



THE CHURCH
OF ENGLAND

Church Workers Pension Fund

Pension Builder Classic Members' Guide

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1.Introduction

The Church Workers Pension Fund (the “Fund”) was established in 1953. It aims to offer a pension fund to any staff who are not ordained but are working in employment associated with the Church of England.

The Fund has two sections:

The Church of England Defined Benefits Scheme – for final salary arrangements

The Church of England Pension Builder Scheme – with two hybrid pension arrangements:

- Pension Builder Classic
- Pension Builder 2014

This booklet gives details of the Pension Builder Classic section.

The “**Scheme Summary**” sheet provided when you joined gives you specific information on the contributions and benefit structure adopted by your employer.

Pension Builder Classic was changed from the Defined Contribution Scheme in February 2013.

If you have any questions please contact your employer, or contact us.

2. Glossary of terms

Certain words and phrases are used in this booklet and enclosed leaflets that have special meanings. These are defined below:

Trustee	The Church of England Pensions Board
Scheme Summary	A summary of the particular benefits provided by an employer using the Scheme, for the provision of pensions for his employees.
Pensionable Salary	Your annual salary, as advised to the Pensions Board by your employer.
Scheme Review Date	This is the date on which contributions are adjusted in line with current salaries.
Pensionable Service	Service with the employer as a member of the Scheme.
Final Pensionable Salary	Your Pensionable Salary received in the last year before you leave service or die.
S2P	State Second Pension introduced in 2002. S2P and SERPS (see below) are payable in addition to the Basic State Pension.
SERPS	State Earnings Related Pension Scheme, replaced by S2P in 2002.
Contracting Out	If an employer's scheme has been arranged such that the equivalent of the SERPS (or S2P) pension is provided by the Scheme, rather than the State, it is said to be "contracted out".

3. Membership of the Scheme

3.1. Joining the Scheme

You may be automatically enrolled when you start employment, or you reach a certain age or salary. You do not need to complete an application form.

If you are not automatically enrolled you may join, with your employer's agreement, by completing an 'opt in' notice and returning it to your employer.

We will ask you for a copy of your birth certificate and evidence of any change of name (e.g. a marriage certificate in the case of a married woman). If these certificates are not readily available then suitable alternatives (e.g. passport, driving licence) will be acceptable.

3.2. Opting out

If you choose to opt out of the Scheme at any time, you must give one months' notice of your intention to do so. You need to contact the Board and ask for an 'opt out' notice.

It may be possible to re-join later if your employer and the Trustee agree but you may be asked to provide evidence of your good health. These conditions will also apply if you delay joining the Scheme after you become eligible.

3.3. Contributions

It will depend on your employer whether you are required to contribute to your pension arrangements. You should check the Scheme Summary for information on this.

Some employers have a *non-contributory* scheme, which means that you are not obliged to make any payments into the Scheme. Your employer meets the whole cost of your retirement pension. Other employers have a *contributory* scheme, whereby you are asked to pay a share of the cost by regular deductions from your earnings. Such deductions are made before income tax, so you receive tax relief on your contributions. Your employer will always contribute at least as much into the Scheme as you are required to pay – often more.

3.4. Voluntary contributions

You can increase your benefits from the Scheme by making Additional Voluntary Contributions (AVCs) to buy extra retirement pension and save tax at the same time.

3.5. Transfers in

The Board does not currently accept transfers from other occupational or personal pension schemes.

4. Scheme benefits

4.1. Pension Age

This is the age at which the Scheme would *normally* expect you to retire. You will receive an annual benefit statement and the illustration shown of the pension you may receive at retirement is calculated to your Pension Age.

Your Pension Age is not necessarily the same as the age to which you have the right to continue working under your contract of employment. This is a matter between you and your employer.

4.2. Pension

With this type of scheme – sometimes known as a “hybrid pension arrangement” – your employer decides how much money to put into the Scheme to provide for your retirement income, and how much (if anything) you will be asked to pay yourself. These contributions will usually be a percentage of your pay.

