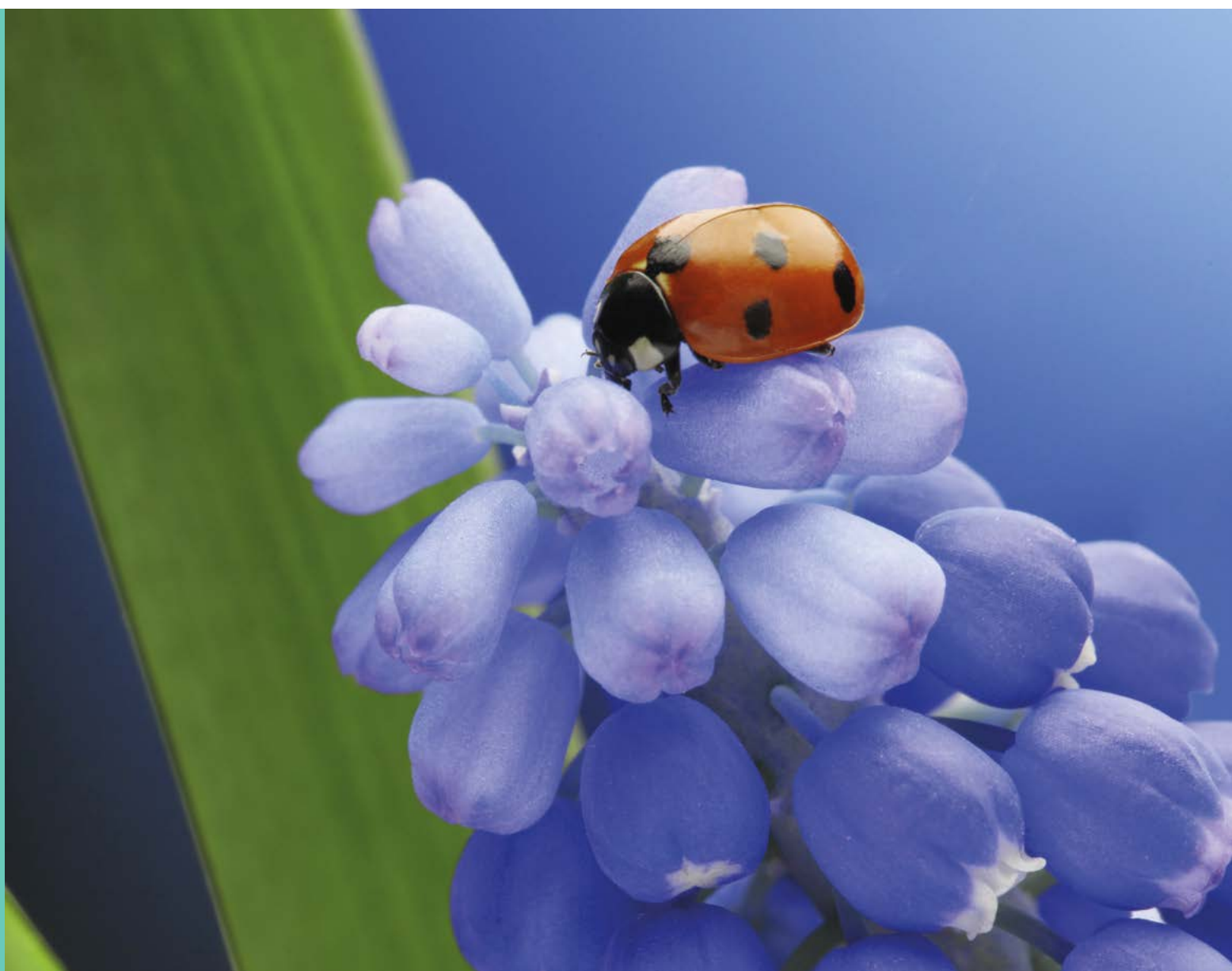


Your Pension

News from the Environment Agency Pension Fund





Chairman's welcome

Welcome to the latest edition of Your Pension

2015 marks the 10th anniversary of the implementation of responsible investment for the EAPF and in March; we celebrated this milestone at the Standard Life offices in London, our longest standing Fund Manager.

