

New starters - A guide to your pension

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Today's session

What we'll be covering:

- What type of arrangement is the EAPF?
- How is my pension worked out?
- Benefits of joining
- Protection for you & your family
- Things to consider
- Communications
- Responsible Investment



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What type of arrangement is the EAPF?

- EAPF is a fund of the Local Government Pension Scheme (LGPS)
- LGPS is a **‘defined benefit’ pension scheme**
- Most other non-public sector pension schemes are **‘defined contribution’ pension schemes**

“What’s the difference?”



Difference between DB & DC Schemes

Defined Contribution (DC)



Employee



Employer



company

- Pension pot 'defined' by the 'contributions' paid in (plus investment returns)
- Annuity rates means pension @ retirement not known until you retire

Difference between DB & DC Schemes

Defined Benefit (DB)



Employee



Employer



- Pension 'benefits' are 'defined' using a pre-determined formula – **they're not linked to what's been paid in**
- Using a pre-determined formula means benefits can be calculated in advance!

How is my pension worked out?

A 'career average' pension scheme (CARE)

- Pensionable Pay for Scheme Year 1 / 49 = CARE pension built up in year 1
 - Revalued in line with inflation, **plus**

Scheme year (1 April – 31 March)	Pens. Pay received in year	Divide by (accrual rate)	CARE pension built up in year	Year 1 revaluation – applied on 1 April (2.4%*)	Year 2 revaluation – applied on 1 April (1.7%*)
Year 1	£30,000	49	£612.24	£626.93	£637.59
Year 2	£30,500	49	£622.45		£633.03
					£1,270.62

- Pensionable Pay for Scheme Year 2 / 49 = CARE pension built up in year 2
 - Revalued in line with inflation, **etc...**
- Continues to retirement

*Actual % used will be based on the relevant CPI figure to apply on 1 April

Benefits of joining

- A secure pension
- Exchange part of your pension for a tax free lump sum when you retire
- Your employer also pays into the Scheme
- Life cover and pensions for your dependants
- Ill health cover
- Pay less tax
- Access to an online portal to view your benefits at any time



How much does it cost?

- Pensionable earnings determine your 'band' & the % you pay
 - Bandings revalued each year in line with inflation (CPI)
 - The % you pay **may** change over time
- Your employer pays into the Scheme, too

Band	Main Section contribution rate 1/49 th accrual	50:50 Section contribution rate 1/98 th accrual	Pensionable pay range from 1 April 2020 based on the assessed pensionable pay you receive
Band 1	5.5%	2.75%	Up to £14,600
Band 2	5.8%	2.9%	£14,601 to £22,800
Band 3	6.5%	3.25%	£22,801 to £37,100
Band 4	6.8%	3.4%	£37,101 to £46,900
Band 5	8.5%	4.25%	£46,901 to £65,600
Band 6	9.9%	4.95%	£65,601 to £93,000
Band 7	10.5%	5.25%	£93,001 to £109,500
Band 8	11.4%	5.7%	£109,501 to £164,200
Band 9	12.5%	6.25%	£164,201 or more

Contributing vs. not contributing

Example

- Megan earns £24,000 pa (£2,000 pm)
- Normal cont. rate for Megan = 6.5%

Not contributing	
Monthly pay	Deductions
£2,000	£191.60 (tax)
	£144.96 (NI)
Take home pay = £1,663.44	

Main Section – 6.5%	
Monthly pay	Deductions
£2,000	£130 (pension)
	£165.60 (tax)
	£144.96 (NI)
Take home pay = £1,559.44 (-£104)	

If you don't contribute...
...your employer doesn't either

Protection for you

- Benefits can be paid from **any** age on ill health grounds
- Benefits paid on ill health are unreduced (and may be enhanced, depending on how severe your condition is)
- 3 levels of ill health that **could** be awarded:
 - **Tier 1 - Pension built to date + 100% of prospective pension to NPA***
 - **Tier 2 - Pension built to date + 25% of prospective pension to NPA***
 - **Tier 3 - Pension built to date, paid for up to 3 years (temporary), no enhancement**

*NPA = normal pension age (same as state pension age)

Protection for your family

The Scheme covers your loved ones in the event of your death, with pensions for your dependants and a life cover lump sum.

