The United Reformed Church

Ministers' Pension Fund

A guide...

Dec 2018

The United Reformed Church

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Ministers' Pension Fund

(URCMPF)

The URCMPF is a defined benefit final salary (stipend) scheme. All the benefits provided from the Fund are defined within the Rules and the amount of pension you receive is based upon your years of service and the stipend in payment at the date of your retirement or earlier departure from service.

This guide describes the scheme provisions for members joining from 1 January 2013 and the benefits accruing from that date for existing members. A later section gives further details of the position of members who were already contributing at that date.

Please note that this document aims only to provide a general outline of how the pension scheme is run and the benefits provided; hence much detail is omitted. Should there be any apparent conflict between this document and the Trust Deed and Rules, a copy of which may be obtained from the Maintenance of the Ministry Office, the Trust Deed and Rules shall govern.

Membership and Contributions

Who can join the URCMPF?

All full and part-time ministers/CRCWs ordained, commissioned or inducted into stipendiary service and remunerated under the Plan for Partnership in Ministerial Remuneration (Plan) are eligible for membership of the scheme.

When can I join?

All ministers/CRCWs may become members of the Fund on commencement of their stipendiary service; contributions start from the first day of the month following the date from which stipend is paid under the terms of the Plan.

From 1 September 2013, under the terms of legislation requiring employers to automatically enrol their workers into a Qualifying Workplace Pension Scheme, ministers and CRCWs commencing stipendiary service will automatically be enrolled in the scheme, depending on the level of stipend.

Can I withdraw from membership?

You may opt out by giving one months notice.

How much do I have to pay?

Currently contributions are set at 7.5% of stipend and it is open to the Assembly to change this percentage from time to time on the advice of the Actuary. Contributions are deducted from your monthly stipend payments, however, the actual cost to you will be less because you get tax relief on your contributions.

How much does the Church contribute?

The Church pays the balance of the costs of the scheme. It currently contributes 14.9% (2017) of stipend to the Fund on behalf of members in addition to a similar level of contribution towards the Fund deficit.

May I top-up my pension?

You may pay extra contributions, known as Additional Voluntary Contributions (AVCs), in order to boost your 'final-salary' benefits. This is a 'cash balance' arrangement: in simple terms you pay a level of contribution decided by you which is invested and at retirement provides a pot of money from which you can purchase additional pension.

Further information about the AVC scheme attaching to the URCMPF is available on request from the Finance Office at Church House.

Can I transfer-in benefits from a previous scheme?

It is the policy of the Trustees that this is only permitted immediately prior to your pension being brought into payment. At that time you may be permitted to transfer monies into the AVC scheme attaching to the Fund.

If you wish to explore this further please contact the Finance Office.

What happens if I am temporarily absent (including maternity leave)?

If you are on reduced stipend due to illness contributions based on your normal level of stipend will continue.

If you are on maternity leave you pay contributions on the amount of stipend/statutory maternity pay (SMP) you actually receive and your pension benefits will continue to build up as if you were at work (even if your stipend reduces). The Church continues to pay a contribution on your behalf in addition to any shortfall in your own contribution.

If you are absent without stipend (including unpaid maternity leave) your contributions will stop. On your return to work, provided this is within 12 months of the start of your absence, it is the Trustees policy to allow you the option to pay any arrears. If you do so, and the Church agrees to pay its share of the arrears, full pensionable service will be credited.

Please contact the Finance Office if you require further information regarding temporary absence or maternity leave.

What happens if I rejoin the scheme after a period of employment elsewhere?

If you have a deferred pension in the Fund in respect of an earlier period of service, you may ask the Trustees to aggregate your previous and current periods of service for the purpose of benefit calculations in lieu of your deferred pension and spouse's pension rights. This is entirely at the Trustees' discretion.

What are the benefits defined in the Rules?

Date of retirement

Normal Pension Age (NPA) under the Rules is 68 for both men and women. This is used for the calculation of scheme benefits, but in practice there is flexibility about the actual date of retirement.

How is my pension calculated?

Your 'final salary' pension at NPA is calculated as follows:

1/80 X Stipend at date pension commences
X Pensionable Service.

For example a member retiring in 2018 with a stipend of £26,184 per annum, will secure pension of £327.30 per annum for each year of pensionable service.

