

**Methodist
Ministers’
Pension
Scheme**

The **Methodist** Church 



Explanatory booklet **2023**

INTRODUCTION

The purpose of this booklet is to explain in a straightforward way the main benefits which are provided from the Methodist Ministers' Pension Scheme ("the Scheme") and the basis of payment of contributions to the Scheme. While the booklet explains the main features of the Scheme, it must be emphasised that it does not take the place of the formal Rules of the Scheme which are available for inspection by members of the Scheme. In the event of any conflict between this booklet and the Rules, the latter will prevail.

This version of the booklet sets out the provisions of the Scheme. It will be updated from time to time if these provisions are amended. Thus, if you are reading the booklet at a later date, you should check that the provisions are still current.

The Scheme provides pension and life assurance benefits for its members and their dependants. The cost of the Scheme is met by contributions from both the Church and the members.

The Scheme is administered by a corporate Trustee - The Methodist Ministers' Pension Trust Limited. Some of the Directors are elected by the members of the Scheme and some are appointed by the Conference.

The assets of the Scheme are kept separate from other Church funds and are invested on the advice of professional advisers and investment managers. The Trustee invests its assets responsibly and considers Environmental, Social and Governance factors. Further details can be found in the Trustee's Responsible Investment Policy and in the Scheme's Statement of Investment Principles. Accounts are audited annually and an actuarial valuation is made every three years to ensure that the Scheme is able to pay the benefits described.

The Scheme is a pension scheme registered in accordance with Section 153 of the Finance Act 2004.

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The Scheme is not contracted-out of the State Pension Scheme.

Further details about the Scheme and about members' entitlements in the Scheme are available from the Pensions Office:

The Methodist Church

The Pensions Manager

Methodist Church House

25 Tavistock Place

London WC1H 9SF

Tel: 020 7486 5502

email: pensionshelp@methodistchurch.org.uk

Website: www.methodist.org.uk/pensions

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EXAMPLES

1 MAIN BENEFITS

The Methodist Ministers' Pension Scheme provides:-

Death Benefit

should you die while in the Active Work.

Retirement Pension

at your Normal Pension Date, with the opportunity to retire before (with the permission of The Conference) or after that date.

Tax Free Cash Sum

in exchange for part of your pension.

Spouse's/Civil Partner's Pension and Children's Pension

A Civil Partner's pension is now available as well as Spouse's and Children's Pensions.

Incapacity Pension

should you become too ill to continue in the Active Work.

Examples of Benefits are included at the back of this booklet.

2 TERMS USED IN THIS BOOKLET

There are several terms with special meanings used throughout the booklet. The main terms are set out below:

Scheme

Methodist Ministers' Pension Scheme.

Normal Pension Date

A member's Normal Pension Date is the 31 August in the calendar year of attaining male State Pension Age. However, for service earned prior to 1 September 2013, the Normal Pension Date is the 31 August in the calendar year that you attain age 65.

Stipend

is the standard stipend determined by the Conference.

Final Stipend

is the Stipend for the year ending on the date of retirement or earlier withdrawal from the Scheme.

Pensionable Service

means the number of years or part years of contribution to the Scheme.

State Pension Age

the earliest age you can claim your State Pension

Active Work

a Minister who is in a stipendary appointment that is under the control of The Conference

Spouse

a person's lawfully married partner

Civil Partner

a person who enters into a legally recognised Civil Partnership

3 ELIGIBILITY

3.1 When can I join the Scheme?

You are eligible to join the Scheme if you are a minister or probationer in Full Connexion, are Recognised and Regarded under SO 732 or are Authorised to Serve under SO 733 in an appointment within the control of The Conference for which a Stipend is paid or, with the consent of The Conference, in an appointment (as defined in Standing Orders) with an external organisation.

Membership is not subject to the consent of the Conference.

You will be automatically enrolled into the Scheme in accordance with the Pensions Act 2008 if you meet the criteria for automatic enrolment as set out in the Act. You will be notified in writing if you are automatically enrolled in the Scheme.

If you are eligible to join the Scheme but do not meet the criteria for automatic enrolment, you can elect to join the Scheme by completion of an application form.