Dependants' pensions are payable to:

Partners

- Spouse (including same sex marriages)
- Civil Partners
- Cohabiting Partners

Children

- Up to age 23, if in full time education or vocational training
- Any age, if unable to work due to permanent incapacity or impairment



Protection for your family

Life Cover (death grant lump sum)

- 3 times your 'assumed' pay
- Complete an 'Expression of Wish' form & nominate someone to receive a lump sum in the event of your death
- You can choose to share the amount between more than one person or even an organisation
- Your nomination isn't legally binding and the EAPF reserves the right to use its discretion, though they'll take your wishes into account.
- Forms are available at www.eapf.org.uk/forms or you can complete one by logging into [EAPF Online](#)

Environment Agency Pension Fund
Local Government Pension Scheme Regulations 2008

Expression of Wish form

Employer / Former employer name: _____

Please read the 'Important notes' on page 3 before completing the form.

- Please complete the form in block capital with black ink
- Existing Environment Agency employees should contact the Compliance Office (01203 454100) or contact the new 0800 028 028 with the correct IDA Pension administration and contact the Member Administration team. Spouse or civil partner or someone who don't have access to EA's systems should contact the compliance office or contact the new 0800 028 028 or contact the Member Administration team.
- If you're a partner or defined member please send your form back to CAGRA case page 3.

This Do Not Write Here Name: _____

Former name(s): _____

Date of birth: _____ Member: _____

Employee number: _____

Member type (please tick boxes)

Contributing member Defined member Former member

Former Civil partner Former member with defined benefit

When the EAPF (which you don't receive) on your death grant which may become payable from the Fund will be used to pay your nominated beneficiary (ies) (organisation) or you (as noted that wish to be paid to the following person) (organisation) in the event of your death:

Nominee and address (responding to you if any):
Full name and address: _____
Full name and address: _____
Full name and address: _____
Full name and address: _____

Beneficiary and address (responding to you if any):
Full name and address: _____
Full name and address: _____
Full name and address: _____
Full name and address: _____

If you wish the death grant to be shared between more than one person, you should complete a clause which sets out an appropriate level of power attached to the form.

Important notes:

1. You need not understand the General Data Protection Regulation notice (attached in part 1) or the individual when you complete.
2. You can only change the Expression of Wish form if you have not completed and forwarded a new form before previously.
3. A completed Expression of Wish form is not binding on the EAPF.

Sign: _____ Date: _____

*Form is part of 'Part 1' of the pension which is jointly indexed.
Issue 1 (under 4 - May 2014) | EAPF@environment.gov.uk | Terms | Page 1 of 2

Remember, you don't pay an extra premium for this – it's included in the contribution you already pay!

Paying in more or less

Pay in more = get more out!

	AVC	APC (extra)	APC (lost)
What you'll get	Value of contributions paid & investments	Guaranteed pension	Guaranteed pension
What are the good points?	<ul style="list-style-type: none"> • Flexible contributions • Different ways of using it (inc. 100% tax free cash) 	<ul style="list-style-type: none"> • Additional pension • Inflation proofed • Ill health cover 	<ul style="list-style-type: none"> • ER contributes 2/3rds • Additional pension • Inflation proofed • Ill health cover
What are the bad points?	<ul style="list-style-type: none"> • Few guarantees • Value of pot can go up & down 	<ul style="list-style-type: none"> • Can be expensive • Once started, not flexible • Reduced if taken early 	<ul style="list-style-type: none"> • Once started, not flexible • Reduced if taken early
Limits on what you can you buy/pay?	100% gross pensionable pay	£7,194 extra pension	Amount of lost pension (falls within £7,194 limit)

Paying in more or less

Pay in less: the 50:50 option

- You can **choose** to pay $\frac{1}{2}$ your contribution rate to get $\frac{1}{2}$ the benefit
 - Life cover & ill health benefits **aren't** affected
 - You can **choose** to go back into the Main section from the 1st of the next month
 - However, you'll be put back into the Main Section **automatically** if:
 - You pass your employer's re-enrolment date
 - You're on sick or child related leave **and** your pay is reduced to nil
-

Main Section vs 50:50 Section

Example – coming back to Megan...

