

The Baptist Pension Scheme

Autumn 2011 Roadshows

11 October	Bristol
12 October	Exeter
13 October	Thatcham
17 October	Milton Keynes
18 October	Bury St Edmunds
20 October	Cardiff
27 October	Dunfermline
2 November	Didcot
3 November	Sutton Coldfield
7 November	Warrington
8 November	London
8 November	Leeds
9 November	Crawley
9 November	Durham
10 November	Nottingham



The Roadshow programme

- Background
- Contributions
- Investment options
- Defined Contribution (DC) benefits
- Defined Benefit (DB) payments
- Benefits on death and ill-health
- Getting information about your pension
- Actions you need to take
- Issues for churches and other employers
- Questions

Pensions review - the journey

Date	Activity
End 2007	Actuarial valuations

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June - December 2011	Implementation

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June - December 2011	Implementation
January 2012	New arrangements start / Employer contributions increase

Scheme structure

The Baptist Pension Scheme

DC Plan

Ministers
section

Staff
section

Basic
section

DB Plan

(Baptist Ministers' Pension Fund)

Income
Protection
Policy

Baptist Union
Staff Pension
Scheme

Eligibility and enrolment

Category	Ministers	Staff
Who is included?	Accredited and non-accredited Baptist ministers, including students who are remunerated while training in pastorate	Staff of Unions, Associations, Colleges, Churches and associated (church-controlled) organisations
Ministers section	✓	✗
Staff section	✗	✓
Basic section (from 2013)	✓ (but life cover doesn't meet accreditation standard)	✓

Contributing members of the BMPF and BUSPS at 31 December 2011 will automatically be enrolled into the relevant sections of the DC Plan, but have the right to opt out

Contribution rates

Ministers and Staff sections

Payable by	Destination	% of Pensionable Income	
		2012	2013
Member	Member's pension account		8
Employer	Member's pension account		6
Employer	To pay for benefits on death or ill-health and for administration		4
Total employer	DC Plan		10

Pensionable Income: (Ministers) Annual stipend + Manse Value
(Staff) Annual basic salary

Contribution rates

Ministers and Staff sections

Payable by	Destination	% of Pensionable Income	
		2012	2013
Member	Member's pension account		8
Employer	Member's pension account		6
Employer	To pay for benefits on death or ill-health and for administration		4
Total employer	DC Plan		10
Employer*	To pay for 2010 shortfall	8.4	11
Total employer		18.4	21
Total		26.4	29
<p><i>*Applies to DB participating employers under the BMPF. Separate arrangements apply to employers participating in the BUSPS</i></p>			

Pensionable Income: (Ministers) Annual stipend + Manse Value
(Staff) Annual basic salary

Contribution example

Ministers section

Payable by	Type	2011	2012	2013
		£ per year	£ per year	£ per year
	Pensionable Income	25,565	26,000	26,000
Member	Current service	2,045	2,080	2,080
Employer	Current service	2,608	2,600	2,600
Employer	To pay for shortfall	1,483	2,184	2,860
Total Employer		4,091	4,784	5,460
Total		6,136	6,864	7,540

Notes:

1. Based on a minister receiving Home Mission stipend
2. The figures for 2013 are illustrative, being based on the same Pensionable Income figure as for 2012. In practice, any increase in Home Mission stipend would be reflected in these figures
3. All figures are rounded to the nearer pound



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Defined Benefit payments

DB Plan

- benefits built up by 31 December 2011 are unchanged
- Normal Pension Date remains age 65
- pension on leaving service based on
 - service to 31 December 2011
 - Final Minimum Pensionable Income at date of leaving service
- service enhancements on death in service and some ill-health retirements still apply
- Supplementary Benefits based on contributions paid up to 31 December 2011

Benefits from the BUSPS follow similar principles

Benefits on death in service

DB Members

- Lump sum equal to
 - 4 x Pensionable Income, plus
 - DC pension account
- Spouse's / children's pensions based on
 - Potential service to age 65
 - Final Minimum Pensionable Income at death

DC only Members

- Lump sum equal to the greater of
 - 8 x Pensionable Income, or
 - 4 x Pensionable Income plus DC pension account
- No spouse's or children's pensions

Income Protection Policy

- Normally applies to all contributing members of the Ministers and Staff sections
- Benefit payable after 26 weeks of incapacity*
- Benefit payments stop when:
 - Incapacity ends
 - You reach the later of 65 and State Pension Age
- You remain a contributing member of the DC Plan
- NI contributions continue to apply while you remain an “employee”

