Environment Agency
Pension Fund

April 2022

A guide to transferring benefits out of the EAPF

About this guide

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

This guide is for all employees who have left the LGPS, have taken up a new pension arrangement and wish to consider transferring their EAPF benefits into their new arrangement.

Introduction

If you leave the LGPS without becoming entitled to immediate payment of your pension, your options will be to:

- Keep your benefits in the EAPF (known as deferred benefits)
- Transfer your benefits to a registered (i.e. approved by HMRC) pension scheme

If you elect to transfer, the EAPF will pay a cash equivalent transfer value (CETV) to your new pension provider. Payment of a CETV will discharge all EAPF pension liabilities and no further benefits will be due to you from the EAPF.

If you decide to keep your benefits deferred, or you do not immediately enter into a new pension arrangement, you will have a right to a CETV up to 1 year before your normal pension age[1]. You cannot transfer your pension once payment of your benefits has started.

Can I transfer my benefits out of the LGPS?

You can transfer your benefits to a registered pension scheme depending on your new scheme's rules and whether they are able to accept it.

Other schemes that you may consider transferring your deferred LGPS benefits to include:

- Another LGPS fund in England and Wales
- Another public service pension scheme (including the LGPS in Scotland, Northern Ireland or Isle of Man)
- A non-LGPS scheme such as an occupational scheme, a stakeholder scheme or a personal pension
- An overseas scheme (subject to HMRC approval)

These options are dealt with in more detail in the following pages.

If you're considering transferring your benefits to another scheme, you should always seek independent financial advice. Remember, your EAPF pension:

- Increases each year in line with the cost of living
- Can be taken voluntarily from age 55 if you've left your EAPF employment
- Can be taken at any age on the grounds of ill health
- May provide a death grant for your next of kin or nominated beneficiary if you die before age 75
- May provide dependant's pensions for your spouse, civil partner, cohabiting partner and eligible children

[1] Depending on when you left the EAPF, your normal pension age (NPA) may be between age 60 and 65, age 65 or your state pension age and may vary for different parts of your membership

Transferring to another LGPS fund in England and Wales

If you take up employment which offers you further membership of the LGPS in England and Wales, you'll generally have an option to transfer your deferred EAPF benefits into your new LGPS fund. This should normally be completed within 12 months of the date you rejoin the LGPS but your new employer may be able to extend this.

In some circumstances, transfers of previous LGPS rights will be carried out automatically, while the benefits purchased by the transfer will depend on when you left the scheme, and whether you had a continuous break of more than 5 years between leaving one public service pension scheme and joining another (referred to as a 'disqualifying break'); please see 'table 1' on page 4 of this guide for further information.

Please note that, if you opted out of the EAPF on or after 11 April 2015 to create a deferred benefit, it cannot be combined with any future LGPS membership (even if you later rejoin the LGPS in the same or a new LGPS employment).

Transferring to another public service pension scheme (including but not limited to the LGPS in Scotland or Northern Ireland)

Most public service pension schemes, including the LGPS, are members of a transfer 'club', which ensures that you'll get equivalent pension benefits in another 'club' scheme if you transfer your benefits within 12 months of the date you first join your new scheme (a 'club transfer').

If you take up employment with another public service pension scheme, other than the LGPS in England and Wales, then the transfer will give you an equivalent benefit in your new public service pension scheme as you previously had in the EAPF, providing the following criteria is met:

- The period between stopping contributing membership of the EAPF and joining another public service pension scheme is 5 years or less; and
- The election to transfer is received by the new public service pension scheme within 12 months of you first becoming a contributing member of the scheme in your new employment.

'Equivalent benefits' doesn't necessarily mean that you'll be credited with the same amount of membership or pension. Differences in retirement ages and scheme design could reduce or increase the amount of membership or pension which is credited to you following a transfer.

Although a club transfer may often be beneficial to you, this is not always the case especially if you've taken a large pay cut on joining your new scheme and you don't expect to make up the difference before retirement.

In deciding whether to transfer, you may also wish to compare the dates on which you can voluntarily draw the pension from each scheme and how any dependant's benefits would be calculated following your death as these may be different.

If you do decide to transfer your benefits, and you meet the 'club' transfer criteria, your pre 1 April 2014 membership will be linked to your final pay when you leave your new employment and so any future promotions or pay increases could significantly increase the value of all of your benefits.

If you wish to investigate the transfer of your EAPF pension to another public service pension scheme, you should contact your new pension provider. If you don't elect to transfer within 12 months of becoming eligible to join your new employer's scheme, the club rules won't apply.