You are asked to produce your birth certificate and, if married, your marriage certificate and spouse's birth certificate, or if you have entered into a civil partnership, your certificate of civil partnership and your civil partner's birth certificate. These details are required before any benefits can be paid from the Scheme.

3.2 What if I am only working part-time?

You may join the Scheme if you are working part-time provided you receive a part-time Stipend.

You will pay contributions as specified in Section 4.1 of this booklet on your actual part-time Stipend. Your retirement pension will be calculated as specified in Section 5.2 by using the full-time equivalent Final Stipend but adjusting your Pensionable Service to reflect the full-time equivalent for your period of part-time service.

If you die whilst in the Active Work (Section 5.10) the cash sum death benefit will be based on your actual part-time Stipend at the time of death.

3.3 Other pension arrangements

You are able to become a member of the Scheme as well as a member of a personal pension arrangement or a free-standing additional voluntary contribution arrangement or a stakeholder arrangement.

3.4 Stationing overseas

If you are stationed overseas, your application for membership of the Scheme or your continued membership of the Scheme is subject to the agreement of the Trustee after consultation with The Conference.

4 CONTRIBUTIONS

4.1 How much do I contribute?

Pension contributions are paid in line with the Schedule of Contributions as a percentage of Stipend and are subject to tax relief. Should you wish to pay Additional Voluntary Contributions (AVCs) please refer to the AVC explanatory booklet.

The limit on total contributions which may be paid to the Scheme, and qualify for tax relief is 100% of your income or £3,600, if higher. However, in order to allow for other deductions (i.e. National Insurance contributions, tax) it is suggested that AVCs are limited to 75% of Stipend.

There is a limit called the Annual Allowance which restricts the amount by which a member's pension benefits can increase year on year. This is known as the Pension Input Amount and will consider benefits under all your pension arrangements.

Additional information is available from the Pensions Office.

4.2 How much does the Church contribute?

Your Circuit or other organisation currently pays contributions at the rate of 26.9% of Stipend. (The Circuit will pay this contribution whether you are a member of the Scheme or not.)

5 BENEFITS

5.1 When may I retire?

You may retire with the consent of the Conference provided you have completed 10 years' service. Your pension is payable from your Normal Pension Date; however you may choose to take your pension earlier at any age from age 55 and no later than age 75. Requests for retirement should be submitted through the Ministerial Session of your Synod. (See SO 790(1) for further details.) Separate procedures apply to the Diaconal Order.

You may also retire, at any age, with the consent of The Conference and the Trustee on ill health grounds (SO 790(2)) or on compassionate grounds (SO 790(3)) at any time on or after your 55 birthday.

Alternatively you may start to receive part of your pension while remaining in Service and continue to accrue further pension benefits. In order to do this you must have reduced your working hours and reached at least age 55. A separate leaflet setting out this flexible retirement policy is available from the Pensions Office.

5.2 How is my retirement pension calculated?

Pensionable Service to 31/08/2010: 1/70th of Final Stipend, plus
Pensionable Service from 01/09/2010: 1/80th of Final Stipend

Once in payment, your pension will be taxed in accordance with Pay As You Earn legislation.

If HM Revenue and Customs's (HMRC) assessed value of your total pension benefits from all arrangements exceeds the Standard Lifetime Allowance, then the excess benefits would be subject to an additional tax charge.

When you retire, the HMRC value of your pension benefits from all arrangements i.e. from the Scheme and any other pension arrangements that you have (excluding State Benefits) will be tested against the Standard Lifetime Allowance (LTA). The LTA from 6 April 2019 is £1.055 million. If the value of your total pension savings exceed this Allowance then additional tax charges will apply.

5.3 How will my pension be affected if I retire before my Normal Pension Date?

Your pension will be calculated in the same way as described in section 5.2 but a reduction will apply to the pension to take account of the payment being made earlier than it would otherwise have been. This reduction will be determined by the Trustee at the time of your retirement. However, no reduction will be made if you have travelled for 40 years, or paid contributions to the Scheme for 40 years.

If you are a female member who had previously elected for a Normal Pension Date of 31 August following attainment of age 60, special provisions apply and details may be obtained from the Pensions Office.