Stipend refers to the level of stipend set out in the Plan. Pensionable Service refers to your period of membership while a full-time minister or CRCW.

If at any time you have been a part-time member of the Fund, your retirement benefits secured during those periods will be reduced by applying a proportionate reduction to calculate the equivalent full-time service. Your pension will be calculated based on the full-time stipend.

For example 2 years of half-time (50%) will secure one full year of Pensionable Service.

What are my retirement options?

While the URC's normal retirement age and the NPA are both 68, you have flexibility in when you choose to take retirement benefits and in when you stop working. These do not need to be on the same date. The Finance Office can provide guidance on the financial implications of these options.

The level of benefits you receive is determined by when you choose to start receiving your pension; this may be after you stop work.

1. Taking retirement benefits at NPA

You receive your pension, calculated as above, and any pension arising from AVCs. You may opt to exchange some pension for a tax-free cash sum.

2. Taking benefits early

You may take your retirement benefits between the age of 55 and 68 with a reduction applied to your pension for each year of retirement prior to NPA. You have the option to take tax-free cash but the amount will be less than it would be if you retired at NPA.

3. Ill-health early retirement

You can apply for early ill-health retirement at any time whilst in active service, but this is subject to satisfactory medical evidence and will only be approved by the Trustees if you are, for the foreseeable future, too ill to continue working. The illness or injury must be of a permanent rather than temporary nature.

Your pension will not be reduced for early payment but the amount of pension will be calculated by reference to your contributory membership.

- If, at the time of retirement, you have 10 or fewer years of service your pension will be based on your accrued pensionable service.
- If you have been in contributory membership for 20 or more years, your benefits will be based on your prospective pensionable service up to age 65.
- If your contributory membership is between 10 and 20 years, a pro-rata enhancement will be made to pensionable service in calculating your pension.

4. Taking benefits after NPA

If you cease contributory service on or before NPA you may postpone taking your pension to a later date.

If you continue in stipendiary service, you may continue to contribute and build up additional years of service. When you finally leave contributory service, you may also postpone the commencement of your pension to a later date.

If you have postponed taking your pension, when the pension does come into payment it will benefit from a late retirement enhancement in respect of the period of postponement beyond NPA.

In either circumstances you have the option to take tax free cash.

5. Your AVC Benefits

When you take your 'final salary' benefits, your AVC fund will be converted to pension benefits within the scheme. Alternatively you may find it advantageous to transfer the funds to an annuity provider in the 'open-market'. The Finance Office will provide further information on your options.

6. Taking cash from your pension benefits

When you take your retirement benefits, you have the option to exchange part of your pension for a tax-free cash sum (known as commutation). Taking cash from your pension will reduce the pension you will receive, although this will have no effect upon your spouse's pension which will continue to be calculated based on your total pension entitlement before any cash had been taken.

The amount of tax-free cash which can be taken from your basic pension is determined by HMRC rules which currently allow 25% of the value of your pension benefit to be taken. HMRC value all pensions coming into payment at a standard rate of £20 for each £1pa of pension. If you have paid AVCs you are also permitted to take up to 25% of your AVC Fund in the form of tax-free cash immediately prior to retirement.

For further information on your options please contact the Finance Office.

7. Provision for your dependent children

If at the date of your retirement you have dependent children under the age of 24 a pension will be paid in line with children's allowances paid under the terms of the Plan. In some situations the benefit may cease on attaining age 23 due to legislative limitations. In order to comply with legislation, this payment will be made from the Retired Ministers' Fund and not from the URCMPF.

Will my pension increase once in payment?

All pensions increase on 1 January each year in line with the Retail Price Index up to a maximum of 5% per annum. Pensions from the URCMPF are paid in advance and therefore the annual increase is applied to the pensions in payment in December each year, in respect of the month of January.

What happens when I die?

Both a spouse's pension and a lump sum benefit may be payable, as described below. Civil Partners of members are treated as spouses in determining these benefits.

The Trustees have discretion as to whom, and in what proportions, any lump sum payment is made on death. This payment is restricted to dependants and relatives (including civil partners), as defined in the Rules. You may nominate one or more dependants or relatives to receive any lump sum death benefit by completion of an expression of wishes form which can be obtained from the Finance Office. Once completed this should be returned to the Finance Office in a sealed envelope marked with your name and 'expression of wishes' on the front. This will only be opened in the event of your death. Although this is not a legally binding document it does provide guidance for the Trustees in exercising their discretion.