We invited our Pension Committee and a gathering of stakeholders who helped us achieve this success over the last decade.

The gathering reflected on the last 10 years, and also the challenges facing the Fund for the next decade in this important area of investment, and we have more information on these developments on page 8 of the newsletter.

April 2015 has seen greater governance requirements introduced within public sector pension schemes. To comply with these changes we have set up a new Pension Board for the Environment Agency Pension

Fund. This will enable us to improve the accountability and structure of our already robust governance arrangements.

We wrote to pensioner and deferred members in February inviting applications to join the Pension Committee and new Pension Board. We received a high level of interest, and we are pleased to announce Peter Smith and Hywel Tudor as the new representatives for pensioner and deferred members. We look forward to welcoming them to their first meeting in June. You can find details on the selection process on our website.

In our autumn newsletter we told you we were working on new ways to communicate with you. We are continuing this work this year and have made progress in a number of areas. This includes giving you the opportunity of going paperless, reducing our carbon footprint and encouraging greater digital engagement.

We hope you'll support us and make the change?

You will find lots of information to help you understand more about our pension fund and new developments at www.eapf.org.uk.

I hope you enjoy reading the newsletter and that you find it interesting and informative. Please feel free to contact us with any suggestions for articles for future newsletters, or if you have any queries about your pension.

Please note we have published a Welsh version of 'Your Pension' on our website or you can request a copy from Capita.

A handwritten signature in blue ink that reads "John Varley". The signature is stylized and cursive.

John Varley
Chairman of the Pensions
Committee

Go digital

Help the environment and go paper free

We are changing the way we communicate with you.

To help the environment and reduce the amount of paper we use, we are looking to go digital in the way in which we communicate with you about your pension.

To succeed in this we need your support. It's easy, all you need to do is register for an online EAPF account. Having an EAPF account enables you to securely and easily access your personalised pension information at a time of your choosing.

You can view your annual benefit statement and learn more about your pension, update your personal details and use our pension modeller to help ensure your retirement planning stays on track, plus much more. When you register for an account you will be asked to tell us how you would like to receive pension related information from us in the future.

This is your chance to help the environment by selecting digital.

If you already have an EAPF account, the next time you log in you will be asked to tell us how you would like to receive information in the future, and we would encourage going digital as the environmentally friendly option.

Alternatively, if you're not yet convinced about setting up an online account you can still help the environment by electing to receive communications digitally via email.

All you need to do is provide your email address; either personal or work to Capita, and opt in to digital communications. You can then express a preference on how you receive your annual benefit statements and newsletters.

To make this as easy as possible we will shortly be emailing you either through your personal email, if you have previously provided us with one, or your work email asking you to opt in to receiving digital communications.

If you are a deferred or pensioner member we will contact you by letter; or on your personal email address if you have provided one previously.

Visit our website

Our new look website features the latest Fund news as well as general pension information and changes to pension legislation. There are sections for all members that include useful information, factsheets and forms.

 www.eapf.org.uk

Do you know how to work out your pension?

We have created a calculator that will help ensure your retirement planning stays on track.

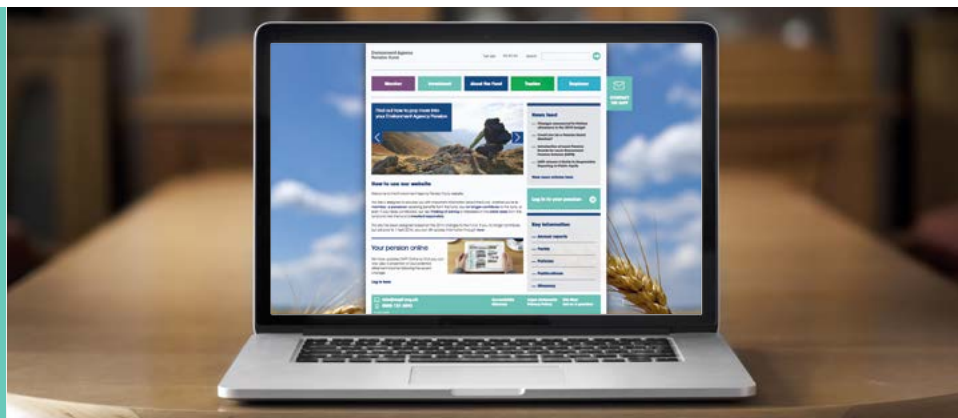
Just go to www.eapf.org.uk and click on 'Log in to your pension' on the right hand side of the page.