If you are aged 55 or over and would like details of the reduced pension that would apply on your retirement before Normal Pension Date, please contact the Pensions Office.

5.4 What happens if I become too ill to continue in the Active Work?

If you become too ill to continue in the Active Work, you may apply to retire on grounds of ill health. Retirement will be subject to a medical report produced by an authorised practitioner nominated by the Trustee and retirement will be subject to the agreement of the Trustee and the Conference. In urgent cases, the President of the Conference will be requested to give approval.

Your pension will be calculated in the same way as for Normal Retirement but by reference to your Stipend at the date of retirement, with Pensionable Service being increased by a proportion of the remaining period of service from your date of retirement to your Normal Pension Date. The increase will depend upon the actual length of service remaining.

Ill health pensions are reviewed every two years to ensure that the recipient's health is such that the member is still entitled to receive an ill health pension. Ill health pensions are also reviewed if your health improves to the extent that you are able to earn an income. If you receive any earnings while receiving an ill health pension you must inform the Pensions Office of the details. The Trustee may reduce the level of the ill health pension in such circumstances. Once reduced, any subsequent increases will be at the Trustee's discretion, depending on individual circumstances. Once reduced, any subsequent increases will be at the Trustee's discretion, depending on individual circumstances.

Applications to retire on grounds of ill health should be made to the secretary of the Medical Committee of the Methodist Council (see SO 790(2) for further details).

5.5 What happens to my benefits if I continue working after my Normal Pension Date?

If you remain in the Active Work after your Normal Pension Date, you may continue to accrue benefits under the Scheme. Your pension will be calculated as for Normal Retirement but by reference to your Final Stipend at the date your contributions to the Scheme ceased.

You may choose to cease your contributions at or after your Normal Pension Date and thus defer receiving your pension at any date on or after your Normal Pension Date. However, deferment must not be later than the date of your actual retirement or age 75, if earlier. The pension will be increased from the date you stopped

paying contributions to date of actual retirement in order to take account of the deferred period.

5.6 If I retire and subsequently return to the Active Work, can I rejoin the Scheme?

Yes. If you are paid a Stipend you may resume contributions to the Scheme and continue to receive a pension. You will then begin to build benefits additional to those already accrued.

5.7 May I exchange part of my pension for a cash sum?

Yes. At retirement you may elect in writing to exchange 25% of the value of your pension for an immediate cash sum (currently tax free). There is also an option to commute more than 25% of the value of your pension for a cash sum up to HMRC limits (currently also tax free).

The amount of pension given up in exchange for cash is determined by actuarial cash conversion factors as set on advice from the Scheme Actuary and with agreement from the Trustee. Further details will be provided at retirement.

5.8 What benefits are paid on my death after retirement?

If you were married, or had a Civil Partner, and your marriage/civil partnership took place before you left the Active Work, or occurred more than six months before your date of death, a pension will be payable to your Spouse/Civil Partner based on all Pensionable Service. The pension is equal to 50% of your pension before having exchanged any for a cash sum and is payable for the life of the Spouse/Civil Partner.

NB. For female members who elected for a Normal Pension Date of 31 August following the date age 60 is attained, this benefit will be calculated on service accrued from 17 May 1990.

If your Spouse/Civil Partner is more than ten years younger the pension will be subject to reduction as directed by the Scheme Actuary where:

- a) the Marriage/Civil Partnership occurred after Scheme membership had ceased but before 13 July 2007; or
- b) the Marriage/Civil Partnership occurred after 13 July 2007 in all other cases.

In addition, if you have a child or children under the age of 18 (or 23 if still receiving full-time education or vocational training) a pension will be payable in respect of each child of 25% of the level of the spouse's/civil partner's pension (with a maximum of four children to count at any one time).

The Trustee has discretion to pay a pension to one or more of your dependants in the event that no spouse's/civil partner's pension is automatically payable.

If you die within five years of your pension commencing and before age 75, a tax-free cash sum will be paid equal to the instalments of pension which would have been paid to you for the remainder of the five year period.

If you retire on grounds of ill-health and die before reaching your Normal Pension Date, a tax-free cash sum is payable equal to the stipend at the time of death.

