

Thinking about or approaching retirement?



About this guide

The Environment Agency Pension Fund (EAPF) is part of the Local Government Pension Scheme (LGPS), which is governed by LGPS regulations. This guide provides information for members who are approaching or thinking about retirement.

It's not intended to be a definitive guide on what you need to think about, but it will provide some useful information. You'll also find other guides on related topics at www.eapf.org.uk/resources/publications

When can I retire?

Your normal pension age (NPA) is the later of your state pension age (SPA) or age 65, but you don't need to retire at that age. If you want to carry on working beyond your NPA, you're free to do so, but you'll need to keep your employer informed of your plans. You must give your employer at least 3 months' notice that you intend to retire, to ensure that payment of your pension is not delayed.

Please note that, although you may continue in employment beyond age 75, you must take payment of your pension benefits before age 75.

Alternatively, providing you've left the employment in which you built up your EAPF benefits, you can currently take your EAPF benefits from as early as age 55, without your employer's consent. If you haven't left your employment, then you'll need to get your employer's consent if you want to take your pension benefits and keep on working. In September 2020, the Government re-confirmed its plan to increase the minimum age from 55 to 57, with effect from 2028. We'll update our website when we have more information about this from the Government and whether it will affect your right to access your EAPF benefit from age 55.

If you choose to take your benefits before your NPA, they'll be reduced for early payment. In addition, the reductions that apply will depend on:

- Your levels of protection within the fund, and
- Whether you choose to take your benefits before age 60*

* Your benefits will be reduced if you choose to take payment of your benefits before age 60.

However, if you have protection from early payment reductions under the '85 year rule', your employer has the discretion to apply these protections before age 60 and waive the reduction to your benefits by paying the cost themselves. You'll need to read your employer's policy for more details on when they might apply this discretion. It is worth noting that it's only in extremely limited circumstances where your employer would be able to justify paying costs for you to take your pension early using public money.

For more information on the reductions that may apply, as well information on the '85 year rule' please [see our 'When can I take my LGPS pension?' factsheet](#) and you can also [use our '85 year rule checker tool'](#) at www.eapf.org.uk/85yr

The date on which you want to retire will depend entirely on your own circumstances. People are living longer and more people are carrying on working longer. It'll be up to you to decide the best time for you to retire.

What benefits do I get from the LGPS?

When you retire, you'll get a pension paid for the rest of your life, which increases each year in line with the cost of living. If you have scheme membership from before 1 April 2008, you'll get an automatic tax free lump sum. You can also give up some of your pension to provide you with, or increase your existing, tax free lump sum (subject to HM Revenue & Customs limits).

If you've bought any added years or additional pension, the amount bought will also be used in calculating your final pension. If you've paid into the in-house additional voluntary contribution (AVC) scheme, you'll also have additional options, from using your AVC fund to buying extra pension, to taking some, or possibly all, of your AVC fund as a tax free lump sum.

Your last annual pension statement will give you a good guide as to the value of your pension and lump sum, as well as give you an estimate of what you may receive if you carry on working and remain in the pension scheme until your NPA (based on the pay you received during the most recent scheme year).

However, the figures on your annual pension statement will be reduced if you decide to retire before your NPA to reflect your decision to stop building pension in the EAPF and take early payment.

If you're thinking of retiring in more than 6 months' time, you can check out the EAPF's online 'Retirement Illustrator', which allows you to calculate an estimate of your benefits. The calculator is linked to your pension record held by Capita, so it'll take account of your own personal circumstances.

To access the calculator, visit portal.eapf.org.uk and click on 'Log in' at the top of the homepage.

If you're thinking of retiring within the next 6 months, please contact Capita for an estimate of your benefits before you make a decision.

What other financial considerations should I take into account when planning my retirement?

When you're working out your finances, you'll need details of your LGPS benefits. Check your annual pension statement, visit www.eapf.org.uk and head to 'EAPF Online' to calculate your own estimate, or you can request an estimate from Capita. You'll probably want to take into account some or all of the following too:

- Your state pension (if you've reached SPA)
- Any other pensions you may have in payment, or are due to come into payment
- Any savings income you may have
- Any other benefits you may be able to claim
- Income tax
- No more travelling to work costs
- Any discounted or free travel that you'll qualify for
- If you have a mortgage, when is it paid up?
- If you have an endowment, will it cover all of your mortgage or will you have any excess?
- Your home fuel bills may increase in winter if you're spending more time at home

There may be other considerations for you, depending on your own circumstances. You may wish to take independent financial advice when planning your retirement (see 'Getting advice' below).

