



THE CHURCH  
OF ENGLAND

# Church Workers Pension Fund

## Pension Builder 2014 Members' Guide

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# Introduction

Welcome to the members' guide to the Pension Builder 2014 section of the Church Workers Pension Fund.

The Church Workers Pension Fund (CWPF) started in 1953. It provides pensions for employees of organisations associated with the Church of England.

CWPF has two sections:

The Defined Benefits Scheme – for final salary arrangements

The Pension Builder Scheme – with two hybrid pension arrangements:

- Pension Builder Classic
- Pension Builder 2014

This booklet explains Pension Builder 2014 (PB 2014). Your “**Scheme Summary**” explains the contributions and benefits your employer has chosen.

More details are in the CWPF rules. The rules set out full details of the benefits under PB 2014 and CWPF. In the case of any discrepancy between this booklet, your Scheme Summary and the rules, the rules apply.

The Church of England Pensions Board is the administrator and trustee of PB 2014. Please ask us if you have any questions.

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# Glossary

## **Account**

Your account with Pension Builder 2014 holds the contributions paid by you and your employer, along with any bonuses.

## **Annual Allowance**

The limit you can earn or save in one or more registered pension scheme during the tax year before paying tax.

## **Beneficiaries**

Anyone who may be dependent on you such as your spouse, civil partner, children or others close to you. It can include anyone you nominate as your beneficiary.

## **Defined contribution**

A pension that builds up depending on contributions paid. It goes up and down in line with investments

## **Earnings Trigger**

This is set by HMRC each year. If your annual earnings are equal to or more than this, your employer must enrol you in a qualifying pension scheme.

## **HMRC**

Her Majesty's Revenue and Customs (formerly Inland Revenue).

Your service since

## **Ill Health**

A physical or mental condition which permanently prevents you from doing any work.

## **Lifetime Allowance**

The limit you can earn or save in a one or more pension scheme over your lifetime before paying tax.

## **Money Purchase Annual Allowance**

If you take your PB 2014 account, or any other pension "flexibly" you can only pay £4,000 into another defined contribution pension before paying tax.

## **Normal Pension Age**

This is age 65 - the age your account is guaranteed.

## **Open Market Option**

Your right to provide retirement income from an insurance company of your choice.

## **Pensionable Salary**

Your basic salary plus any pensionable allowance from your employer.

## **Pensionable Service**

Your service in Pension Builder 2014

# Membership of Pension Builder 2014

## Joining PB 2014

You usually join PB 2014 from the first day you start employment if:

- you are aged between 22 and State Pension Age, and
- your salary is above the earnings trigger.

This is known as “auto-enrolment”. Your employer might enrol you if you don’t meet these criteria. Ask your employer if you are unsure whether you will become a member.

## Opting in

You can still join PB 2014 even if your employer does not automatically enrol you. Ask your employer for an ‘opt in notice’.

Complete and return your opt in notice to your employer. Your employer will confirm you have joined PB 2014 and:

- the contributions they will pay, and,
- any contributions you must pay.

## Opting out

You can opt out of PB 2014. Please ask us for an ‘opt out notice’ if you want to do this. Auto-enrolment requires your employer to re-enter you into a pension scheme every 3 years if you have previously opted out. You can opt out again.

## Life cover

Your employer pays extra contributions to provide a lump sum if you die in service with your current employer. This lump sum is either two, three or four times your pensionable salary - see your “Scheme Summary”. We will also pay the value of your account. There is no need to provide evidence of health.

## Transferring in

We don’t accept transfers in.

# Contributions

## What do I pay?

Your employer decides whether you must contribute. Any contributions you pay are taken from your salary before tax so you receive tax relief automatically if you pay income tax.

For example, if you are a 20% tax payer and you pay £50 a month, your pay only reduces by £40.

## What does my employer pay?

Your employer decides how much they contribute but it will be at least 4% of your pensionable salary plus the cost of life cover - see your "Scheme Summary".

## What happens to the contributions?

We add any contributions you and your employer pay to your account.

We invest your account for you in line with the Church's ethical policies. You don't have to make an investment choice. We manage the investments for you.

Unlike a normal defined contribution pension, your account does not go up and down in line with the stock market. We guarantee your pot will not go down, unless you retire or transfer before age 65. If you retire or transfer age 65, we might reduce your account, depending on market conditions at that time.