All you have to do is input your current pensionable pay and preferred retirement date and the calculator will do the rest. It will automatically work out any potential reductions and enhancements giving you an accurate figure based on your current pay, from your own pension record.

You shouldn't use the calculator if you:

- Are within 6 months of your intended retirement date
- Qualify for pay protections such as BR10

In these circumstances, please contact Capita to request an estimate.



Latest pension news

New governance arrangements

The LGPS introduced new governance from April this year to meet the requirements of the Public Service Pensions Act 2013. We were required to set up a Pension Board to improve our accountability and to help enhance our existing governance.

We had two vacancies for our Pensions Committee and new Pension Board, and wrote to all our pensioner and deferred members in February, inviting applications.

We are pleased to announce that we have recommended the appointment of Peter Smith and Hywel Tudor respectively.

Peter Smith is qualified solicitor, chairman of a financial mutual and has held other senior posts throughout his career.

Hywel Tudor is a qualified accountant, has finance responsibility for a national charitable body and has significant pension Trustee experience.

You can find more information on the selection process and the role of a Board member at www.eapf.org.uk

“Our pension fund is important as it ensures the financial future of our previous, current and future members. To run it effectively, we need strong Governance and a diverse mix of capable people”.

— Dawn Turner
(Head of Pension Fund Management).

Freedom and choice

In the 2014 budget the government announced changes to defined contribution pension schemes.

These are pension schemes where you build up your own personal pots. Their value at retirement depends on how much you pay in and how well it is invested. From April 2015 if you have this type of pension pot, perhaps with a previous employer, and you are 55 or over, you will have more freedom in how you use your pension savings.

The Environment Agency Pension Fund (EAPF) is part of the Local Government Pension Scheme (LGPS) and is a defined benefit scheme. This means the changes we've mentioned above will not affect the pension benefit you hold in the EAPF.

Effect on transfers

Providing you are not receiving your pension from us, you can transfer your EAPF benefits into a defined contribution pension pot. You now have to take independent advice from a Financial Conduct Authority authorised advisor and cover the cost if you want to transfer your benefits. You only have to do this if your pension pot is valued at £30,000 or above.

You must produce evidence to the Fund that you have taken financial advice. We have a mandatory requirement to help you avoid any potential fraudulent activity.

We recommend that you also take financial advice if your pension pot is valued at under £30,000. However, you are not legally required to do this.



Effect on in house AVCs

The introduction of Freedom and Choice does not affect the existing In house Additional Voluntary Contributions (AVCs) and the options for retirement. These have not changed.

We will allow members with post 31 March 2014 contracts to take up to 100% of the AVC fund as a tax free lump sum (subject to tax limits), provided these benefits are taken at the same time as their main LGPS benefits.

This is a change to the information provided in our 2014 Spring newsletter, and this amendment to the regulations will apply retrospectively so if you have taken out an In house AVC after this date you do not have to do anything. You will have the same entitlement.

State pension changes

In 2016 the government is introducing a new single tier state pension. This replaces the current complex system of basic state pension and the state second pension (S2P). This will provide equality and remove means testing.

To receive the full pension you will need to have at least 35 years of national insurance payments. The actual amount that EAPF members receive will be based on periods spent contracted out of the second state pension. Further information is expected in autumn 2015 when the government set the actual pension amount, and we will provide more detailed information about this in our autumn newsletter.

The changes will only apply if you will reach state pension age after April 2016.

The removal of contracting out

As a member of the Fund you are currently contracted out of S2P and benefit from paying a lower rate of national insurance contributions. Your employer also benefits from paying reduced national insurance contributions. At the same time as the new state pension is introduced, the government will no longer allow the EAPF and other pension schemes to contract out of S2P.

What happens when contracting out stops?

Both you and your employer will see an increase in the level of national insurance contribution that you pay from April 2016. Members will see a 1.4% increase on earnings between £5,564 and £40,040 (for 2014/15) and your employer will see a 3.4% increase.

