

Your Pension

News from the Environment Agency Pension Fund

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Welcome to your new-look newsletter

News for all members

What's online?

There's a wealth of information about the great benefits our Fund offers, from leaflets and guides to videos and calculators. The website is constantly reviewed and monitored to enable users to access relevant topics simply and quickly.

There's also a link to EAPF Online. EAPF Online provides secure access to your own EAPF pension record so you can check your pension details at a time of your own choosing.

Visit the interactive pension site at www.eapf.org.uk to get the most from your valuable benefit.

Changes are happening to your pension from 1 April 2014.

The Environment Agency Pension Fund (EAPF) is part of the Local Government Pension Scheme (LGPS).

These changes affect contributing members and not the majority of our deferred and pensioner members. More details are included inside this newsletter.

Have your personal details changed?

We appreciate that it's easy to forget to update us when your personal circumstances change but please make sure you let us know if you move house, change your bank details or if there has been a change in your marital status or relationship.

Have you completed an **Expression of Wish** form, telling us whom you wish to nominate for benefits in the event of your death? If you haven't or your circumstances have changed and you wish to update your nomination(s), then please complete a new one, which is available from our website.

If you are a contributing member then we will receive information about any change in your circumstances from your employer.

If you're a pensioner or have left the scheme, why not register for EAPF Online and tell us about any changes there? It's easy to do; just go to www.eapf.org.uk and click the 'Register' button at the top of the homepage. This service provides information about your individual pension.

Join our focus group!

We are looking for volunteers to participate in a focus group on how we communicate with you about your pension. We have some ideas on improving the way we keep you informed but it is really important that you tell us what you think.

We will be holding several focus group sessions in the Spring and if you are interested in participating then email eapf@environment-agency.gov.uk to receive more details.

Definition of membership

Contributing members:
You are currently paying contributions into the EAPF.

Deferred members:
You are no longer paying contributions into the EAPF and have not yet retired.

Pensioners:
You are currently receiving a pension from the EAPF.



Changes to the State Pension

The Government is introducing a flat rate, single tier state pension worth around £144 a week for people who reach state pension age on or after 6 April 2016. The Government's aim is to introduce a simpler, fairer system that is clear about what the state will provide and make it easier for you to plan your retirement savings.

The Government is also changing the age at which you can receive your state pension. It is currently 65 for men, with the state pension age for women gradually increasing from 60 to 65 by 2018. At this point the state pension age will increase for both men and women to 66 by 2020.

The Pensions Bill proposes that the state pension age will increase to age 67 between 2026 and 2028. Regular reviews of the state pension age will take place in line with increasing life expectancy every 5 years, with the first review scheduled for May 2017. Find out more about the State Pension by visiting the Working, Jobs and Pensions section at www.gov.uk.

Limits on your pension savings

Do you know that there's a limit on the value of tax-privileged pension benefits you can receive? These limits are known as the Lifetime Allowance and the Annual Allowance. We highlighted these in earlier issues of "Your Pension", and the Government is now making further changes to these limits for 2014/15.

The Lifetime Allowance (the amount you can build up in all your pension savings over your lifetime without tax penalties) will reduce from £1.5 million to £1.25 million with effect from 6 April 2014. Protections are available for members who may be affected by this reduction. The Annual Allowance (the amount by which the value of all your pension savings may increase in any one year without having to pay a tax charge) will reduce from £50,000 to £40,000 with effect from 6 April 2014.

There is a factsheet about these limits and the protections available on the publications page at www.eapf.org.uk.

Contact details

If you have any questions about your pension entitlement, you can contact our pension administrator, Capita by:



Using the '**Contact Us**' button on the website at www.eapf.org.uk



Emailing info@eapf.org.uk



Calling **0800 1216593**



Sending your query to **Capita**
Hartshead House
2 Cutlers Gate
Sheffield, S4 7TL

News for contributing members

Changes to our pension scheme

Changes to the LGPS from 1 April 2014

The Environment Agency Pension Fund (EAPF) is part of the Local Government Pension Scheme (LGPS). The Government is introducing changes to the LGPS from 1 April 2014 and this will affect the members of our Pension Fund.

A Career Average pension from 1 April 2014 onwards

In the new Career Average Revalued Earnings (CARE) Scheme, you will build up a pension based on the pensionable pay paid to you during a Scheme year. For each Scheme year of membership, you'll get a pension equal to 1/49th of your pensionable pay paid, plus inflation increases. This will all be added into your pension account.