We use the investment returns to add bonuses to your account before you retire. Bonuses depend on investment performance, expenses and other factors. Bonuses are discretionary.

## Can I pay more?

Yes, you can make extra payments. These are called Additional Voluntary Contributions or "AVCs". If you want to pay AVCs ask us for an AVC form. This form allows your employer to take your contributions from your salary and pay them direct to us.

AVCs will be added to your account and invested in the same way as other contributions.

You can either pay AVCs from your salary on a regular basis or make single payments.

### **Is there a limit on contributions?**

In practice, you cannot pay more than your taxable earnings less deductions such as national insurance, your usual pension contributions and any “give as you earn” deductions.

There is a limit on the tax relief you can receive on your pension saving each year. This limit is the Annual Allowance and applies to all your pension arrangements.

The Annual Allowance for the tax year 2019/20 is £40,000, unless you are a “high earner”<sup>1</sup>. If your pension saving is more than this over the tax year you might have to pay a tax charge.

If you have taken another pension “flexibly” you will trigger the Money Purchase Annual Allowance, or MPAA. If this applies to you, you can only save £4,000 in PB 2014. This includes anything you and your employers pays, plus bonuses.

As a guide, you’ll trigger MPAA if you:

- take an entire pension pot in one go,
- start to take lump sums from a pension pot,
- take flexible income - called drawdown, or,
- buy a guaranteed income - called an annuity that could go down.

It is your responsibility to check whether your total pension savings exceed the Annual Allowance in each tax year. If they have, you should tell HMRC.

If you exceed the Annual Allowance with PB 2014 we will send you a ‘Pensions Saving Statement’ letting you know what to do next.

If you are unsure, please contact us. We can provide a statement showing the value of your pension savings in PB 2014 for each tax year. You may have pension savings elsewhere which you need to include.

There is also a lifetime limit (Lifetime Allowance), see page 11 of this guide for further details.

If you decide to make large payments into PB 2014 (or your employer does on your behalf), we recommend that you seek independent financial advice.

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<sup>1</sup> If your income from all sources is £150,000 p.a. or more your Annual Allowance may be less

# Your Retirement Benefits

## What will my pension be?

We add any contributions you and your employer pay to your account.

We invest your account and we use the investment returns to add bonuses to your account before you retire. Bonuses depend on investment performance, expenses and other factors. Bonuses are discretionary.

If you retire on or after age 65, we will pay your account plus bonuses without any reduction. If you retire or transfer before age 65, we might reduce your account, depending on market conditions at that time.

## Can I retire early?

Yes, you can take your account from age 55. However, if you retire before 65 we may reduce your account. We will let you know if we do.

## Can I retire later?

If you continue in PB 2014 after 65, contributions will continue to be added to your account. Bonuses will also continue. Your account will be ready when you choose to retire.

## What happens when I retire?

Under current HMRC rules you can take up to 25% of your account as tax-free cash.

After this, you decide what you would like to do with the rest. You can transfer your account to another provider and:

1. take an adjustable and flexible income, called “drawdown”
2. buy a guaranteed income for life, called an “annuity”

Make sure you shop around to find the best deal. Providers will offer different options and their charges will vary. If you need financial advice you can find an adviser in your area at [www.unbiased.co.uk](http://www.unbiased.co.uk)

If you would prefer not to transfer your account, we can pay the rest to you as a taxed lump sum.

## **How does drawdown work?**

You can leave your money invested and take lump sums from it as and when you need, until your money runs out or you choose another option. You can take a quarter of your pot tax free at the start. After this each payment is taxed as income.

You can take flexible income. You can change the amount you take and when you receive it. This is called 'flexi-access drawdown'. In between taking income, the rest of your pension pot stays invested. This will give your pension pot a chance to grow, but there is a risk it may go down in value too.

You will need to pick a provider to run this for you. They will offer you different investments with different risks. You pick the investments that are right for you.

You should think about how much you take out every year and how long your money needs to last. Remember the income you receive is not guaranteed to last as long as you live. The more money you take out in the early years, the less is left to provide a future income.

A financial adviser can help you to create an investment plan for your money. They can advise you how much you can take out to make the money last as long as possible. They'll charge you a fee for this.

