

Former HMIP & DOE Member Briefing 2016

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Agenda

- **Fund membership**
 - **Pension Benefits**
 - Calculation of benefits
 - Summary of Protections
 - Retirement
 - **Pension Protections**
 - Statutory Underpin
 - Statutory Underpin example
 - **Death Benefits**
 - **Communications**
 - Annual Benefit Statements
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Fund membership

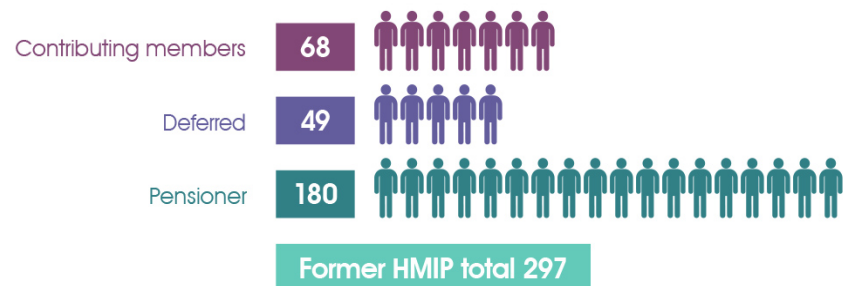
Former HMIP & DoE members in the Active Fund

At 31 March 2016



Fund membership

At 31 March 2016



Pension Benefits

Overview

- Pension for life increasing in line with cost of living
 - Automatic lump sum at retirement
 - 3 x pension built up before 1 April 2008
 - Can exchange part of annual pension to increase lump sum
 - Pension for dependants
 - Specific protections for former HMIP & DoE members
 - All the benefits that you have built up are protected by the Government
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LGPS 2008 – Final Salary Scheme

| | | | | | | |
|-----------------------|---|--|---|--------------------|---|-----------|
| Annual Pension | = | Membership accrued after 31 March 2008 | X | 1/60 th | X | Final Pay |
| | = | Membership accrued prior to 1 April 2008 | X | 1/80 th | | |
| Lump Sum | = | Membership accrued prior to 1 April 2008 | X | 3/80 th | X | Final Pay |

LGPS 2014 – CARE Scheme

| | | | | | | |
|-----------------------|-------------------------------|---|--------------------|--------------------|---|----------------------------------|
| Year 1 Pension | | | 1/49 th | 1/98 th | X | Pensionable Pay received in year |
| Year 2 Pension | Revalued Year 1 Pension (CPI) | + | 1/49 th | 1/98 th | X | Pensionable Pay received in year |
| Year 3 Pension | Revalued Year 2 Pension (CPI) | + | 1/49 th | 1/98 th | X | Pensionable Pay received in year |
| Year 4 Pension | Revalued Year 3 Pension (CPI) | + | 1/49 th | 1/98 th | X | Pensionable Pay received in year |

and so on...until

| | | | | | | |
|---------------------------|-----------------------------|---|--------------------|--------------------|---|----------------------------------|
| Pension on leaving | Revalued Year Pension (CPI) | + | 1/49 th | 1/98 th | X | Pensionable Pay received in year |
|---------------------------|-----------------------------|---|--------------------|--------------------|---|----------------------------------|

Summary of protections

- EAPF's 'statement of employee pension protections'
- Uplift allowance
 - Non-pensionable payment
- Pre 01/04/2014 benefits paid **unreduced** if taken from age 60
- Benefits may be taken from **age 50**
- 85 year rule protection **doesn't apply** to former HMIP & DoE members
- Post 31/03/2014 benefits may be protected by the 'Statutory Underpin'
 - CARE vs Final Salary alternative

Retirement

Voluntary retirement at age 60

- Benefits built up to 31/03/2014 paid **unreduced**
 - Benefits built up from 01/04/2014 are **reduced** to your NPA
 - However, may be protected by the 'Statutory Underpin'
 - **All** benefits must be taken on voluntary retirement
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Retirement

Voluntary retirement before age 60

- Under 2014 Scheme, all members can retire voluntarily from age 55
 - Former HMIP & DoE members can retire voluntarily from age 50
 - Benefits built up to 31/03/2014 are **reduced** to age 60
 - Benefits built up from 01/04/2014 are **reduced** to your NPA
 - **All** benefits must be taken on voluntary retirement
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Retirement

Retirement on redundancy/efficiency

- If aged 55+ & dismissed on redundancy or business efficiency
 - Benefits paid **automatically**
 - **All** benefits must be taken
 - Benefits built up to 31/03/2014 are paid **unreduced**
 - Benefits built up from 01/04/2014 are paid **unreduced**
 - May also be protected by the 'Statutory Underpin'
-

Retirement

Working beyond age 60

- Benefits built up to 31/03/2014 paid **unreduced** on retirement
 - Benefits **enhanced** if paid beyond age 65
 - Benefits built up from 01/04/2014 are **reduced** to your NPA
 - **Unreduced** if paid from NPA
 - Benefits **enhanced** if paid beyond NPA
 - May also be protected by the 'Statutory Underpin'
 - **All** benefits must be taken on retirement
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Retirement

