess tax charge. This is called the Lifetime Allowance (LTA) and it is currently set at £1,073,100 for 2020/21.

You usually find out if you are affected by the LTA when you retire, because it is based on the actual benefits you will receive (excluding the State Pension).

Your Pension Tax limits (continued)

Tapered Annual Allowance

The Annual Allowance reduces for some high earners. This is called the Tapered Annual Allowance and includes earnings from employment plus other external sources such as shares, rental properties etc during the tax year, plus the value of your pension pot.

From 2020/21 you will be affected if your 'adjusted income' (your taxable income plus your Pension Input Amount) is over £240,000 and your 'threshold income' (earnings less pension contributions) is over £200,000. For every £2 of adjusted income over £240,000, your Annual Allowance reduces by £1, to a possible minimum of £4,000.

What happens if I exceed the Annual Allowance?

If you exceed the Annual Allowance within the PCPF, and do not have enough unused Annual Allowance from the last three years, then an Annual Allowance tax charge is due. You can ask for the PCPF to pay the tax charge to the HMRC on your behalf. Your pension benefits would then be reduced by an appropriate and cost neutral amount in exchange.

Previously this option was only available to you if the tax charge was over £2,000 and your Annual Allowance was over £40,000, known as mandatory scheme pays, but since December 2018, the Trustees have elected to offer voluntary scheme pays. This means that even if the conditions of mandatory scheme pays are not met, you can still request the PCPF pay your tax charge, in exchange for reducing your benefits. The Trustees will continue to monitor the take up of voluntary scheme pays and continue to offer this facility as long as it is deemed to be in the best interests of their members.

House of Commons Members' Fund (HCMF)

What is the Members' Fund?

The Members' Fund is a benevolent fund that assists former Members of Parliament and their dependants who are in financial need. It was established in 1939, when there were no pension arrangements for Members, to provide former members with benefits in lieu of a pension. The current purpose of the Fund is to continue to make annual grant payments to existing claimants and to provide one-off payments to former MPs and/or their spouses, children and any other financial dependants who are experiencing financial hardship.

How is it managed?

It is managed by a board of Trustees, who are either serving Members appointed by the House, or former members.

The HCMF Trustees consider all applications for benefits and grant suitable awards after they have looked at all the circumstances of the applicant, particularly their financial circumstances. All matters related to the Fund are handled on the basis of utmost confidentiality.

Who may benefit from one-off payments?

Any former member or any persons who appear to the Fund's Trustees to be, or to have been, a financial dependant of a former member. Pensioner and deferred members of the PCPF (those who have left service but have a preserved pension) are also entitled to apply for a payment from the Fund, and each application will be carefully considered on its own merits by the Trustees as described above.

How do I apply for assistance?

If you would like to apply for financial assistance from the Members' Fund, please contact the HCMF Secretariat using the contact details below. You will be sent an application form requesting further information about your financial situation and reasons for applying and you will be required to provide documentary evidence of your finances. The Trustees will then consider your case at a meeting and you will be notified of their decision in due course.

Enquiries and further information

Telephone: **020 7219 3875**
Email: **hcmf@parliament.uk**

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House of Commons

Your contacts

The PCPF Scheme is currently administered by Buck Limited who also look after the accounting and payroll functions.

If you have any questions or require any information about your pension entitlement, please contact Buck quoting your unique pension reference number (if not known, please quote your National Insurance number):

Buck Administration Team
PO Box 319
Mitcheldean
Bristol
GL14 9BF

Customer helpline:
0330 123 0634

Email:
PCPF@buck.com

Website:
www.mypcpfpension.co.uk

If you have any general queries or would like to arrange a phone call or meeting to discuss your pension, please contact the PCPF Secretariat:

Email:
pensionsmp@parliament.uk

Phone:
020 7219 2743

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