

Paper G1

URC Pension Schemes: a brief update

Finance and Property Committees

Basic information

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Action required	None – for information.
Draft resolution(s)	None.

Summary of content

Subject and aim(s)	To report progress since General Assembly took the decision in principle to close both URC defined benefit pension schemes to future accrual.
Main points	<p>Following General Assembly's decision two working groups have been focussing on different aspect of what is a large and complex task.</p> <p>One working group is looking primarily at how the new pension arrangements should be managed. It is hoped to identify a suitable Master Trust partner by the end of 2021.</p> <p>The other working group is looking at the design of the contributions to, and benefits from, the new scheme. This work is currently focused on arrangements for Ill Health Early Retirement and Death in Service benefits.</p>
Previous relevant documents	Paper G4 for 2021 General Assembly titled 'URC Future Pensions – time for a change of approach'.
Consultation has taken place with...	External consultants have helped with advice and some financial modelling.

Summary of impact

Financial	Changing the Church's pension arrangements is not, primarily, to reduce cost, but to deal with the expected increase in costs from 2022 to a level that is unsustainable and may no longer be the most cost-effective way to provide good pensions to the Church's office holders and staff.
External (e.g. ecumenical)	N/A

1. Early in 2020, the Pensions Committee and Finance Committee decided to set up a Pensions Review Group, convened by Jane Baird. This Review Group is accountable to the URC Pensions Committee which is, in turn, accountable to the URC Finance Committee.
2. General Assembly in July this year agreed in principle to close the two URC defined benefit pension schemes to future accrual. Following this, the Review Group has been expanded to bring in several URC people with direct experience of designing and implementing new pension schemes. The group has established two sub-groups to focus on different aspects of the project. All important decisions are taken by the full Review Group and sent to the Pensions and Finance Committees for approval. Those committees will bring recommendations to Assembly.
3. The first working group is focused on how and by whom any new pension arrangements should be managed. It recommended that the Church pursue a Master Trust arrangement if this proves possible. The Review Group agreed with this. Expressions of interest from Master Trust providers were sought and, based on the responses received, a short list of six firms has been agreed. Documentation is being prepared to enable these bodies to provide detailed proposals. It is hoped the process of selection of our preferred partner will get underway during November.
4. The second working group has reached some conclusions about how to deal with death in service benefits and ill health early retirements but (at the time of writing) had not yet shared its thoughts with the Pensions Review Group. Although these matters only affect a minority of members, they are relatively costly. Agreeing the likely costs for these is necessary before considering what level(s) of employer contributions into the new scheme might be affordable and what benefits they might be expected to deliver.
5. The current intention is to have scheme design proposals for General Assembly to consider in July 2022. If approved, there would then be a formal consultation with the members of the two current pension schemes. General Assembly would be asked to authorise Assembly Executive to take final decisions in November 2022 in time for a 1 January 2023 start.