5.9 May I surrender part of my pension to provide for an enhanced spouse's/dependant's pension on my death?

Yes. Not less than 28 days before your pension is due to commence, you may elect, in writing and subject to the consent of the Trustee, to surrender part of your pension to provide a contingent pension for your Spouse, Civil Partner, or other named

Dependant(s) upon your death. This amount would be payable in addition to the pension under 5.8 and the amount of pension surrendered must not be so great that the pension payable on your death exceeds your own pension, before any exchange for a cash sum.

NB. This option will only take effect if both you and the nominee of this benefit survive until the member's pension is due to start. If the nominee subsequently dies before the member, the reduction in member's pension will continue to take effect.

5.10 What benefits are payable if I die whilst in the Active Work?

A cash sum is payable equal to three times your Stipend at the time of death or your actual Stipend if part-time. This cash sum is usually paid tax free. A Nomination Form is attached at the end of this Booklet and is in place to assist the Trustee in deciding the recipient of any cash sum. Please complete and return the form to the Pensions Office. If your circumstances change you should complete a further form.

A further payment may be due from the Fund for the Support of the Presbyters and Deacons (see SO 801(5)(b) for further details).

A pension is payable to your Spouse/Civil Partner which will be equal to half of the pension you would have received had you remained in service until your Normal Pension Date (assuming if you are part-time that you would continue to receive the same proportion of Stipend that you currently receive), calculated by reference to your Stipend at the date of death which will continue to be paid throughout your Spouse/Civil Partner's lifetime.

If you have already reached Normal Pension Date the Spouse's pension will be half the pension that you have built up at the date of your death and calculated by reference to the Stipend at the date of death.

For female Members who had previously elected for a Normal Pension Date of the 31 August next following the attainment of age 60, this benefit is only payable in respect of service accrued or accruing after 17 May 1990.

In addition, if you have a child or children under the age of 18 (or 23 if still receiving full-time education or vocational training) a pension will be payable in respect of each child of 25% of the level of the spouse's/civil partner's pension (with a maximum of four children to count at any one time).

If you are not survived by a Spouse/Civil Partner, the Trustee has discretion to pay a pension to one or more of your dependants.

5.11 Will my pension increase?

Yes. Pensions are increased annually.

If a pension commences during the year due to ill health or the death of a member, no increase would be paid on the 1 September following the start of the pension. Increases would commence on the next 1 September.

5.12 Changes to the index used to determine pension increases?

Following consultation with members and with agreement by the Trustee, the 2016 Conference recommended that, with effect from 1 September 2018, the Scheme's pension increases should be linked to the rise in CPI rather than the Retail Price Index ("RPI").

The recommendation was made because Conference was mindful of the increasing costs of pension provision being placed on Circuits and members. On average, CPI inflation is expected to be lower than RPI inflation and making this change to pension increases enabled the Church to continue to provide a defined benefit pension scheme for Ministers.

NB. CPI and RPI are measures of inflation but both measure inflation in different ways, with some differences in the goods and services considered by each index. In 2003, the Government set the UK's inflation target by reference to CPI and, in 2013, RPI ceased to be a National Statistic.

5.13 How will my pension increase?

Pensions are increased in line with increases to the Index of Consumer Prices ("CPI") for January, as follows:

	<u>Increase</u>
Benefits earned prior to 01/09/2006	CPI, maximum 5% pa
Benefits earned on or after 01/09/2006	CPI, maximum 2.5% pa

Additional increases may be awarded at the discretion of the Trustee and with the consent of The Conference, if the finances of the Scheme permit.

Pensions paid due to ill health which commenced during the year, will not increase until 12 months has elapsed and will then increase on 1 September following.

5.14 What happens if I leave the Active Work before retirement?

If, with the consent of the Conference, you leave the Active Work before retirement the benefits you have built up during membership of the Scheme will apply as follows:

Two or more years Pensionable Service

A deferred pension will be payable from your Normal Pension Date calculated as follows:

<u>Pensionable Service (years and months)</u>	<u>Accrual</u>	
Benefits earned prior to 01/09/2010	x 1/70	x Final Stipend
Benefits earned on or after 01/09/2010	x 1/80	x Final Stipend

The deferred pension will increase between date of exit from the Scheme and Normal Pension date. Benefits accrued to 5 April 2009 will increase at the lower of 5% per annum or the increase in the Consumer Prices Index (CPI). Benefits accrued from 6 April 2009 onwards will increase at the lower of 2.5% per annum or the increase in CPI.

