

Environment Agency Pension Fund

Your Pension

December 2020

News from the Environment Agency Pension Fund

1. Welcome

Welcome to the winter edition of your contributing member pension newsletter.

This edition gives you important updates on pension changes, topical issues and the important work that has won us the title of 'Best Pension Fund in the UK' by the IPE, and recognition as a Global Leader in Responsible investment. Our 'Pension basics' section covers pension topics such as Annual allowance and the options available to increase your pension.

We're always trying to improve the service we provide our members and really value your feedback. If you'd like to tell us your thoughts on the service you've received, please complete our [short customer satisfaction survey](#).

If you'd like to download our newsletter, you'll find a PDF version in our [Newsletters section](#) of our website. If you have any feedback about the communications we send you, please email us at Engage@eapf.org.uk

2. Investments

Responsible investment

The pipers are piping for your pension fund! We've just won 2 awards - Best Pension Fund in the UK and Best Approach to Sustainable Investing. Not only that but it was also highly commended as one of the Best Public Pension Fund in Europe. Our entries focussed on the leading responsible investment work the Fund does. For 2 years running the Fund has also been recognised as a global leader by the UN's Principles for Responsible Investment.

We also put a great emphasis on you, our members and the invaluable help we received from many of you in 2020. The judges' commented "This fund should be applauded, with strong performance figures backed by a proactive, efficient and innovative response to the pandemic, whilst keeping

focus on ESG and the views of its members”.



[Find out more](#)

Meet the Reps who look after your financial future

You recently told us you're not sure who your Pension Committee (PC) reps are and what they do.

There are 7 member representatives that make up exactly half of the Pensions Committee – the other half being EA Board members or Executive Managers from the EA or NRW.

Of these, 5 represent the views of active members (those who currently pay into the scheme) and 2 represent deferred and retired members. We also have a shadow active member representative who takes parts in pension meetings and events and helps provide extra resilience.

[Meet our PC Representatives](#)

3. Pension news

We'll always keep you informed of any pension changes that could affect you as a member of the EAPF.

McCloud update

McCloud is commonly used to refer to the court judgment which ruled that the protection given to older members of the public service pension schemes, when they reformed to CARE Schemes, was discriminatory.

For the LGPS the discrimination related to the underpinning of the pension a member would receive for pensionable service during the period 1 April 2014 to 31 March 2022, as this protection was only applied to members who, on 31 March 2012, were within 10 years of reaching their 65th birthday. Members who benefited from this protection would, on their retirement, receive the higher of their CARE pension or the pension they would have received if the LGPS had continued to be a final salary scheme; this protection is referred to as the statutory underpin.

The government now proposes to extend the statutory underpin to all members who were previously

excluded because they were more than 10 years away from reaching their 65th birthday.

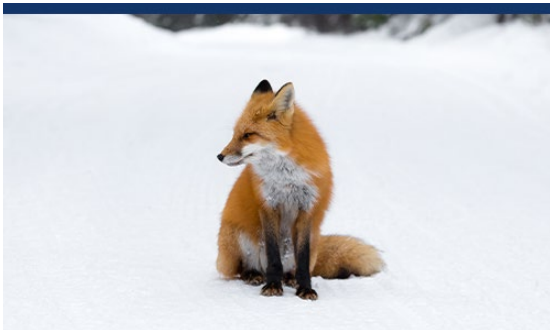
However, while the government has held a consultation on the proposed extension of the statutory underpin and the regulations that will govern this protection, it is unlikely that many members will see a change to their LGPS benefits. This is because CARE pension builds up much faster than final salary pension. For example, £10,000 of pensionable pay would build a CARE pension of £204.08 whereas the final salary pension would only be £166.67.

However, even though the statutory underpin may rarely apply, it will be an automatic protection. This means you won't need to apply for it, if you are eligible to benefit from it, you'll get it.

Exit Cap

The regulations for the Public Service Exit Payment Cap ('the exit cap') were laid in late October and took effect from 9 November 2020. These regulations place a limit of £95,000 on the total 'exit payment' that can be made when a public sector employee leaves their employment; for reference, 'exit payments' include:

- Compensation payments (including redundancy and VERs lump sums); and
- Any 'strain' placed on the pension fund for allowing an employee to be paid their LGPS pension benefits early and without reduction



[Find out more](#)

Brexit

The Brexit transition time is running out and new rules will apply to many of the things we have come to take as normal, such as using your European Health Insurance Card (EHIC) when travelling in the European Union and you need basic medical assistance.

These changes will come into force on 1 January 2021. To find out how these new rules will apply to you, visit <https://www.gov.uk/transition>.



[Find out more](#)

Minimum pension age increasing from 55 to 57

In September 2020, the Government re-confirmed its plan (originally made in 2014) to increase the minimum age from when a person can take payment of their pension from 55 to 57, with effect from 2028.

The changes will apply to most pension schemes, including the LGPS.

Treasury Order increase rate expected to be 0.5%

The Consumer Price Index (CPI) confirmed by HM Treasury for September 2020 was 0.5%.

Official confirmation is expected from HM Treasury by March 2021, before the increase takes effect in April 2021.

This means CARE pensions will increase by

0.5% on 1 April 2021. If you're also receiving a pension or you've a deferred pension with EAPF, this is likely to increase by 0.5% on 12 April 2021.



[Find out more](#)



[Find out more](#)

Tax allowances

Lifetime allowance

The lifetime allowance (LTA) for the 2021/22 tax year is expected to increase to £1,078,500 from 6 April 2021. The LTA is a limit on the amount of pension savings that can be built up in pension schemes without triggering a tax charge when you take your pension.

