

# MY RETIREMENT

JANUARY 2023

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**Defined Benefit Scheme (DBS)**  
**Church Workers Pension Fund**

 THE CHURCH  
OF ENGLAND  
PENSIONS BOARD

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## My pension at a glance

This is one of four booklets that explain the Defined Benefit Scheme (DBS). DBS is a traditional defined benefit, final salary pension scheme.

<p><b>My membership</b></p>	<p>Although the DBS is usually closed to new members, your employer would have enrolled you either when you first started employment, or shortly after.</p> <p>Your employer decides whether you must contribute, and how much.</p>
<p><b>My retirement</b></p>	<p>When you retire, we will pay you a pension for life, in monthly instalments minus PAYE tax.</p> <p>You do not have to take a pension from us, there are choices you can make to suit your retirement needs.</p>
<p><b>My pension if I leave</b></p>	<p>If you leave after 2 years, we will keep your pension with us and increase it before you retire. You can transfer your pension.</p> <p>If you leave within two years, you can transfer your pension to another provider or you can choose a refund of any contributions you paid, less tax.</p>
<p><b>My pension if I die</b></p>	<p>If you die before you retire, we will pay half your pension to your spouse or civil partner.</p> <p>If you die while still an active member, we will also pay a tax-free lump sum of two times your salary.</p> <p>Your pension is guaranteed for five years. If you die within this time, we will pay the remaining amount as a lump sum to your beneficiaries.</p>

## Choices we offer

When you are ready to take your pension, let us know the date you wish to take it. You can take your pension from age 55 onwards. We will send you a summary of your choices and the forms you need to complete.

Here are the choices we offer.

### Pension for life

We will pay this to you on the last working day of every month, for your lifetime.

Your pension is taxed as income through PAYE. We deal with this tax for you, but we rely on HMRC to tell us your correct tax code. This could mean your pension is taxed incorrectly for the first few months.

We increase your pension every January, in line with the Retail Prices Index (RPI), up to a limit. Usually any pension you earned before 6 April 2006 increases by RPI up to 5%, and pension earned after this increases up to 2.5%. Your employer may have chosen something different.

### Early retirement

If you take your pension before your Normal Pension Age (NPA) we reduce it as we are likely to pay it for longer. The earlier you take your pension, the less it will be.

Your NPA will be 60, 62, 65 or 68. If you are not sure what your NPA is, just ask and we can let you know.

### Late retirement

If you are still active and you take your pension after your NPA, you continue to earn extra pension as you usually do. If you have already left the DBS and you take it after your NPA we will increase it as we might pay it for a shorter period.

### Tax-free cash option

You can give up part of your pension for a tax-free cash sum. If you go for this, we will reduce your pension. Think carefully whether this is the right choice for you.

### Pension for a spouse or civil partner

Your pension usually comes with a spouse or civil partner's pension, meaning we will continue to pay part of your pension to them when you die.

If it doesn't, or you would like to increase the amount we'll you can give up part of your pension to do this. You need to make this choice at retirement, you cannot change your mind later.

### Taking your pension and continuing to work

You can take your pension and keep working. Your pension is added to your overall taxable income for the tax-year, so check which tax band this will put you in.

### Ill health retirement

If your health is impacting your ability to work, you can apply for an ill-health pension. How much your pension will be depends on what your employer has chosen to provide.

It can take time to approve ill-health pensions, often up to 6 months. Some cases are straightforward, but some are complex, and we might need independent medical advice. We will keep you informed as much as we can throughout the process.

### *What should I do if my health is affecting my work?*

First, talk to your line manager and/or employer about your concerns. They will try and find ways of helping you continue with your role.

They will usually refer you to an occupational health adviser who will offer advice and guidance on how your condition can be managed.

If it is clear you cannot carry out your duties and your condition is likely to be permanent, contact us and apply for an ill-health pension.

### ***Do I qualify for an ill health pension?***

To approve ill-health pensions, we need to assess whether your condition meets the definition of 'incapacity'.

The definition of incapacity in the Church Workers Pension Fund, Defined Benefit Scheme is:

***'You have a medical condition that prevents you from performing the duties of your office, or any other work or service, and this is likely to be permanent'.***

We do not have discretion over the definition.

### ***How am I assessed against the definition of incapacity?***

To assess you against the definition we need to review:

- relevant medical reports from your GP or specialist
- your occupational health report if you have one
- any supporting evidence / documents to help your application

Gathering this information is the most time-consuming part of the process. You can help speed this up by asking your GP to send us your reports as quickly as they can.

If your situation is not straightforward, we might need help from our independent medical advisers. They might need to talk to your GP or medical specialist, or they may need to speak to you to carry out a short medical examination. They will only do this if they need more information to give their opinion. The examination will be over the telephone and at a time convenient for you.

### ***What if I cannot fill out my forms?***

If you are unable to fill out your forms, someone can fill these out for you. The person needs to have a Lasting Power of Attorney for you. When

you return the forms, please remember to include a copy of the Power of Attorney.

### ***What if there are medical fees?***

If we need to ask your GP or medical specialist to send us information on your condition, they may charge for this. We will pay all fees.

### ***How do I pick a retirement date?***

If we approve your ill-health pension, start discussing a retirement date with your employer. Your retirement date must be within 6 months of the date we approve your ill-health pension, otherwise you need to apply again. Once we have confirmed your retirement, we will send your final pension figures, plus a few extra forms.

