
A guide for members with deferred benefits



About this guide

The Environment Agency Pension Fund (EAPF) is part of the Local Government Pension Scheme (LGPS). It's governed by the LGPS regulations, which change from time to time.

The EAPF has produced this guide for members who've left their employment (or opted out of membership) before they're entitled to immediate payment of retirement pensions. This guide is not intended to be a definitive guide on deferred benefits. However, it provides a lot of useful information.

What are 'deferred benefits'?

If you stop paying contributions to the EAPF before your normal pension age (NPA), the pension benefits you've built up will become deferred in the EAPF; this is called a 'deferred benefit'.

Your deferred benefit is made up of an annual pension, which, once in payment, is payable for the rest of your life; it also provides financial protection for your family in the event of your death. In addition, if you've membership prior to 1 April 2008, you'll receive an automatic tax free lump sum. When you eventually take your benefits, you'll have the option to exchange some annual pension to receive a tax free lump sum, or increase your automatic lump sum.

In what circumstances would I not be entitled to a deferred benefit?

You won't be entitled to a deferred benefit if you:

- Were a member for less than 2 years¹ (or less than 3 months if you left between 1 April 2004 and 31 March 2014); and
- Don't hold any other LGPS benefits in England or Wales

Instead, you'll usually be entitled to a refund of your contributions, less any deductions for:

- Tax; and
- The cost of buying you back into the State Second Pension scheme (this only applies if you've service before 6 April 2016)



How do I find out how much my deferred benefit is worth?

Once you've left your employer or opted out of the Scheme, we'll write to you to confirm the value of the deferred benefits awarded to you and what options you have after you leave your employer or opt out of the Scheme. We'll aim to send you these details within 10 working days of receiving the information we need from your employer.

Do my deferred benefits keep pace with the cost of living?

Once you're a deferred member, your benefits will be revalued every April, in line with the cost of living, both before and after your pension is put into payment (though please see the section on ill health later on). This ensures that, years from now, your pension and lump sum will retain their 'buying power'.

When can I take my deferred benefit?

Your benefits are normally payable from your 'normal pension age' (NPA). However, you can take your benefits from as early as age 55 (with reductions for early payment) or, if you left after 31 March 1998, as late as age 75 (with increases for late payment).

For more information on your NPA, the reductions/increases that apply for early or late payment and any early retirement protections you may have, see our 'When can I take my LGPS pension?' factsheet at www.eapf.org.uk/publications. You can also use our '[85 year rule checker tool](#)' online.

1. Although you may have been a member of the Scheme for less than 2 years (or less than 3 months, if you left between 1 April 2004 and 31 March 2014), you may, in some circumstances, still qualify for a deferred pension. If you have been a member of the Scheme for less than 2 years (or 3 months, if you left between 1 April 2004 and 31 March 2014) and would like to know more, please contact Capita.

If I don't take my deferred benefit, can I transfer it to another pension scheme?

If you're not a contributing LGPS member in another employment, you're more than one year away from your NPA, and you're not receiving a LGPS pension (other than a pension credit or survivor's pension), you can choose to transfer your LGPS benefits to another pension scheme (such as a personal pension, new workplace pension scheme, etc.)

If you later decide to rejoin the LGPS and you've not transferred your benefits or received a refund, your deferred benefit will be automatically added to your new LGPS pension record unless you elect to keep it separate.

How are my deferred benefits calculated?

When you stop contributing to the Scheme, we'll use the information provided by your employer to decide if you're entitled to a deferred benefit and, if so, the value of that benefit.

Calculation formula

We use the formula below to calculate the value of your benefits:

Membership (pre 01/04/08)	X	1/80	X	Final pay	=	A
Membership (pre 01/04/08)	X	3/80	X	Final pay	=	B
Membership (01/04/08 to 31/03/14)	X	1/60	X	Final pay	=	C
Pensionable pay paid each year after 31/03/14	X	1/49	X	Revaluation Factor (CPI)	=	D
Annual pension				=		A + C + D
Automatic tax free lump sum				=		B

Benefits before 1 April 2014

Final pay

This is normally the pay on which you've paid pension contributions during your last year of membership, or a figure taken from one of the previous two years, if higher. If you worked part time, your final pay will be based on the pay you would've earned if you'd worked full time.

