THE CHURCH OF ENGLAND

PENSIONS BOARD

You and Your Pension Webinar

Tuesday 7th May

Additional Q&A

Thank you for sharing your questions with us.
We tried to answer as many member questions as time allowed for on the 7th May. Here are the answers to those questions we didn't cover in the sessions, along with written answers to some frequently asked questions.

Please note that where we had a number of questions on a similar theme, these will have been grouped so that only one question appears here. We have also edited some questions e.g for brevity and privacy. This might mean some questions are worded differently to how they were submitted.

If you have any further questions or comments please email cepbfeedback@churchofengland.org

General questions

1 **I have a pension elsewhere. Is there a benefit to leaving it there, or would it make sense to transfer it to my CofE Pension?**

Our answer:
It very much depends on your circumstances, including what type of pensions you have elsewhere. So that you can keep on top of your pensions and not lose track of them, it can be a good idea to have a small number of bigger pensions rather than lots of small ones. But everyone's circumstances are different, and it might be worth seeking some proper financial advice (in fact, if your pension is worth more than £30k there is a legal requirement to do so before making a transfer).

We only accept transfers into some of our schemes. To summarise:

For the clergy scheme you can usually transfer defined contribution pensions you have into Additional Voluntary Contributions (AVCs), with us. You wouldn't be able to transfer any pension earned with another employer into the Church of England Funded Pensions scheme.

Similarly **for CWPF**, unfortunately you can't transfer other pensions in. This is because these schemes offer defined benefit pensions, where any money saved into them comes with a guarantee to members, the cost and risk of which is met by participating organisations.

For **anyone in CAPF**, if you joined the NCIs after July 2006, and are in the CAPF DC scheme you can transfer other DC pots to us.

If you are considering a pension transfer into one of our schemes, please contact the Pensions Admin team who would be happy to talk to you about arrangements for your particular Church Pension.

2 **I have a few defined contribution pensions. Should I combine them?**

Our answer:
Again, it can be difficult to know whether this is a good thing to do. However, when you come to access a defined contribution pension pot, you typically have three choices:

1. Buy a guaranteed income for life, called an annuity
2. Take a flexible income that goes up and down when you need it to, called income drawdown
3. Take the whole pot as cash, with 25% being tax free and the rest taxed as income

The bigger your pot, you could see more favourable terms for option 1 and 2, so combining your defined contribution pots could be worthwhile. Everyone's circumstances are different, and it might be worth seeking some proper financial advice before making a change. The Board has partnered with Ecclesiastical Financial Advisory Services to offer members access to discounted independent financial advice. For more information go to: **Helping you find financial advice | The Church of England**

3 **What happens to my pension when I die?**

Our answer:
The arrangements differ from scheme to scheme:

For the clergy scheme we will continue to pay 2/3rds of your pension to your spouse or civil partner. If you sadly die in service before you retire, we will also pay a tax-free lump sum of 3x the previous years' National Minimum Stipend.

If you have saved AVCs, we will pay this as a tax-free lump sum to your loved ones

For CWPF DBS, PB Classic and CAPF DB, if again you sadly die before retire we will continue to pay 50% of your pension to your spouse or civil partner. We will also pay a multiple of your salary as a tax-free lump sum. If you die after retiring, we may pay a pension to your spouse or civil partner, depending on whether you chose this option when you retired.

For all spouse or civil partner pensions, if your spouse or partner is more than 10 years younger than you, we usually reduce the pension paid as we are likely to pay it for longer than anticipated.

For **anyone in CAPF DC and PB 2014**, we will pay the full amount that is in your pension pot to your loved ones.

4 **When I retire, can I take my pension early?**

Our answer:
Yes, but if your pension is a defined benefit pension (one that pays you a monthly pension) it will be reduced as we are likely to pay your pension for longer.

If you have a defined contribution pension or are a member of PB14 (where you save into a pot of money for your retirement), taking it early could mean it has less time to grow.

5 **When you retire, do you have to take your pension immediately? If not, what happens to it between the time you retire and you claim it?**

Our answer:
No. You can leave your pension with us, and take it later.

If you are in a defined benefit scheme that pays a regular pension (e.g. CEFPS, CWPF DBS, CAPF DB, PB Classic), we will usually add a late retirement increase when you then decide to take your pension as we will be paying your pension later than expected.

For CAPF DC members, your funds will just stay invested for longer in your preferred investment route (although for those in our default fund, it's worth noting that your savings will switch as you get closer to your target retirement date into cash and other assets that make your pension easier to access). For PB 2014 members, your pot stays invested and will keep receiving bonuses.

However, think carefully before leaving your pension too long as it can sometimes make sense to start receiving your pension into your bank account so you can make the most of this money rather than leaving for a later date.