- Megan earns £24,000 pa (£2,000 pm)
- Normal cont. rate for Megan = 6.5%

Not contributing

Monthly pay	Deductions
£2,000	£191.60 (tax)
	£144.96 (NI)
Take home pay = £1,663.44	

Main Section – 6.5%

Monthly pay	Deductions
£2,000	£130 (pension)
	£165.60 (tax)
	£144.96 (NI)
Take home pay = £1,559.44 (-£104)	

50:50 Section – 3.25%

Monthly pay	Deductions
£2,000	£65 (pension)
	£178.60 (tax)
	£144.96 (NI)
Take home pay = £1,611.44 (-£52)	

Combining your pensions

- **Ability to transfer other pension rights into the LGPS**
 - **Must** decide within 12 months of first joining EAPF
 - **Transferring in private sector pension rights**
 - Fixed amount of pension, revalued each year in line with inflation
 - **Transferring in other public service pension rights**
 - Benefits transferred on a similar basis
 - **Transferring from another/the same LGPS fund**
 - Previous final salary membership will generally transfer on a day for day basis
 - Previous career average pension will generally transfer on a £ for £ basis
-

Combining your pensions

Transferring private sector pension rights into the LGPS



Example – incoming transfer value of £10,000

- 28-year old member (SPA 68)
 - Buys additional, annual pension of **£1,312.24***
- 46-year old member (SPA 67)
 - Buys additional, annual pension of **£861.96***

REMEMBER - transferred in pension is revalued each year by inflation!

*Based on the latest transfer factors in place on 1 October 2020, which are subject to change on 1 November 2020