We will give you further details on the impact this may have on you in our next newsletter. You can find out more about state pensions at: www.gov.uk/browse/working/state-pension or follow the link from our website.

2015 budget changes to lifetime allowance

The government will reduce the current lifetime allowance (LTA) of £1.25 million to £1 million from April 2016. It is not yet clear what protections may be offered to members who have currently accumulated lifetime pension benefits between £1 million and £1.25 million, however, we expect these will be consistent with those offered following the previous reduction in 2014.

There are plans to link the future value of the lifetime allowance to the Consumer Prices Index (CPI) from 2018. These changes will not affect the majority of EAPF members but we will keep you updated with information regarding the proposed change. In the meantime, if you would like more information about the lifetime allowance you can download the **tax controls factsheet** from the **Publications** part of our website. We will write to anyone who is affected.



Life cover

One of the many benefits of being a member is the life cover you automatically get, including a one off, tax free death grant. The death grant we pay is usually 3 times your pay.

To protect your loved ones fully, you need to ensure you have completed an Expression of Wish form

It is really important that you nominate someone to receive benefits, and you can share the amount between more than one individual or organisation.

It is so easy to do and helps us pay the money quicker, and your beneficiaries may not pay inheritance tax on the estate. To access a form just go to Expression of Wish form under Forms on our website at www.eapf.org.uk or call us on **0800 1216593** and we'll send you one in the post.

Remember, you can change your nomination at any time and as often as you like but the EAPF reserves the right to use its discretion over death grant payments.

Increase in your earliest pension age

The minimum age that you can take your pension benefits is set to rise from age 55 currently, to age 57 by 2028, and this is in line with the rise in state pension age (SPA). The minimum pension age will then continue to be linked to the SPA so will always be 10 years below it.



New Contribution Bands from 1 April 2015

The following table displays the 2015-16 contribution bands. These have been increased by 1.2% which reflects the Consumer Price Index increase in inflation, from 1 April 2015.

Range (based on the actual pensionable pay paid to you)	Main Section	50/50 Section
Up to £13,600	5.50%	2.75%
£13,601 to £21,200	5.80%	2.90%
£21,201 to £34,400	6.50%	3.25%
£34,401 to £43,500	6.80%	3.40%
£43,501 to £60,700	8.50%	4.25%
£60,701 to £86,000	9.90%	4.95%
£86,001 to £101,200	10.50%	5.25%
£101,201 to £151,800	11.40%	5.70%
£151,801 or more	12.50%	6.25%

Further information is provided by clicking on Pension Contributions via the Pensions page available on Easinet for Environment Agency staff. NRW and SSCL staff should contact Capita.

Remember that you benefit from tax relief on your pension contributions and your employer pays a percentage of your pensionable pay into the Fund. You lose this benefit if you opt out of the EAPF.

Pensioner and deferred members

Increases to your pension

Your pension is increased in line with the Consumer Price Index each year to ensure that it keeps up with the cost of living.

The annual pension increase this year is **1.2% from 6 April 2015**

If eligible, this increase was reflected in your April pension payment with the full month's increase paid in May. Further details can be found in **A guide to pension increase for the LGPS** under Publications on our website.

This year's annual briefing for pensioner and deferred members

This year's briefing will be taking place on **22 June** at the Environment Agency Head Office in Horizon House, Bristol.

We would like to invite you to the briefing which will cover topics such as the Government's introduction of Freedom & Choice, the new flat rate state pension and other topical issues related to your pension benefits. There will also be an opportunity for you to ask questions and raise any issues of concern or simply meet your fellow pensioners and deferred members.

For your diary

Monday 22 June 2015

Room G1
Environment Agency Head Office
Horizon House,
Deanery Road
Bristol
BS1 5AH

Registration will start at 4.00pm with a start time for the briefing of **4.30pm** and finish around 6.00pm. This will be followed by light refreshments giving you the chance to mingle with the other attendees and get some of your questions answered by the presenters.

To book a place please email **eapfbriefing@capita.co.uk** or telephone **0800 1216593**.


Keep us informed

We are always happy to hear from you and welcome any feedback or suggestions you may have.

Remember to tell us about any changes of address or marital status, or any changes in respect of a cohabiting partner or death benefit nominations.