With this hybrid approach contributions paid into the Scheme are converted immediately into an amount of pension payable from your Pension Age. The amount that is purchased depends on your age when the contribution is received. To this pension a “bonus” may be added each year, depending on the investment returns earned by the Fund. These bonuses continue to be added to the pension once it has come into payment.

4.3. Pension increases

Pension increases are generally linked to any bonuses added to your pension once it has come into payment. The amount of bonus is not guaranteed. However, pensions in respect of contributions paid after April 1997 will receive minimum increases as follows:

Contributions paid between April 1997 and March 2006	The increase in the Retail Prices Index, to a maximum of 5%
Contributions paid from April 2006	The increase in the Retail Prices Index, to a maximum of 2½%

Bonuses are added with effect from 1 January each year.

4.4. Payment of pension

It is helpful if we have about 6 months' notice of your intention to retire. We will then send you a payment form to complete, and we can tell you about the options which are available.

Your pension is payable for life in instalments at the end of each month. We are obliged to deduct tax from your retirement income under the PAYE system, and we operate the allowances notified to us by our tax office in the same way as your employer applies PAYE to your earnings.

Your pension will be paid directly to your bank or building society account.

4.5. Alternative retirement options

You do not have to take your pension from the Scheme, you can instead take a cash equivalent transfer value of your benefits to provide alternative retirement income from an approved provider.

The options are quite complex and there are certain circumstances when you must obtain financial advice.

4.6. Cash option

When you retire, you will usually be able to exchange part of your pension for a cash sum which is paid *free of tax*. The calculation is complex and is governed by regulations laid down by HM Revenue and Customs. You will be advised of the maximum amount of cash you can take shortly before you retire.

The amount of annual pension which you need to give up in order to receive the cash sum varies with the age at which you retire.

4.7. Optional pension for a dependant

You can also give up part of your retirement income from the scheme to provide a pension after your death for someone who is financially dependent upon you. You should remember that no pension is normally payable to a surviving spouse or civil partner following your death in retirement unless you make this provision when you retire.¹

4.8. Retiring early

If you choose to retire early (i.e. before your Pension Age) you may be able to take a reduced pension at any time after age 55. The amount of pension will, of course, be less than that indicated on your annual statement, since it is commencing earlier and because of the expectation that it will be paid for a longer period.

¹ The factors used to calculate provision for a spouse or civil partner's pension will be different if they are more than 10 years younger than you.

If you are obliged to retire early because of permanent incapacity for work, whether by reason of disablement or serious ill-health, you can receive immediate payment of a pension at any age, provided your employer agrees and satisfactory medical evidence is provided for the Trustee.

If your pension includes any element from your having been contracted out, then it may not be possible for an immediate pension to be paid, or the benefits may have to be restricted. This is most likely to apply if you are much younger than your Pension Age (see the section on Contracting Out).

4.9. Late retirement

If you continue to work after Pension Age in the same full-time, or part-time, capacity, you will continue in membership of the Scheme and payment of your pension will be postponed until you retire. In this case, the amount of your pension will be more than that indicated on your annual statement because it is commencing later and because of the expectation that it will be paid for a shorter period.

If you would like a quotation for either early or late retirement, please contact the Pensions Board staff for further information

5. Benefits payable on death

5.1. Lump sum

This benefit is usually only payable if you are in pensionable service and an active member of the scheme. If you die before retirement, a lump sum would be payable equal to twice your Pensionable Salary.

The Trustee has discretion as to whom this lump sum is paid. To assist the Trustee you may indicate how you wish the money to be paid by completing a nomination form. A nomination may be made or amended at any time.

5.2. An income for your spouse or civil partner

In the event of your death *before* retirement, your spouse or civil partner would receive a pension for life of half the amount of your pension (including bonuses) earned to the date of your death².

If the value of the lump sum paid, together with the value of the spouse or civil partner's pension (if any) is less than the underlying value of your account, the difference will be paid as a lump sum.

There is not normally a survivor's pension payable on death after retirement. However, as described in Section 4.7, you can make provision for one at the point of retirement.

