



## News from the Environment Agency Pension Fund

### 1. Welcome

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

This edition gives you important updates on pension changes, topical issues and exciting work your fund has been doing.

If you'd like to download our newsletter, [you'll find a PDF version in the Newsletters section of our website](#).

If you have any feedback about the communications we send you, please email us at [Engage@eapf.org.uk](mailto:Engage@eapf.org.uk)

### 2. International recognition for the Environment Agency Pension Fund

Your pension fund won an award at the World Pension Summit 2023 for its approach to investing in biodiversity.

Over the last decade institutional investors (like the EAPF) became more aware of climate change as a risk to investment. Within legal limits, funds and investors have adjusted the way they invest to account for this. Even more recently it was more widely recognised that climate change and biodiversity should be seen as part of 'one planet' approach (one shouldn't be separated from the other) and indeed biodiversity is a huge

opportunity for tackling climate change.

[Find out more about our investment strategy](#)

### 3. McCloud

#### What is the McCloud remedy?

In previous newsletters, we told you about the McCloud judgment. This 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 become Career Average Revalued Earnings (CARE) pension schemes, was discriminatory against younger members of these schemes.

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 it 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 underpin'.

After a long wait, the government have now amended the LGPS regulations, to ensure that the underpin protection previously applied to older members is **also** applied to younger members, and that this protection is backdated to April 2014. This change to the scheme rules is known as the 'McCloud remedy.'



[Read more about McCloud](#)



#### Need some help understanding McCloud?

We've created a webinar video to help



#### McCloud factsheet for members

We've also produced a McCloud

you understand the McCloud remedy.

It covers useful information on how the McCloud remedy started, what it means, why the changes are happening and who might be affected by it.

Click the button below to watch our McCloud webinar video.

[Watch our video](#)

factsheet, which explains the McCloud judgment and changes to the Local Government Pension Scheme (LGPS) in England and Wales.

It's really useful and it explains what the McCloud judgment is, how to determine if you're affected, key dates, and what's going to happen over the coming months.

[Download our factsheet](#)

## 4. Tax allowances



### Lifetime Allowance

The maximum value of pension benefits that can build up during your lifetime without incurring a tax charge is known as the lifetime allowance (LTA).

The LTA limit set by the Treasury was previously set to remain at £1,073,100 until 5 April 2026, but, in March 2023, the government confirmed that it was to be, effectively, abolished from 6 April 2023.

Removal of the LTA now means that any pension benefits paid in excess of the LTA will now be taxed at your marginal rate, rather than having to pay a fixed tax charge of 25% or 55% on the excess benefits.



### Annual Allowance

The Annual Allowance (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.

The AA is set by HM Treasury, and it was increased from £40,000 to £60,000 for the 2023/24 tax year.

[Find out more about AA](#)

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### Inflationary increase rate for 2024 expected to be 6.7%

The increase in the Consumer Price Index (CPI) for the year ending September 2023 was confirmed by HM Treasury as 6.7%.

Official confirmation from HM Treasury as to whether the 6.7% increase will apply to public service pension schemes (including the LGPS) is expected by March 2024, before the increase takes effect in April 2024.

## How does 6.7% CPI affect my pension?

If HM Treasury confirms that the 6.7% CPI increase will be applied to public service pension schemes, your EAPF pension would be affected in the following ways:

- **Contributing members** – the total amount of career average (CARE) pension\* built up to 31 March 2024 would be increased by 6.7% on 6 April 2024. In addition, changes to the contribution bandings, which are increased by CPI on 1 April each year, could mean that you end up falling into a lower contribution band, so you'd be paying **less** for your pension, but not losing out on any of the pension you build up!
- **Deferred and pensioner members** – If you've been receiving a pension from the EAPF for at least a full year by April 2024 or, if you've had a deferred pension with the EAPF for at least a full year before April 2024, these would increase by 6.7% on 6 April 2024. However, if you haven't had either for a **full** year by April 2024, then you might receive a smaller increase.

\*This includes any additional pension you may have bought up to 31 March 2024, or any transfers into the Scheme between 1 April 2014 and 31 March 2024, where you acquired an amount of 'earned pension', rather than final salary membership.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £17,600	5.5%	2.75%
2	£17,601 - £27,600	5.8%	2.9%
3	£27,601 - £44,900	6.5%	3.25%
4	£44,901 - £56,800	6.8%	3.4%
5	£56,801 - £79,700	8.5%	4.25%
6	£79,701 - £112,900	9.9%	4.95%
7	£112,901 - £133,100	10.5%	5.25%
8	£133,101 - £199,700	11.4%	5.7%
9	£199,701 or more	12.5%	6.25%

## 5. Communications

### EAPF Pension webinars 2023

We told you earlier this year that we would be trying something new for our member webinars.

