

Clergy pension transfers

January 2023

You do not have to keep your Clergy pension with us. You can move all or some of your Clergy pension to another pension provider. This can give you access to more cash lump sums, or the ability to take money as and when you need it. You could also leave more money to your loved ones when you die.

When you are getting closer to retirement, it could be worth thinking about what you would like to do with your pension.

Most people are happy to stick with the choices we offer. Taking your pension and lump sum can often be the best option but transferring your pension can give you more freedom and flexibility over how you take your money.

How does a transfer work?

A pension transfer means giving up your Clergy pension in return for a sum of money, which is called a 'transfer value'.

Your transfer value could be a large amount of money which you could transfer to another registered pension scheme to then take as cash or invest.

While it is invested it could go up in value, but there is a risk it could go down in value too.

Once you transfer your pension, there are lots of different ways you can use your money, and even leave it to loved ones.

Contact us



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Is transferring a good idea?

Transferring can be worth exploring, depending on your circumstances.

Having more flexible ways to access your money can really help if you are in poor health and your life expectancy is limited, or you are single or have no dependents.

You might want to get your hands on more money up front and even leave money to your loved ones.

But, there are risks to doing this. Transferring means, you will give up your Clergy pension and the guarantees and security that go with it, such as:

- a guaranteed pension that lasts as long as you live
- yearly increases in line with inflation, up to a cap
- a tax-free lump sum when you retire
- a pension for your spouse or civil partner after you die

Because of these guarantees, if your transfer value is more than £30,000 you are legally required to get professional financial advice first.

To make it easy for you to get advice and explore whether transferring might be good for you, we have partnered with Ecclesiastical Financial Advisory Services (EFAS).

If you transfer your pension, you cannot transfer it back to us.

Transfer restrictions

If you have pensionable service before 1998 you will have benefits in the Church of England Pension Measures (CEPM). Anything after this is provided under the Church of England Funded Pension Scheme (CEFPS).

There are some restrictions on whether you can transfer your CEPM benefits. The CEPM rules stop you transferring once you are within one year of your 'Normal Pension Age' which is usually age 65.

	CEPM (pre 1998 benefits)	CEFPS (post 1998 benefits)
Is there an age restriction?	Yes, you must apply to transfer before 64	No
Can I transfer part of my benefits?	No, you must transfer all your benefits	Yes

You need to apply to transfer your CEPM benefits before you reach age 64. We can complete your transfer after you turn 64. There is no age restriction on CEFPS.

There is also less flexibility on your CEPM benefits. You must transfer all your CEPM benefits if you decide this is best for you.

You cannot take part of your CEPM benefits as a pension and transfer the balance to a defined contribution provider. You can transfer part or all your CEFPS benefits and leave the rest with us.

What about my Additional Voluntary Contributions (AVCs)?

If you transfer your Clergy benefits you must transfer your AVCs as well. You can transfer your AVCs and keep your Clergy benefits with us.

Money Purchase Annual Allowance

You have a tax-free limit on how much you can earn or save in a pension each tax year. This is called your Annual Allowance. If you go over this, you might have to pay a tax charge.

If you transfer your Clergy pension to a defined contribution pension scheme, as soon as you take money from it (except taking an annuity) you trigger the Money Purchase Annual Allowance, or MPAA and your tax-free limit reduces.

So, if you start taking money from one defined contribution pension and still pay into another, you might have to pay tax. Find out more at

[churchofengland.org/pensions-technical](https://www.churchofengland.org/pensions-technical)

What can I do with my pension?

Options we offer

If you keep your pension with us, we will offer you two options:

1. a pension for life with a tax-free lump sum
2. the option of giving up part of your pension and take more tax-free lump sum

1. Pension for life, plus a tax-free lump sum

We will pay you a pension for life. This gives you the security of knowing what your income will be each month and better still, we will increase this every year in line with inflation, up to a cap.

When you die, we will continue to pay two-thirds of your pension to your husband, wife or civil partner so you can be comfortable knowing they will also be covered. We will also pay a pension to your children, if they are under 18, or under 23 and still in full time education.

2. More tax-free lump sum and reduced pension

We can pay you more tax-free lump sum. This can help with moving costs or to put towards other plans for your retirement.

But, to get this you need to give up some of your pension, meaning your income in retirement will be less. If you have paid Additional Voluntary Contributions (AVCs), you can use this towards your tax-free lump sum to save you giving up part of your pension.

