Environment Agency
Pension Fund

October 2024

Pension revaluation - a guide for deferred members

About this guide

The Environment Agency Pension Fund (EAPF) is governed by the Local Government Pension Scheme (LGPS) Regulations 2013 (as amended).

This guide will help you to understand when your EAPF pension is revalued, and how we apply revaluation to the different parts of your pension. This guide is aimed at scheme members who holds a deferred pension account, a deferred pensioner account, or a pension account awarded as a result of a divorce (a 'pension credit').; Throughout this factsheet, we'll use 'deferred benefit' to refer to the benefits held by any of these member types.

What is revaluation?

We apply up to two different types of revaluation.

The first type of revaluation is a Treasury order, which is applied to the Career Average (CARE) element of your benefits on 6 April. We'll only apply a Treasury order if you were a contributing member and you left or opted out of the EAPF during that scheme year with entitlement to a deferred benefit.

The second type of revaluation is a Pensions Increase (PI) order, which is applied on the first Monday following 5 April to work out the revaluation for both the Final Salary and CARE elements of the benefits you've left in the scheme.

Where we apply both the last Treasury and the first PI orders, these are known as partial orders, as we only apply the part of the order that is relevant to the period of contributing service and time remaining in the scheme year to 31 March. Partial orders only apply in the year in which a contributing member leaves the scheme and after that we'll apply full PI orders.

Both Treasury orders and PI orders are currently aligned to the Consumer Price Index (CPI), which is a Government indicator of price inflation. These orders provide revaluation that's based on the level of CPI in the September before the April in which revaluation is applied (e.g. the rate of CPI in September 2023 is the revaluation applied in April 2024). However, unlike Treasury orders, PI orders can't be negative.

The CPI for the year to September 2023 increased by 6.7%; this means that, in April 2024, both the full Treasury order for contributing members and the full PI order for deferred members is 6.7%.

How are PI orders decided?

From April 2011, the Government changed the rate of revaluation used by HM Treasury for PI orders from the Retail Prices Index (RPI) to CPI.

As mentioned in the section 'What is revaluation' CPI is a Government indicator of price inflation. We'll use the annual change in CPI to each September to determine if your deferred pension should be increased in the following April.

For example, if there is an increase in CPI in the 12 months to September, we'll add the same increase to your deferred pension in the following April, so the value of your deferred pension isn't eroded by the effects of inflation.

If the change in CPI is negative, we won't apply a decrease because PI orders can't be negative, and this means your deferred pension will remain unchanged and payable at the same rate.

Please note that LGPS funds like the EAPF have no powers or discretion to vary the increase that can be applied.

The rate at which deferred pensions have been revalued by PI orders since 2014 is as follows:

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Increase %	2.7	1.2	0.0	1.0	3.0	2.4	1.7	0.5	3.1	10.1	6.7

When is my pension account revalued by PI?

PI orders are effective from the first Monday after 5 April each year, so it will always fall between 6 April and 12 April.

The first increase to your pension account after you become entitled to a deferred benefit will normally only be a proportion of the year's increase. How much of the full PI order you receive will depend on how many months you've been a deferred member. The number of months used in the calculation is rounded up or down to the nearest number of full months.

However, if your deferred benefit includes a final salary element that was calculated using a pensionable pay figure that was earlier than your final year (i.e. highest of the last 3 years; or best 3 year average from the last 13 years if you hold a BR10 letter or Certificate of Protection following a reduction in your rate of pay in the 10 years before leaving) a full year's increase will be applied to that element.

Subsequent increases will always be the full percentage amount showing in the PI order and we'll tell you the rate of revaluation applied to your deferred benefits each year on your annual pension statement.

Example:

- You became entitled to deferred benefits on 1 January; in the following April, the full percentage amount showing in the PI order is 6.7%.
- As you became entitled to a deferred pension part-way through the tax year, we'll apply a proportion of the increase.
- The increase will be 1.67% (3/12 x 6.7%), to reflect that your pension has only been deferred for three months of the previous year.
- The Career Average element will also have had a partial Treasury Orders increase.
- In following years, the full PI for the year will be paid.

Will revaluation be paid after I've taken my pension?

Although deferred, deferred pensioner, pension credit and pensioner accounts are revalued by PI whilst in deferment, increases from PI orders only come into payment **when** you take your retirement pension and:

- You're aged 55 years or over, or
- You're under age 55 and have been granted early payment of your deferred pension on ill health grounds, **and** you were certified as being permanently unable to undertake any regular full time employment

However, if you're under age 55 and the above conditions don't apply to you, the cumulative PI revaluation will only be applied (and become payable from) when you reach your 55th birthday.

What about my State Pension?

Until 5 April 2016, the State Pension paid to people reaching state pension age (SPA) was split into two parts, the basic State Pension and the additional State Pension.

The additional State Pension was originally part of the State Graduated Pension Scheme, which changed to the State Earnings Related Pension Scheme (SERPS) in 1978 and then to the State Second Pension (S2P) in April 2002.

People who reach their SPA after 5 April 2016 will receive a flat rate single tier State Pension.

Download our helpful factsheet called 'Your State Pension Questions & Answers.

Where can I get more information about my State Pension?

You can find out more about the state pension, check your SPA and **get a forecast online by visiting www.gov.uk/state-pension**

You can also write to: The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

You can telephone them on:

- 0800 731 0175
- 0800 731 0453 (Welsh language)
- +44 191 218 3600 if calling from outside the UK
- 18001 then 0800 731 0175 (if you cannot hear or speak on the phone).

What if I have any questions?

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 X
@EAPensionFund

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

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

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