1. If you die in service with a spouse and/or dependent children

A lump sum of three times your stipend at the date of death will be payable. If you were working part-time but had previously worked full-time the stipend used will be the full stipend. Your surviving spouse will be entitled to a pension of 50% of the amount to which you would have been entitled had you continued in service to NPA but calculated based on the stipend rate in payment at the date of death. You should note that if your spouse is more than 10 years younger than you their pension will be subject to a reduction. Furthermore, if you have an AVC Fund this will be used to purchase additional spouse's pension.

If at the date of your death you leave any dependent children under the age of 24 a dependant's pension will be paid in line with the children's allowances paid under the terms of the Plan. In some situations the benefit may cease on attaining age 23 due to legislative limitations.

2. If you die in service without a spouse or dependent children

A lump sum of two times your stipend at the date of death will be payable. If you were working part-time but had previously worked full-time, the stipend used will be the full stipend.

3. If you die after retirement

A pension will be payable to the spouse to whom you were married at the date of your retirement. Your spouse will be entitled to receive a pension of 50% of the amount which you are in receipt of at the date of your death. If you chose to take some tax-free cash at retirement, your spouse's pension will be based upon the pension you would have been receiving had you not taken this cash. You should note that if your spouse is more than 10 years younger than you their pension will be reduced.

If at the date of your death you leave any dependent children under the age of 24 a dependant's pension will be paid in line with the children's allowances paid under the terms of the Plan. In some situations the benefit may cease on attaining age 23 due to legislative limitations.

If you have secured additional pension by payment of AVCs you may have chosen, at retirement, to receive a lower additional pension in order to provide for an additional spouse's pension after your death.

In addition, members' pensions from the URCMPF are subject to a five-year guarantee. Therefore, if you die less than five years after receiving your first pension payment, the balance of the unpaid months in the five years will be paid as a tax-free lump sum, at the discretion of the Trustees, to your dependants or relatives. If you die more than five years after retirement only a spouse's pension, if applicable, will be payable.

4. If you die after leaving stipendiary service but before retirement?

If, on leaving stipendiary service, you left your benefits in the Fund (known as deferment, see below) until your retirement, pre-retirement death benefits may become payable.

If your death occurs before your pension comes into payment your spouse will receive a pension of 50% of the amount you would have been entitled to receive at the date of your death. If your spouse is more than 10 years younger than you their pension will be subject to a reduction. The death in service lump sum does not apply once you are no longer an active, contributing member of the Fund.

If a spouse's pension is not payable, then a refund of the contributions you have paid to the Fund with 3% compound interest will be paid, at the discretion of the Trustees, to dependants or relatives.

What happens to my benefits if I leave stipendiary service?

1. Leaving your pension in the Fund

Your pension can remain in the Fund (known as deferred) until you retire. At the date of leaving your pension is calculated in line with the formula set out in the 'How is my pension calculated' section but based on the stipend rate in payment at the date of leaving. After you have left your pension will cease to increase in line with stipend but will be subject to statutory revaluation (currently this is in line with the Consumer Price Index, limited to a maximum of 2.5% pa).

2. Taking a refund of the contributions you have paid

If you have less than two years' service, you may take a refund of your own contributions to the Fund, but not the Church's, with interest added.

Tax at 20% will be deducted from refunds of up to £20,000. You will need to notify your tax office of the amount of interest you receive. This is because the law now requires that gross interest is paid. Your tax office will subsequently notify you of any tax due on this sum.

3. Transferring your pension to another scheme

You may transfer your benefits to another pension arrangement (such as your new employer's pension scheme or to a personal or stakeholder pension plan) at any time after you leave service, but before you take your pension.

The calculation of the amount available for transfer will be undertaken by the Fund Actuaries and a statement of the transfer value can be provided upon request.

Contributing members with service before 1 January 2013

Changes to the pension benefits provided by the URCMPF were agreed by General Assembly in 2012. These affected the future accrual of pension benefits and the amount of ill-health pension payable for contributing members.