5.3. Guarantee

All retirement pensions are payable for life. However, we guarantee that, if you die within five years of retirement, a lump sum equal to the pension that would have been paid for the remainder of the five year period will be paid.

²In the case of a civil partner, the pension would usually be based on the pension earned in respect of contributions paid since December 2005

6. Benefits on Leaving Service before Pension Age

The way in which your benefits in the Scheme are treated when you leave service depends on whether or not you have completed a minimum period of two years since becoming a member. If you have a previous deferred entitlement, this will automatically count as having completed the minimum period.

We count any service you have completed in the Defined Benefit and Pension Builder 2014 sections of CWPF with your current employer when determining whether you have completed 2 years pensionable service.

Your employer may have chosen to reduce this 2 year period to 30 days before becoming entitled to a preserved pension.

6.1. Within 2 years

If you leave before completing two years as a member of the Scheme, you will receive a refund of any contributions you have made, less a 20% tax deduction³.

As an alternative, provided you have at least 3 months' service, you may take a cash equivalent value transfer value (CETV) to another pension arrangement. The CETV can be paid to another employer's scheme or to a stakeholder or personal pension and would include the value of your employer's contributions as well as your own. You must inform the Board within three months of leaving service that you wish to exercise this option, and the transfer must be completed within 6 months of leaving service.

You will have no rights retained within the Scheme.

6.2. After 2 years

If you have completed at least two years as a member of the Scheme by the time you leave, you cannot have a cash repayment of your contributions.

The amount of pension secured by contributions paid up to the date of leaving (including bonuses) will be preserved for you within the Scheme, and will become payable at your Pension Age. Bonuses continue to be added to the preserved pension between leaving and retirement.

When you retire you should be able to take part of your benefits as a tax-free cash sum (see Section 4.6).

³ The tax charge is 50% on any amount of refunded contributions over £20,000 (from 2010/11)

If you die after leaving service, but before the pension comes into payment, then your spouse or civil partner would receive a pension of half the amount of your deferred pension (including bonuses). No automatic lump sum is payable, but, if the value of the spouse or civil partner's pension is less than the underlying value of the account, the difference is paid as a lump sum.

6.3. Transferring out

To Another Employer's Scheme

If you are leaving to take up other employment, you could consider transferring the value of your benefits into your new employer's scheme.

Contact us for full details when you are ready to think about this. We will then quote the CETV which your employer can convert into extra benefits for you in the new scheme. Different pension schemes have different rules and regulations, and it can often be quite difficult to make a fair comparison.

To a Stakeholder or Personal Pension Arrangement

As another alternative to leaving your benefits in the Scheme, you can ask us to pay the cash value of your benefits into a personal pension arrangement with an insurance company or other provider. The pension payable at retirement would then depend on:

- the charges of the scheme,
- the investment return achieved,
- the rate at which you can exchange your fund at retirement for an annuity (a pension payable for life).

The benefits could be greater or less than in the Scheme.

6.4. Cash Equivalent Transfer Value (CETV)

If you wish to consider a transfer out of the Scheme you should request the Trustee to provide you with a CETV. The CETV will be guaranteed for three months from the date on which it is calculated.

The CETV is calculated in accordance with factors provided by the Scheme's actuary which comply with legislative requirements. It will normally be based on the contributions paid, together with the bonuses declared to date.

You should not feel hurried into making a decision. You can leave your benefits in the Scheme as long as you wish, and you still have the right to ask for a transfer to be made at any time up to one year before your Pension Age. It is sometimes easier to judge the best course of action a few years after changing employment or adapting to other new circumstances.

7.State Pensions and National Insurance

7.1. Basic State Pension

The Basic State Pension is usually payable from State Pension Age in addition to your Scheme pension.

Details of eligibility, amounts, options and how to obtain forecasts are available from the Department for Work and Pensions or online from the *Pensions and retirement planning* section of the www.gov.uk website.

