



Reform of public sector pensions – timing of changes to the LGPS

Following recommendations made by Lord Hutton's Public Service Pension Commission, the Government is looking to reform the Local Government Pension Scheme (LGPS), along with other public sector schemes by 2015.

On 23 May the Local Government Association (LGA)/Trade Unions published proposals they have agreed with the Department for Communities & Local Government (DCLG) and HM Treasury for a new LGPS to be effective from 1 April 2014. The LGA and Trade Unions sought views of all employers and employees who participate in the LGPS on the draft proposals.

In ballots taken by Trade Unions, we understand that members have voted overwhelmingly to accept the proposals. They have been supported by LGPS employers, with 93% voting in favour. The Environment Agency also supported the proposal and a copy of its response is available at www.eapf.org.uk.

The next step will be for the Government to formally agree the LGA/TU proposals and for DCLG to publish a national consultation on the changes to the LGPS Regulations that will be needed to implement the reforms. We expect this consultation to be published later in the autumn.

The DCLG is aiming for new LGPS regulations to be in place by 31 March 2013 so that LGPS Administering Authorities and LGPS employers will have a year from 1 April 2013 to 1 April 2014 to make administration and IT changes and communicate the changes to members.

To keep up with the latest information follow the link under latest fund news at www.eapf.org.uk.

All new pensions website

The EAPF website www.eapf.org.uk has a whole new look with an updated structure and more content – we really hope that you will find it informative and easy to use. Some pages are common to all areas of the site so you will, for example, be able to see all of our pensions publications in one place whether you are a contributing, deferred or pensioner member of the Active or Closed Fund. We will be continuing to update and improve it over the coming months so if you have any suggestions or comments please use the Contact us button and email us.

We have added an interactive facility called **EAPFOnline** and a flyer telling you more about this is enclosed. The new feature will allow you access to a range of your personal pension information, including your latest benefit statement for contributing and deferred members and payslips and annual P60s for pensioners. Deferred members and pensioners will also be able to update personal details such as your address, although contributing members will need to continue to make this sort of change via 1B1S. The Environment Agency sends those changes to Capita every week and that makes sure that we both hold the same information for you. Signing up is really easy – just click on the “Register” button at the top right hand side of the screen on www.eapf.org.uk and follow the instructions.

Over time we aim to continue to improve our service to members whilst reducing our environmental footprint by increasing the range of information available on the site and decreasing the number and cost of paper communications.

Tax relief changes - reduction in the Annual Allowance (AA)

The AA sets a limit on the amount by which the total value of all of your pension arrangements can increase in each year without incurring an additional tax charge. From 6 April 2011 it was reduced from £255,000 to £50,000.

In practice, the change should only affect high earners in the EAPF but may affect you if:

- You receive a substantial increase in pensionable pay in any year;
- You pay a large amount of additional contributions in Additional Voluntary Contributions (AVCs) or Additional Regular Contributions (ARCs) in a single year;

- You are awarded additional pension or scheme membership by the Environment Agency;
- You receive an increase to your scheme membership due to retiring on ill health (unless you meet the criteria for severe ill health); or
- There is any other large increase to your pension benefits.

If you are affected, you can carry over any unused annual allowance from the last 3 years (based on a notional £50,000 allowance) and use this to offset any excess in the current year. Where a tax charge is payable, it is calculated at your normal tax rate. There is a facility for any charge over £2,000 to be paid by the pension fund in which it arose and offset against your benefits on retirement.

There is a fact sheet about the tax controls on pension savings on the publications page at www.eapf.org.uk and this provides much more information.

Auto-enrolment

To help increase the number of people who are saving for their retirement the Government has made it a requirement for employers to pay into a pension scheme for its employees unless the employee chooses to opt out. This change to pension saving is called auto-enrolment (AE) and is being phased in over a four year period, dependent on the number of employees in employers' PAYE schemes as at 1 April 2012.

The Environment Agency, including Environment Agency Wales, has an implementation date of 1 March 2013 and from that date we will be required to automatically enrol new staff into our pension fund.

We already automatically opt employees into the Environment Agency Pension Fund (EAPF) when they commence employment (unless their contract is for less than three months). In addition, we remind existing employees who are non-members of the EAPF when they move jobs or have a contract extension that they can elect to join the pension fund.

We will need to make some changes to processes to be fully compliant with the requirements from next March and we will provide further information on what this means for you in due course.

Equitable Life Payments Scheme update

The Government established the Equitable Life Payment Scheme (ELPS) and announced in October 2010, as part of the Spending Review, that £1.5 billion would be made available to the Scheme for distribution to around 1 million eligible policyholders.

We understand that progress with Group Schemes, to facilitate the transfer of policyholder address data, has been a little slower than expected but work on confirming eligibility, contacting eligible members and making payments will be progressing over the coming months.

The ELPS website at <http://equitablelifepaymentscheme.independent.gov.uk/index.htm> has much more information, including the latest progress report.

Contact details

If you have any questions regarding your pension entitlement or about the Fund in general, please contact either Capita or the Environment Agency as appropriate.

Please note that a Welsh version of this newsletter is available at www.eapf.org.uk.

Enquiries about the Environment Agency Pension Fund or entitlement to your benefits:

EAPF
Capita
Hartshead House
2 Cutlers Gate
Sheffield
S4 7TL

Email: info@eapf.org.uk
Telephone: 0800 121 6593

Enquiries about the management of the Environment Agency Pension Fund should be addressed to:

Head of Environmental Finance and Pension Fund Management
Environment Agency
Horizon House
Deanery Road
Bristol, BS1 5AH

Email: info@eapf.org.uk
Telephone: 0117 934 5094

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