If you give up part of your pension for a bigger lump sum, this does not affect the pension we will pay your spouse, civil partner or children when you die. We will still pay their pension based on your full pension before you gave part of this up for extra tax-free cash.

Options with other providers

You don't have to keep your pension with us. Having more flexible ways to access your money can really help if you are in poor health. You might want to get more money up front and even leave money to your loved ones.

You can transfer your Clergy pension and take advantage of different ways of accessing your money. A pension transfer means giving up your Clergy pension in return for a sum of money, which is called a 'transfer value'. This could be a large amount of money.

If you are interested in one of these options, you need to speak to a financial adviser first to help you decide whether they are right for you.

Adjustable income (flexi-access drawdown)

You can get a regular income that goes up or down, depending on how much you need. So, if you need more income in one year but less in another, you can easily plan for this.

Before you do this, you can take a quarter of your transfer value as a tax-free lump sum at the start. Each payment is then taxable.

Think about how much you take out every year and how long your money needs to last. As you get to pick how much you want and when you want it, your income is not guaranteed to last as long as you live. The more money you take out in the early years, the less is left for the future.

With this option, any money you have not taken when you die can pass on to your loved ones, in some cases tax-free.

Pension Wise has a useful calculator to help you decide if this is the right choice for you.

pensionwise.gov.uk/en/adjustable-income

Cash in chunks (uncrystallised funds pension lump sum)

Instead of a regular income, you can take cash lump sums until your money runs out. How much you take is up to you. If you want to take large amounts over a shorter period, you can easily do this.

A quarter of each amount you take is tax-free and the rest is taxed as income. In between taking money out the rest stays invested. This will give your money a chance to grow, but it can also go down.

With this option, any money left when you die can pass on to your loved ones.

Pension Wise has a useful calculator to help you decide if this is the right choice for you.

pensionwise.gov.uk/en/take-cash-in-chunks

Take everything in one go

You can take your whole transfer value as cash. A quarter is tax free, and the rest is taxed as income. This is likely to push you into a higher tax bracket, which means you will pay more tax than you usually do.

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. It is worth knowing what you will do with the money. If you leave it in the bank and inflation increases, it will reduce the spending power of your money.

Pension Wise has a useful calculator to help you decide if this is the right choice for you.

pensionwise.gov.uk/en/take-whole-pot

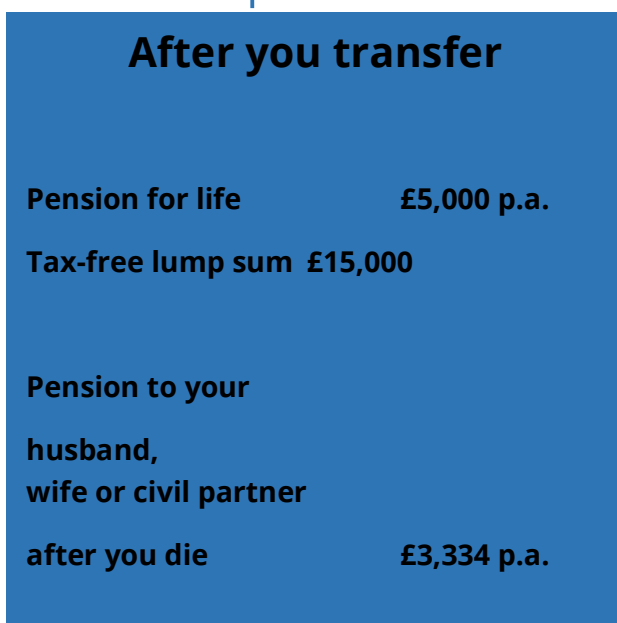
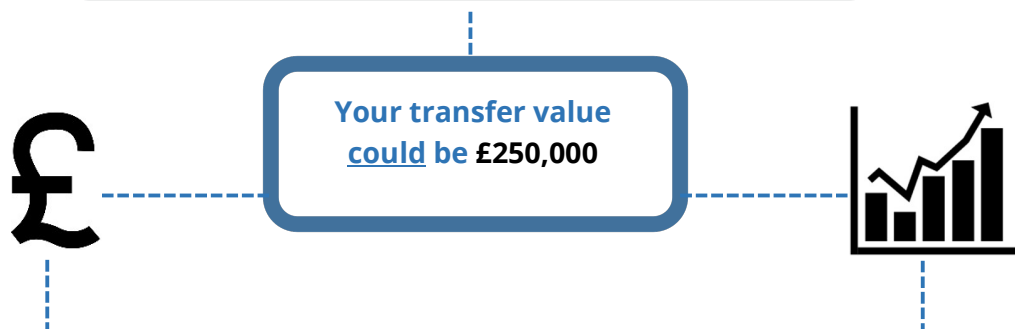
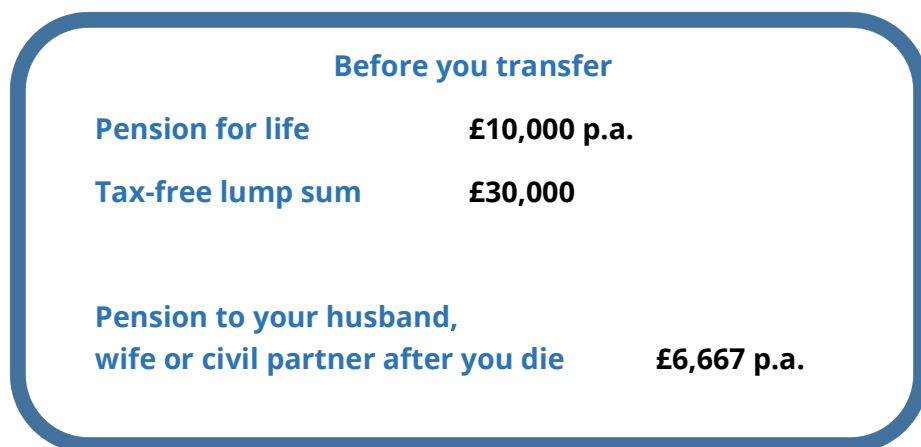
Summary of my pension options