Combining your pensions

Transferring from the same/another LGPS fund into the EAPF

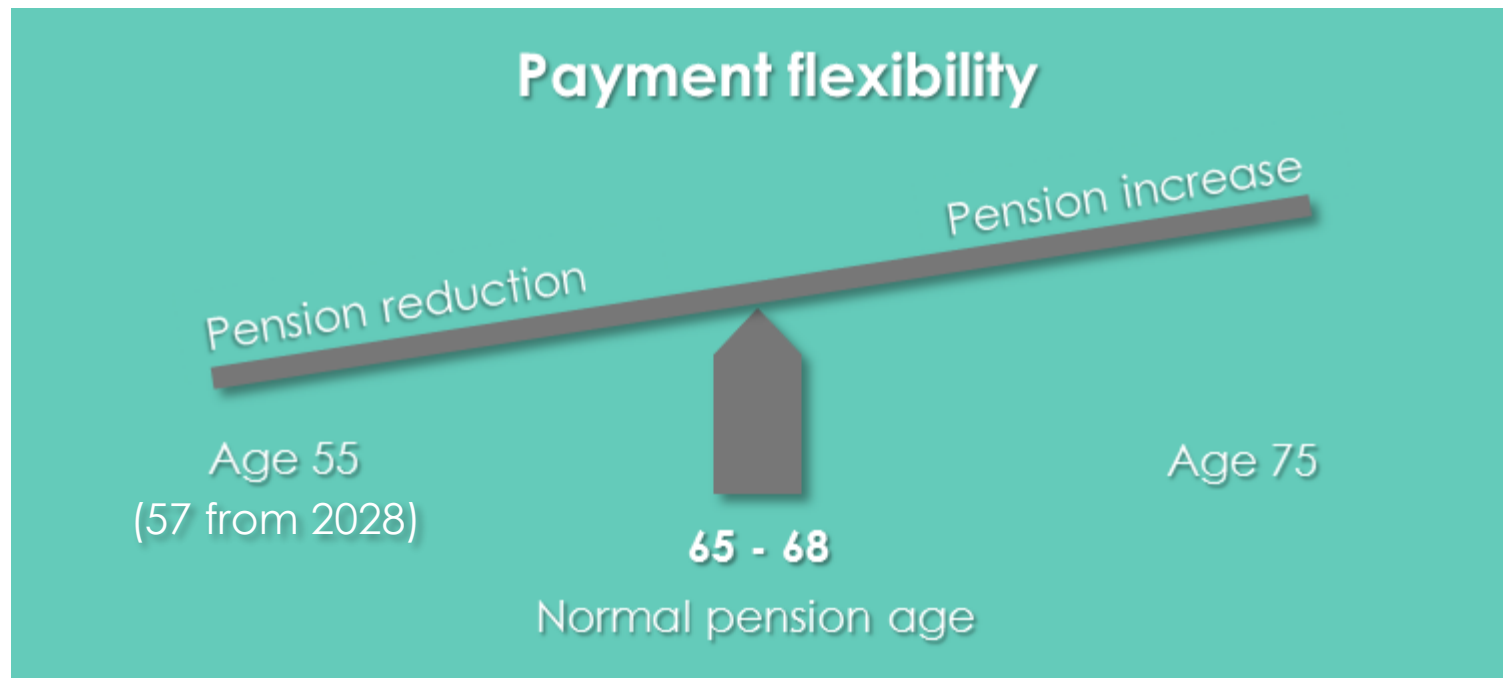


Example – combining 5 years final salary membership & £2,500 CARE pension

- Buys 5 years final salary membership* in the EAPF, **linked to your new, EA salary!**
 - If new salary is £5k higher, this would result in the final salary pension being increased by £417!
- Buys £2,500 CARE pension in the EAPF

*Provided you **don't** have a gap in contributing membership of a public service pension scheme for more than 5 years between leaving & re-joining the LGPS

When can I take my pension?



Normal pension age = Later of 65 or state pension age (www.gov.uk/new-state-pension)

Keeping you informed

Annual Pension Statements

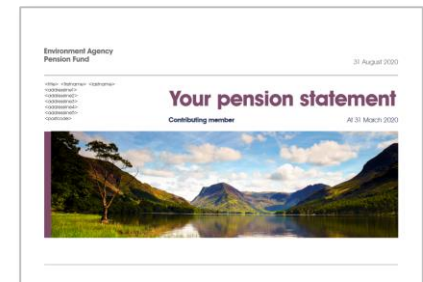
To help you keep track of how much you've built in the Scheme, we'll send you an annual pension statement every year.

It tells you:

- Your current pension at 31 March each year
- An estimate of your potential benefits up to your NPA
- An estimate of death and survivor benefits

You should check:

- Your pay
- For any 'additions' you've received during the year
- Whether you've nominated someone for a death grant



Your pension statement		Environment Agency Pension Fund
Summary of your pension benefits		About you
Date you reach your normal pension age (NPA) (lines 46 & 52)		It's important you check that the personal details we hold for you are correct
Your benefits of normal pension age		Personal details:
Annual pension amount of (lines 4 & 42)	£ 6,000	Name
With lump sum of (lines 5 & 10)	£ 6,000	Date of birth
		National Insurance number
		Effective date of NPA
Or if you exchange pension for a higher lump sum		Pension details:
Maximum lump sum of (lines 6 & 11)	£ 6,000	Date normal pension age of the employee (line 16)
With annual pension of (lines 8 & 13)	£ 6,000	Section of staff
		Workable pension (line 18)
		Normal NPA employee (line 44)
		Effective date of NPA
Life cover and survivor benefits		Pay used to work out this year's benefits
Annual life cover sum of (lines 9 & 14)	£	Current average (line 1)
Reduction of (line 15)	£	Current average (line 2)
		Current average (line 3)
		Final salary (line 5)
Current value of benefits		
Annual pension of	£	
With a lump sum of (lines 8 & 14)	£	