Insurer pays:

- 50% of Pensionable Income +
 - contributions to your DC pension account (14% of Pensionable Income pre-incapacity)
- Payments increase in line with RPI (maximum 5% per year)

* Notification of incapacity absence needed after 4 weeks

Scheme Administration

Pensions Office



- Enrolment
- Contribution collection
- Income Protection Policy
- Benefits on death in service
- Benefits from DB arrangements
- DC benefits for members who also have DB Plan or BUSPS benefits



- Investment of DC contributions
- Record-keeping for members' DC pension accounts
- Provision of on-line information and tools to help members review their pension needs
- Investment switches
- Benefits for DC only members




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Communications

Item	Sent to members	Sent to employers
DB booklet	✓	✓
BPS DC Plan booklet	✓	✓
Investment options leaflet	✓	✗
Ethical funds note	✓	✗
Income Protection Policy leaflet	✓	✓
DC Return form	✓	✗
Expression of Wish form	✓	✗
Declaration of Pensionable Income	✓	*
Employer information sheet	✗	✓

* Employer needs to agree and sign this form

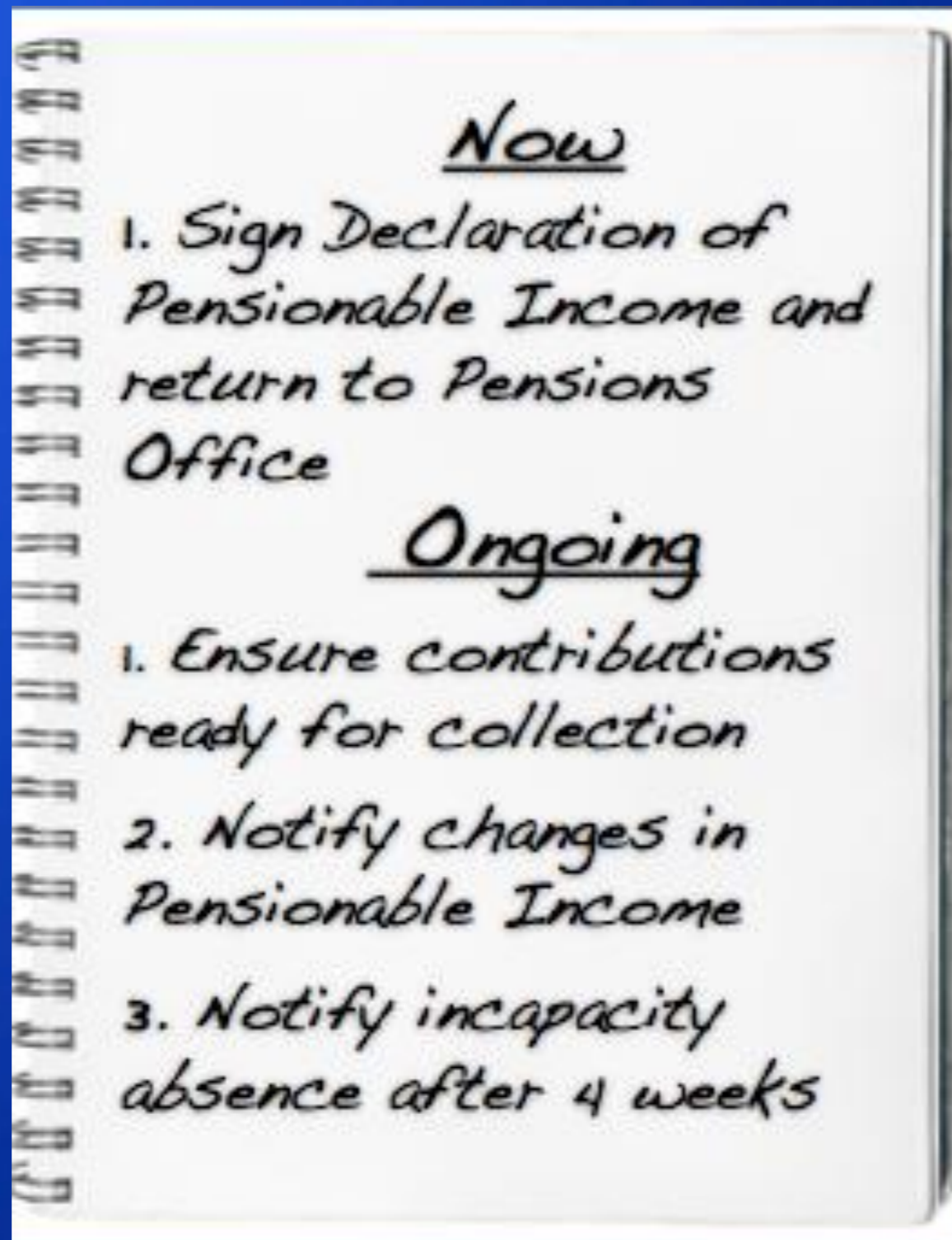
Actions needed - members



To do

1. Complete Declaration of Pensionable Income & pass on to employer
2. Send in DC Return form
3. Update Expression of Wish form