Your provider is likely to charge you fees for managing your investments and whenever you get a payment.

With this option you can pass money on after you die. In some cases, this can be tax-free. Check what potential providers offer.

## **Buying a guaranteed income for life**

A lifelong pension (also known as an annuity) provides you with an income that will last as long as you live. You can also get an income for a set number of years. If you want security instead of flexibility this is the option for you.

Before you buy an annuity, you can take a quarter of your pot tax-free. After this your pension will be taxed as income.

There are various types of annuity. The main features you can decide are how the pension will increase, whether you want to provide a pension for your husband, wife or civil partner when you die, and whether there is a minimum length your pension will be paid, for example 5 years.

A 'level' annuity will not increase but as you get older, inflation means you will be able to buy less with your income. If you want an annuity that increases over time you can choose one that increases at a fixed rate, e.g. 3% p.a., or one that increases

in line with inflation. Your income will start at a lower level but increases each year.

An annuity that provides income just for you is known as a 'single life annuity'. You can though choose a 'joint life annuity'. Your annuity will start lower, but payments will continue to your dependant after you die or for a guaranteed period.

If you smoke or have a medical condition, you may be able to get an 'enhanced' annuity. These tend to pay a higher income as your life is expected to be shorter.

Buying an annuity is a one-time, irreversible decision, but not one you necessarily need to make when you retire. You can move your pension pot into 'drawdown' to give yourself financial flexibility during your early years of retirement and buy an annuity later in life when you want security of income. If you have a substantial pot you could split it between drawdown and an annuity.

As you cannot change your mind once you have bought an annuity, and annuity prices vary significantly. Shop around to make sure you get the best deal.

### **Taking your whole account as cash**

We can pay the rest to you as a taxed lump sum. We can pay this to you direct, and we will take the tax from you first. You will not have to pay this yourself. If we deduct too much tax or too little you will need to contact HMRC yourself.

This may push you into a higher tax bracket, which may mean you will pay more tax than you usually do. You could pay less tax if you take your savings over a period of time (drawdown).

You will also need to decide what to do with the money. You need to plan how to provide an income for your retirement and ensure you have enough to last your lifetime, and whether you want to leave anything to someone when you die.

If you leave it in the bank inflation will reduce the value of your money. If you spend your money too quickly and later rely on state benefits, this can affect your ability to claim these.

### **Lifetime Allowance**

The Lifetime Allowance is the limit on how much pension savings you can make during your working life before paying an additional tax charge. For the 2019/20 tax year this limit is £1.055 million.

When you retire, we test whether all the pension benefits you have built up during your working life are more than the Lifetime Allowance. We will ask for details about other pensions you may have to help us do the test.

If the value of your pension in this scheme and elsewhere is more than the Lifetime Allowance, there may be a tax charge of 55% on the excess. We will deduct any tax charge from your account.

### **What if I become ill?**

If you cannot work because of ill health, you may be able to retire early.

If you apply for an ill health pension, we normally expect you to talk to your employer first and co-operate with any occupational health assistance. We may also invite your employer to comment on your application.

If we agree your application, you can retire early and you can take your account without reduction. You may be able to secure an increased guaranteed pension with an insurance company if you are in poor health but that will depend on the terms available at the time.

# Death Benefits

## **Death before retirement**

If you die before retirement, we will pay the value of your account as a lump sum to your beneficiaries.

If you are still in pensionable service, we will also pay a lump sum benefit unless your employer has made separate life cover arrangements. This is either two, three or four times your Pensionable Salary in the previous 12 months - see your "Scheme Summary".

Complete a nomination form to let us know who you would like us to pay.

Death benefits are payable at the Trustees "discretion" but we will always take full account of your wishes.

By paying this at the Trustees discretion any payment does not form part of your estate and is free of inheritance tax.

## **Death after retirement**

If you use your account to buy a guaranteed pension when you retire, you decide the benefits (if any) payable after your death.

You can:

- choose a pension that will continue for a dependant such as a spouse or civil partner after your death,
- provide a pension payable for a minimum period, such as 5 or 10 years.

# Leaving PB 2014

## **Leaving with more than 2 years' service**

We will continue to add bonuses to your account. Alternatively, you can transfer your account to another pension scheme – see 'Transferring out' below.

