

Baptist Pension Scheme (“the Scheme”)

Definition of Pensionable Income for the year commencing 1st January 2024

Overview

For members of the Basic or Staff sections of the Scheme, the Pensionable Income is their annual basic salary.

For members of the Ministers section their Pensionable Income is their remuneration for service in the role that qualifies them for membership of the Scheme. Details of what elements can be included are provided under Calculation of Pensionable Income below.

The Scheme pension contributions for the Minister’s section are calculated based on the member’s Pensionable Income, subject to the Minimum Pensionable Income (MPI). In 2024 the MPI is £36,212 for a full-time minister.

The MPI is the sum of the BUGB Standard Stipend and full value for a Manse. The Standard Stipend for 2024 is £28,600 and the full value for a Manse, is £7,612.

Calculation of Pensionable Income

In order to calculate the Pensionable Income, there are four steps to take:

1. Calculate the Income Elements
2. Calculate the Manse Element
3. Calculate the Minimum Pensionable Income
4. Compare whether Pensionable Income is the higher of (1+2) or 3
5. Submit the Pensionable Income on 4MyStaff

Step 1: Calculate the Income Elements

Add together the following items received by the minister as income:

- the annual stipend
- any bonus;
- payments in respect of manse heating and lighting (if this is paid in addition to the annual stipend);
- any housing costs paid directly to the minister (e.g. rent, council tax, water charges etc.) paid in the previous calendar year (please note that where a church manse is provided these costs are normally paid directly to the supplier by the church and should therefore not be included), and
- any payments from an endowment by virtue of the minister’s role or payments by some other denominational fund/body

Step 2: Calculate the Manse Element

The Manse Value for 2024 is £7,612. This figure is agreed each year by BUGB and the Trustee of the Scheme to represent the value of the manse if the following applies:

- the manse or other living accommodation is occupied **rent free by virtue of qualifying office**; or
- the manse is **owned partly or wholly by the minister but leased by the church** by formal arrangement

If the church provides a manse or leases the whole manse no further adjustments are needed other than the manse value.

The manse element continued...

If the accommodation is **owned partly or wholly by the minister but it is NOT leased by the church**, the manse element is the sum of the following:

- the manse value of £7,612 adjusted to reflect the proportion owned by the church
As an example, if the church owns 50% of the accommodation, the figure would be £3,806 (i.e. £7,612 x 50%);
- any rental or housing allowance paid by the church in respect of the proportion of the property owned by the minister including any allowance for water/sewerage, council tax, property insurance, and maintenance/repairs; and
- any water/sewage, council tax, property insurance, maintenance/repairs paid by the church in respect of the proportion of the property owned by the minister. For 2024 pensionable income this should be actual amounts paid in 2023.

Although a minister-in-training (on the in-pastorate training scheme) normally receives half-stipend, it may be that they live in a manse on a full-time basis. Therefore, a proportion of the value of the manse (ranging from 50% to 100%) may be included in such a member's Pensionable Income.

Step 3: Calculate the Minimum Pensionable Income (MPI)

The MPI for a full-time minister is the sum of the BUGB Minimum Stipend and the full value for a Manse. The MPI is £36,212 in 2024.

For the purpose of the Baptist Pension Scheme, the MPI is set at the same level for all organisations including those based in Scotland.

Where a minister works part-time, their MPI (including the manse value) should be adjusted to reflect this according to the proportion of their part-time hours against the full-time MPI of £36,212.

For example:

- a part-time minister receiving 50% of the standard stipend and 50% housing value, should have a Pensionable Income of £18,106 submitted for 2024
- a part-time minister receiving two-thirds of the standard stipend and two-thirds of the manse value, should have a Pensionable Income of £24,141.33 submitted for 2024

It is important that the Pensionable Income for any part-time members has been proportioned against the full-time working MPI of £36,212 to ensure that the pension contributions being paid are correct and in accordance with the Scheme Rules. It is your responsibility to determine whether or not the minister is working full or part-time hours. It is also your responsibility to determine the correct Pensionable Income for your member; however, you should not hesitate to contact the Pension Team if you have any questions.

Step 4: Compare whether Pensionable Income is the higher of (Step 1+2) or Step 3

- **Add** the figures for Step 1 Income Element and Step 2 Manse Element together
- **Compare** this figure (Step 1+2) to the MPI figure
The higher of the two is the Member's Pensionable Income for the purposes of the Declaration of Pensionable Income

Step 5: Completing the Pensionable Income Declaration

You should submit the Pensionable Income for each Active member enrolled in the Scheme using the employer portal, 4MyStaff. The system will alert you if the figure you enter is below the full-time working Minimum Pensionable Income for a member in the Ministers Section, at which point you will be required to confirm the following criteria:

Completing the Pensionable Income Declaration continued...

- that the member is part-time, and
- the full-time equivalent income would be equal to or above the MPI of £36,212

If you fail to complete the Pensionable Income declaration by Friday 15th December 2023, we will proceed on the assumption that the minister is a full-time employee earning the MPI of £36,212 and will collect contributions on this basis from 1st January 2024.