Actions needed - employers







Update on pension issues affecting churches and other employers

- Budgeting for pension contributions
- “Cessation events” and Interim members
- Amalgamations and incorporations
- Local ecumenical projects
- Basic section and “auto-enrolment”

Update on pension issues affecting churches and other employers

- Budgeting for pension contributions

- Employer contributions: 10% of Pensionable Income
- Deficiency contributions in respect of DB Plan:
 - 8.4% of Pensionable Income in 2012
 - 11% of Pensionable Income in 2013
- Separate deficiency contributions apply to Staff Scheme
- Need to budget for extra cost of pension contributions for staff not currently in a pension scheme, from no later than the start of auto-enrolment (between 2014 and 2016)
- Back contributions at the start of 2012 for any ministers currently affected by delayed enrolment

Update on pension issues affecting churches and other employers

- Budgeting for pension contributions
 - “Cessation events” and Interim members
 - Amalgamations and incorporations
 - Local ecumenical projects
 - Basic section and “auto-enrolment”
- A “cessation event” arises when an employer ceases to employ any active members of a scheme (and does not re-employ any within the “period of grace” they have requested)
 - Potentially arises when a church goes into a pastoral vacancy (also on incorporation / amalgamation)
 - Potentially leads to a very large lump sum contribution being required from the church

Update on pension issues affecting churches and other employers

- Budgeting for pension contributions
 - “Cessation events” and Interim members
 - Amalgamations and incorporations
 - Local ecumenical projects
 - Basic section and “auto-enrolment”
- Communications with churches which have had “cessation events” are being prepared
 - Still need to avoid generating cessation events on ministerial moves, using
 - request for a period of grace within the required timescale
 - Interim member or (from 1 January 2012) another employee
 - Interim members on a DC basis from 1 January 2012. Church pension contribution still £120 per year

Update on pension issues affecting churches and other employers

- Budgeting for pension contributions
 - “Cessation events” and Interim members
 - **Amalgamations and incorporations**
 - Local ecumenical projects
 - Basic section and “auto-enrolment”
- Potentially create cessation events
 - Statutory “easement process” can avoid this for future cases, but need to contact Pensions Office at an early stage
 - Each case has to be considered by the Pension Trustee on its merits and the proper process must be followed

Update on pension issues affecting churches and other employers

- Budgeting for pension contributions
 - “Cessation events” and Interim members
 - Amalgamations and incorporations
 - **Local ecumenical projects**
 - Basic section and “auto-enrolment”
- LEPs are a particular challenge in respect of cessation events
 - Best solution after a Baptist minister member leaves seems to be to:
 - request a period of grace
 - continue to pay deficiency contributions
 - appoint a long-term Interim member or have another staff member in the Scheme

Update on pension issues affecting churches and other employers

- Budgeting for pension contributions
 - “Cessation events” and Interim members
 - Amalgamations and incorporations
 - Local ecumenical projects
 - **Basic section and “auto-enrolment”**
- Statutory obligation, likely to affect churches from 2014 - 2016 onwards
 - Scheme may be used by churches and other employers for auto-enrolment purposes
 - Basic section available from 2013, with members and employers contributing 5% each
 - More information to follow in 2012!

The Roadshow reminder

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Additional slides

Implications of opting-out

For a member who is in the BMPF / BUSPS

- Loss of link to Final Minimum Pensionable Income / Final Pensionable Salary
- Loss of continued cover for lump sum on death in service
- Loss of potentially valuable spouse's / dependants' pensions on death in service
- Loss of cover from Income Protection Policy / potential entitlement to ill-health pension

For the employer

- Potentially creates a cessation event

Comparison of ethical investment policies - 1

	Avoid	BUGB	FTSE4Good	Stewardship
Gambling		✓		✓
Pornography		✓		✓
Tobacco		✓	✓	✓
Alcohol		✓		✓
Armaments		✓	✓	✓
Nuclear weapons, power & uranium			✓	✓
Disregard for animal welfare				✓