Less than three months Pensionable Service

A refund of your own contributions to the Scheme, less tax.

5.15 Transfer Values

If you have more than three months Pensionable Service you may choose to transfer the value of your benefits to another pension arrangement. Transfer values are calculated on assumptions determined by the Trustee on advice from the Scheme Actuary. The value of all your benefits and guaranteed increases to pensions are included in the transfer value. The amount of your transfer value will depend on market conditions and may go up or down over time.

If you want to investigate the possibility of transferring your benefits, please contact the Pensions Office for a quotation. If you request your transfer value to be paid within three months of the quotation, the amount payable is guaranteed to be the amount of the quotation. If more than three months have passed, a new transfer value will be given which may be higher or lower than the first quotation. You are entitled to request a quotation of your current transfer value once in every 12 month period.

It is recommended that you seek independent financial advice before proceeding. If the calculated transfer value is greater than £30,000 and you wish to proceed to transfer, legislation requires that you get appropriate independent financial advice from an adviser authorised by the Financial Conduct Authority. Evidence of advice will be requested before any payment is made.

5.16 What if I choose to opt out of the Scheme?

You must complete an opting out form if you choose to leave the Scheme whilst remaining eligible for membership. In this case you will be entitled to the benefits as described in 5.14. If you opt out of the Scheme but meet the criteria for automatic enrolment you will be automatically re-enrolled into the Scheme, usually every three years, in accordance with the legislation.

You should seek independent financial advice before choosing to opt out of the Scheme.

5.17 What if I later want to rejoin?

If you choose to opt out of the Scheme while remaining eligible for membership you can subsequently apply to rejoin.

5.18 What if I was previously a member of another scheme?

If you have benefits held under another pension arrangement, with the consent of the Trustee, you may wish to investigate the possibility of transferring those benefits into the Scheme. This may be a former employer's scheme or a personal pension arrangement.

NB. Any transfers into the Scheme are treated on a defined contribution basis and will be paid into the Additional Voluntary Contribution (AVC) section of the Scheme for investment which can be used to purchase additional benefits at retirement.

6 OTHER INFORMATION

6.1 Annual Reporting

Each year the Trustee produces an Annual Report on the Scheme. The Report contains audited accounts, a statement from the Scheme Actuary, a review of the year from the Investment Manager and some other items of information. Copies of the report are available here: www.methodistchurch.org.uk

An annual funding statement giving up-to-date funding information is also produced and issued to members.

6.2 The Pension Tracing Service

The Scheme has been registered with The Pension Tracing Service and information includes an address where the Trustee may be contacted. The purpose for which the information has been registered is to help individuals who have lost touch with their previous pension scheme to trace their rights. Extracts from the register relating to a particular scheme are available to persons entitled to that scheme's benefits on written request to:

Pension Tracing Service
Debt Centre Washington
Bulk Letter Forwarding Service
Mail Handling Site A
Wolverhampton
WV98 2DU
Telephone: 0800 731 0193
www.gov.uk/find-pension-contact-details

6.3 Disputes

Complaints about the Scheme are generally resolved informally. However, if you are not happy with the result of the informal

process, there is a formal procedure for resolving complaints with the Trustee of the Scheme. Details are available from the Secretary to the Trustee at the address given in the Introduction to this booklet.

6.4 The Single Financial Guidance Body

The Money Advice Service (MAS), Pension Wise and the Pensions Advisory Service (TPAS) all fall under the services provided by the Single Financial Guidance Body.

Services provided include free pensions guidance relating to workplace and personal pensions. TPAS continues to assist pension scheme members and beneficiaries of pension schemes in connection with difficulties which they have failed to resolve with the trustees or administrators of a scheme. Pension Wise provides a free government service which helps individuals understand their options when making decisions about their personal money pots.

