

Early payment of deferred pension benefits

Operational instruction

Issued

What is this document about?

In this document, we describe how we, the Environment Agency decides whether to consent to waive any early retirement reduction to your pension benefits. This only applies to you if you want to take your deferred pension benefits from age 55, or age 50 for protected former civil service employees. We have included further information about this group in the protections section.

We have not described how we will consider applications for the early payment of pension benefits on ill health grounds, using Regulation 38 of the 2013 Regulations. If you are making an application on ill health grounds, you should contact Capita, our pension fund third party administrator, using the contact details we have provided in the application procedure section.

Who does this apply to?

It applies if you are a former Environment Agency employee with deferred pension benefits in the Environment Agency Pension Fund (EAPF).

Contact for queries and feedback

- [HR Pensions Team](#)

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1. Document statement

Early payment of pension benefits

In this document, we describe the early payment of benefits discretions that allow us to consider waiving all or some of the reduction to your pension benefits if you elect to take them from age 55. The discretions are available to us under the Local Government Pension Scheme Regulations 2013 (Part 1 Membership, contributions and benefits), the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and the LGPS (Benefits, Membership and Contributions) Regulations 2007. We refer to these regulations as the 2013 Regulations, the 2014 Regulations and the Benefit Regulations in this document.

You can find more regulatory information about the discretions we use in our published [Employing Authority and Administering Authority Summary Statements of Policy on Discretions](#).

In the event of a conflict between the 2013, 2014 or Benefit Regulations and this document, the 2013, 2014 and Benefit Regulations will prevail.

2. Introduction

Introduction

If you are a deferred member of the EAPF and not employed by the Environment Agency, you can voluntarily retire from age 55. You can ask the EAPF to pay your pension once you reach this age. You do not need the Environment Agency's consent for the EAPF to pay your pension benefits.

If you have not reached your normal pension age (NPA), which is the same as your state pension age, when you take your pension benefits, the EAPF will reduce them because you are taking them early.

3. Document scope

When will we use this document?

We will use this operational instruction when considering all non ill health applications for the early payment of unreduced pension benefits under Regulation 30(8) of the 2013 Regulations, under paragraph 2(1) of Schedule 2 of the 2014 Regulations, or under the Benefit Regulations.

This also applies to former Tier 3 ill-health members who are no longer in receipt of an ill-health pension and are now taking voluntary early retirement.

4. Statutory protections

What protections apply?

The pension protections we have described below may apply to you. We will take account of these when using the discretions. There are two types of protections:

- 85-year rule pension protections
- pension protections, applying to employees who we compulsorily transferred from the civil service to the Environment Agency on 1 April 1996 or later in the 1990s.

What is the 85-year rule?

If you were a member of the LGPS before 1 October 2006, then the 85-year rule may apply to you. The 85-year rule may result in a smaller or no reduction to your pension benefits if you take your benefits between age 60 and age 65. This does not apply if you are a protected former civil servant as described below.

If you decide to take your benefits between the ages of 55 and 60, the 85-year rule protections will not apply to you. We have discretion to switch on the 85-year rule protections. We will only do this if the pertinent circumstances that surround your case demonstrate that we are spending public money wisely.

Former civil servant protections

If you are a former civil servant, who we compulsorily transferred to the Environment Agency on 1 April 1996 or a later date in the 1990s, you have a protection that allows you to receive your pension from age 50. You also have a protected retirement age of 60 for your pre 1 April 2014 pension benefits.

If you want to retire from age 50, the EAPF will apply the appropriate reduction to your pension benefits to reflect your protected retirement age of 60. We will only use the age 60 protection for your pre 1 April 2014 pension benefits.

For benefits you have built up from 1 April 2014, the EAPF will apply a reduction that takes account of your state pension age subject to a minimum age of 65.

If you want to understand more about these civil servant protections you can refer to Regulations 32 and 36 of the LGPS (Miscellaneous Provisions) Regulations 2010.

5. Decision making principles

Information we consider when making a decision

Pensions provide financial support when you retire and are no longer in employment. You can elect to take your pension benefits from age 55 and if you do this, the EAPF will apply a reduction to the benefits you will receive.