All membership prior to 1 April 2014 is protected and will be linked to your final pay on leaving contributing membership of the Scheme.

Protections for those 55 or over at April 2012

There are also protections in place if you were 55 or over as at April 2012. These aim to ensure your pension at retirement is at least as high as under the current rules.

Normal pension age will be linked to State Pension age

Your normal pension age will now be your State Pension age at the point when you start taking payment of your pension. The scheme's current normal retirement age is age 65 and this will change to equal your state pension age (or age 65 if later) for benefits built up from 1 April 2014.

You will retain protections on the retirement age you have under the 2008 Scheme for your benefits built up prior to April 2014 but you can't take these benefits separately. You have to draw your entire pension at the same time (unless your employer allows payment on Flexible grounds). You will still be able to take benefits early but they may be subject to reductions if paid before your normal retirement age.

Option to pay half contributions for a half pension

The new Scheme introduces contribution flexibility by providing an option to pay half contributions for a half pension. If you have chosen this option you will be automatically moved to the main Scheme after three years to ensure you benefit from the full value of the Scheme but you can choose to return to the 50:50 Section at any time.

Higher employee contributions for those earning over £43,000

Contribution bands and rates will change. If you earn over £43,000 you will pay higher contributions on a new tiered scale. You'll continue to get tax relief on your contributions.



Contributions Table

Remember that you receive tax relief on your contributions, so the actual amount you pay will be the net figure. Please note that these are approximate and will depend on your individual circumstances.

Range (based on actual Pensionable pay paid to you)	Contribution Rate Main Section		Contribution Rate 50/50 Section	
	Gross	Net	Gross	Net
Up to £13,500	5.50%	4.4%	2.75%	2.2%
£13,501 to £21,000	5.80%	4.65%	2.90%	2.32%
£21,001 to £34,000	6.50%	5.2%	3.25%	2.6%
£34,001 to £43,000	6.80%	5.44%	3.40%	2.72%
£43,001 to £60,000	8.50%	5.10%	4.25%	2.55%
£60,001 to £85,000	9.90%	5.94%	4.95%	2.97%
£85,001 to £100,000	10.50%	6.30%	5.25%	3.15%
£100,001 to £150,000	11.40%	6.84%	5.70%	3.42%
£150,001 or more	12.50%	6.88%	6.25%	3.44%

Definition of pensionable Pay is changing

Contribution rates will be based on your actual pensionable pay and not the full time equivalent pensionable pay used in the current scheme. If you are a part-time worker you are likely to pay lower contributions than in the current scheme.

Reduced pension from age 55

You can choose to leave and draw your pension anytime from age 55 without your employer's consent, although your pension will be reduced if paid before your normal pension age in the new Scheme. The amount of any reduction will differ depending upon when you joined the Scheme.

In-house Additional Voluntary Contributions (AVCs)

New AVC contributors can increase payments from 50% to 100% of your pay but you will be restricted to 25% tax free cash on retirement. Existing AVC contracts in place before April will be able to get up to 100% tax free cash (subject to HMRC limits) but remain limited to 50% of pay.

Additional Regular Contributions (ARCs)/added years

Existing arrangements entered into before 1 April 2014 can continue in the new Scheme.

This newsletter has been prepared based on the EAPF's understanding of current legislation relating to the Local Government Pension Scheme, and this means that the information may be subject to change and is provided for information purposes only. In the event of any dispute over your pension benefits the appropriate legislation will prevail.

Your Fund

Welcome to a summary of the Scheme year

From 1 April 2013, the EAPF welcomed Natural Resources Wales (NRW) as a new employer within the Fund with former employees of Environment Agency Wales (EAW) continuing their membership within the EAPF through an admission agreement between the Fund and NRW that will protect the future pension provision of these members. This agreement ensures that future pension funding relating to these members will be met by NRW.

It has been a challenging time with the Fund's triennial valuation and the implementation of the LGPS reforms from April 2014. We have also continued to work in collaboration with Local Government Pension Funds with the aim of improving efficiency and service standards and have been active participants on a number of advisory boards. In addition Shared Services Connected Limited (SSCL) became a new employer within the fund, following the outsourcing of the Environment Agency's HR and Finance Service Centres.

In previous years we have used our annual 'Fundfare' to report on our Annual Report and Accounts for both our Active and Closed Funds. We now introduce a new way of summarising this information in a new online report called 'Spotlight', and this will be made available in the autumn for the 2013/14 accounts. We hope you enjoy the change in presentation.