Membership

This is the length of time you were a member of the Scheme, but it can include other periods, such as service transferred into the Scheme from a previous pension arrangement, or any extra service you've purchased. Your membership is measured in years and days, so every day counts towards your benefits. If you worked part time, your membership is scaled down to reflect the hours you worked.

If your pay was reduced or restricted

Final pay protection may be available where a member experiences a reduction or restriction in their pensionable pay. If this applies to you, your employer will have given you confirmation of your eligibility. This protection allows you to elect to use a pay figure taken from an earlier period than would otherwise be allowed. At the time you stopped membership, we'll have provided you with the necessary information to enable you to use this protection.

Benefits after 31 March 2014

Benefits are calculated annually using the pensionable pay earned each year and are revalued annually in line with the cost of living.

Exchanging part of your pension to receive, or increase your, tax free lump sum

You can exchange part of your annual pension for a tax free lump sum at the rate of £12 of lump sum for each £1 of annual pension you give up. We'll give you more information, quotations and an election form shortly before your benefits become payable.

What happens if I was paying additional contributions before I left?

If you were paying additional contributions before you left, those contributions stopped being payable when you left the LGPS.

If you completed an additional contributions arrangement before leaving, you'll receive the full amount that you set out to buy. However, if you had an arrangement that was incomplete when you left, please see below.

Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs) to buy additional pension

You'll be credited with the extra pension that you've paid for up to the date you leave. This will increase the value of your deferred benefits, which, in turn, will increase any transfer value that may be paid to a new pension arrangement.

Buying additional years of membership

If you were buying additional membership you'll be credited with the extra period of membership that you've paid for up to the date you leave. This will increase the value of your deferred benefits which, in turn, will increase any transfer value paid to a new pension arrangement. The extra benefits will be calculated on the same basis as you had agreed to buy them.

Additional voluntary contributions (AVCs)

The value of your AVC fund will continue to be invested until it is paid out. Your AVC pot:

- can be transferred to another pension arrangement, even if you don't want to transfer out your main Scheme benefits
- can be left until the day before your 75th birthday
- must be drawn at the same time as your LGPS benefits

As you cannot pay in-house AVCs after leaving, any extra life cover paid for through AVCs stops when you leave.

If I rejoin the LGPS what happens to my deferred benefits?

If you rejoin the LGPS (England and Wales), your deferred benefits will be combined with your new pension record and any membership you built up before 1 April 2014 would be linked to your final salary on leaving your new employment.

However, if, between leaving the LGPS and rejoining, you've had a break of more than 5 years in which you didn't contribute to a public service pension scheme, the benefits built up before 1 April 2014 will be converted into a fixed amount of pension and won't be linked to your final salary.

You can elect to keep your benefits separate so long as you do so within 12 months of rejoining the LGPS.

However, if you opted out of the LGPS after 10 April 2015 to defer your benefits, you can't combine them with your new pension record; these benefits must be kept separate.

What happens if I've been awarded a deferred benefit, but I'm still a contributing member of the LGPS in an ongoing employment?

If, when you left, you held a separate LGPS (England and Wales) pension relating to an employment that has continued, your benefits will be combined into a single pension account unless you elect to keep the benefits separate. Once again, you must make your election within 12 months of rejoining the LGPS if you wish to take this option.

When can I take my deferred benefits?

Your deferred benefits are normally payable from your 'normal pension age', which, depending on when you joined and left the Scheme, can be anything from age 60 to the later of your State Pension age or age 65. In addition, you can now take your deferred benefits from age 55 and you don't need your former Scheme employer's consent to do so (though benefits paid before your normal pension age may be reduced for early payment).

For more information on your 'normal pension age' and when you can take your benefits, please visit www.eapf.org.uk/publications to view our 'When can I take my LGPS pension' factsheet. Information on accessing your deferred benefits on ill health grounds can be found below.

