Environment Agency
Pension Fund

October 2024

Pension revaluation – a guide for pensioner 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 how, and when, your EAPF pension is revalued. This guide is aimed at Scheme members who are receiving a retirement pension, survivor's pension, or a pension awarded as a result of a divorce (a 'pension credit).

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 your benefits built up after 31 March 2014. We'll only apply a Treasury order if you were a contributing member during a scheme year. The Treasury order is applied on 1 April each year.

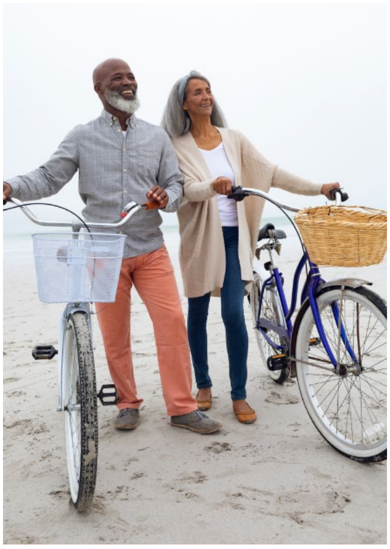
The second type of revaluation is a Pensions Increase (PI) order, which is applied to all of your pension in payment on the first Monday following 5 April each year.

Both Treasury orders and PI orders are currently in line with the Consumer Price Index (CPI), which is a Government indicator of price inflation. The revaluation is based on the level of CPI in the September before the April revaluation (meaning the rate of CPI in September 2023 will decide the revaluation we apply in April 2024). However, unlike Treasury orders, PI orders cannot be negative.

So, if there is a fall in price inflation, HM Treasury can issue a Treasury order that means we must apply negative revaluation to the pension accounts for contributing members; however, as PI orders can't be negative, a pensioner member's pension won't increase or decrease for that year.

Please note that the CPI rate up to 30 September 2023 was recorded as a 6.7% increase; this means that your pension benefits has increased by up to 6.7% (See '**How is my pension increase calculated on page 3)** on 8 April 2024.

What happens if I stop contributing and take my pension during the same scheme year?



If you retired from contributing service during the scheme year, the career average element of your pension will receive the **full** CPI revaluation.

However, the way in which full CPI revaluation is applied to your pension depends on the date your contributing membership ended; this is because:

- The career average element of your pension is revalued by both a partial Treasury order and a partial PI order (reverting to simply PI orders for every April thereafter)

- The final salary element of your pension (including any automatic lump sum you've built up) is revalued by a partial PI order in the April following the date your contributing membership ended (reverting to full PI orders for every April thereafter).

Who is eligible to receive an increase to their pension?

You'll receive an increase if:

- HM Treasury have issued an order to apply an increase to your pension
- You're aged 55 years or over, or
- You're receiving a widow's, widower's or child's pension, or
- You're receiving a pension awarded as a result of a divorce (a 'pension credit')
- You've retired (at any age) from contributing membership on ill health grounds; or
- You're under age 55, but have been granted early payment of your deferred pension on ill health grounds, **and** you were certified as permanently unable to undertake any regular full time employment;

However, if you're under age 55 and don't meet any of the conditions above, the cumulative PI revaluation will only be applied from your 55th birthday, with no backdating.

When is the increase to my pension paid?

Your main Scheme pension will be increased from the first Monday after 5 April each year, so it will always fall between 6 April and 12 April. This means that only part of your pension will increase in April, and you'll see the full month's increase on your May payslip.

When is my guaranteed minimum pension (GMP) increase paid?

Any increases that are applied to your GMP will be applied from 6 April each year. More information on GMP and how GMP increases work is explained later on.

Who works out my pension revaluation rate?

Since April 2011, the rate of revaluation used by HM Treasury for Pension Increase orders has been CPI. Prior to this, it was RPI (Retail Prices Index).

This means that we'll use the CPI rate confirmed each September to determine if the amount of pension we pay you should be increased in the following April. For example, if CPI increased by 1.2% in the 12 months to September this will be the increase we'll add to your pension from the following April.

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

The rate at which LGPS 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

How is my pensions increase calculated?

The first pensions increase we apply to your pension will normally only be a proportion of the year's Increase, depending on how many months your pension has been in payment. The number of months used in the calculation is rounded up or down to the nearest number of full months.

