

a brighter future



**United Reformed Church Final Salary Scheme
A Guide for Members**



The Pensions Trust

United Reformed Church Final Salary Scheme

Who can join?

All permanent employees aged between 21 and below age 60 are eligible to join the Scheme, on completion of an Employee Application Form. The United Reformed Church may waive any of the eligibility requirements.

When can I join?

You can join the Scheme immediately if you satisfy the above conditions. You can withdraw from the Scheme on giving your employer one month's written notice. If you do withdraw or do not join the Scheme within one year of becoming eligible, you can only join/rejoin with the agreement of your employer and the Trustee.

How much do I have to pay?

For former members of the United Reformed Church (Foreign Staff) Scheme, the Scheme is non-contributory.

For all other members, the contribution rate is 6% of your pensionable earnings. Your pensionable earnings are your basic salary or wage, and any other elements of your pay which your employer chooses to treat as pensionable. However, the actual cost to you is less because you get tax relief on your contributions.

How much does my employer pay?

The United Reformed Church pays the balance of the cost of the Scheme, which will vary from time to time.

Voluntary Contributions

You may, if you wish, pay extra contributions, known as Additional Voluntary Contributions (AVCs), in order to boost your retirement benefits. You may choose to pay Additional Voluntary Contributions (AVCs) to the Trust's Growth Plan or Ethical Plan to provide greater retirement benefits.

Further information about AVCs is available on request from The Pensions Trust.

If you are a high earner, please also refer to the section on 'Annual Allowance' at the end of this booklet.

Can I transfer-in benefits from a previous scheme?

Yes, subject to certain criteria and the transfer not affecting the Scheme's tax-registered status, transfers from previous pension arrangements (excluding contracted-out rights) are accepted at your request. This is subject to your written agreement to the alternative rights offered.

The transfer value will secure additional pensionable service for you in the Scheme, on a basis agreed by the Actuary.

If you would like to consider a transfer of previous benefits, you should write to The Pensions Trust giving details of your previous scheme and your authority for us to request a transfer value quotation.

The Pensions Trust does not currently permit transfers-in by members who are no longer contributing to the Scheme.

What are the benefits under the Scheme?

Benefit statements

You will receive an annual benefit statement within three months of 1 April each year providing details of your benefits, which are summarised below.

Date of retirement

Normal Pension Age (NPA) under the Scheme is 65 for both men and women. Members may retire between the ages of 60 and 65 with no reduction in the benefits earned.

For members who start to receive their pension after 5 April 2006, there will no longer be the requirement to have left the employment to which the pension relates. With the exception of ill-health early retirement, and 'Protected Pension Age' retirements after 5 April 2010 (see below), any reference to retirement in this document includes those members who choose to receive their pension benefits **and** continue working, as opposed to retiring in the more traditional sense (i.e. stopping work).

Retirement benefits – scheme formula

Your pension at NPA is calculated as follows:

$$1/80 \times \text{Final Pensionable Earnings} \times \text{Pensionable Service}$$

Your Final Pensionable Earnings (FPE) are the highest average earnings over 12 consecutive months within the last three years.

You have the option at retirement to exchange part of your pension for a tax-free cash sum calculated as follows:

$$3/80 \times \text{FPE} \times \text{Pensionable Service}$$

Note: For former members of the United Reformed Church (Foreign Staff) Scheme, a lump sum, calculated as above, is payable **in addition** to your pension entitlement.

What if I work part-time?

If you have always worked the same part-time hours during your membership of the Scheme, you can calculate your pension benefits using the method shown above.

The calculation is more complex if the number of hours you work part-time changes during your membership, or if your membership is made up of full-time and part-time periods. For part-time service, your benefits will be reduced proportionately to the equivalent full-time service.

Can I retire early?

Yes, you can take early retirement from age 55 even if you choose to continue working. However, from 6 April 2010, you may only take your pension benefits before age 55 if you are retiring on grounds of ill-health, or have a 'Protected Pension Age' (see below) and have left your current employment. Your pension will be calculated as shown above but will then be reduced to allow for the fact that:

- you will have been a member of the Scheme for a shorter time; and
- pensions paid early are expected to be paid for longer.