Partial (flexible) retirement

- May apply if aged 55+ &, on taking partial retirement, you reduce your working hours or move to a job with less responsibility
 - Benefits paid **automatically**
 - **All** or **some** benefits may be taken
 - Benefits built up to 31/03/2014 are **reduced** to age 60
 - **Unreduced** if paid from age 60
 - Benefits built up from 01/04/2014 are **reduced** to your NPA
 - **Unreduced** if paid from NPA
 - May also be protected by the 'Statutory Underpin'
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Retirement

Ill health - Summary

- Benefits paid immediately & **unreduced**
- 3 'Tiers' of ill health

Elected to transfer former PCSPS service to EAPF

- Former PCSPS & EAPF service paid immediately on ill health retirement

Did **not** elect to transfer former PCSPS service to EAPF

- EAPF service paid immediately on ill health retirement
 - Former PCSPS service – will need to apply to 'MyCSP' for this to be paid
 - Will also need to undergo separate medical assessment
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Pension Protections

Pension Protections

A quick recap & more detail on the 'Statutory Underpin'

- Pre 01/04/2014 benefits paid **unreduced** if taken from age 60
 - Benefits may be taken from age 50
 - Post 31/03/2014 benefits may be protected by the 'Statutory Underpin'
 - CARE vs Final Salary alternative
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Statutory Underpin

- Treasury Statement:
“Anyone ten years or less from retirement age on 1 April 2012 are assured that there will be no detriment to their retirement income”.
- Guaranteed to pay higher of CARE or Final Salary benefits for post 31/03/2014 service
- Underpin criteria:
 - Contributing on 31/03/2012 & immediately prior to ‘underpin date’
 - Within 10 years of 2008 NPA (60) on 01/04/2012
 - Has not already drawn any benefits under the Scheme
 - Does not have a ‘disqualifying break’ after 31/03/2012
- Increased chance of ‘Statutory Underpin’ applying to former HMIP & DoE members

Statutory Underpin - Example

Example

- Male member retires at age 60 on 31/12/2016
 - NPA for pre 01/04/2014 benefits = 60
 - NPA for post 31/03/2014 benefits = 66 (SPA)
- Pre 01/04/2014 benefits at retirement (unaffected by underpin)
 - Final salary pension = £10,828
 - Final salary lump sum = £20,109
- Post 31/03/2014 benefits at retirement (before early retirement reductions)
 - CARE pension = £2,294
 - Final salary **alternative** = £1,893

Statutory Underpin - Example

Example continued

- **If 'underpin' not applied**

- CARE pension used (reduced for early payment)
- £2,294 – 27.8% (6y reduction to age 66) = **£1,656**

- **If 'underpin' applied**

- Have assumed that underpin criteria has been met
- Comparison based on higher of CARE or final salary (both reduced for early payment)
- **CARE** = £2,294 – 27.8% (6y reduction to age 66) = **£1,656**

vs

- **Final salary** = £1,893 – 0% (0y reduction to age 60) = **£1,893**

Death Benefits

Death grants & nominating beneficiaries

- **Contributing member** = 3 x Assumed Pensionable Pay
 - Nominate who you wish to receive a death grant in the event of your death
 - Not legally binding, but the Environment Agency Pensions Committee will endeavour to abide by your wishes
 - **May** enable payment to be made to your loved ones more quickly
 - Payments made in this manner are not subject to inheritance tax
 - Forms available at www.eapf.org.uk
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Dependants' pensions

Payable to your

- Spouse (including same-sex marriages)
- Civil Partner
- Cohabiting Partner
 - Leavers after 31 March 2008 only

Eligible children

- Up to age 23 in full time education
 - Any age if unable to work due to permanent incapacity or impairment
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Dependants' pensions

Spouse / partner

Normally

- 50% of your pension built up to 31/03/2008*, **plus**
- 37.5% of your pension built up between 01/04/2008 to 31/03/2014, **plus**
- 30.625% of your pension built up from 01/04/2014
- Payable for life
- Cost of living increases (Currently CPI)

Children

Normally

- ½ spouse / partner's pension
- Higher if no spouse
- Cost of living increases (Currently CPI)

***Spouse/partner's benefits may not take into account all your pension built up to 31/03/2008**

Communications

**Environment Agency
Pension Fund**

August 2015

Your pension statement explained

Contributing members



Contact us

Please contact us if you:

- Move house
- Change your bank account
- Have a change in circumstances such as marriage/divorce or enter/dissolution a civil partnership

Please make sure your dependents/carer know they should contact Capita with details of:

- Your death – they should provide original/certified copy of death certificate
- You becoming incapable of looking after your own affairs – they should provide copy of Enduring Power of Attorney


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**

Any questions?

Disclaimer

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If you require advice on this subject you should contact an independent financial advisor.