



THE CHURCH  
OF ENGLAND  
PENSIONS BOARD

## Joining Pension Builder 2014 (PB 2014)

June 2021

**As an employer, you are usually required to set up a pension scheme and enrol certain staff into it. Provided your organisation is associated with the work of the Church of England, you should be able to join PB 2014.**

PB 2014 meets Auto-Enrolment requirements.

Members build up a cash pot which they use to provide benefits when they retire. They can access this pot in flexible ways.

The minimum contribution rate is 8% of pensionable salary which can be split between the employer and employee, but the employer ***must pay at least 4%***.

PB 2014 provides life cover on death-in-service without medical underwriting. The minimum life cover is 2x salary, which costs 0.5% of pensionable salary and must be paid by the employer. 3x salary costs 0.75% and 4x salary costs 1%. You can choose the level you wish to offer when you join, and change this at any time.

Contact us



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## **Is PB 2014 the right scheme to use?**

Before signing up to PB 2014, please make sure you understand how the scheme works. Here is some information we think you need to know, but please get in touch with us if you have any questions.

### **30 days' or 2 years' service**

There is a section on the Participation Agreement which asks whether you would like us to preserve members' cash pots if they complete 30 days or 2 years pensionable service. Picking 30 days means anyone who joins PB 2014 for more than 30 days will have a pension pot which they can use when they retire. This gives more security to members and their loved ones.

The downside of offering 30 days is that this might increase the risk of triggering a Section 75 debt. If you are concerned about this, you might want to pick 2 years' pensionable service.

### **Section 75 Debts**

PB 2014 is a 'cash balance' scheme. We aim to add bonuses to members' pots each year, depending on investment performance. If the member retires on or after 65, we guarantee their pot will be at least equal to the amount of contributions paid, plus bonuses. If they retire or transfer before 65, we might reduce their pot – depending on market conditions at that time.

Although this guarantee is good for members, it does mean you may face a 'Section 75' debt. If you choose to stop using PB 2014 or simply no longer have any active members in the scheme, you

may face a 'Section 75' debt. You should consider whether PB 2014 is right for you. The debt is your proportion of any funding deficit at the time you leave.

We carefully manage the funding level to try and ensure there is no deficit, but we cannot guarantee this. On top of any Section 75 debt, calculation costs also apply. These start from £1,000 and increase depending on the number of members you have.

Please read our Section 75 technical note carefully before signing your Participation Agreement. I understand this is complex so please let us know if you have any questions.

There are other pension schemes like NEST that are 'defined contribution' (DC) schemes. These types of schemes do not provide any guarantees, so Section 75 debts don't apply. A DC scheme might be more suitable for you if Section 75 debts are a concern.

### **Tax relief for members**

Pension contributions qualify for tax relief. Like most occupational pension schemes, we use a tax relief method called a "net pay arrangement". It is a very efficient and straightforward way of providing tax relief. This method means pension contributions are deducted from pay after National Insurance deductions but before tax, providing immediate tax relief. For example, for every £20 contributed, take home pay is only reduced by £18 (if the member is a 20% tax-payer).

Unfortunately, employees who do not pay income tax can't get tax relief through this method. They may be worse off than if they had joined a scheme that uses the other method of tax relief known as 'relief at source'.

Schemes like NEST use relief at source and may be more suitable if you have low-paid or part-time employees who do not pay income tax on their earnings.

## What to do next

If your organisation wishes to join PB 2014 please complete the Participation Agreement. I will arrange for this to be signed on behalf of the Pensions Board and for you to join PB 2014.

Once we have set you up as a participating employer, we will let you know how to enrol staff.

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