7.2. State Second Pension and State Earnings Related Pension Scheme

The government set up an additional pension scheme for employees in April 1978 but it was possible for employers which provided an occupational pension scheme to “contract out” of that arrangement. This meant that members did not earn entitlement to the additional State pension because their employer’s pension scheme provided greater benefits. The additional State scheme was originally called the State Earnings Related Pension Scheme (SERPS), and was replaced by the State Second Pension (S2P) from 6 April 2002. Contracting out ended on 5 April 2016.

No schemes arranged through the Church of England Pension Builder Scheme are currently contracted out of S2P. However, prior to 1 April 1997, one or two employers had contracted out. If you were contracted out with service between 6 April 1978 and 31 March 1997, you will receive as part of your pension from your employer’s scheme a Guaranteed Minimum Pension (GMP). The GMP is approximately the same as the SERPS pension you would have received if you had not been contracted out. Your spouse or civil partner must also be provided with a pension in place of SERPS after your death.

It may be necessary to limit the availability of an early retirement pension where the immediate pension payable would fall below the GMP.

7.3. State Pension forecasts

It is possible to obtain a State pension forecast by contacting:

Newcastle Pension Centre, Futures Group
The Pension Service 9
Mail Handling Site A
Wolverhampton
Great Britain
WV98 1LU
Tel. No: 0800 731 0175 (Monday to Friday from 8am to 8pm)

You can also apply for a forecast online in the State Pension Section of www.gov.uk. The website has a lot of useful additional information.

7.4. State Pension Age

A State retirement pension cannot be paid before State Pension Age, which is 65 for men born before 6 April 1959 and 60 for women born before 6th April 1950. State Pension Ages have now been changed so that:

- For women born between 5 April 1950 and 6 April 1955, the State Pension Age increases from 60 to 65 on a fixed scale.
- For both men and women born after 5 April 1959, the State Pension Age increases from 65 to 68 on a fixed scale.

If you request a forecast of State pension benefits, the forecast will confirm your State Pension Age. Alternatively, a State Pension Age calculator is available on the www.gov.uk website.

State pension can be paid from these ages even if you are still in work. If you choose to delay payment of your State pension because you are still working, the rate of State pension eventually payable will be increased to allow for the period of deferment or it may be possible for you to take the amount of deferred State pension as a lump sum.

State Pension Ages may be amended again and details of any future changes will be outlined on the www.gov.uk website when they become law.

8. Benefit limits

8.1. Introduction

The benefits you earn in the scheme are subject to limits that are set out in tax legislation and in regulations and guidance issued by HM Revenue and Customs (HMRC).

8.2. Lifetime Allowance

The Lifetime Allowance is the maximum value of retirement benefits that you can build up tax-efficiently during your working lifetime. For 2022/2023 the Lifetime Allowance is £1,073,100.

HMRC requires the Board to test whether the value of your Scheme benefits and any other pensions in payment exceed the Lifetime Allowance when you retire. It is highly unlikely that the limit will apply to our members but the Board is required to complete the check before benefits can be paid.

You will be asked for details of any other pension benefits that will have come into payment before or at the same time as your benefits from the Scheme. Your State pension benefits are not included in the calculation. If the value of your pension benefits exceeds the Lifetime Allowance, any excess due from the Scheme will be paid as a lump sum and will be subject to a tax charge which is currently 55%. This tax charge will be deducted by the Board before making the payment to you.

8.3. Annual Allowance

The Annual Allowance is an extra control that applies to the amount by which your pension increases in value each year – this is known as the ‘pension input amount’. The Annual Allowance is £40,000 in the tax year 2022/23, unless you are a “high earner”⁴.

The pension input amount that applies to your Scheme benefits is the increase in value of your benefits during the “pension input period”. If you pay AVCs, the amount of your contribution is added to the increase in the value of your benefits. The pension input period that applies to the Scheme is the 12 months ending 31 December each year.

If the pension input amount exceeds the Annual Allowance, then a tax charge may apply, although it is usually possible for unused Annual Allowance from the previous three years to be used to reduce or eliminate the charge. The Board will inform affected members if the pension input amount from the Scheme exceeds the Annual Allowance.

