

Superannuation Scheme for Lay Mission Partners

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Status of Paper	Final
Action Required	Decision
Resolution	63/1. The Council delegates the management of the Superannuation Scheme for Lay Mission Partners to the Investment Committee.

Subject and Aims	To formalise the arrangements for the management of the Superannuation Scheme for Lay Mission Partners.
Main Points	The Scheme was under the management of the PASLEMC Board until August 2016. The PASLEMC Trustee Board discussed and agreed to pass the management of the Scheme to the Methodist Council, under the oversight of the Investment Committee.
Background Context and Relevant Documents	The Lay Mission Partner Scheme is not a registered pension scheme and is not subject to the requirements of the scheme funding regulations, however it has been previously agreed that the scheme would be treated as a regulated scheme for valuation purposes. There is no Trustee Board responsible for the Lay Mission Partner Scheme. The Trustee of PASLEMC had agreed to monitor the scheme and provide 'expert advice' on behalf of the Council.

Background

1. The Methodist Church made pension provision for lay mission partners through the Superannuation Scheme for Lay Mission Partners. However it was not set up as a standard pension scheme and it is entirely at the discretion of the Methodist Council. The Scheme closed to new entrants in 2002.
2. There are 45 members in total, 5 of whom are deferred pensioners. The scheme provides a pension of £151.99 per year of qualifying service to a single retired mission partner or widow / widower, £202.70 per year of qualifying service to a married mission partner. The rates are increased annually in line with the retail price index. There are also retirement grants of £101 (single) / £135 (married) per year of qualifying service for those mission partners who withdraw before completing 10 years qualifying service. Mission partners who retire after completing 10 but less than 15 years qualifying service are given the option of receiving a withdrawal grant or a retirement pension at the appropriate retirement age. Mission partners who withdraw or retire after completing 15 years qualifying service receive a retirement grant and a pension at the appropriate retirement age.
3. The Scheme's benefits are funded through earmarked assets which appear in the Consolidated Accounts of the Methodist Church. The main source of income is investment income. The Scheme has its own asset strategy which is based on the liability of the Scheme. The assets are managed by the Central Finance Board. Any funding deficits arising from actuarial valuations are met by the World Mission Fund.

4. The Scheme has been accounted for as a defined benefit scheme in the Consolidated Accounts. The fair value assets and liabilities, and the resulting defined benefit liability for the year to 31 August 2016 are as follows:

	Total £000
Scheme assets at fair value	
Fair value of scheme assets	2,406
Present value of scheme liabilities	2,273
Net defined benefit asset	133

Only the net position is reported in the accounts.

Proposed arrangements for the management of the Superannuation Scheme for Lay Mission Partners

5. The Methodist Council delegated the management of the Lay Mission Scheme to the Board of Directors of Pension and Assurance Scheme for Lay Employees of the Methodist Church (PASLEMC). However, having consulted with the chair of the Investment Committee, the PASLEMC Board voted to pass the Scheme management back to the Methodist Council, under the oversight of the Investment Committee with effect from 1 September 2016. The Investment Committee has confirmed that it is willing to undertake this responsibility on behalf of the Council.
6. Under this arrangement, the functions previously carried out by the PASLEMC Board would be performed by the Investment Committee, as follows:
- a. Providing advice to the Methodist Council on the operation of the Scheme;
 - b. Reviewing the annual pension increases and to make a recommendation to the Council;
 - c. Reviewing the investment Strategy of the Scheme (usually every three years in conjunction with the actuarial valuation) and recommend changes to the Methodist Council
 - d. Reviewing the Scheme's cash flows on a regular basis to ensure there is sufficient cash to pay the pensions
 - e. Arranging for the actuarial valuation to be carried out every three years, agree an actuarial basis with the actuary and review the results of the valuation. Make a recommendation to the Council regarding the future funding of the Scheme. The Scheme is due to have an actuarial valuation undertaken as of the 1 January 2017.

*****RESOLUTION**

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