Anyone wishing to see the full Annual Report and Accounts for both Funds can access the reports at www.eapf.org.uk or request a hardcopy from Capita.

Dawn Turner
(Head of Pension Fund Management)

The Funds

The EAPF operates two funds, the Active Fund and the Closed Fund. The Active Fund was created in 1989 for employees of the National Rivers Authority (NRA). It now offers pension benefits for current and former employees of the Environment Agency, NIRW, SSCL and NRA.

The Closed Fund was created in 1989 for deferred and pensioner members previously in the Water Authorities Superannuation Fund (WASF) it remains closed to new members.

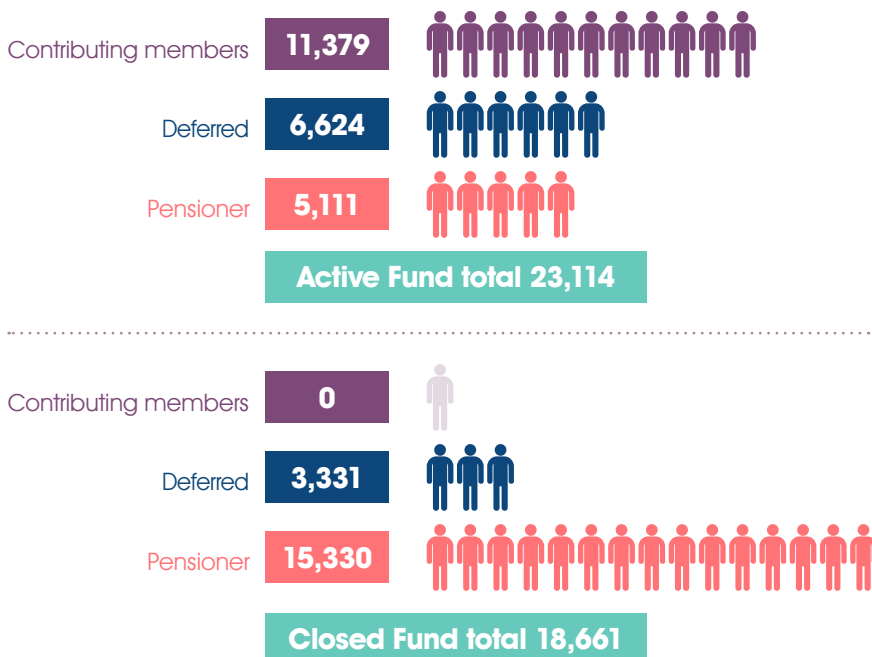
Financial Position

We are pleased to report that there has been continued improvement to the value of the Active Fund's assets from £1.86bn at 31 March 2012 to £2.12bn as at 31 March 2013 (a rise of £265m).

As at 31 March 2013 the Closed Fund's net assets increased from £152m to £166m, and the Fund's liabilities decreased from £921m to £897m for 2012/13. Since the Fund has no contribution income, the Government has, under Section 173 of the Water Act 1989, a statutory obligation to ensure that the Fund can always meet its pensions and other related liabilities. During 2012/13, the Fund received grant-in-aid from the Department for Environment Food & Rural Affairs (Defra) amounting to £79.9 million.

Our assets are made up from employer and employee contributions and growth in our investments.

Fund membership at 31 March 2013



Valuation

There is a statutory requirement to carry out a valuation every three years. This triennial valuation monitors the assets against the current value of liability of the pension benefits that have been earned to date.

The 2013 triennial Valuation results shows an overall funding level of 90% and the EAPF remains one of the best funded in the LGPS.

The EAPF and its employers remain committed to achieving a stable funding level within the EAPF.

Our funding figure is subject to constant market fluctuations and we will continue to progress towards a 100% level over the long term.

Passionate about responsible investment

As responsible investors, we're really passionate about your pension Fund. To deliver a truly sustainable Pension Fund we ensure that it is affordable, delivers financially to meet the objectives of our scheme employers and is invested responsibly.

We have a strong Responsible Investment policy and are an active signatory to the United Nations Principles for Responsible Investment, which is an investor initiative linked to United Nations Environment Programme (UNEP), which recognises environmental, social, and governance issues can effect financial performance.