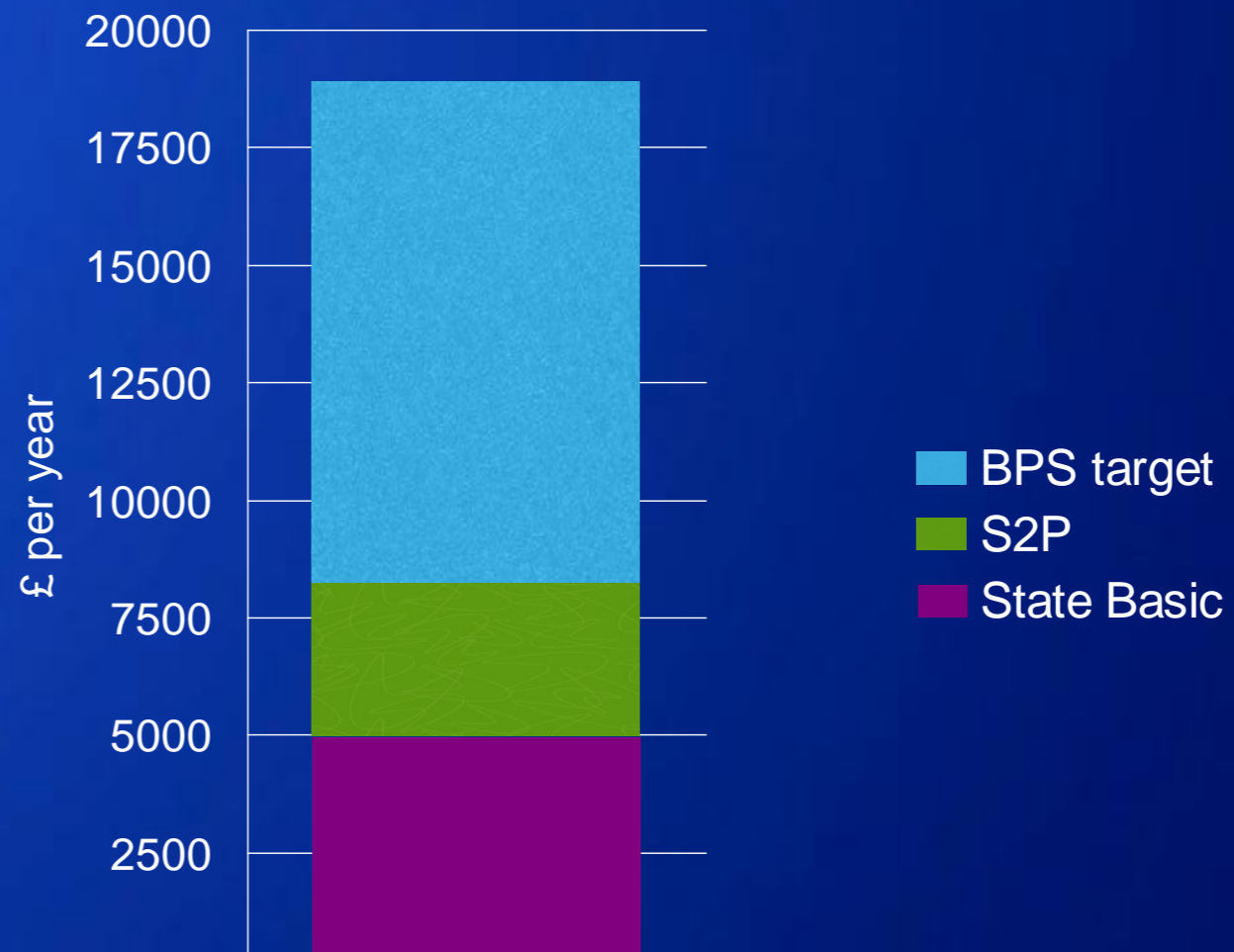
The above is a simplified summary of a complex topic - please consult the respective detailed criteria for more information

Comparison of ethical investment policies - 2

Positive / negative criteria	BUGB	FTSE4Good	Stewardship
Community and human rights	✓	✓	✓
Employment practices	✓	✓	✓
Environment / climate change	✓	✓	✓
Stakeholder relations		✓	✓
Anti-corruption controls		✓	✓
Other issues			✓

The above is a simplified summary of a complex topic - please consult the respective detailed criteria for more information

Illustration of target pensions



Notes:

1. Figures based upon an hypothetical minister who retires at age 65 after 40 years service on Standard Stipend
2. Figures in 2009 terms