Contact details are:

Pension Wise: 0800 138 3944

TPAS : 0800 011 3797

MAS : 0800 138 777

<https://singlefinancialguidancebody.org.uk/>

6.5 The Pensions Ombudsman

For disputes that cannot be settled with the assistance of TPAS, a Pensions Ombudsman has been established with powers of investigation similar to those of a county court.

The Pensions Ombudsman has the power to investigate and determine any complaint or dispute of fact or law concerning occupational and personal pension schemes. A complainant may appeal to the Pensions Ombudsman if he or she believes

that they have been unfairly treated by the trustees or managers of an occupational or personal pension scheme. The Pensions Ombudsman can be contacted by writing to:

The Pensions Ombudsman, 11 Belgrave Road,
London SW1V 1RB
Website: www.pensions-ombudsman.org.uk

6.6 The Pensions Regulator

The Pensions Regulator has been established to monitor the running of occupational pension schemes. The Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. The Pensions Regulator can be contacted at:

Napier House, Trafalgar Place, Brighton BN1 4DW
Website: www.thepensionsregulator.gov.uk

6.7 Data Protection

The Trustee is a “controller” for the purposes of the data protection laws. Data protection laws changed in 2018 and overriding legislation came into effect on 25 May 2018 – General Data Protection Regulations (GDPR). GDPR regulates how the Trustee holds and processes your personal information. The Trustee has a GDPR policy a copy which may be obtained by contacting the Pensions Office.

example 1a

Retirement at age 65

Pension

A male member retires at age 65 on 31 August 2019 after contributing to the Scheme for 30 years with a Final Stipend of £24,168

Pension benefits are calculated as follows:

$$\begin{array}{rclclcl}
 \pounds 24,168 & \times & 21 & \times & \frac{1}{70} & = & \pounds 7,250 \\
 \text{plus} & & & & & & \\
 \pounds 24,168 & \times & 9 & \times & \frac{1}{80} & = & \pounds 2,719 \\
 & & & & & & \underline{\pounds 9,969 \text{ pa}}
 \end{array}$$

The pension is broken down into £5,869 accrued prior to 1 September 2006 as this amount increases in line with CPI up to a maximum of 5% and the balance increases in line with CPI up to a maximum of 2.5% per annum.

Cash Sum is calculated as follows:

The member chooses to exchange 25% of the pension for a cash lump sum.

$$\begin{array}{rclclcl}
 \pounds 5,869 & \times & 14.217 & \times & 25\% & = & \pounds 20,860 \\
 \pounds 4,100 & \times & 13.538 & \times & 25\% & = & \pounds 13,786 \\
 & & & & & & \underline{\pounds 34,736}
 \end{array}$$

The pension accrued from 1 September 2006 is commuted first in order to maintain the maximum pension increases to the residual pension. Leaving a residual pension of:

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$$\begin{array}{rcl} \text{Pre 1 September 2006 pension} & = & \text{£5,869 pa} \\ \text{£4,100} & - & (\text{£34,736}/13.538^2) & = & \text{£1,534 pa} \\ & & & & \underline{\text{£7,403 pa}} \end{array}$$

The total cash sum payable in respect of the pension given up would be:

$$\text{£2,566} \quad \times \quad 13.538 \quad = \quad \text{£34,970 pa}$$

NB. The residual pension of £7,403 will receive future pension increases in payment. Contingent Spouses / Civil Partner's pension entitlements will be based on the member's pension before the exchange for a cash sum, increased in line with pension increases granted to the date of death.

² Cash Commutation Factors		
Pension accrued to 1 September 2006	:	14.217
Pension accrued from 1 September 2006	:	13.538

¹ Consumer Price Indexation

example 1b

Retirement at Normal Pension Date age 66

Date joined scheme	: 01/09/1998
Normal pension date	: 31/08/2021 (NPD 66)
Retirement date	: 31/08/2021 (age 66)
Stipend 1/9/2019	: £24,852
Stipend escalation	: 2.0% pa (Assumed)
Projected Final Stipend	: £24,852 (NPD 65 benefits)
	: £25,349 (NPD 66 benefits)
Service pre 1/9/2006	: 8 years
Service 2006 to 2010	: 4 years
Service 2010 to 2013	: 3 years
Service post 1/9/2013	: 8 years

Calculation of pension on retirement before application of early/late retirement factors

Pre 06	=	£24,852	x	$\frac{8}{70}$	=	£2,840.23 pa
2006 to 2010	=	£24,852	x	$\frac{4}{70}$	=	£1,420.11 pa
2010 to 2013	=	£24,852	x	$\frac{3}{80}$	=	£931.95 pa
Post 2013	=	£25,349	x	$\frac{8}{80}$	=	£2,534.90 pa

NB. The accrual rate changed from 1/70 to 1/80 per year in 2010.

