If you have a defined benefit pension which is ‘worth’ £30,000 or less, we might be able to pay this to you as cash.

This saves you receiving a small pension each year. Instead, you can receive a cash lump sum up front.
Trivial commutation

How does it work?

You can give up a small pension in return for a cash sum. Doing this is called “trivial commutation”.

The up side of this is we will pay you a cash sum up front. The downside is that we will pay no further benefits to you or your dependents in the future.

Trivial commutation only applies to defined benefit pensions. You will have a defined benefit pension with us if you are with:

- Clergy pension scheme
- Pension Builder Classic
- Defined Benefit Scheme (Church Workers Pension Fund)
- Defined Benefit Scheme (Church Administrators Pension Fund)

What are the rules?

There are a number of conditions you need to meet before we can pay your pension as cash.

- All your pensions (including those outside the Church of England) are ‘worth’ £30,000 or less,
- if you have received a trivial commutation payment before, this was in the last 12 months,
- you are 55 or over, or retiring due to health problems, and,
- you are not over your Lifetime Allowance.

How do I know how much my pension is worth?

Before we can exchange your pension for cash you need to add up how much all your pensions are worth.

Working out how much a pension is worth depends on whether you are receiving, and if you are receiving it, whether it started before April 2006.

You do not need to include your State pension, or any pension you have taken as a ‘small pensions lump sum’, but you do need to include all your other pensions including those you are already receiving, plus any defined contribution pensions.

Adding up your pensions can be complicated. We can give you some guidance, but we cannot add these up for you. It is up to you to check whether all your pensions are worth less than £30,000.

What if I have more than one defined benefit pension?

If you would like to take a pension as cash you have 12 months from the date you take your first trivial commutation lump sum to take any others.

www.churchofengland.org/pensions
If you want to take more than one pension as trivial commutation, ask all your pension schemes for a “value”. They need to be valued within 3 months of each other, so ask all your providers at the same time.

You do not need to take all your defined pensions as a lump sum, you can still take others as a pension if you prefer the security of a guaranteed income.

**What if I am already receiving a small pension?**

We can trivially commute small pensions already being paid. Get in touch with us and we can let you know whether your pension qualifies for this.

**How is it taxed?**

If you are commuting benefits not in payment, we can pay 25% to you tax-free and the rest is taxed as income. Otherwise, the whole amount is taxed as income.

As we do not know your tax code, we use a basic rate tax code (BR) to work out your income tax.

This may mean you pay too little or too much tax. In practice, if you are a basic rate tax payer, or you do not pay tax then you could end up paying too much tax. If you are a higher rate tax payer, you might not have paid enough tax as it will only be taxed at the basic rate of 20%.

If you have paid too much tax you can claim tax back. You can find out how to do this at [gov.uk/claim-tax-refund/overview](http://gov.uk/claim-tax-refund/overview)

If you have not paid enough tax, then you can pay more through your self-assessment tax return.

You can pay the charge by completing a self-assessment tax return and filling in the ‘Pension savings tax charges’ section. It is your responsibility to pay this. Fill out a return at: [gov.uk/self-assessment-tax-returns](http://gov.uk/self-assessment-tax-returns)

This reflects our understanding of current legislation and practice. You should talk to a financial or legal adviser if you need specific guidance or advice.