

DRAFT CHURCH OF ENGLAND FUNDED PENSIONS SCHEME (AMENDMENT) RULES

Explanatory Memorandum

1. The Pensions Measure 1997 required the Pensions Board to establish the Church of England Funded Pensions Scheme ('the funded scheme') by deed. It also provided for the making of rules as to the nature and amount of the pensions and lump sum benefits payable under the funded scheme and for the making of amending rules.
2. Section 2(2) of the 1997 Measure provided that any such rules are to be laid before the General Synod and are not to come into operation until they have been approved by the Synod. Section 2(3) in effect allows any rules (including amending rules) to be deemed to be approved by the Synod under the deeming procedure for which provision is made under Standing Order 69.
3. This procedure was followed in making certain small changes to the rules of the funded scheme in 1997. The Business Committee has agreed to the use of the deeming procedure in respect of the changes now proposed.
4. The Pensions Board has agreed to changes to the rules in respect of two matters:
 - (a) the position of individuals who do not join the funded scheme when first eligible to do so, or who opt out of membership of it while still eligible; and
 - (b) pension sharing on divorce.
5. As regards the first of these changes, primary pensions legislation has for many years prohibited compulsory membership of occupational schemes. The rules of the funded scheme therefore reflect the right of an eligible individual to choose not to join it and the right of a member to choose to withdraw from it even though still in work which is pensionable under it. They also allow for those who have exercised one of these choices to apply to enter (or re-enter) at a later date. The amendments to rules 2 and 10 are intended to strengthen the protection of the fund against adverse exercise of these rights by imposing certain restrictions on them.
6. As regards the second of the changes, provision for pension sharing on divorce was made by the Welfare Reform and Pensions Act 1999. The arrangements made by that Act have overriding effect on occupational

schemes, but it is required that the relevant changes will be made to the rules of an individual scheme at the first opportunity. The change to rule 12 makes the requisite provision. The revised Appendix incorporates the consequential effect on the detailed Inland Revenue limits in respect of benefits and members' contributions.

7. The first of these sets of changes is thus technical and the second is obligatory.

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