

Your pension savings statement explained



Your statement explained

EAPF Pension Savings Statement for the tax year ending 5 April 2021

We have set out below details to help explain your statement for the tax year ending 5 April 2021.

1

The year in which we've measured the growth in your EAPF pension.

2

The amount your pension savings can grow 'tax free' in the year.

The annual allowance for 2020/21 is £40,000.

This is reduced if you earn over £240,000 in a tax year (in practice, this may affect you if your pensionable income is above £200,000). This is called 'tapered annual allowance'.

Under tapered annual allowance, the annual allowance is reduced by £1 for every £2 of 'adjusted income' that exceeds the £240,000 level, subject to a minimum annual allowance of £4,000.

'Adjusted income' starts by adding up all of your income (subject to tax) such as income from employment, property and dividends, etc. Other specified items (such as member contributions and the 'value' of employer contributions), are added in to check if the adjusted income exceeds £240,000, and so subject to the tapered annual allowance.

Environment Agency
Pension Fund

EAPF Pension Savings Statement for the tax year ending 5 April 2021

Name: Reference:

Your pension savings in the EAPF for the 2020/21 tax year are:

Pension Input Period	Tax year	Annual Allowance	Pension Savings
6 April 2020 to 5 April 2021	2020/21	£40,000	

Where your total Pension Savings exceeds the Annual Allowance or your personal annual allowance, you may incur a tax charge unless you have sufficient unused annual allowance from any of the previous three tax years.

Pension savings for the previous three tax years

Pension Input Period	Tax Year	Annual Allowance	Pension Savings
6 April 2019 to 5 April 2020	2019/20	£40,000	
6 April 2018 to 5 April 2019	2018/19	£40,000	
6 April 2017 to 5 April 2018	2017/18	£40,000	

We haven't included any pension savings you may have made outside the EAPF. If you've made pension savings in another pension arrangement, you'll need to add these to your EAPF savings. (You can contact your other pension provider for details of the savings you've made with them.)

To calculate whether any of your excess savings will attract a tax charge, please visit www.eapf.org.uk/pension-savings-hub and choose 'HMRC Annual Allowance Calculator'.

An explanation of how to use the calculator is provided in the 'Pensions savings – what actions do I now need to take' factsheet enclosed, and also found in the 'Pension savings' hub online.

How did we calculate your pension savings?

Your pension savings are calculated as:

(Pension x 16) + automatic lump sum + AVCs at the end of the tax year
Minus
(Pension x 16) + automatic lump sum at the end of the previous tax year (which is increased for the cost of living)

As you can see this is not restricted to the pension contributions you paid. We include the value of the growth of your CARE and final salary benefits, as well as any added years, additional regular contributions (ARCs), additional pension contributions (APCs) and additional voluntary contributions

3

The 'growth' in your EAPF pension during 2020/21.

We've calculated it by looking at the difference in your pension at 6 April 2020 and 5 April 2021 and multiplying this figure by 16.

We've also added any tax free lump sum built up (for service before April 2008) to this total.

We've calculated your pension using your 'highest' pay in the last 3 years.

We've included added years, additional regular contributions, additional pension contributions (APCs) or EAPF additional voluntary contributions (AVCs) that you've paid, though any AVCs you've paid towards a life assurance policy are not included.

You can find further information on annual allowance charges in the 'Tax Controls on Pension Savings' factsheet under Publications at www.eapf.org.uk/resources/publications

You can also use our High Earners AA Resource Hub. This hub provides the documents and reference materials you'll need to help you understand your responsibilities. You'll find this under 'User Guides' at www.eapf.org.uk/pension-savings-hub

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4

The amount your pension savings can grow 'tax free' in the relevant pension input period.

If you're subject to a tapered annual allowance your pension savings growth will be lower.

5

You can offset your excess savings with any unused annual allowance from the previous 3 years that are shown on your statement.

In this section, you'll find a link for the HMRC online tool that'll help you work out if your excess savings can be fully offset, or if you'll have to pay a tax charge.

6

The 'growth' in your EAPF pension during the periods stated.

We've calculated it by looking at the difference in your pension during the periods stated and multiplying this figure by 16.

An allowance for inflation (CPI) has also been added to these figures.

We've also added any tax free lump sum built up (for service before April 2008) to these amounts.

We've calculated your pension for each pension input period using your 'highest' pay in the last 3 years. We've only used the pay that was known on the last day of the period to calculate benefits for that period.

We've also included added years, additional regular contributions (ARCs), additional pension contributions (APCs) or EAPF additional voluntary contributions (AVCs) that you've paid, though any AVCs you've paid towards a life assurance policy are not included.

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The above amounts exclude any pension savings you may have made outside the EAPF. If you have made pension savings in another pension arrangement, you need to request details of your pension savings from the administrator of that arrangement to assess your overall annual allowance position.

Scheme Pays flowchart continued

If you've exceeded the annual allowance and you're interested in the Scheme Pays option, our helpful 'Scheme Pays' flowchart will tell you exactly what to do.

You'll find full details online at www.eapf.org.uk/publications

You can also use our online Scheme pays tool at www.eapf.org.uk/schemepays