At budgetplanner.eapf.org.uk, you'll find a Budget Planner tool, which is a great tool to help categorise your spending and understand what income you might need to come in for your retirement.

Can I take my pension, but carry on working for my employer?

If you can't afford to retire immediately, or you're simply not ready to retire, but you're looking to take things a bit easier, then, provided you're over age 55, your employer may be able to offer you a solution by allowing you to take 'Partial Retirement'.

This allows you access to your pension while you carry on working on less hours, or on a lower grade with less responsibility. This option is at the discretion of your employer. You should ask your line manager if you're interested. **You can also read our [Partial Retirement guide for more information](#).**

Where can I get more information or advice to help me decide?

EAPF Planning for retirement webinars

We host annual Planning for retirement webinars for our contributing members. These webinars cover a wide range of useful financial and lifestyle information.

Dates of upcoming webinars can be found on our website 'News' section usually from September each year.

We'll also email contributing members to let you know when our online booking system is open to book a place on our webinars. If you'd like to attend, you should keep an eye out for our webinar email and check our website at www.eapf.org.uk between September and October.

There are recordings available on the website too, so you can view previous sessions if the timing doesn't work for when you plan to retire. **Visit www.eapf.org.uk/resources/videos-and-presentations/webinars to see our webinar recordings.**

Getting advice

We're unable to offer you any advice to help you in making pension decisions, but we'll provide you with information that you can use to help. You can get advice from an Independent Financial Adviser (IFA) and details of how to contact a local adviser can be found at www.moneyhelper.org.uk

MoneyHelper also has a range of free guides that can help you with your retirement planning. MoneyHelper is an independent non-profit organisation, providing free information, advice and guidance on the whole spectrum of pensions, including State, company, personal and stakeholder schemes. **Visit the MoneyHelper website at www.moneyhelper.org.uk/en/pensions-and-retirement**

State Pension and other benefits

The Government's website www.gov.uk/browse/working/state-pension contains a wealth of information about State Pensions and various benefits that may be available depending on your personal circumstances. It can help you:

- Check when your State Pension is payable
- Check the rules on deferring payment of your State Pension
- Get a State Pension forecast
- Trace previous pension rights
- Find out about other state benefits



Tax

Both your EAPF pension and your State Pension are taxable income. The tax code applied to your EAPF pension is normally adjusted to take account of your State Pension when it comes into payment.

Your tax code and allowances may change depending on your age and your total earnings.

www.gov.uk/government/organisations/hm-revenue-customs has information about tax and personal allowances, so it's worth your while checking for the latest figures.

What happens once I've decided to retire?

Once you've made your decision to retire, you should initially talk to your line manager to agree the details. Once agreed, you must give your written notice at least 3 months before your intended retirement date.

When Capita receive notification of your retirement from your employer, or you've confirmed the date you wish to take payment of your deferred benefits, Capita will send you an estimate of your benefits. They'll also enclose forms for you to confirm your bank details (for payment of your pension), your marital/civil partnership status, details of other pensions that you may have and any other information needed.

Your estimate will include details of the pension you'll receive and the options available to you if you wish to convert some pension into a tax free lump sum. If you also have an AVC pot, it'll explain the options you have for your pot.

You'll need to make decisions on the amount of pension you wish to convert to lump sum and the options on your AVCs (if applicable).

It's important that you fully complete all of the forms that are sent to you, as any omissions could result in a delay in the payment of your benefits.

When Capita receive all relevant documentation from you and confirmation of your pensionable pay figures from your employer's payroll department, your pension benefits will be calculated and confirmation of the actual amounts payable will be sent to you.

The benefit calculations will take into account any extra years and/or pension that you may have purchased, or have been awarded by your employer.

The following sections give you information on things you'll need to be aware of.

Tax free lump sum

You can choose to exchange some of your annual pension to provide you with, or increase your existing, tax free lump sum at retirement. Capita will provide details of the maximum amounts with your retirement estimate.

You'll need to confirm in writing if you wish to take this option, and the amount of pension that you wish to convert before your pension benefits are paid.

The maximum tax free lump sum you're allowed to take is subject HM Revenue & Customs limits, and it must be no more than 25% of the Lifetime Allowance.

For every £1 of annual pension you give up, you'll receive £12 additional lump sum. The maximum tax free lump sum payable is the lower of:

$((120 \times \text{annual pension}) + (10 \times \text{Automatic tax free lump sum}^*)) / 28$
AND
25% of the Standard Lifetime Allowance which is £268,275 for the year 2021/22

*You'll only have an automatic tax free lump sum if you have Scheme membership before 1 April 2008. Add any in house AVCs to the automatic tax free lump sum if your AVCs are being paid with your EAPF benefits.