You can also register online to view your statements at www.eapf.org.uk

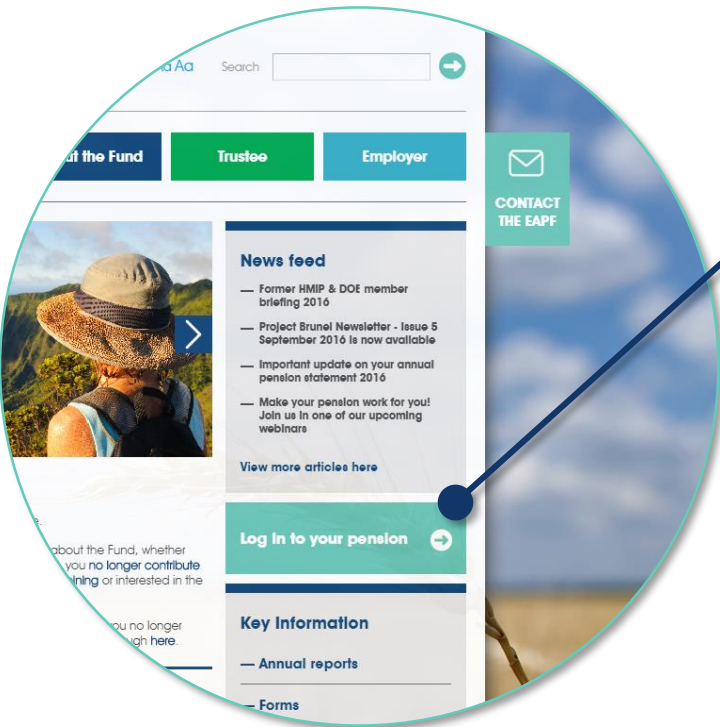
Registering for EAPF Online

If you haven't registered for EAPF Online, don't worry it's easy!

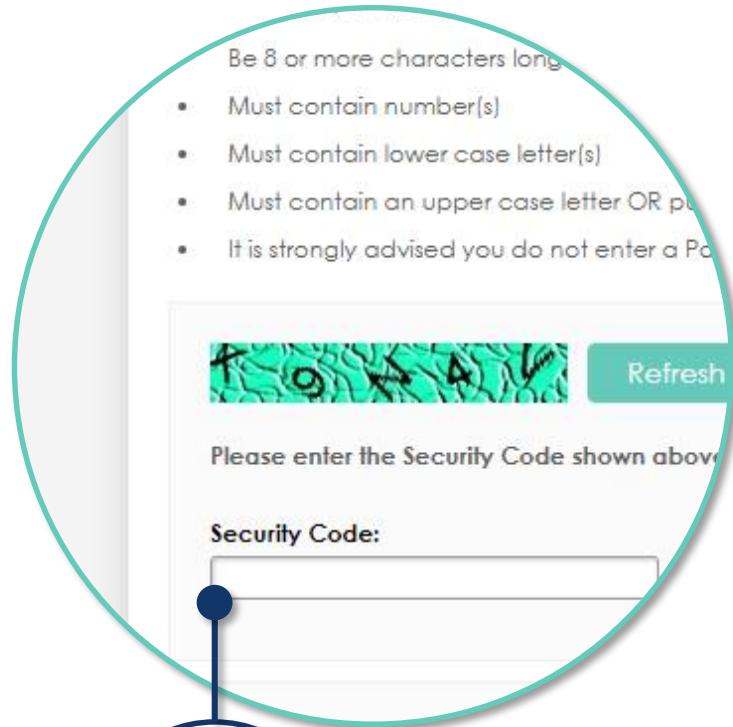
All you need to do is go to our pension website at www.eapf.org.uk

Click
Register

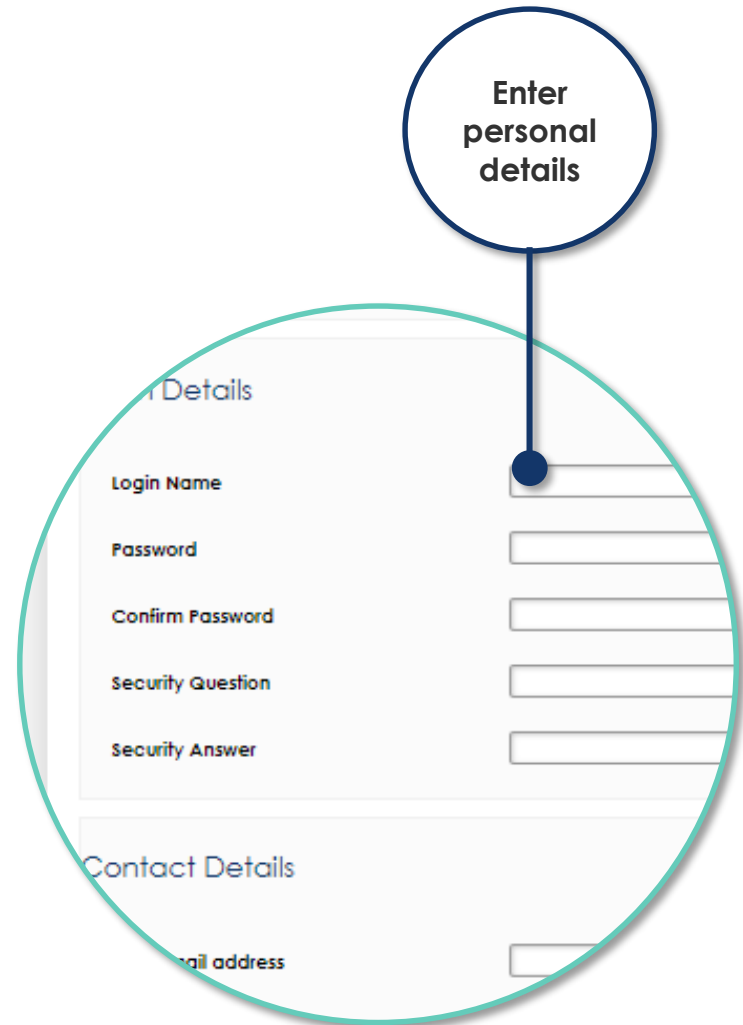
Click
'Log in
to your
pension'