We've provided a new suite of pre-recorded webinars which are shorter, focussed sessions covering some of the most common things you want to know about.

Here's a summary of the sessions and what they'll be covering:

#### **What do I need to know?**

- What is a pension?
- EAPF is a 'Defined Benefit' what does that mean?
- How is my pension worked out?
- What does it cost?
- How we keep in touch

#### **The benefits of the LGPS for you and your family**

- Cost to you to be in the scheme
- Tax Relief
- Ill health benefits – 3 tiers and how they work
- Death benefits; survivors pension, dependants pension and lump sum to nominee(s)

#### **Paying more and paying less**

- Two options for paying more: APCs and AVCs
- How options work
- How tax relief works
- Option to pay 50% of standard contribution for 50% of standard benefit (but not sacrificing anything on ill health or death benefits)

#### **Transferring other pension in to the EAPF**

- How combining other pensions with the EAPF works
- What will I get? (with examples)
- The process to combine other pension with the EAPF

#### **Partial Retirement**

- Considerations before retirement
- What is partial retirement and how does it work?
- The process for applying for partial retirement

#### **Approaching retirement**

- Considerations before retirement
- Determining if retiring early is right/affordable for you
- Retirement options
- Early retirement in action (with examples)
- Process for retiring
- Converting pension to lump sum

#### **McCloud**

- What is the McCloud Remedy?
- Who is in scope?
- How does it work?
- Calculation examples
- What next?

[You can watch our webinar recordings here.](#)

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### **Christmas opening times**

Capita will be closed from 12.30pm on Friday 22 December and will reopen at 9am on Wednesday 27 December. For New Year, they'll close at 12.30pm on Friday 29 December and will reopen at 9am on Tuesday 2 January 2024.

We wish everyone a Merry Christmas and a Happy New Year!



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## Cyber incident update

We promised to provide an update on the Capita Cyber Incident, following our last communication in August. We want to assure you that we continue to treat this incident with the priority and seriousness our members deserve. Cyber risk has been a top agenda item over recent years and we take our responsibility for protecting our members data extremely seriously.

Reassuringly, it remains the case that to date, the daily monitoring of the dark web has produced no signs of the exfiltrated Capita data. This monitoring will continue with the third-party expert appointed and there is no cessation for this monitoring.

[Read more for an update about Cyber](#)

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## EAPF Pensions Awareness Week 2023

You may have seen some communications through late September linking with the national 'Pensions Awareness Week' campaign. Like last year, they provided some live shows which we're told were attended by 175 of our members!

Separately, another campaign called 'pensions attention' have followed up their 2022 campaign (where Grime artist Big Zuu invited people to 'give their pension some attention' in his own unique way) this year – a very different campaign was launched with Timmy Mallett. If nothing else, nostalgia levels are high watching him quiz some unassuming people about pensions 'Mallett's Mallett' style.

It's an entertaining watch, so we're pleased to share it and ask you to consider for yourself why engaging with your pension is important. There are some really useful links on the page, too, which can help you trace any pensions you've lost touch with.

### [Watch Timmy Malletts 'Mallett's Mallett' quiz](#)

The information included in our pension awareness campaigns is still valid. So, if you missed the actual campaigns, check them out below.

[See Part 1](#) - Pension awareness week national live shows, your annual pension statement and using your statement with our online tools and resources.

[See Part 2](#) – Cyber incident update about your Experian membership, McCloud judgment remedy and Pensions dashboard update.

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## 6. Online services

## Improvements to EAPF Online

In our last newsletter, we told you the portal was going through a migration upgrade this year to improve accessibility, functionality, and overall user experience of EAPF Online.

In light of some other unprecedented priorities, unfortunately the developments had to take a back seat while we focussed on other work, but we're pleased to say that the upgrade is not too far in the future now.

We've recently made some real progress on these developments and we're hoping to launch our refreshed EAPF Online portal in the new year to all our members.

We'll contact you by email when we're closer to going live – watch this space!

[Register to EAPF Online](#)



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