⁴ If your income from all sources is £240,00 p.a. your Annual Allowance may be less.

Members are now able to pay contributions to more than one approved pension scheme and if you are a member of more than one scheme, the combined value of the pension input amounts to each scheme is subject to the Annual Allowance. It is your responsibility to report to HMRC if you think you have exceeded the Annual Allowance.

9.Complaints and disputes

9.1. Making a complaint

This section sets out the arrangements if you feel that you want to make a complaint about some aspect of the Board's administration and what to do if you want to take the matter further.

Your first point of contact should be the staff at the Board who are always available to help. It is hoped that no problems will arise which cannot be resolved in discussion with the staff but, in accordance with the requirements of the 1995 Pensions Act, a formal dispute procedure is available.

9.2. Dispute procedure

If you are dissatisfied with anything to do with the pension arrangements, you should contact:

Chief Executive
PO Box 2026
Persnore
WR10 9BW

If the matter is not resolved to your satisfaction you should ask for a 'formal complaint form', which will be sent to you within seven days of your request. You will receive a response within two months of receipt of your complaint form, or a letter explaining the delay. If you are not satisfied with the response you will be able to raise the matter with the Board itself.

9.3. The Pensions Ombudsman

In the event of a dispute which cannot be resolved with the Board you may contact The Pensions Ombudsman at:

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

You can also find help and guidance at MoneyHelper at www.moneyhelper.org.uk/en/pensions-and-retirement/pension-problems

10. Further information

10.1. Personal illustrations and specific information

The Board will forward a benefit statement to you each year that provides an indication of the benefits payable at Pension Age or in the event of your death.

If you require more specific information, e.g. an illustration of the benefits payable on early or late retirement, please contact the Board.

10.2. Report and accounts

The Board presents a report on its work to General Synod each year and copies are available online to download, or on request. The report includes:

- a progress report on the pensions schemes it administers, and,
- the audited accounts of the schemes

10.3. Actuarial information

The financial position of the Scheme is examined periodically to ensure that it will be able to provide the promised benefits when they become due.

The Board will send you a Summary Funding Statement each year. This is a summary of the actuarial position of the Church Workers Pension Fund at the end of the previous scheme year.

A full actuarial valuation of the Church Workers Pension Fund is carried out by the Scheme Actuary every three years. Copies of the valuation report and the Statement of Funding Principles are available on request.

10.4. Investment information

The Board is responsible for the investment of the contributions received each year and the existing funds under management. A description of the investment strategy followed by the Board (the Statement of Investment Principles) is available on request.

10.5. Scheme rules and regulations

Copies of the rules of the Church Workers Pension Fund are available on request.

Every effort has been made to ensure that this booklet has included details of all the benefits of the Scheme in as simple a style as possible. However, the booklet does not override the Rules – the legal document governing the administration of the Fund.

10.6. Other information

The Board also provides other information such as a detailed description of the facility to pay Additional Voluntary Contributions (AVCs). Leaflets covering issues such as pensions on divorce are also available on request.

10.7. Pension Tracing Service

The Department for Work and Pensions operates a tracing service which can help former members contact pension schemes with which they have lost touch. Their address is:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Tel: 0800 731 0193

Website: www.gov.uk/find-pension-contact-details

10.8. Data Protection

The Board has to keep information about you and your dependants for the purposes of managing the Scheme. The Board may have to disclose this information to other people (such as their professional advisers) from time to time. This information will, however, only be used for the purposes of the Scheme and will not be used for any other purposes.

10.9. Regulation

The Church Workers Pension Fund is regulated by The Pensions Regulator (TPR) which is empowered to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. TPR's contact details are:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW

Tel: 0870 6063636

email:

customersupport@thepensionsregulator.gov.uk

website: www.thepensionsregulator.gov.uk

10.10. Finance Act 2004

The Church Workers Pension Fund is a registered scheme for the purposes of the Finance Act 2004.