Applying early/late retirement factors

Pre 06	:	£2,840.23	x	1.065	x	1.035	=	£3,130.71 pa
2006 to 2010	:	£1,420.11	x	1.069	x	1.025	=	£1,556.05 pa
2010 to 2013	:	£931.95	x	1.069	x	1.025	=	£1,021.16 pa
Post 2013	:	£2,534.90	x	1.00	x		=	£2,534.90 pa
Total							=	<u>£8,242.82 pa</u>

Pensions accrued before 2006 once in payment, receive increases at a higher rate than pensions accrued after 2006. Therefore, the late retirement factors differ for each period of service. The Normal Pension Age changed in 2013 to 31 August in the year of attaining Male State Pension Age. Therefore there is no late retirement factor applicable to service from 1 September 2013 unless retirement takes place after this revised retirement date.

example 2

Ill health retirement benefit

A member who has contributed to the Scheme for 24 years, retires 8 years early at the age of 57 on account of ill health as at 31 August 2019. The member is not expected to be able to work again. Final Stipend at the date of retirement is £24,168.

Pension entitlement is based on membership already completed plus a proportion of the membership which could have been completed between the date of retirement and the Normal Pension Date, as follows

Accrued Pensionable Service, "A"	=	24 years
Prospective future service, "P"	=	8 years
Total potential service, "T"	=	A + P = 32 years
Additional service awarded	=	$\frac{A}{T} \times P$
	=	$\frac{24}{32} \times 8$
	=	6 years

Therefore the member will have a total of 30 years' Pensionable Service (24 years actual plus 6 years additional) of which 15 years relates to service accrued prior to 1 September 2010.

Pension entitlement is

$$£24,168 \times 15 \times \frac{1}{70} \text{ plus } £24,168 \times 15 \times \frac{1}{80} = £9,710 \text{ per annum}$$

The member may elect to exchange part of this pension for a lump sum payable at retirement.

example 3

Payments on death in the Active Work

A member dies in the Active Work the details are as follows.

Date of birth	:	27 July 1963
Date of joining Scheme	:	1 September 1998
Normal Pension Date	:	31 August 2028
Potential Pensionable Service to Normal Pension Date	:	30 years
Date of death in the Active Work	:	15 January 2019
Stipend at date of death	:	£24,168

The member leaves a spouse entitled to a spouse's pension.

Cash lump sum

A cash lump sum equal to three times Stipend

$$£24,168 \times 3 = £72,504$$

A further payment may be due from the Fund for the support of Presbyters and Deacons. (See S.O. 801(5)(b) for further details.)

Spouse's/Civil Partner's pension

A pension equal to half the pension the member would have received had membership continued until Normal Pension Date, but based on Stipend at the date of death. If the member dies in the Active Work after Normal Pension Date, the pension will be based on actual Pensionable Service (completed years and months) to date of death.

$$\frac{1}{2} \times £24,168 \times \left(\frac{12}{70} + \frac{18}{80} \right) = £4,790 \text{ per annum}$$

In addition to the spouse/civil partner's pension, children's pensions may also be payable.

example 4

Payments on death after retirement

A retired member dies two years after retiring at Normal Pension Date. At the date of death, the member received a pension of £6,600 pa. The member leaves a spouse entitled to a full spouse's pension. The following benefits are payable:

Spouse's pension

If the member had not chosen the cash option at retirement, the pension at that time would have been £8,000 pa. Including subsequent pension increases, this would have been £8,800 at the date of death. The spouse will receive a pension equal to half of this amount.

$$£8,800 \times \frac{1}{2} = £4,400 \text{ per annum}$$

Pension guarantee

A cash lump sum is payable equal to the balance of five years' pension instalments

$$£6,600 \times 3 = £19,800$$

Lump Sum

If the member had retired on grounds of ill health and died before attaining Normal Pension Date, a further lump sum equal to once times the current Stipend would also be payable.