Previous qualifying pensionable service in CWPF counts towards the 2 years' test.

## **Transferring out**

You can transfer your account to another pension scheme.

We will let you know the value you can transfer. Other pension schemes may provide different types of benefits, so it can be difficult to make a comparison. If you are in doubt, we strongly recommend that you take independent financial advice.

In most cases there is no time limit on transfer and you can transfer at any time before you retire.

## **Leaving with less than 2 years' service**

If you are a member for less than 3 months we will refund any contributions you have made, less 20% tax (unless your contributions are more than £20,000 where tax is greater).

If you have between 3 months' and 2 years pensionable service, you can transfer your account to another provider. This will be greater than a refund because it includes your employer's contributions. This type of transfer is known as a 'cash transfer sum' and there are different rules from the transfers described above. You must tell us within three months of leaving if you want to transfer and the transfer needs to be completed within 6 months of leaving service.

# Miscellaneous

## What happens if I am away from work?

If you are away from work because of illness but still employed, you will remain a member of PB 2014.

For maternity, paternity or adoption leave, paid absence is pensionable, and contributions continue. Contributions may stop during any unpaid absence. Ask your Employer what their policy is.

## Divorce and separation

If you are in the process of divorce you will be asked by your solicitor or adviser to provide a Cash Equivalent Transfer Value (CETV). This is a quote of the current value of your account. Please get in touch if you are asked to provide this and we will send you a copy.

Separation does not affect your spouse or civil partner's entitlement to benefits.

## State Pensions

The benefits provided by PB 2014 are in addition to the benefits you will receive from the State. State pensions are payable from your State Pension Age which may be different from your Normal Pension Age in PB 2014, or the date you wish to retire.

You can find out your State Pension Age by visiting [www.gov.uk](http://www.gov.uk) and using the State Pension Age calculator. It is possible to apply for a State Pension forecast from The Pension Service. Again, the website [www.gov.uk](http://www.gov.uk) (state pension page) tells you how to apply for a forecast.

## The Pensions Regulator and scheme governance

PB 2014 is regulated by The Pensions Regulator. The Regulator can intervene where trustees, employers or professional advisers fail in their duties. Their contact details are:

The Pensions Regulator	
Napier House	
Trafalgar Place	
Brighton	Tel: 0870 606 3636
East Sussex	Email: <a href="mailto:customersupport@thepensionsregulator.gov.uk">customersupport@thepensionsregulator.gov.uk</a>
BN1 4DW	Website: <a href="http://www.thepensionsregulator.gov.uk">www.thepensionsregulator.gov.uk</a>

You can request a copy of the scheme rules and annual report at any time. CWPF and therefore PB 2014 is a registered scheme under the Finance Act 2004.

## Data Protection Act 1998

We must keep information about you and your dependants to manage PB 2014. We may have to disclose this information to other people (such as professional advisers). It will be used only for running PB 2014 and not for any other purpose.

## How do I complain?

If you feel that you want to make a complaint, your first point of contact should be the staff in the Pensions Department who will always try to help.

If you are still unhappy and want to take the matter further, you should contact:

The Secretary & Chief Executive  
The Church of England Pensions Board  
29 Great Smith Street  
London  
SW1P 3PS

We hope we can resolve your problem at this stage. But if this is not possible, you may use our formal Internal Dispute Resolution Procedure (IDRP). The IDRP complies with the requirements of the 1995 Pensions Act.

To use the IDRP, you should ask for a “formal complaint form”. We will send the form to you within seven days of your request. You will receive a response within two months of receipt of your complaint or a letter explaining the delay. If you are still dissatisfied, you can raise the matter with the Board.

If the Board cannot resolve your dispute, you may contact The Pensions Advisory Service (TPAS). TPAS is available at any time to assist members and beneficiaries with pension questions in addition to issues they have been unable to resolve with the Board.

The Pensions Ombudsman can also consider disputes. The Ombudsman asks complainants to contact TPAS to see whether they can resolve the matter informally before a formal consideration.

TPAS and the Pensions Ombudsman can be contacted at:

11 Belgrave Road  
London  
SW1V 1RB

Websites: [www.thepensionsadvisoryservice.org.uk](http://www.thepensionsadvisoryservice.org.uk)  
[www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)