What if I'm suffering from ill health, can I access my deferred benefits early?

You can obtain early payment of your deferred benefits if it's on the grounds of permanent ill health and your former employer agrees to it.

You can apply for payment of your deferred benefits at any age, without reductions, if, because of your health, you'd be permanently incapable of doing the job you were working in when you left the LGPS; if you left the LGPS after 31 March 2008, there's a further requirement that you're unlikely to be capable of undertaking any gainful employment:

- Within 3 years of applying for the benefit; or
- Before your normal pension age (NPA), if you reach your NPA within 3 years of applying for the benefit

Under the Scheme rules, 'gainful employment' means paid employment for at least 30 hours per week for a period of at least 12 months.

Finally, if your pension is put into payment on ill health grounds and:

- **You're 55 or more, or you're under 55 and you're deemed incapable of carrying out regular full time employment before your NPA** - Your pension and any lump sum payable will include the cumulative cost of living revaluation to date, plus cost of living revaluation being applied every year thereafter
- **You're under 55 and you're deemed capable of carrying out regular full time employment before your NPA** - Your pension and any lump sum payable will **not** include the cumulative cost of living revaluation. However, on reaching age 55, cumulative cost of living revaluation will be applied to that date (with no arrears payable), plus cost of living revaluation being applied every year thereafter.

What happens if I die before I take my deferred benefits?

The rules around these benefits changed several times in the period up to 1 April 2008. More information about the earlier rules (i.e. if you stopped contributing before 1 April 2008) can be found at www.eapf.org.uk. The following paragraphs outline the position if you left after 31 March 2008.

Lump sum death grant

A lump sum death grant of 5 times your deferred annual pension will be payable. The EAPF has absolute discretion to decide who to make payment to, but will normally take your wishes into account.

If you've not completed a death grant Expression of Wish form (Pen 16) and you would like to do so, or if you wish to change your existing nomination, please download a form from www.eapf.org.uk/forms

Survivor's pension

A pension will be paid to your spouse (including same sex marriages), registered civil partner or, subject to certain qualifying conditions, your cohabiting partner. This pension is payable immediately after your death for the rest of their life and will be revalued every April to keep pace with the cost of living.

Children's pension

Pensions are payable to eligible children and are revalued every April to keep pace with the cost of living.



Additional points

Annual pension statements

Every year we'll provide you with a statement giving you the current value of your deferred benefits. This means it's important that you tell Capita whenever you change your address or contact details.

Sending of retirement packs

We'll write to you when you approach your 60th birthday or, if you didn't claim your deferred benefits at age 60, when you approach your NPA*, to ask whether you'd like to claim your deferred benefits at that point. If you wish to receive your pension outside of these dates, you'll need to notify us in writing (in some cases, giving 3 months' notice).

*In some instances, your NPA will be between age 60 and 65; if this is the case and you left before 6 April 2006, your pension must be paid from your NPA and cannot be deferred to a later date.

Sharing your pension as a result of divorce proceedings

If your benefits are subject to a pension sharing order or earmarking order issued by the court following a divorce, or dissolution of a civil partnership, or are subject to a qualifying agreement in Scotland, your benefits will be reduced in accordance with the court order or agreement.

If, in the future, you start any new proceedings of the types described above, you'll need to make a written request to us for a cash equivalent transfer value (CETV).

Reduction or forfeiting of pension rights

There are limited situations where your deferred pension may be either forfeited or reduced, at the request of your employer or the Secretary of State. More information on this is available at www.eapf.org.uk

Assigning benefits to other people

You're not allowed to assign your benefits. Your LGPS benefits are strictly personal and can't be assigned to anyone else or used as security for a loan.

What if I've any questions?

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

Disclaimer - This guide is not intended to cover every personal circumstance, nor does it confer any contractual or statutory rights and is provided for information purposes only. In the event of any dispute over your pension benefits the appropriate legislation will prevail.

The EAPF is part of the Local Government Pension Scheme (LGPS) which is governed by the LGPS regulations.