If you retire early, you still have the option to take a lump sum. This sum will also be smaller than it would be if you retired at Normal Pension Age.

Members who joined the Scheme before 6 April 2006 will have a 'Protected Pension Age' of 50 from 6 April 2010. These members may still retire from age 50 after 5 April 2010, but if they retire before age 55 they will be required to leave the employment to which the pension relates.

You can retire at any time due to **ill-health**. Your pension will not be reduced for early payment. Ill-health early retirement is subject to satisfactory medical evidence and will only be approved by the Trustee 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.

Flexible retirement

In most cases members are able to take part of their pension whilst continuing to work and, should they wish to, accrue further pension benefits. Exceptions to this are ill-health retirements, and from 6 April 2010, those members with a 'Protected Pension Age' who retire before age 55. This option is only available once in a 12 month period. Enquiries in the first instance should be directed to the Final Salary Section 1 at The Pensions Trust.

Note: This should not be confused with the right to have your benefits paid with no reduction from age 60. This option is also sometimes referred to as 'flexible retirement'.

Can I retire after I am 65?

Yes, provided your employer agrees. If you are still working for the employer, you may continue to contribute to the Scheme up until your 75th birthday. You must take your pension by age 75, even if you continue to work.

Your pension from the Scheme at age 65 will be increased by a late retirement factor, and you will receive additional benefits based on your pension accrual past age 65.

Death benefits will continue to be provided on the same basis as they were before age 65.

Death-in-service

- **Lump sum**

A lump sum payment of two times earnings at date of death plus a return of your own contributions with interest is payable to your nominee(s). For former members of the URC Foreign Scheme, a lump sum of one and a half times your earnings is payable, unless a survivor's pension is payable, in which case there is solely a return of your contributions plus interest.

- you can nominate one or more persons or organisations;
- if you choose more than one, you must state how much you want each person or organisation to receive;
- you should not use the words 'Executor', 'Administrator', 'In Trust for', or 'Estate' for your nomination, but the proper names of persons or organisations.

- **Spouse's/civil partner's pension**

A **spouse's** pension equal to 2/3rds of your pension based on service to date of death is payable. If at the date of your death your spouse is more than ten years younger, the spouse's pension is reduced by 2½% for each year younger in excess of the ten years. Civil partners are entitled to the same benefits as a legal spouse in respect of service built up from 5 December 2005.

The spouse's entitlement for former United Reformed Church (Foreign Staff) Scheme members is 50% of the member's accrued pension. For civil partners it is 50% of the pension accrued from 5 December 2005 to the date of death. The age reduction described above will also apply if the spouse/civil partner is more than ten years younger than the member.

Death after leaving the Scheme

If you die after you have left the Scheme, but before you start your pension, your beneficiaries will receive a lump sum equal to the value of your contributions plus interest.

If you were married at the date that you left the Scheme, your spouse will receive a pension equal to 2/3rds of your accrued pension. The spouse's entitlement for former United Reformed Church (Foreign Staff) Scheme members is 50% of the member's accrued pension. If your spouse is more than ten years younger, the spouse's pension is reduced by 2½% for each year younger in excess of the ten years. Civil partners are entitled to the same benefits as a legal spouse in respect of service built up from 5 December 2005.

Death after retirement

If you die within five years of retiring, a lump sum will be paid to your nominee(s) of five years' pension, presuming pension payments continued at the current rate, less any payments made.

A **spouse's** pension of 2/3rds of your pension before you exchanged any for a tax-free cash sum is payable. Spouse's and civil partner's pensions are only payable if your marriage or civil partnership was in force at your date of leaving

service of United Reformed Church (or date of retirement if earlier). Civil partners are entitled to a dependant's pension of 2/3rds of your pension in respect of service built up from 5 December 2005. The age reduction described above will also apply if the spouse/civil partner is more than ten years younger than the member.