Pension benefits

'Final salary' pension accrued before 2013 was calculated as described in the 'pension calculation' section above, but based upon a pension age of 65. If you retire before age 68, this pre-2013 element of your pension will only be reduced to the extent that you retire before age 65. If you take your benefits between age 65 and NPA (age 68) the pre-2013 element will be paid in full.

Ill-health pension

The changes introduced from 2013 reduce the extent to which prospective future service is included in the calculation of ill-health pension. If you need to retire due to ill-health, your benefits will be calculated in accordance with the new Rules, but you will also benefit from two forms of underpin, detailed below, to your benefit.

As a result you will receive the greater of these two:

- The pension that would have been payable had you retired on ill health grounds on 1 January 2013. This is the pension calculated using service to 1 January 2013 together with prospective full or part-time service up to age 65, and using the stipend at 1 January 2013.

- A proportion of the full prospective pension at the date of ill-health retirement (i.e. the pension based on service up to the date of retirement together with prospective full or part-time service up to age 65, and using the stipend at the date of retirement). This proportion is the ratio of your service to 31 December 2012, to your period of service at retirement (or age 65 if earlier).

'Pre-1993' opt-out

Note that some members who joined the scheme before 10 July 1993 have chosen to have their benefits, past and future, calculated in accordance with the Rules in force before 2013. In broad terms, their benefits differ only to the extent that NPA is 65 throughout service, and ill-health retirement benefits are based upon full prospective service (i.e. the pension based on service up to the date of retirement together with prospective full or part-time service up to age 65, and using the stipend at the date of retirement).

Additional Information

Rights, obligations, limitations

The rights and obligations of members of the URCMPF are set out in the Trust Deed and Rules, which are the formal documents of the Fund. This booklet is intended to provide a clear and simple explanation of the main benefits you are entitled to.

If there is any conflict between the interpretation given in this booklet and the formal Trust Deed and Rules the legal interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules are available from the Finance Office or from the website - https://urc.org.uk/urc-ministers-pension-fund.html

The Fund administrators are not permitted to give financial advice. Any information given to you should be regarded as such and should not be taken to constitute advice. Care is taken to provide you with accurate information but the Church is not responsible for the choices you make regarding your financial arrangements.

Are my benefits secure?

The benefits within the URCMPF are funded based on the advice of independent actuaries. The contributions payable are reviewed every three years following each valuation of the Fund.

The contributions are held in a separate fund independent of the United Reformed Church. The Trustee is obliged to administer the Fund in accordance with the Trust Deed and Rules.

The Church, through the General Assembly, has affirmed its commitment to the URCMPF and undertakes to make arrangements to meet any deficits in the funding requirements which may arise from time to time.

The Pensions Regulator (see below) has been set up by the government to protect members' benefits by regulating pension schemes in accordance with legislation.

The Church contributes to the Pension Protection Fund (see below).

Amendments or discontinuance

While the Church intends to continue the Fund indefinitely, it reserves the right to amend or discontinue the Fund, or any part of it, at any time. However, the Church guarantees that no amendment will be made which will reduce the benefits you have secured up to the date of amendment. In the event of amendment or discontinuance, you will be advised immediately of how this will affect you.

Fund Administration

The administration is undertaken in house by the Church on behalf of the Trustee. The in-house administration team (Fund administrators) are responsible to the Church and deal directly with active members, pensioners and deferred members of the Fund.

The Trustee Company

The operation of the URCMPF and its Trust Deed and Rules is governed by a Trustee Company called 'The United Reformed Church Ministers' Pension Trust Limited'. There are currently twelve Directors of the Company (all non-executive) – 4 ex-officio, 4 members representing the Church and 4 member nominated.

The Trust Board has an investment committee, which meets regularly with independent external investment consultants and fund managers to receive their reports and consider investment strategy, and a Pensions Executive which meets as required to act for the Board on routine matters.

Data Protection Act

The Act is designed to give you rights and protection in respect of the use of your personal data. The Trustee is the data controller for the purposes of the Act.
Use of personal data: the data provided by you or the Church, obtained with your consent, will be used by the URCMPF or its Actuary to calculate pension scheme benefits, eligibility for benefits and Fund valuation liabilities.

Scheme registration

From 6 April 2006, the Fund is a registered pension scheme for the purposes of Part 4 of the Finance Act 2004. The Pension Scheme Tax Reference is 00291455RB.