Annual allowance

Annual allowance (AA) is set by the Treasury and is currently £40,000. The AA is the amount by which the value of your pension savings may increase in any one year without you having to pay an excess tax charge. Your personal AA may be less than £40,000 if your taxable income exceeds HMRC limits or you've accessed flexible benefits.

See our 'Pensions basics' section below to see what annual allowance could mean for you.

[For more details and examples, read our Tax Controls and Pension savings factsheet](#)

4. Pension basics

Here we've answered some common questions that you've asked about your EAPF pension.

What options are available to increase my pension?

We always recommend you regularly review what income you're building up for your retirement. If you feel you'd like to have a little more than you're currently building in your retirement account, you can use any of the following four options to increase your retirement savings:

Annual allowance – what does it mean for me?

The annual allowance is the amount by which the capital value of your pension benefits can increase in a tax year (your 'pension savings') without you having to pay a tax charge.

For most people, because the value of their pension savings won't increase in a year by

- Buy extra pension in the EAPF
- Pay additional voluntary contributions (AVCs)
- Pay into a free standing additional voluntary contributions (FSAVCs)
- Pay into a stakeholder of personal pension plan



[Find out more about these options](#)

more than £40,000 (the annual allowance), their pension savings won't attract a tax charge, or, if they do, they are likely to have unused allowance from previous years that can be carried forward to offset their excess savings.



[Find out more](#)

What tools are available to help manage my pension?

Our websites gives you access to a wide range of tools – all to help you manage your pension easily.

Whether you want to work out how much you'll pay as a contribution in the Scheme, see how much it costs to boost your pension or if you want to forecast an estimate of your individual pension benefits, we can help you.

[Check out our helpful pension tools](#)

5. Communications

Shaping the future of our online services

We'll be running our contributing member pension webinars throughout October and November this year to show you the benefits of being in the Scheme.

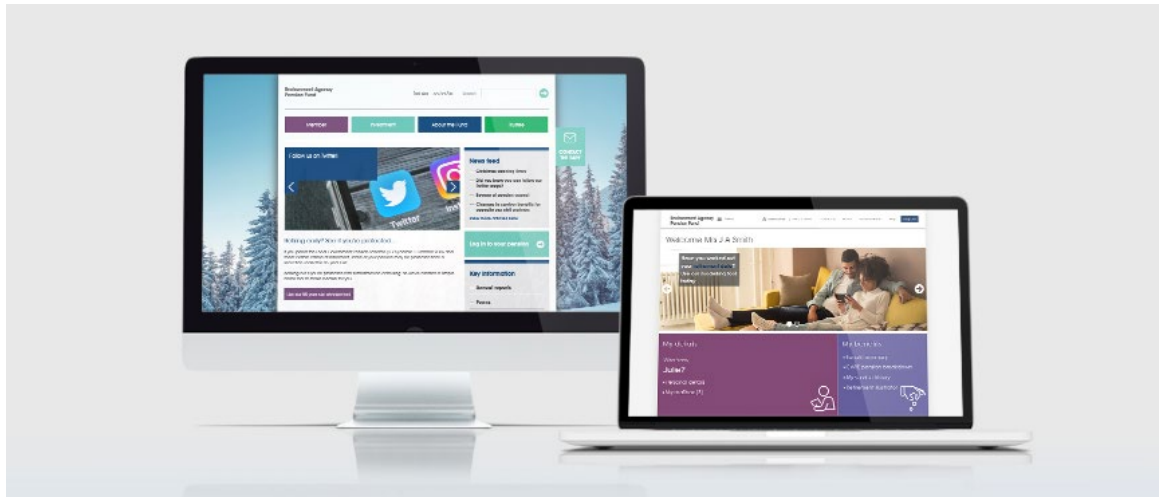
This year, the Covid-19 pandemic has resulted in some of the work we were doing being pushed back. However, to help achieve our net zero ambitions, we've started moving our pensions statement to an interactive online version. This year was the last time you'll have received a contributing member statement in the post, but we also uploaded your interactive version online too so you can access it now if you haven't already. You'll have to register to the [EAPF Online](#) portal to see it and all of your future statements.

We're nearly there with the launch of our new look [public website](#) which will have simplified menus, improved accessibility, is easier to navigate and links you to key information related to your member type. Watch out for that coming shortly!

We've also made improvements to our EAPF Online portal which means you can now download and save or print your Retirement Illustrator estimates and you can use our new 'How much pension am I building' tool which estimates the amount of CARE pension you'll build up during the current CARE pension year (based on the latest monthly pay details provided by your employer).

We're always looking to make continued improvements and so your feedback is important to us. We'll use the feedback gathered to inform any future changes.

Watch this space!



Contributing member webinars 2020

We recently held our Contributing member webinars throughout October and November this year.

Our pension webinars cover a range of topics, whether you're planning for retirement, you're looking to boost your pension, or you've recently joined. If you didn't get a chance to attend our webinars, don't worry [you can watch or download our presentations online](#). We've also [created a video explaining the '85 year rule'](#) which you can watch at your leisure.

We also surveyed those who attended our latest sessions and 358 of you completed our survey.

Here's what you told us:

- 98.6% felt the presenter's knowledge was good
- 95.3% felt the presentation of material was good
- 96.4% found the webinars interesting and informative
- 93.8% felt the webinar was the right length
- 96.7% would be interested in attending future webinars
- 96.7% would recommend the webinars to others
- 96.7% felt they'd learnt something new
- 95% felt the knowledge of their pension has improved

Find out more

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Using the 'Contact the EAPF' button at www.eapf.org.uk



Emailing info@eapf.org.uk



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