If you are a former civil servant with pension protections, you can make an application to retire between age 50 and 55. We will consider your request and if we agree to make payment, the EAPF will apply the appropriate reduction to your pension benefits because it is paying them early.

The LGPS 2013, 2014 and Benefit Regulations provide us with discretion to:

- Waive the actuarial reduction that would apply if you retired early, i.e. before your NPA
- Use 85-year rule protections for members aged between 55 and 59

We will not normally use these discretions and, when deciding whether to waive a reduction, we need to demonstrate that we are spending public money wisely.

You need to set out full details of your circumstances and provide sufficient supporting evidence in your application so we can use it when considering your case.

6. Application procedure

Making an application

You can use the [early retirement illustrator](#) on the EAPF website to receive an estimate of the benefits you would receive based on your chosen retirement date.

Once you have the estimate it will show the reduction to your pension, where applicable. You can ask us to waive any reduction to your pension and if you want to do this you need to contact Capita and ask them to send you an application form. You can do this using the contact details below:

- Telephone: 0800 121 6593
- E-mail: eapf@capita.co.uk

Capita will send you an application pack, which provides information describing what you need to do. When completing the application form you must tell us whether you are asking us to consider your application under Regulation 30(8) or Schedule 2. In both cases you must explain the reason for making the application and where appropriate you should specify the compassionate grounds that are relevant to your application.

Once you have completed and returned your application to Capita they will forward it to us. We will consider it using the above discretions and the other information we have included in this document.

7. Appeal procedure

How can I appeal a decision?

If you are unhappy with how we have managed your case or the information we have used when reaching a decision, you can appeal the pension decision using the [Internal Dispute Resolution Procedure](#) (IDRP).

8. Related documents and further information

Links

This operational instruction has links with the documents listed below:

- [Administering authority statement of policy on discretions](#)
 - [Employing authority statement of policy on discretions](#)
 - [Internal disputes resolution procedure](#)
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Legislation references

- [Local Government Pension Scheme \(Amendment\) Regulations 2006](#)
- [Local Government Pension Scheme \(Benefits, Membership and Contribution\) Regulations 2007 \(as amended\) \(the Benefit Regulations\)](#)
- [Local Government Pension Scheme \(Miscellaneous Provisions\) Regulations 2010](#)
- [The Local Government Pension Scheme \(Membership, Contributions and Benefits\) Regulations 2013](#)
- [The Local Government Pension Scheme \(Transitional Provisions,](#)

9. Appendix 1

Clarification on the 85-year rule

You satisfy the 85-year rule if your age at the date you draw your benefits and your scheme membership, each in whole years, add up to 85 or more. If you do not satisfy the 85-year rule by the time you reach 65, then we will reduce all your benefits if you choose to retire before 65. We will base the reduction on how many years before 65 you take your benefits.

LGPS (Amendment) Regulations 2006 phased out the 85-year rule from 1 October 2006 for new members. This date changed to 1 April 2008 for existing members and there is some transitional protection for some older members. The effect on benefits if you choose to retire before age 60 and satisfy the 85-year rule at the date of retirement is set out below.

As a scheme member, you can fall into five categories, which are as follows:

New scheme members – who joined after 1 October 2006

The normal retirement age if you fall into this category is age 65 and if you chose to retire from age 60, the EAPF will reduce your benefits.

Existing scheme members who will not achieve the 85-year rule

The Amendment Regulations do not affect you if you fall into this category, as your age and service does not add up to 85. You can choose to retire between age 60 and 65 and the EAPF will reduce your pension benefits.

Scheme members born before 1 April 1956 and can achieve the 85-year rule.

You are covered by the transitional arrangements if you fall into this category and you can retire at age 60 without any reduction to your pension benefits.

Scheme members born between 1 April 1956 and 1 April 1960 and can achieve the 85-year rule

If you fall into this category, you have full protection for all benefits you have built up as at 31 March 2008 and some protection for benefits you have built up from 1 April 2008.

Scheme members born after 1 April 1960

If you fall into this category you will have protection on all benefits you have built up as at 31 March 2008 and will see a reduction to all benefits you have built up from 1 April 2008 until the scheme normal retirement age (65).