



Changes to the LGPS from 1 April 2014

The Government is continuing with reforms of the Local Government Pension Scheme (LGPS) from 1 April 2014. A statutory consultation process through the Department for Communities and Local Government is underway and updates can be found at www.eapf.org.uk. The main changes proposed for the new LGPS are:

A career average pension from 1 April 2014 onwards – under the proposals for the 2014 LGPS career average scheme (CARE), you will build up a pension based on your pensionable pay paid in a scheme year. For each year of your pension scheme membership you'll get a pension equal to 1/49th of your pay, plus inflation increases, and this will be added into your pension account. This is higher than the current rate which uses 1/60th of your pensionable pay for each year. All membership prior to 1 April 2014 is protected and will be based on the existing final salary scheme rules.

Normal retirement age will be linked to state pension age – the scheme's normal retirement age is age 65 and this will change to equal your state pension age (or age 65 if later) from 1 April 2014. As a member you will still be able to take benefits early but they may be subject to reductions if paid before your normal retirement age. You will also retain protections on the retirement age you have under the current LGPS for membership prior to April 2014.

Protections for those 55 or over at April 2012 – there are also protections in place if you were 55 or over as at April 2012 to ensure your pension, where paid at age 65, is at least as high as under the current rules.

Higher employee contributions for those earning over £43,000 – contribution bands and rates will change. If you earn over £43,000 you will pay higher contributions on a new tiered scale. You'll continue to get tax relief on your contributions.

Definition of pensionable pay will change – contribution rates will be based on your actual pensionable pay and not the full time equivalent pensionable pay used in the current scheme. If you are a part-time worker you are likely to pay lower contributions than in the current scheme.

Option to pay half contributions for a half pension – the new scheme introduces contribution flexibility by providing an option to pay half contributions for a half pension.

Reduced pension from age 55 – you can choose to leave and draw your pension anytime from age 55 without your employer's consent. All your pension will be reduced if paid before your normal pension age in the new scheme (state pension age or age 65 if higher).

Communication

Face-to-face seminars will be held in the autumn to give you more detail on how the changes will affect you. Details on how to book your place on one of these will be announced soon.

In the meantime, if you want more information please follow the link from www.eapf.org.uk to a special website set up at www.lgps2014.org.uk which gives the latest news on the new scheme and explains the changes in more detail. The website also has a video explaining the changes. We will provide more information in our next newsletter during the autumn.

Celebrating success

One of the principal objectives of the Environment Agency Pension Fund (EAPF) team is to deliver a Sustainable Pension Fund that is affordable and effective, aligned with the objectives of the Environment Agency and Natural Resources Wales. We have a strong responsible investment policy and are an active member of the United Nations Principles for Responsible Investment. We seek to manage funds in a financially robust and environmentally responsible way.

Our success in fulfilling this objective has been externally recognised through a number of awards:

- Winner of the inaugural Responsible Investor Reporting Awards (for funds under \$25bn) 2013
- Winner of aiCIO European Innovation Award for a Public Pension Scheme for 2013
- Highly commended in the Portfolio Institutional Awards for Best Implementation of Responsible Investment for 2013
- Winner of the Best Scheme Governance (Public Sector) in July 2012

More details about our investments and awards can be found on our website at www.eapf.org.uk

State pension changes

The Government is introducing a flat rate, single tier state pension for people who reach state pension age on or after 6 April 2016. The aim of the reform is to introduce a simpler, fairer system that is clear about what the state will provide and make it easier for you to plan your retirement savings. Further details will follow in future newsletters.

The Government is also changing the age at which you can receive your state pension. It is currently 65 for men, with the state pension age for women gradually increasing from 60 to 65 by 2018. At this point the state pension age will increase for both men and women to 66 by 2020.

Equitable Life update

Capita are in the process of providing contact details of our Equitable Life members to HM Treasury (HMT), who are helping to identify individuals who may be eligible for compensation payments. These members will be contacted directly by Equitable Life if payments are payable and we understand these payments will begin to be made from September 2013.

Valuation

The Environment Agency Pension Fund (EAPF) carries out an actuarial valuation every three years to review the Fund's financial position and to recommend future employer contribution rates. The results of the 2013 valuation should be available in early 2014 and we will update in future newsletters.

Formation of the National Rivers Authority (NRA) silver jubilee celebration

Following feedback from those who worked for the NRA between 1989 and 1996, a celebratory event marking the 25th anniversary of the formation of the NRA will take place on the evening of 10 April 2014 at Bristol Zoo Gardens. Further details about the event and costs will be sent to respondents from the organising committee later in the year. If you have not responded to date but wish to attend, please email info@eapf.org.uk.

Contact details

If you have any questions regarding your pension entitlement or about your pension 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 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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