MY MEMBERSHIP

APRIL 2024

Defined Benefit Scheme (DBS)

Church Workers Pension Fund

THE CHURCH OF ENGLAND

PENSIONS BOARD

Contents

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.

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

How I become a member

If you are new to DBS, you usually join from the first day you start employment, or within three months of starting, 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 do not meet these criteria. Ask your employer if you are unsure whether you will become a member.

The earnings trigger is set by the Government and is reviewed every year.

Opting out

You do not have to join. You can opt out, but it is important you consider the benefits you will lose. If you opt out, your employer will not pay into your pension, and you will lose your life cover.

If you want to opt out, contact us for an 'opt out notice.' We cannot send this to your employer. This is designed to stop your employer pressuring you to opt-out.

Automatic enrolment means your employer may enroll you again in the future. You can opt out again if that happens.

Opting back in

If you change your mind after opting out, you can re-join. To opt back in, contact your HR team for an 'opt in notice.'

Life cover

Your pension comes with life cover, which pays a lump sum if you die in service with your employer. There is no need to provide evidence of health.

This lump sum is two times your pensionable salary over the previous 12 months.

Transferring in other pensions

We do not accept transfers in. We stopped accepting these in October 2008.

If you transferred in before October 2008, this usually bought extra pension in our Pension Builder Classic (PB Classic) scheme.

Other pensions with the Church of England

If you have a pension with us from other employment within the Church, we need to keep these separate. We cannot combine pensions together.

We need to do this so we charge the correct employer's the correct amounts.

Paying into my pension

Employer contributions

Your employer will meet all, or the majority of the cost of providing your pension. The amount can change over time, depending on a range of factors such as economic conditions and life expectancy.

What do I pay?

Your employer may ask you to contribute towards the cost of providing your pension. It will be a percentage of your pensionable salary. This is usually your basic pay, but it might be more or less than this. Ask your employer if you are not sure.

How does tax relief work?

Any contributions you pay are taken from your monthly salary, so you receive tax relief up-front.

If you are a 20% taxpayer, you receive 20% of your contributions back into your pay each month. If you are a 40% taxpayer you receive 40% back into your pay each month.

If you do not pay tax, unfortunately you do not get tax relief.

Additional Voluntary Contributions

You can save extra into your pension to increase your retirement income. This is called Additional Voluntary Contributions, or AVCs. Saving AVCs buys you extra pension in our Pension Builder Classic (PB Classic) scheme.

You can only save AVCs while you are an active member.

The easiest way is to save a monthly amount through your salary. Your employer's payroll will take this from your salary, so you receive immediate tax relief at your top rate of tax.

You can increase, decrease, stop or start any time.

To start paying or change your AVCs, fill out an AVC form and send this to us. An AVC form is available on our website.

Paying a lump sum can be a great way to give your AVCs a big boost. But be careful, you only receive tax relief on your taxable earnings.

If you are thinking of paying a large amount, speak to a financial adviser first to check how much tax you can claim back.

As you will have already paid tax on the lump sum you pay in, you can claim the tax back by competing a self-assessment tax return at **www.gov.uk/self-assessment-tax-returns** HMRC usually refund you **after** the tax year has ended.

Do AVCs have a downside?

Once you pay AVCs, your savings are usually locked in. Make sure you pay AVCs at a time that suits you and when you can afford to pay in.

If you feel you might need or want access to your money before you retire there are other tax effective ways to save, such as ISAs. But, being locked away until you retire means your money is there when you might need it most.

Tax limits

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

To work out how much Annual Allowance you have used, we look at how much your pension has gone up by over the tax year, allowing for inflation, and we multiply this amount by 16. Working this out can be complicated, so ask us to calculate this for you.

If you exceed this during a tax year, you may have to pay tax on the excess.

If you go over your Annual Allowance with us, we will let you know by October the following year. Your other pension providers will do the same.

As your Annual Allowance cap applies to all your pensions, you might use up different amounts with more than one pension and go over your annual limit without anyone telling you. It is down to you to keep track of how much Annual Allowance you use.

You can find out more about Annual Allowance at:

gov.uk/tax-on-your-private-pension/annual-allowance

How my pension works

You build up a pension based on your length of service and your final salary, which is yours to take when you are ready.

Find out what the ways you can take your pension in the 'My retirement' guide.

How much might my pension be?

This depends on:

- how many years and days you are part of the pension scheme (this is called your 'pensionable service')
- your salary over the last 12 months of your membership (this is called your 'final pensionable salary')
- the accrual rate, and whether this changed over time

If you worked part time, or had a period where you didn't work, we will pro-rata your pensionable service for this period. This means you will earn slightly less pension for any of these periods.

Your accrual rate is how quickly you build up pension. It will either be 1/60th, 1/80th or 1/100th.

For example, if you worked for 30 years and your accrual rate was 1/60th, you will have built up 30/60ths (or one-half) when you retire. You'll then receive a pension equal to one-half of your final pensionable salary.

We can send you an estimate of what your pension might be when you retire.

Does my pension increase?

Your pension increases differently before and after you retire. Find out more in our 'My pension if I leave' and 'My retirement' guides.

When can I take my pension?

You can access your pension at any age from 55 onwards. The Government will be increasing this to age 57 from April 2028.

If you take your pension before your Normal Pension Age, which could be 60, 62, 65 or 68, we need to reduce your pension for early payment.

If you take your pension after your Normal Pension Age, you will either continue to earn more pension if you are still an active member, or we will increase your pension for late payment if you have already left.

Further information

Your pension on divorce

If you divorce or your civil partnership is dissolved, the court may take your pension into account as part of your settlement.

The court may decide part of your pension must be shared with your ex-partner. Please let us know if you need information about your pension and divorce.

State pension

Your State Pension is separate to your DBS pension. We recommend you find out more about your State Pension entitlement to help you plan for retirement.

For more information and a forecast visit

gov.uk/check-state-pension

Family leave

This includes:

- Maternity
- Paternity
- Shared parental leave
- Adoption leave

Ask your employer what their policy is on pension contributions during family leave. You can also find out more about pensions during this period at

churchofengland.org/pensions-technical

Sick leave

If you are too ill to work, you will receive Statutory Sick Pay (SSP) if you normally earn more than the Lower Earnings Limit. SSP is treated as part of your earnings, or basic pay so you will keep earning pension while you receive SSP.

During sick leave, any contributions you pay will be based on your actual earnings. If your SSP is less than your usual pay, your contributions will go down too.

Unless there is something in your employment contract that sets a contribution rate, or your employer agrees to pay more, their contributions will decrease as well. This means you will build up pension at a slower rate until you come back from SSP.

You will still be covered for life cover while you receive SSP.

Once your SSP runs out, it is up to your employer whether contributions continue.

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

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

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:

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PO Box 2026
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