If the member had died and left a civil partner instead, the same level of benefits would have been payable to the civil partner.

example 5

Options on leaving the Scheme

Option 1

Refund of contributions

If the member has less than two years' membership, a refund of the member's contributions may be payable, less tax (but see Option 3 below).

For example:

Total personal contributions	£2,100.00
Less tax (at 20%)	420.00
Net amount repaid	<u>£1,680.00</u>

Option 2

Deferred pension

If the member has two or more years' membership, the pension will be deferred until Normal Pension Date (but see Option 3 below).

For example:

A member leaves the Scheme after contributing for 20 years as at 31 August 2019. Final Stipend at the date of leaving is £24,168.

The deferred pension is

$$£24,168 \times \left(\frac{11}{70} + \frac{9}{80} \right) = £6,516 \text{ per annum}$$

Your deferred pension will be increased annually in accordance with increases in the UK Index of Consumer Prices (CPI), capped at a maximum of 5% for pension accrued to 5 April 2009 and 2.5% for pension built up from 6 April 2009.

The option of an early pension (reduced for early payment) may be available, at the discretion of the Trustee, at any time from age 55.

Option 3

Transfer of benefits to another pension arrangement

Regardless of the period of membership, the alternative of a transfer value is available on request. Such a payment can be made to either a new employer's scheme or a personal arrangement.

The transfer amount will depend on the member's service, deferred pension, age and investment conditions at the time of payment.

NOMINATION FORM FOR PAYMENT OF DEATH BENEFITS

If you wish to nominate a beneficiary to receive any lump sum payment in the event of your death please complete all relevant sections in block capitals.

Please sign and date the form and return it to: The Methodist Church,
The Pensions Office, Methodist Church House, 25 Tavistock Place, London WC1H 9SF.

General Data Protection Regulation (GDPR)

By completing this form, I consent to my personal information (including any sensitive personal information) being held and processed by the Trustee, the Scheme administrator and any third party appointed for the effective running of the Scheme. I understand that the Trustee, the Scheme administrator and any third parties to whom they make the data available, will comply with the underlying principles of applicable data protection legislation, including the General Data Protection Regulations.

If you wish to know more about the data held which relates to you or the purposes for which it may be used, please refer to the Scheme's data privacy statement. If you have not sighted this and wish to do so, please contact the Pensions Office by email: Pensionshelp@methodistchurch.org.uk

The Trustee may send you information about the Scheme to your work email address. If you leave employment, information may be sent to a different email address if you have provided one.

By signing this form you confirm that you have the explicit consent of the dependants whose Sensitive Personal Data you may reveal in completing this form (block capitals).

Section 1: Personal Details

Surname: Title:

Forename(s): Date of Birth:

NI No:

Address:

.....

.....

.....

Post code:

Methodist Ministers' Pension Scheme (the Scheme)

Section 2 : Nominating your beneficiary / beneficiaries)

I note that in accordance with the provisions of the Scheme the Trustee has power in the event of my death to make payment of any cash sum payable to such one or more persons as the Trustee decides.

I would like to nominate the following to receive benefits in the proportions stated:

Full Name:

Address:

.....

.....

Relationship:

Proportion of Benefit:%

Full Name:

Address:

.....

.....

Relationship:

Proportion of Benefit:%

I understand that this notification does not restrict the absolute discretion of the Trustee under the Scheme Rules in awarding payment of such benefits. I further understand that this form cancels any similar form that I may have submitted to the Trustee.

Note: Nomination(s) may be altered at any time in the future by completing a new Nomination Form. Beneficiaries need not necessarily be restricted to two. Please continue on a separate sheet of paper, if required.

I understand that the Trustee is not bound by this nomination.

Signed Date

The Methodist Church
The Pensions Office
Methodist Church House
25 Tavistock Place
London WC1H 9SF
Tel: 020 7486 5502

March 2023

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