Registering for EAPF Online



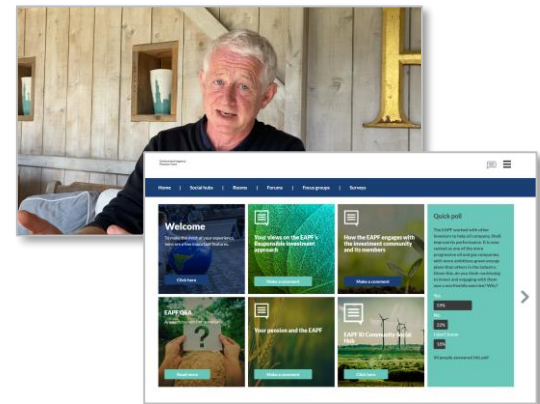
Repeat security code here



EAPF is a leader in ‘Responsible Investment’

- EAPF's **desire** is to contribute to:
 - A strong economy;
 - A healthy environment; and
 - A fair society
- EAPF sought **your** views on investing responsibly
 - Results can be found at www.eapf.org.uk/members/videos-and-presentations/surveys
- Our approach to Responsible Investment is widely respected
 - Seeking members' views on funding is uncommon through the industry
 - The EAPF has been highly praised for its initiative
- Richard Curtis is a big supporter of the EAPF's views
 - In his video on the EAPF website, he points out that:

“Making your pension ethical and sustainable...is 27 times more effective than giving up flying and eating meat!”



Resources to find out more

- Visit www.eapf.org.uk to check out our helpful tools and [videos](#)
- [Publications](#) you can download online:
 - Scheme guides
 - How is my pension worked out?
 - New starters guide
 - Topping up my LGPS pension

The screenshot shows the Environment Agency Pension Fund website. At the top, there are navigation tabs for Member, Investment, About the Fund, and Taxfree. Below this is a main banner area with a large image of a family and a bicycle, with text asking 'Are you protected under the 95 year rule?'. To the right of the banner is a 'News feed' section with several article titles. Below the banner is a 'Retiring early? See if you're protected...' section. On the right side of the page, there is a sidebar menu with the following sections:

- Publications**: You can download more information about the Scheme here, including our member factheets and our guides to the Scheme.
 - Scheme Guides**:
 - Scheme Guide for members
 - A brief guide to the Local Government Pension Scheme (LGPS)
 - A brief guide to the Local Government Pension Scheme (LGPS) - Welsh version
 - A guide for members who joined from 2014
 - Contributing member factsheets**:
 - A guide to transferring benefits into the EAPF
 - Investing my additional voluntary
- Member
- Investment
- Climate risk
- About the Fund
- Trustee
- Employer
- Latest news
- Newsletters & Spotlight
- Publications
- Forms
- Policies
- Annual Reports & Accounts
- Legal Statements

Contact details

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

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

Emailing info@eapf.org.uk

Following on twitter
[@EAPensionFund](https://twitter.com/EAPensionFund)

Calling **0800 121 6593**

Sending your query to
Capita
11b Lingfield Point
Darlington, DL1 1AX

Email for specific queries

Any specific questions email:

Jacinta.Wilmot@environment-agency.gov.uk

Find in outlook for EA employees

Any questions?

Thank you

Regulatory Statement

- The information contained within this presentation does not constitute financial advice.
- The information provided is based on Capita's understanding of current law and LGPS Regulations, as at 1 October 2020
- HMRC policy, practice, and legislation may change in the future.

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