Pension increases

Pensions in payment will increase by 5% or the increase in the Consumer Prices Index (CPI) if lower each 6 April. Further increases may be applied to pensions in payment at the discretion of your employer.

Pension accrued from 6 April 2005 will only receive a partial increase on the first increase date following your retirement. The rate will be in proportion to the full increase, based on the number of months your date of retirement falls before the increase date. For instance, if your pension starts on 1 October (six months before the increase date of 6 April), the increase to your post April 2005 pension will be 6/12ths of the full rate of increase awarded.

Deferred pension

You will receive a pension payable from retirement based on the Scheme formula. Before payment commences the pension will be increased by the lower of 5% a year or the increase in the Retail Price Index.

For all members, pension in respect of service in the Scheme before April 2005 will increase in deferment at a fixed rate of 5%.

Transfer of your benefits

Alternatively, 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 the Scheme, but before you take your pension.

The amount transferred will be the cash value of your deferred pension, calculated as the best estimate of the cash sum required to be invested in the United Reformed Church Final Salary Scheme to reproduce your benefits.

A Statement of Entitlement to a guaranteed cash equivalent transfer value of your benefits will be provided on request at anytime. Transfer payments take into account the value of any discretionary benefits awarded by established custom.

Refund of contributions

You may take a refund of your own contributions to the Scheme, but not your employer's, usually with interest, provided you have less than two years' qualifying service. Qualifying service includes your length of membership of this scheme or other schemes of The Pensions Trust, plus actual length of membership relating to benefits from any previous scheme which you have transferred in. If you have transferred benefits from a personal pension plan to the Scheme you cannot take a refund of your contributions.

Tax at a rate of 20% will be deducted from refunds of up to £20,000. However, where the refund exceeds £20,000, the excess sum is taxed at 50%.

Note: From 6 April 2006, if interest is included with your refund, 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 charge applicable to this sum.

Temporary absence (including maternity leave)

If you are on maternity leave you will pay contributions on the amount of salary you actually receive and your pension benefits will continue to build up as if you were at work (even if your pay reduces).

If you are absent without pay (including unpaid maternity leave) or on reduced pay due to illness or injury your contributions will stop. On your return to work, provided this is within 12 months of your absence commencing, you will have the option to pay any arrears and if you do so and your employer agrees to pay its share of arrears, full service will be credited. If you elect not to pay the arrears, your benefits will be adjusted accordingly. Please contact The Pensions Trust if you require further information regarding temporary absence or maternity leave.

After 12 months, if you do not resume employment, you will be treated as a leaver (see 'Deferred pension').

Additional Information

Are my benefits secure?

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

The contributions are paid into a separate fund independent of the United Reformed Church. The Directors of The Pensions Trust are obliged to administer the Scheme in accordance with the Trust Deed and Rules and Scheme Document.

The Pensions Trust is governed by a Trustee Company Called 'Verity Trustees Limited'. There are currently thirteen Directors of the Company (all non-executive) – six elected by members and six elected by employers and one co-opted by the elected Directors.

Data Protection Act

The Act is designed to give individuals rights and protection in respect of the use of personal data concerning them.

- Data Controller: The Trustee is the data controller for the purposes of the Act.
- Use of personal data: The data provided by individuals or their employers, or obtained with the consent of individuals, will be used by The Pensions Trust or its Actuary to calculate pension scheme benefits, eligibility for benefits and scheme valuation liabilities. The Pensions Trust is also registered in respect of its staff to use data for the purposes of personnel and life and health insurance administration.

Amendments or discontinuance

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

Who looks after the Scheme?

The day-to-day administration is entrusted to The Pensions Trust for Charities and Voluntary Organisations which has been administering pension schemes since 1946. We are directly answerable to our members – the employers who choose our pension schemes and the active members, pensioners and deferred members who belong to these schemes. The Pensions Trust is **not** an insurance company.