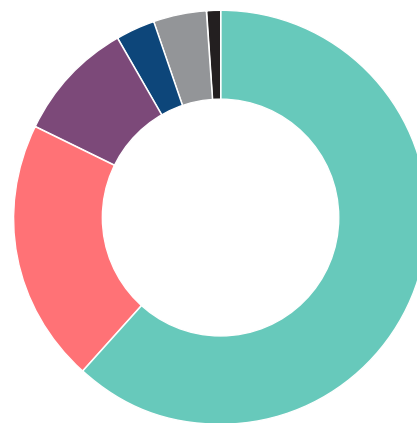
We are also proud to receive number one ranking from The Asset Owners Disclosure Project for the work we're doing to manage your retirement savings in reducing the risks posed by climate change. More information on how we are doing this will soon be appearing on our website www.eapf.org.uk.

We've also received recognition from a number of other industry bodies for our responsible approach:

- Winner of the inaugural Responsible Investor Reporting Awards (for funds under \$25 billion) 2013
- Winner of aiCIO European Innovation Award for a Public Pension Scheme for 2013
- Highly commended in the Portfolio Institutional Awards for Best Implementation of Responsible Investment for 2013

Further details about our investments and awards can be found on our website at www.eapf.org.uk.

How we invest the Active Fund



Equities	- 63%
Bonds	- 20%
Gilts	- 9%
Property	- 3%
Private equity	- 4%
Cash	- 1%

Active Fund account

	2013 £m	2012 £m
Contributions & benefits		
Contributions	68,308	85,145
Transfers	5,797	1,354
Benefits payable	(61,193)	(67,082)
Payments to and on account of leavers	(1,933)	(2,613)
Administration expenses	(1,304)	(1,427)
Net addition from dealing with members	9,675	15,378
Returns on Investments		
Investment income	32,489	33,077
Taxes on income	(799)	(999)
Change in market value of investments	231,902	55,528
Investment expenses	(8,328)	(7,247)
Net returns on investments	255,264	80,359
Net increase in Fund during the year	264,939	95,737
Opening net assets as at 1 April	1,860,722	1,764,985
Net assets of the Fund at 31 March	2,125,661	1,860,722

News for pensioner & deferred members



Your pension is increasing

The annual pension increase this year is 2.7% (pro rata increase for members who take payment of their benefits on or after 23 April 2013), payable from 7 April 2014.

For pensioners entitled to it, it will be reflected in your April pension payment, with the first full month's increase payable in May.

There is more detail on how the increase is calculated and applied to your pension in **A guide to pension increase for the LGPS**, which can be found under 'Publications' at www.eapf.org.uk.

We will write to all pensioners in April to confirm the amount of your increased pension. Deferred members will receive their annual benefit statements in the Autumn.

Come along to a pensioner & deferred member briefing

We'd like to invite you to this year's annual pensioner and deferred member briefing on **3 June** in Birmingham. The briefing will cover topics such as the pension increase, changes to the state pension and other issues related to your pension benefits (including the minor changes to the 2014 Scheme that affect members who left the Scheme prior to 1 April 2014). This is a great chance to get more of an insight into the Fund, and get your questions answered.

The meeting starts at 4pm at:

The New York Room
Mercer
4 Brindley Place
Birmingham
B1 2JQ

The venue is easy to get to from Birmingham New Street rail station.

To book a place please email: info@eapf.org.uk and quote 'Briefing'. We'll send you further information closer to the date.

LGPS changes

The Environment Agency Pension Fund (EAPF) is part of the Local Government Pension Scheme (LGPS).

These changes affect contributing members and not the majority of our deferred and pensioner members. More details are included inside this newsletter.

Protecting your money

The Pension Fund participates in the National Fraud Initiative (NFI) which is designed to detect and prevent fraud. As part of this initiative, public agencies are allowed to share information.

The Fund has a formal policy and procedure to prevent fraud linked to the unreported deaths of pensioners. As well as participating in the NFI, we issue life certificates to pensioners who live overseas or in care homes as well as those where power of attorney is held by a third party. We also undertake monthly mortality screening via Capita Tracing.

We may contact you with a request for information, but please don't be alarmed as it may be an inconsistency that requires further clarification.

Your P60 & payslip

Your P60 Certificate provides a summary of the pension you've received and tax paid for the year up to 5 April 2014. This will be sent to you in March along with your payslip, you'll also receive a payslip in April following the pension increase; and in any other month where the pension varies by more than £5.

It's important that you keep your P60 certificate safe as you might need to refer to it in the future.

Contact details

If you have any questions regarding your pension entitlement you can contact our pension administrator, Capita by:



Using the 'Contact Us' button on the website at www.eapf.org.uk



Emailing info@eapf.org.uk



Calling **0800 1216593**



Sending your query to **Capita
Hartshead House
2 Cutlers Gate
Sheffield, S4 7TL**