What should I be thinking about?	Clergy pension	Adjustable income	Take cash in chunks	Take everything in one go
Who offers this option?	Option available with us	Options with other providers		
Technical name	Lifetime pension	Flexi-access drawdown	Uncrystallised Funds Pension Lump Sums (UFPLS)	Uncrystallised Funds Pension Lump Sums (UFPLS)
Can I take a tax-free lump sum?	Yes, typically 3x your pension	Yes, up to 25% of the value of your pot	Yes, up to 25% of each lump sum	Yes, up to 25% of your pot
Does this provide a regular income?	✓	✓	✗	✗
Is this income guaranteed for life?	✓	✗	✗	✗
Can I take extra lump sums?	✓ AVCs or give up pension	✓ Will be taxable	✓ 75% of each lump sum is taxable	✗
Can income be passed on when I die?	We will pay a pension to your husband, wife or civil partner	✓	✓	✗
Can a lump sum be passed on when I die?	✗	✓	✓	✓
Do I need to manage my money?	✗	✓	✓	✓
Can I change my mind and use my money in another way?	✗	✓	✓	✗

Do I have to transfer everything?

You can transfer part of your Clergy pension and keep the rest with us. This is called a 'partial transfer'. A partial transfer could give you the security of a guaranteed pension with us, plus the freedom and flexibility to take money in other ways. Here is an example if you transferred half your Clergy pension and keep the rest with us.

Before you transfer, you must obtain independent financial advice. Find out more about financial advice at www.churchofengland.org/financial-advice



Financial advice

Understanding your pension and how this fits with your wider finances can be challenging.

Speaking to a financial adviser can give you peace of mind that all your financial needs have been considered. This is why we have partnered with Ecclesiastical Financial Advice Services Ltd (EFAS).

You can call or email EFAS to arrange a chat with a financial or mortgage adviser for free, with no obligation. They will ask questions and listen to you to understand what you are hoping to achieve with your pension, retirement planning, investment or housing needs and help you decide whether you need financial advice.

EFAS can help you with advice about all aspects of financial planning and their advice includes:

- Accessing your pension in the most suitable way for your circumstances (including flexible access and annuity advice)
- Investing pension lump sums
- What to do with other pensions you or your partner may have
- Buying a retirement home or remortgaging an existing property
- Socially responsible and ethical savings and investments
- Protecting you and your family through life and income protection insurance
- Inheritance tax planning

After finding out all about your situation, agreeing on a risk profile with you, and carrying out research on your behalf, EFAS will recommend the most suitable solution for you based on your circumstances, objectives, and plans for the future.

If you agree, they'll put their recommendations into action.

You can speak to EFAS:

- By phone: 0800 107 0190 (Monday to Friday 9.00am to 5.00pm)
- By email: getadvice@ecclesiastical.com