The Trustee Company

The Pensions Trust is governed by a Trustee Company called 'Verity Trustees Limited'. There are currently thirteen Directors of the Company (all non-executive) – six elected by members and six elected by employers and one co-opted by the elected Directors.

Investments are managed by independent external authorised Fund Managers.

Scheme registration

From 6 April 2006, the Scheme is a registered pension scheme for the purposes of Part 4 of the Finance Act 2004. The Pension Scheme Tax Reference is 0028218RV.

The State Pension Scheme and contracting-out

The state provides pensions on two levels:

- the basic State Pension, and
- the additional State Pension.

Your entitlement to these pensions is not affected in any way by joining the United Reformed Church Final Salary Scheme. This is because the Scheme is **not contracted-out**.

Benefit limits

There are no limits on the pension benefits you can receive. However, if the value of your benefits from all tax-registered schemes exceeds the Lifetime Allowance, tax charges will apply to the excess. It should be noted that both the Lifetime and Annual Allowances (see below) are likely to affect those with very high earnings and/or significant pension benefits held elsewhere. For example, if your pensions from all tax-registered schemes do not exceed £60,000 per annum, you are unlikely to be affected.

Lifetime Allowance

During the 2011/2012 tax year, each individual in the UK is allowed to accumulate pension benefits up to a value of £1.8 million without incurring any tax charge. From 6 April 2012, the Lifetime Allowance will be reduced to £1.5 million.

Each year your Benefit Statement will show the value of the pension benefits you have accrued as a percentage of the current Lifetime Allowance. You must also take into account the value of any pension benefits you have from previous pension arrangements in estimating whether you have scope to pay AVCs without any danger of breaching the Lifetime Allowance.

If the Lifetime Allowance is exceeded, a tax charge of 55% will be levied on the excess fund if the benefits are taken as a cash lump sum. If the excess benefits are taken as pension then a tax charge of 25% will be levied, as well as the usual income tax payable on the pension instalments.

If you are concerned that your benefits from all sources may breach the Lifetime Allowance you should consult an Independent Financial Adviser (IFA) as to your best course of action.

Please note: The Pensions Trust and its representatives are not permitted to give financial advice.

Annual Allowance

From 6 April 2011, the Annual Allowance is £50,000, although there will be provision to carry forward unused Annual Allowance from the previous three years. Please contact The Pensions Trust if you require further information.

In defined benefit schemes, such as Final Salary or CARE Schemes, the input value is measured by the increase in the value of the pension over the year. The input value is calculated as the increase in the annual pension amount, allowing for inflation, multiplied by 16.

In defined contribution schemes, such as The Pensions Trust's Growth Plan Series 3 or Series 4, Ethical Fund, Flexible Retirement Plan or Social Housing Pension Scheme defined contribution structure, the input value is the total of all contributions paid in by the member and the employer.

If the amount by which the increase in your input value in any one year exceeds the Annual Allowance of £50,000, and you do not have sufficient unused Annual Allowance from the previous three tax years to cover the excess, you will be liable for an 'Annual Allowance tax charge', even if your contributions are less than 100% of your earnings.

The tax charge on any increase in benefits above the Annual Allowance is payable either through self-assessment, or via a deduction from the benefit where the charge is greater than £2,000.

You will be responsible for reporting any excess growth on your annual self-assessment tax return. You are also responsible for paying the Annual Allowance

tax charge, where this charge is less than £2,000. If the charge is greater than £2,000, you can opt for this to be deducted from your benefit by the scheme.

If you should die, become entitled to a serious ill-health lump sum, or retire on the grounds of ill-health where you are not likely to work again, then the input value of the tax year in which the event occurs will not count towards the Annual Allowance.

Can I assign my pension?

No, except where permitted by law on divorce, you cannot sign away your pension rights, even temporarily, for example as security for a loan.

Pension Tracing Service

Details of The Pensions Trust (and all pension schemes) have been lodged with the Pension Tracing Service and the address is:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle-upon-Tyne
NE98 1BA
Telephone: 0845 600 2537
Reference: 10170418

The purpose of this registration is to help individuals trace their pension rights.

