

# Employer Information

This information sheet is primarily addressed to churches/employers with a minister or staff employee who is currently a Defined Benefit (DB) member of the Baptist Ministers' Pension Fund or the Baptist Union Staff Pension Scheme and who from 1 January 2012 will be a contributing member of the Baptist Pension Scheme ('the Scheme'). The Scheme will be a Defined Contribution (DC) arrangement for membership from 1 January 2012.

This information sheet is intended to be used as a reference guide to provide assistance with the administration of the Scheme. It answers key questions that you might have and tells you what you need to do and when you should notify the BUGB Pensions Office in Didcot of any changes. Members' pension accounts within the Scheme will be administered by Legal & General, but you should normally deal with the Pensions Office.

Ministers are normally regarded as 'office holders' rather than employees. However, for the purposes of pensions law, ministers are regarded as employees and churches as their employers. For convenience in this information sheet, the churches participating in the Fund are referred to as 'employers', and this term includes both churches and other organisations which have current pension scheme members on their staff. Ministers and staff who have DB benefits are both referred to as 'members' throughout.

## What do I need to do for pension contributions each month?

Ensure that the Declaration of Pensionable Income form issued directly to members is completed, signed on behalf of the employer and returned by 30 November 2011, as instructed in the member pack issued at the end of September 2011. The Pensions Office will deduct by direct debit from the employer's account the correct total of member's and employer's contributions each month. It is important that you ensure there are sufficient funds available in the account for deduction each month; otherwise this will lead to a delay in the contributions being invested and a potential loss to the member.

## What are the contribution rates to the new scheme?

Members will contribute 8% of their Pensionable Income, which will be credited to their pension account. Members can also pay additional voluntary contributions (AVCs) if they wish. Employers will contribute 6% of Pensionable Income to each member's pension account, plus a further 4% to cover benefits on death in service / ill-health benefits and some administration costs, making a total of 10% of Pensionable Income for employer contributions.

## Does this mean that employer contributions to the former scheme(s) will stop?

No. There is still a significant shortfall in both the Ministers' Fund (which becomes the DB Plan within the Scheme from 1 January 2012) and the Staff Scheme.

**Ministers' Fund:** employer deficiency contributions will deducted automatically as part of the direct debit and are to be at the following rates:

2012 – 8.4% of Pensionable Income  
2013 onwards – 11% of Pensionable Income

The contribution arrangements for the Ministers' Fund are formally subject to approval by the November meeting of Council. In addition, the assumptions used in the actuarial valuations and the resulting arrangements for meeting the shortfalls are subject to scrutiny by the Pensions Regulator.

**Staff Scheme:** Discussions are continuing between the Union's Trustees and the Trustee of the Staff Scheme about arrangements for meeting the shortfall in the Staff Scheme. Employers participating in the Staff Scheme will be notified of the shortfall contribution arrangements once these have been agreed.

|  | Ministers' Fund | Staff Scheme |
|--|-----------------|--------------|
| Employee core DC contributions         | 8% *            | 8% *         |
| Employer core DC contributions         | 6%              | 6%           |
| Employer DC admin / death benefit cost | 4%              | 4%           |
| Employer DB deficit contributions      | 8.4% **         | TBC ***      |
| Total Employer contributions           | 18.4%           | TBC          |
| <b>TOTAL</b>                           | <b>26.4%</b>    | <b>TBC</b>   |

\* AVCs may also be paid

\*\* 8.4% for 2012, increasing to 11% from 2013

\*\*\* To Be Confirmed. A separate communication will be issued to confirm these amounts.

### **Who is responsible for calculating the contribution amounts?**

The Pensions Office will calculate the monthly contribution amount to be deducted, based on the information provided on the Declaration of Pensionable Income form.

### **Who notifies Legal & General of the contribution amounts?**

The Pensions Office, which will pay the contributions due to go into each member's pension account over to Legal & General for investment as soon as possible after the money has been received.

### **What if a member wishes to pay additional voluntary contributions into the new Scheme?**

The employee should have indicated this on their DC Return Form and it will be shown on the Notification of Pension Contributions.

For AVC changes after membership has commenced, the member should contact the Pensions Office.

### **What should I do if an employee who is not already a member wishes to join the Scheme?**

Please request a new entrant pack from the Pensions Office. The packs issued to members at the end of September 2011 are only in respect of existing DB members of the Ministers' Fund and Staff Scheme who will automatically become DC members from 1 January 2012.

### **What is the process to follow if any member is unable to work due to illness or injury?**

Once a member has been continuously absent from work due to illness or injury for 4 weeks, it is important that you notify the Pensions Office. This is important because of life cover and income protection requirements. Delay in notifying the Pensions Office may adversely affect the member's benefits.

### **Things that members should contact Legal & General about:**

- switches in the allocation of investments within a member's pension account, or in the allocation of new contributions
- fund value requests
- annual statement copy request
- changes of personal details (eg address)

Please note that employers should not need to contact Legal & General directly.

### **Things the employer should notify the BUGB Pensions Office about:**

- when a member is due to leave the employer's service, giving the date they will be leaving
- if a member chooses to opt out
- when a member reaches retirement age
- death of a member
- changes to part-time hours
- changes to stipend or salary
- changes to contributions (eg if a member wants to pay AVCs)
- if a member changes address
- if a member is absent from work due to illness or injury (after four weeks)

It is important that the Pensions Office is notified immediately of any changes that may affect pension contributions.

### **DB cessation events – a reminder**

It is very important that you notify the Pensions Office immediately if a cessation event occurs, as described in the March 2011 employer pension bulletin – available on BUGB's website: [www.baptist.org.uk](http://www.baptist.org.uk)

This will continue to be relevant for employers which had members in the Ministers' Fund at any time between 1 September 2005 and 31 December 2011.

### **Any other queries**

For any other queries please contact the Pensions Office at Baptist House, Didcot on 01235 517748 or 01235 517749 or email [pensions@baptist.org.uk](mailto:pensions@baptist.org.uk).