The State Pension Scheme and contracting-out

On 6 April 2016, a new single tier state pension came into effect for those reaching state pension age after this point.

Your entitlement to state pension is not affected in any way by your membership of the URCMPF. This is because the Fund is not contracted-out.

Benefit limits

There are no limits on the pension benefits you can receive from the scheme.

However, if the value of your benefits from all tax-registered schemes exceeds the 'Lifetime Allowance', tax charges will apply to the excess. While the URCMPF pension will not exceed this allowance, the aggregate effect of pensions accrued elsewhere may affect some members. The Lifetime Allowances will therefore only affect those with significant pension benefits held elsewhere. For example, if your pensions from all tax-registered schemes do not exceed £50,000 per annum you are unlikely to be affected.

There is also an 'Annual Allowance' applying to pension contributions above which tax charges apply. The current limit is £40,000 per annum.

For the majority of the membership these limits are unlikely to be exceeded; please contact the Finance Office if you require further information. As the fund administrators are not permitted to give financial advice, if you are concerned that your benefits from all sources may breach the Lifetime Allowance you should consult an Independent Financial Adviser (IFA) about your best course of action.

Pension Tracing Service

Details of all pension schemes are lodged with the Pension Tracing Service to help individuals trace their pension rights:

Pension Protection Fund

Pension Tracing Service, The Pension Service, Tyneview Park, Whitley Road, Newcastle-upon-Tyne NE98 1BA. Telephone: 0800 731 0193

The Pension Protection Fund (PPF)

The PPF is a fund designed to protect members' rights under company defined benefit pension schemes should the employer become insolvent.

The PPF is funded by a levy on those company pension schemes that are potentially eligible to benefit from it. The levy on the URCMPF will not result in a reduction to your pension.

In general, benefits will be paid from the PPF, as opposed to the URCMPF, if:

- the Church becomes insolvent, or in circumstances where the Trustee or The Pensions Regulator consider this likely and,
- the assets of the pension fund are insufficient, i.e. there is not enough money to pay at least the level of pension described below.

Benefits payable under the PPF are summarised as follows:

- Your full pension if you have reached NPA or receive an ill-health pension (regardless of your age).
- 90% of the expected pension for all other members, subject to a current (2017/18) maximum of £38,505 a year at age 65. This maximum figure is reduced actuarially for those under age 65.
- Widow/ers' and civil partners' pensions of 50% of the members' pensions.
- Pension earned from 6 April 1997 will increase each year in line with the Consumer Prices Index (CPI) up to a maximum of 2.5%. Pension relating to service before 6 April 1997 will not be increased under the PPF.

Enquiries and Complaints

If you require further information you should contact the Fund administrators in the Finance Office at the following address:

The United Reformed Church, 86 Tavistock Place, London WC1H 9RT

Tel: 020 7916 2020 Email: rob.seaman@urc.org.uk

What if I have a complaint?

In the first instance specific enquiries should be referred to the Pension Fund Manager. If you remain dissatisfied you may at any time write to the Pension Fund Manager who will provide you with the Internal Disputes Resolution which explains the process of submitting a formal application to the Secretary of the URC Ministers' Pension Trust Company at the above address.

The complaint and supporting information will initially be considered by a sub-committee of the Trustee Board who will make a recommendation to the full Trustee Board at one of the scheduled meetings. You will be informed of the Trustee's decision after that meeting. The aim is to give you the result within four months of your initial complaint being received.

The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist you in connection with unresolved difficulties. The address is:

The Pensions Advisory Service, 11 Belgrave Road, London SW1V 1RB

Telephone: 0345 601 2923

Email: enquiries@pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law
in relation to the Fund where TPAS has not resolved the issue. The address is:

The Pensions Ombudsman, 11 Belgrave Road,
London SW1V 1RB

Telephone: 020 7630 2200

Email: enquiries@pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is able to intervene in the Fund administration where the Trustee, Church or professional advisers have failed in their duties. The address is:

The Pensions Regulator, Napier House, Trafalgar Place,
Brighton, East Sussex BN1 4DW

Telephone: 0345 600 1011

Email: customersupport@thepensionsregulator.gov.uk

Ready for retirement?

Designed by communications, graphics office,
on behalf of the United Reformed Church finance
office, 86 Tavistock Place, London WC1H 9RT