Transferring to any other pension scheme

Some occupational schemes are 'defined benefit' schemes and your EAPF benefits will buy additional membership or pension in these schemes, depending on the new scheme rules.

However, the majority of other schemes are called 'defined contribution' or 'money purchase' schemes and are dependent on the amount of money you've saved, which is generally used to buy an annuity on retirement, subject to the new scheme rules.

If you have another pension scheme which is able to accept the transfer such as a stakeholder or personal pension, the CETV will be paid to your new fund and will be invested alongside your other savings. When you retire, your pension may be paid as an annuity or even as a cash lump sum, subject to your new scheme rules.

Please note that, depending on the capital value of your EAPF benefits, restrictions on transferring out of the EAPF may apply. Please see the section on 'Freedom & Choice' for more details.

An overseas scheme

You may be able to transfer your pension to an overseas scheme, as long as it is a Qualified Registered Overseas Pension Scheme (QROPS) which has been approved by HM Revenue & Customs (HMRC).

A list of some of the QROPS schemes can be found at www.hmrc.gov.uk/pensionschemes/qrops-list.htm

'Freedom & Choice' from 6 April 2015

Some significant changes in the pensions sector became effective from 6 April 2015, namely that a person who has reached normal minimum pension age (currently age 55) may draw their entire pension benefits from a money purchase arrangement as a cash lump sum. This is not possible under the LGPS (a defined benefit arrangement), so some members may be thinking of:

- Transferring their EAPF benefits to a money-purchase arrangement (such as a personal pension scheme); and
- Following completion of the transfer, drawing the whole of their transferred EAPF benefits as a cash lump sum

Although the above action is permitted, giving up your right to annual pension in exchange for a cash lump sum is an extreme measure. If the capital value of your EAPF benefits is more than £30,000, you're required by law to seek independent financial advice from a registered independent financial adviser before the transfer can proceed.

Please see the section 'Can I transfer out of the LGPS' for a detailed list of the things you'd be giving up if you chose to transfer out of the LGPS.

Unfortunately, the 'Freedom & Choice' changes have led to an increase in the number of pension 'scams' that are aimed at people approaching retirement. More details on this can be found in the section 'Pension Liberation Schemes & other scams' below.

Pension Liberation Schemes & other scams

There are organisations that offer to convert the entire pension benefits of people under normal minimum pension age into a cash lump sum before retirement. These offers may say that it's possible using a legal loophole, but this is not true, it's against the law. Only members who have reached normal minimum pension age or who have less than 12 months to live may do this, providing they first transfer to a money purchase pension scheme or their scheme rules allow a serious ill health commutation. Please see the section on 'Freedom & Choice' above for more details.

Criminals can only do this by tricking your employer's scheme into thinking it is transferring your money into another genuine pension scheme. These schemes often take a large percentage of the transfer value in commission and then HMRC will ask you to pay large tax charges which will leave you with very little money and no pension on retirement.

In addition, scammers are also targeting pension savers with promises of one off investments, pension loans or upfront cash. Most of these are bogus. Pension scam models are also changing. Many scammers are directing members to transfer into single member occupational schemes in an attempt to escape scrutiny.

For more details on pension liberation, visit **www.thepensionsregulator.gov.uk/regulate-and-enforce/pension-liberation.aspx**

Additional Voluntary Contributions (AVCs)

If you've paid into the in-house AVC fund, your options before 6 April 2015 depended on what you decided to do with your main scheme benefits. However, since 6 April 2015, your in-house AVC may be transferred out to another pension scheme, even if you decide to keep your main scheme benefits in the EAPF. If you transfer your in-house AVC to any other scheme, your investment options will depend on your new scheme rules.

Please note that the time restrictions for transferring, which are outlined in our 'Introduction', do not apply to in-house AVCs. An in-house AVC may be transferred to another pension scheme, even if the member is within 12 months of their normal pension age (NPA).

How do I transfer my benefits?

If you wish to investigate a transfer of your pension to another fund, you should contact your new pension provider who'll give you a full quotation detailing what your EAPF benefits will buy you, together with further information on which you'll be able to base your decision.

You shouldn't make a final decision on the transfer until you've read and understood this information. You should consider taking advice if you're unsure about whether a transfer is in your best interest.

Who can help me?

We're unable to offer you any advice to help you in making your decision on whether to transfer but we'll provide you with information on which to base your decision including a full quotation.
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 is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions, including state, company, personal and stakeholder schemes.

