MY RETIREMENT

APRIL 2024

Church of England Funded Pension Scheme (CEFPS)

THE CHURCH OF ENGLAND

PENSIONS BOARD

Contents

3
My pension at a glance

4
Choices we offer
Pension for life
Early retirement
Late retirement
Tax-free cash
Pension for a spouse or civil partner
Reaching maximum pensionable service
Taking my pension and later taking up remunerated work

5
How to apply for my pension

6
Choices with other providers

10
Disputes and complaints

11
Contact us

My pension at a glance

This is one of five booklets that explain the Church of England Funded Penson Scheme (CEFPS). CEFPS is a defined benefit pension scheme. You build up pension based on your length of pensionable service and the National Minimum Stipend.

My membership	Joining is easy, it is usually automatic if you are in stipendiary ministry. The cost of your pension is covered by your Responsible Body, but you can save more. You can usually transfer other pensions into our AVC scheme.
Boost my pension	You can boost your retirement savings in a very tax efficient way. Our 'Lifestyle' option is our default strategy if you do not want to choose your own investments. We offer other low-cost investment options if you would prefer to pick your own.
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 3 months, we will keep your pension with us and increase it before you retire. You can transfer your pension. If you leave within 3 months, 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 two-thirds 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 three times the National Minimum Stipend. Your pension is guaranteed for one year. If you die within this time, we will pay the remaining amount as a lump sum to your beneficiaries.

Choices we offer

Remember, you must give up your current post before you can access your pension.

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 April, in line with the Retail Prices Index (RPI), up to a limit.

- Any pension you earned before 31 December 2007 increases by RPI up to 5%
- Any pension earned after this increases by RPI up to 3.5%.

Early retirement

The Normal Pension Age (NPA) increased from 65 to 68 from 1 January 2011. This change was agreed by Synod.

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.

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.

You usually need to stop stipendiary ministry at age 70, unless you have permission from your Bishop. At this point, you can access your pension.

If you have already left CEFPS and you take it after your NPA we will increase, as we might pay it for a shorter period.

Tax-free cash

We will pay you an automatic tax-free lump sum. This is usually three times your pension, but can be different if you retire early or late.

You can give up part of your pension for an extra tax-free lump sum. If you choose this, your pension will be less for your lifetime.

If you have saved Additional Voluntary Contributions you can put this towards your extra tax-free lump sum. This means you can give up less, or no pension to reach your tax-free limit.

Pension for a spouse or civil partner

We will continue to pay two-thirds of your pension to your spouse or civil partner when you die. We will pay this to them for their lifetime.

When you retire, if you decide to give up part of your pension for an extra tax-free lump sum, we will still pay two-thirds of your original pension.

Reaching maximum pensionable service

Once you reach your maximum pensionable service, you will not earn extra pension, but your pension will still increase each year in line with the National Minimum Stipend.

Taking my pension and later taking remunerated to work

Providing you have not retired on health grounds, you can take up remunerated work in retirement and this does not affect your pension. Check which tax bracket your pensions and any remunerated work puts you in.

If you take up a stipendiary post after you access your CEFPS pension, you will be enrolled in NEST and earn extra pension in this for this period of service.

How to apply for my pension

1. Tell your Responsible Body or Diocese your retirement date. They usually ask for at least 3 months' notice.

2. Tell us the date you would like to retire. Telling us late can delay payments.

3. We will send you your application form with your retirement choices.

4. Complete and send your application form back to us with any certificates.

5. If you are in stipendiary service, we check your retirement date with your Responsible Body or Diocese.

6. We pay your lump sum shortly after you retire. Your pension will start at the end of the month.

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.

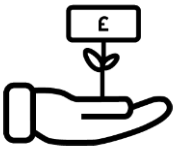
To make it easy for you to get advice and explore whether transferring might be good for you, find out how we can help you find a financial adviser at:

churchofengland.org/financial-advice

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

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.

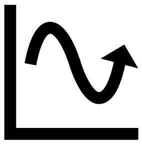
It is worth knowing what you will do with the money. If you leave it in the bank and inflation increases, it will reduce the spending power of your money.

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

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.

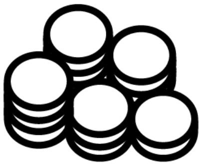
As you get to pick how much you want and when you want it, your income is not guaranteed to last as long as you live. The more money you take out in the early years, the less is left for the future.

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

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

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

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

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 CEFPS.

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

You can also contact us at:

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