However, if we calculated your pension using a pensionable pay figure that was earlier than your final year (i.e. higher of the last 3 years or best 3-year average from the last 13 years), we'll apply a full year's increase.

Subsequent increases will always be the full percentage amount.

In the example below, we've shown you how we apply the pensions increase payable each year.

Example 1

- Your pension is paid from 1 January; in the following April, the full pension increase is 6.7%
- As your pension started to be paid 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 in payment for 3 months of the previous year
- In following years, the full increase for the year will be paid

What about my State Pension?

Until 5 April 2016, the State Pension 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 changing to the State Earnings Related Pension Scheme (SERPS) in 1978 and then in April 2002 to the State Second Pension (S2P).

How is my state pension increased each year?

State pensions are increased on the first Monday after 5 April each year, at the same time as your LGPS pension. Any increases that the State may pay towards your GMP are explained on the next page.

The State Pension usually increases each year by the highest of the following, known as the 'triple lock':

- Earnings – the average percentage increase in UK wages
- Prices – the percentage increase in the cost of living (CPI)
- 2.5%

Where can I get more information about my state pension?

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

Alternatively, you can contact:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Or you can telephone:

- 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 is Guaranteed Minimum Pension (GMP)?

As a contributing member of the LGPS, you were contracted out of the State Additional Pension prior to 6 April 2016. This means that while you were contributing to the LGPS, you paid lower National Insurance contributions and did not build up Additional State Pension benefits. Instead, under the contracting out rules, the LGPS will pay you a pension which is at least the same as you would have received had you not been contracted out (and is usually much greater).

For service before April 1997, this is known as a GMP; this is because it's a minimum amount of pension that the EAPF **must** pay you. This GMP is paid as part of your EAPF pension (and not in addition to it).

Over time, the rules applying to GMPs have changed and, if you attained your State Pension age before 6 April 2016, a GMP built up before April 1988 is treated differently from that built up from April 1988 to April 1997.

You stopped building up GMP from 6 April 1997. From this date, schemes like the LGPS, instead of guaranteeing to pay a minimum amount of pension, had to provide scheme benefits that are broadly equivalent to or are better than a set of criteria chosen by the Government.

Contracting out stopped on 6 April 2016; since this date, you've started to build qualifying years towards the single tier State Pension. If you build up less than 35 qualifying years (the minimum amount required to get the full single tier State Pension), you may be entitled to a lower amount based on the number of qualifying years you've gained (subject to a minimum of 10 years).

How GMP increase works

The increase that's applied to GMPs is linked to CPI, though the way it's paid is different from your main Scheme pension. How we apply increases to your GMP depends on when you reach State Pension age. If you're under your State Pension age, we'll treat your GMP as if it were your main Scheme pension.

If you reached State Pension age before 6 April 2016:

- We'll apply any GMP increases on 6 April of each year to the GMP you built up after 5 April 1988, up to a maximum of 3% per year. If the pensions increase is above 3%, we'll pay a GMP increase of 3% and the rest of the increase will be paid with your state pension.
- We don't increase the GMP you built up before 6 April 1988. Any increases due on this benefit will be paid with your state pension.

If you reach State Pension age after 5 April 2016, we'll treat all the GMP you've built up as if it were your main Scheme pension and pay pensions increase on all of it.

Irrespective of whether you reached GMP age before or after 6 April 2016, we'll give a full year's increase to any GMP you've built up after 5 April 1988, even if your pension started part-way through the year.

It's important to remember:

The April pension payments don't include a full month of increase. The pension paid in May each year will show the full monthly change, as we've explained earlier in this guide.

If you don't receive the full increase in your EAPF pension because you're entitled to a GMP and you reached State Pension age before 6 April 2016, the difference should be added to your state pension (unless you're in your first year of retirement and are only due an increase for part of the year).

We'll always show the starting pension amount on your payslip with all increases shown as a separate cumulative amount, so you can see how your pension is growing.

EAPF Online

We've developed our online portal so you can see the information we hold on your individual pension account, to access your pension details and view your nominated beneficiaries.

Whilst online, you can download or print your monthly payslips and P60 documents. Your online P60 document is also a His Majesty's Revenue and Customs (HMRC) approved document which means you can now officially use these when dealing with your tax affairs.

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

If you haven't registered for this service yet, simply visit portal.eapf.org.uk with your National Insurance number, click 'Register' at the top and follow the simple instructions.

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

Disclaimer - This guide isn't 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.