Overview and things to consider

Table 1 provides an overview of the rules on transferring from the EAPF to another LGPS fund, as well as the benefits purchased by such a transfer.

Table 2 provides a number of things to consider when making a decision as to whether to combine previous EAPF rights or transfer from the EAPF into another LGPS fund.

Table 1 - Overview of the transfer rules and the benefits purchased by a transfer out of the EAPF into another LGPS fund in England & Wales

Previous pension rights	Between leaving the EAPF and rejoining the LGPS, do you have a break of 5+ years when you weren't contributing to a public service pension scheme?	Are benefits transferred automatically?	Benefits purchased by transfer
LGPS membership – contributing membership stopped on or after 1 April 2014	Yes	Yes – though if you don't want the transfer to proceed, you must elect within 12 months of joining to keep your benefits separate	Fixed amount of pension – revalued each year by Treasury Orders during contributory membership
	No	Yes – though if you don't want the transfer to proceed, you must elect within 12 months of joining to keep your benefits separate	Pre 1 April 2014 membership - day-for-day membership, linked to final pay on leaving. Post 31 March 2014 membership - fixed amount of pension, revalued each year by Treasury Orders during contributory membership
LGPS membership – contributing membership stopped before 1 April 2014	Yes	No – you must elect within 12 months of joining if you want a transfer to proceed	Fixed amount of pension – revalued each year by Treasury Orders
	No	No – you must elect within 12 months of joining if you want a transfer to proceed	You may choose between: • Day-for-day membership, linked to final pay on leaving; **or** • Fixed amount of pension, revalued each year by Treasury Orders during contributory membership

Table 2 - Some things to consider before deciding to combine previous EAPF pension rights with another LGPS fund in England and Wales.	
Not combining - leaving benefits deferred in your previous fund	**Combining with your new membership**
Your pre 1 April 2014 deferred benefits (including dependant's benefits payable on your death) will remain linked to the final pay you received when you left the EAPF and it will continue to be increased in line with the cost of living.	Pre 1 April 2014 benefits (including dependant's benefits payable on your death) will be calculated using the final pay when you leave your new employment.
You'll keep any '85 year rule'[2] protection you have on your deferred pension. All or part of your benefits within the EAPF may be reduced if taken before your Normal Pension age (NPA) which is the later of age 65 or state pension age.	If you have 85 year rule protections, the protections are extended to cover benefits from your new employment. However, if there is a break between your periods of membership, some of the notional membership will be lost and you may suffer greater reductions to the benefits from your deferred membership, than would have been the case if you had decided not to combine, if you retire before your NPA.
If you have to retire due to ill health, you'll need to apply to your new employer and to your former EAPF employer (via Capita) for payment of your current and deferred pensions respectively. This may mean that you have to undergo separate medical assessments for each employer.	You'll only have to apply to your new fund for payment of your combined benefits on the grounds of ill health.
If you die in service, your beneficiaries will receive a death grant based on the greater of: • 3 or 5 x your deferred pension[3]; or • 3 x pensionable pay from your new employment.	If you die in service, your beneficiaries will receive a death grant of 3 x your pensionable pay with your employer.

[2] The '85 year rule' applies to members who have LGPS membership which was built up before 1 October 2006 (either continuous membership or membership which has been combined with the member's current contributing membership) and whose total membership in whole years plus their age in whole years adds up to 85 before they reach the age of 65. If these members take payment of their pension before age 65 they will have smaller reductions to all or some of their benefits.
[3] The multiplier varies depending on your date of leaving

If you're retired from your new LGPS employment due to redundancy or efficiency, your new LGPS benefits will be paid immediately and unreduced, providing you're aged 55 or over. You'll also be able to voluntarily take payment of your EAPF deferred benefits from age 55. However, your deferred EAPF benefits may be subject to actuarial reductions if paid before your NPA.	All of your combined benefits will be payable immediately and unreduced if you're retired (age 55+) due to redundancy or efficiency.
You may take your deferred EAPF benefits at a different time from your new LGPS benefits and can even take them if you are still a contributory member in your new employment. However, your deferred EAPF benefits may be subject to actuarial reductions if paid before your NPA.	You won't be able to take your combined benefits until you've stopped being a contributory member in your new employment, unless your new employer agrees to you taking partial retirement.

Contact details

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

Using the **'Ask us a question'** form on our website at **www.eapf.org.uk**

Emailing **info@eapf.org.uk**

Following on Twitter **@EAPensionFund**

Calling **0800 121 6593**
+44 114 452 5008 (overseas)

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.