Contact details

If you have any questions regarding your pension entitlement you can contact our pension administrator, Capita, by:

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

 Emailing **info@eapf.org.uk**

 Calling **0800 1216593**

 Sending your query to **Capita Hartshead House 2 Cutlers Gate Sheffield S4 7TL**



Environment Agency Pension Fund celebrates 10 years of Responsible Investment

Environment Agency
Pension Fund



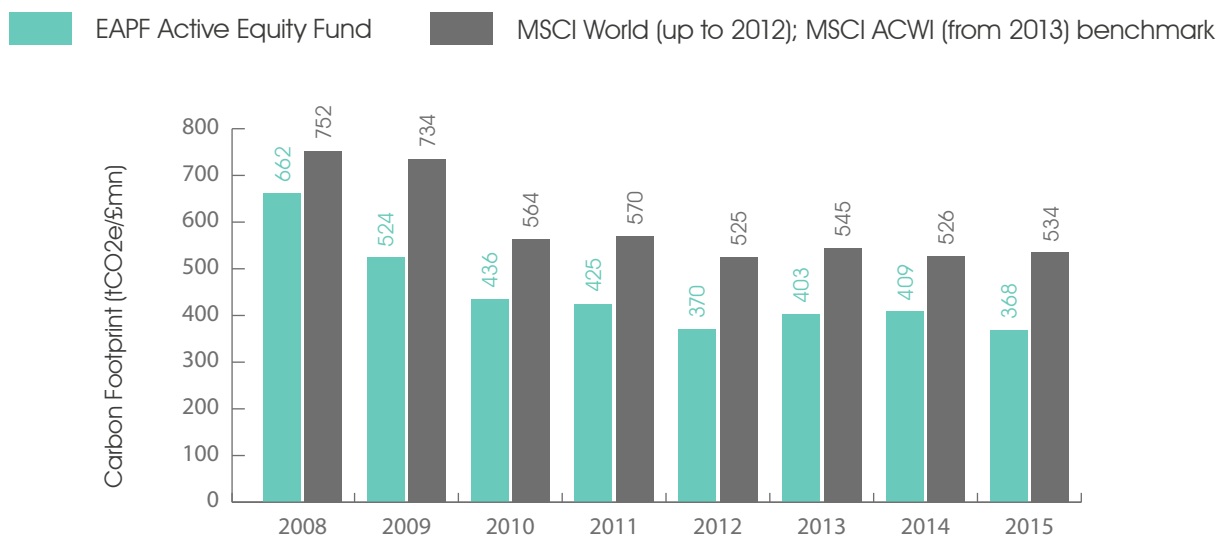
of responsible
investment

2015 marks the 10th anniversary of the implementation of the EAPF responsible investment strategy. We integrate responsible investment across our £2.6bn assets and work to motivate others to follow our lead. We have been very successful in developing our approach over the last 10 years, to the point that we are recognised as a global leader.

As part of celebrating our achievements over the last 10 years, we will be presenting ten articles on different aspects of responsible investment. We will reflect on what we have achieved, current challenges to progress and how we are addressing them.

We hope to bring to life our approach and progress in managing climate risk and to take a closer look at specific aspects of our investment strategy. The articles will also highlight our successes over the last decade. Our 10 chapters for 10 years will start coming out soon culminating in our vision for the next part of our journey.

Please see our website for more information from May.



Publishing our carbon footprint fulfills our commitment to the Montréal Carbon Pledge, where investors commit to measure and publicly disclose the carbon footprint of their investment portfolios on an annual basis. We publish further information on our website and in our annual report and financial statements at www.eapf.org.uk

Environment Agency Pension Fund encourages oil groups to go green

The Environment Agency Pension Fund as part of a group of more than 50 institutional investors has filed resolutions to encourage BP and Shell to disclose risks associated with climate change in their annual reporting.

- **£1bn growth in Fund assets** over last 5 years
- **£700 million pounds invested** in clean technology and strongly sustainable companies.
- **44% reduction** in our carbon footprint since 2008
- Read more in our **10 – 4 – 10** articles at www.eapf.org.uk
- **We were ranked #1 in the UK by the Asset Owners Disclosures Project (AODP)**. The AODP's global aim is to protect pensions in light of climate change in relation to disclosure and industry best practice