Calculating the maximum lump sum available – example 1

Upon retirement, Ellen's **standard benefits** have been calculated as:

Annual pension: £10,000

Automatic tax free lump sum: £24,000

Ellen now has the **option** to receive either her **standard benefits** (as above) **OR** the **maximum tax free lump sum option** and remaining annual pension, or alternatively she can elect to receive a value in between the two.

Maximum tax free lump sum: **£51,428.57**

$((120 \times £10,000) + (10 \times 24,000)) \div 28 = £51,428.57$

Remaining annual pension: **£7,714.29** $(£51,428.57 - £24,000) \div 12 = £2,285.71$ $(£10,000 - £2,285.71 = £7,714.29)$



Calculating the maximum lump sum available – example 2

Upon retirement, Yuhang's **standard benefits** have been calculated as:

Annual pension: £9,000

Yuhang doesn't have any Scheme membership before 1 April 2008, so hasn't built up any automatic tax free lump sum.

Yuhang now has the **option** to receive either his **standard benefits** (as above) **OR** give up some of his annual pension to receive a tax free lump sum, up to the **maximum tax free lump sum** allowed.

Maximum tax free lump sum: **£38,571.43**
 $(120 \times £9,000) \div 28 = £38,571.43$

Remaining annual pension: **£5,785.71** $(£38,571.43 - £0) \div 12 = £3,214.29$ $(£9,000 - £3,214.29 = £5,785.71)$



Additional Voluntary Contributions (AVCs)

If you've been paying AVCs, you'll need to decide how you wish to receive those pension benefits. You can use the money in your AVC pot to:

- Buy an annuity to provide a separate pension
- Buy a top-up LGPS pension
- Buy extra membership in the LGPS (only if you were paying AVCs before 13 November 2001)
- Provide or increase your tax free lump sum without giving up any of your pension

For more information, please see our 'Topping up my LGPS pension guide' or if you're looking into the option of transferring your AVC fund to another pension scheme please see our 'Transferring out of the EAPF' guide. **Both guides can be found www.eapf.org.uk/resources/publications**

Guaranteed Minimum Pension (GMP)

If you have membership in the Fund before 6 April 1997, you may have a GMP built into your annual pension. Increases in respect of the GMP are made in accordance with Government orders, called statutory requirements.

More details on how your GMP is increased can be found in our **Pensions Increase guide for Pensioners at www.eapf.org.uk**

Pension sharing orders

If your pension was subject to a Pension Sharing Order (PSO) following a divorce or the dissolution of a civil partnership, then any pension 'debits' that have been made against you will be deducted from your pension benefits when they're paid.

This will also reduce any future survivor's benefits payable if you remarry, enter into a new civil partnership, or choose to live with your partner. Pension benefits paid to eligible children will not, however, be reduced because of a PSO.

How will my pension be paid?

Once all the paperwork is complete, your pension will be paid directly into your bank account on the last working day of each month for the rest of your life.

Will my pension increase?

Your pension will normally be increased in April each year.

The increase is based on the increase in cost of living to the previous 30 September, as quoted in the annual Pensions Increase (Review) Order, which is published by HM Treasury. The amount of increase is currently linked to the Consumer Price Index (CPI) and if there's an increase in the CPI then your pension will increase, but if the CPI goes down your pension won't change.

More details on how pension increases are applied can be found in our **Pensions Increase guide for Pensioners at www.eapf.org.uk**

Our public website has lots of useful information for you once you're retired, from pension pay dates to death benefits if the worst happens.

Check out our pensioner section online at **www.eapf.org.uk/member/im-receiving-a-pension**

Is there anything else I'll need to do?

It's a good idea to make sure your 'Expression of Wish' nomination form is up to date. If you die within 10 years of retiring, a lump sum death grant will be payable and the EAPF has absolute discretion in deciding who should receive that lump sum.

Although not binding on the EAPF, an up to date Expression of Wish form will clearly indicate your wishes and will help decide who should receive the death grant.

If you haven't made a nomination, or you wish to change your existing nomination, the easiest way to **do this is via EAPF Online**.

EAPF Online lets you see the information we hold on your individual pension account, and gives you access to your pension details and view your nominated beneficiaries.

To register for EAPF Online, you'll need your National Insurance number and a valid email address.

Simply go to EAPF Online and click on the Register button. Enter your details and you'll then be sent a secure pin number. Pin numbers are valid for 24 hours, so please try to log in as soon as possible once you've received it.

You can also contact Capita for a form or download one from **www.eapf.org.uk/resources/forms**

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**
+44 114 452 5008 (overseas)



Sending your query to
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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.