### ***What can I do if my application is unsuccessful?***

If your application does not meet the definition of incapacity, we cannot approve an ill-health pension.

If this happens, you can:

- send us further medical evidence to support your application
- appeal to us to review our decision - we have a process you can follow
- appeal to the Pensions Ombudsman to review our decision

If we do not approve your application and your health deteriorates, you can apply again.

### ***What if my ill-health is serious and my life expectancy is short?***

If your life expectancy is less than 12 months, get in touch with us immediately. If medical evidence supports your short life expectancy we can pay the full value of your pension as a lump sum. This is called a 'serious ill-health' pension. If you are under age 75, we can pay the whole amount to you tax-free. We need to test this against your Lifetime Allowance. This is the limit on how much pension you can save during your working life before paying tax. If the value of your pension takes you over your Lifetime Allowance, the amount you exceed it by is taxed.

If you are over age 75 the lump sum is taxed as income.

## Choices with other providers

Most people are happy to stick with the choices we offer. Taking your pension from us 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 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.

### 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 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 limit
- the option of a tax-free lump sum when you retire
- the option of 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 must take professional financial advice first.

To make it easy for you to get advice and explore whether transferring might be good for you, find out how we can help you find a financial adviser at:

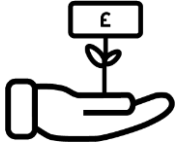


[churchofengland.org/financial-advice](https://www.churchofengland.org/financial-advice)

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

## Choices with other providers

### 1. Leave your pension invested



You can leave your pension invested. The longer you leave it the more chance your pension will have to grow, but it can also go down in value.

Any money left in your pension can be passed on tax-free if you die before age 75. After this, it is taxed as income.

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

 [pensionwise.gov.uk/en/leave-pot-untouched](https://pensionwise.gov.uk/en/leave-pot-untouched)

### 2. Take your whole pension in one go



You can take your whole transfer value in one go 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 will need to plan how to provide an income for your retirement to make sure 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.

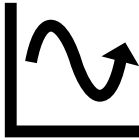
Pension Wise has a useful calculator to help you decide if this is the right choice for you.

 [pensionwise.gov.uk/en/take-whole-pot](https://pensionwise.gov.uk/en/take-whole-pot)

## Choices with other providers

### 3. Adjustable income

(flexi-access drawdown)



You can get a regular income that goes up or down. So, if you need more money 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. Your income after this is taxed.

**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 left when you die can pass on to your loved ones, in some cases tax-free.

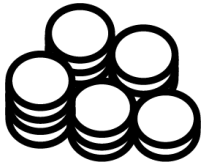
Pension Wise has a useful calculator to help you decide if this is the right choice for you.



[pensionwise.gov.uk/en/adjustable-income](https://pensionwise.gov.uk/en/adjustable-income)

### 4. Take 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 gives 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](https://pensionwise.gov.uk/en/take-cash-in-chunks)



## Choices with other providers

### 5. Buy a guaranteed income



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 pension 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 spouse or civil partner when you die, and whether there is a minimum length your pension will be paid, for example 5 years.

If you smoke or have a medical condition, you may be able to get an 'enhanced' annuity.

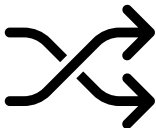
Buying an annuity is a one-time, irreversible decision, but not one you necessarily need to make when you retire. You can move your pension into 'drawdown' first while you value financial flexibility and buy an annuity later in life when you value security of income more.

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.

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

 [pensionwise.gov.uk/en/guaranteed-income](https://pensionwise.gov.uk/en/guaranteed-income)

### 6. Mix your options



You don't have to pick just one option. You can mix and match these if you want to. You could use some of your pension to get an adjustable income and the rest to buy a guaranteed income.

If you have different pensions, you can pick different options for each.

Pension Wise has information to help you decide if this is the right choice for you.

 [pensionwise.gov.uk/en/mix-options](https://pensionwise.gov.uk/en/mix-options)

## Disputes and complaints

We make every effort to provide you with an efficient and effective service. However, if you are unhappy with our service, please contact us first and we will do our best to resolve your issue.

If you are still dissatisfied, you can contact us at:



**Chief Executive**  
**Church of England Pensions Board**  
**PO Box 2026**  
**Pershore**  
**WR10 9BW**

If we cannot resolve your issue to your satisfaction you can ask for a 'formal complaint form' under our internal dispute process. This will include the full details of our complaint process.

## Pensions Ombudsman

If you have a complaint or dispute concerning your workplace or personal pension arrangements, you can contact the Pensions Ombudsman.



**10 South Colonnade**  
**Canary Wharf**  
**London**  
**E14 4PU**



**0800 917 4487**



**[pensions-ombudsman.org.uk](mailto:pensions-ombudsman.org.uk)**

If you have general requests for information or guidance concerning your pension, head to the MoneyHelper website.



**[moneyhelper.org.uk](http://moneyhelper.org.uk)**

## Contact us

The Church of England Pensions Board is the trustee and administrator of DBS.

Our office is located at Church House, 29 Great Smith Street, SW1P 3PS.

You can also contact us at:



**Church of England Pensions Board**  
**PO Box 2026**  
**Pershore**  
**WR10 9BW**



**0207 898 1802**



**[pensions@churchofengland.org](mailto:pensions@churchofengland.org)**