Rights, obligations, limitations

The rights and obligations of members of the United Reformed Church Final Salary Scheme are set out in the Trust Deed and Rules and the Scheme Document which are the formal documents of the Scheme. This Booklet is intended to provide a clear and simple explanation of the main benefits you are entitled to under the Scheme.

If there is any conflict between the interpretation given in this booklet and the formal Trust Deed and Rules, or the Scheme Document, the legal interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules and Scheme Document are available from The Pensions Trust.

Before making any financial commitment on the basis of any information provided, please contact The Pensions Trust for final confirmation of the expected amount. Staff will be pleased to provide any further advice or assistance you may need on request.

The Pensions Trust is not registered under the Financial Services Act to give financial advice. Any information that is provided to members or prospective members should therefore be taken to constitute information and **not be taken to constitute advice**. When providing information to members or prospective members, the Trust takes care to provide an accurate service but the decision and choice remains the individual's for which The Pensions Trust cannot be responsible.

The Pension Protection Fund

1. The PPF is a fund designed to protect members' rights under company defined pension schemes should the employer become insolvent.
2. The PPF will be funded by a levy on company pension schemes that are potentially eligible to benefit from it. The levy on the Scheme will not result in a reduction to your pension.
3. Benefits payable under the PPF are, briefly, as follows:
 - Your full pension if you have reached your scheme's NPA or receive an ill-health pension (regardless of your age).
 - 90% of the expected scheme pension for all other members, subject to a current (2011/12) maximum of £29,897 a year at age 65. This maximum figure is reduced actuarially for those under age 65.
 - Widow/ers', civil partners' or survivors' pensions of 50% of the members pensions.
 - Pension earned from 6th April 1997 will increase each year in line with the CPI up to a maximum of 2.5%. Pension relating to service before 6th April 1997 will not be increased under the PPF.
4. In general, benefits will be paid from the PPF, as opposed to your own scheme, when:
 - your employer becomes insolvent, or in circumstances where the Trustee or The Pensions Regulator consider this likely; and
 - the assets of the pension scheme are insufficient, i.e. there is not enough money to pay at least the level of pension described in point 3 above.

What if I have a query?

If you require further information you should contact the Final Salary Section 1 at the following address:

The Pensions Trust
Verity House
6 Canal Wharf
Leeds
LS11 5BQ
Tel: 0113 394 2735
Fax: 0113 394 2698
Email: enquiries@thepensionstrust.org.uk

Complaints

In the first instance, specific enquiries should be referred to the Administration Manager at The Pensions Trust.

Complaints procedure

If you are dissatisfied you may at any time write to the Administration Manager who will attempt to resolve the issue.

If you fail to get satisfaction from the Administration Manager, you may request a formal resolution from the Chief Executive (please write to the address shown above). A decision should be provided within two months of your formal request.

If you remain unhappy or disagree with the formal resolution from the Chief Executive, you have the right to appeal to the Trustee. The result of your appeal should be provided within two months of your request.

The Pensions Regulator

The Pensions Regulator is able to intervene in the Scheme administration where Trustee, employers or professional advisers have failed in their duties. It replaces the previous regulator, the Occupational Pensions Regulatory Authority (Opra), which ceased to exist on 6 April 2005. The Pensions Regulator inherited all the previous powers held by Opra along with some new ones to give it wider scope. The address is:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW
Telephone: 0870 606 3636
Fax: 0870 241 1144
Email: customersupport@thepensionsregulator.gov.uk

The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with difficulties they have failed to resolve. The address is:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Telephone: 0845 601 2923
Fax: 020 7233 8016
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 Scheme where TPAS has not resolved the issue. The address is:

The Pensions Ombudsman
11 Belgrave Road
London SW1V 1RB
Telephone: 020 7834 9144
Fax: 020 7821 0065
Email: enquiries@pensions-ombudsman.org.uk



The Pensions Trust

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