6 In my annual pension statement, where it predicts how much money you'll get per year, does this assume you'll keep paying into your pension for the next X years (until retirement) at the same rate? (e.g. on page 4 of the online statement?)

Our answer:
Yes, it does. If you think your working pattern or pay might change in the future then your pension will change too, but we won't necessarily have factored that into your statement. You can always speak to us to check how different changes might affect your pension.

7 How can I find out what my pension might be in the future?

Our answer:
The answer to this can be found in your benefit statement, which we send you every year to help you keep an eye on your pension. This will be uploaded to your account on PensionsOnline, unless you have opted to have a paper copy. If you haven't yet registered for PensionsOnline, and want to do so, please email pensions@churchofengland.org to get your registration code.

If you are wondering how your pension estimate might change if you retire earlier or later than your planned retirement age, then we can help with this. For Clergy, there is a great tool on PensionsOnline where you can run estimates to find out what your pension might be in the future.

For members in other schemes, please just get in touch with us if you want to know what your pension might be if you retire on specific dates.

8 Do I have to pay for advice?

Our answer:
There is usually a fee for accessing independent financial advice. Depending on the advice you need, the costs can add up. If you are thinking of taking independent financial advice then make sure you ask what the fee will be before you proceed. For more information on where to start in finding an independent financial advisor, please go to: **Helping you find financial advice | The Church of England**
The Board has partnered with Ecclesiastical Financial Advisory Services to offer members access to discounted independent financial advice. You can find more details on this at the page above.

If you would just like to speak to someone for guidance around how your pension works to help inform your plans, you can speak to the Pensions Board at any time.. But, we can't give advice or tell you what you should do.

Questions about saving Additional Voluntary Contributions (AVCs)

9 If I save £100 a month, what difference will this make to my pension?

Our answer:
The answer here depends on which scheme you are in.

For Clergy and CAPF DC members, your money is invested through Legal & General. We don't know with certainty how much it will be worth when you retire, or what pension it might buy you, as it depends on financial conditions at that time. However, if you do start saving money into your AVCs each month, we will send you an annual statement letting you know how your AVCs are progressing, and where they might be in the future based on conditions now.

For our other schemes, your AVCs are invested alongside your Church pension. We can therefore usually give you a broad estimate of how much extra pension your savings will buy you.

10 I only have a few years to go before I retire, is it still worth saving AVCs?

Our answer:
Yes, it certainly can be. As AVCs are deducted from your stipend or pay before tax, you will still receive tax relief on your contributions and we can pay at least 25% of your AVCs back to you tax-free when you retire (and sometimes more).

If you would like to start saving AVCs, let us know and we can email you the form to set this up. Or if you are registered for PensionsOnline, you can let us know through filling out a form online.

11 Can I save a lump sum into my AVCs and is there a limit?

Our answer:
Yes. This can be an excellent way to give your AVCs a boost. As you will have already paid tax on this money, you can claim a tax rebate by completing a self-assessment tax return.

Everyone has a tax-free limit on how much they can save, and it includes how much your employer saves into your pension for you. This is your taxable earnings for the year, or £60,000 whichever is lower. Generally, for most of our members, if you are thinking of savings more than £10,000 as a lump sum, you might not receive the full tax-relief, so you could think about splitting this over two tax years.

12 What's the benefit of saving AVCs compared to saving into a private pension?

Our answer:
All AVCs you make with us or with saving into a private pension receive the same tax relief when you save money in. The real difference is what happens when you take the money out.

If you save AVCs with us, we can usually pay more than 25% of your AVCs back to you tax-free, meaning you get more of your money back. This is because we link your AVCs to your main pension. If you would like to know more about how this works for you, please get in touch.

It's worth considering though whether you feel you would like to have your pensions in one place. Having them separate means you can access money from other places at different times, if you need to.

13 Can I still save AVCs after I leave service?

Our answer:
Sadly no, as you need to be an active member to save AVCs with us.

14 I saved AVCs a long time ago but I'm not sure what happened to them. Can you help?

Our answer:
If you saved AVCs with us, then we will have a record of it. Please get in touch with us and we can update you on how your AVCs are doing.

If you saved AVCs with another company, and you can remember who this company was, it is worth speaking to them and asking for an update.

Questions about the retirement living standards

15 I assume the annual living sums (as covered in your presentation) are before tax? And what amount does a couple need to live off?

Our answer:
As a reminder, here is a link to the retirement living standards - Home - PLSA - Retirement Living Standards, which can provide a useful guide about what income you might need in retirement to help inform your future plans. Figures are offered for single people and for couples.

The Retirement Living standards are based on Pensions industry and academic research as to what people might need spend to achieve a certain level of living in retirement, so are after tax is taken off.

State pension questions

16 Are you able to explain how you receive credit towards your State pension while receiving child benefit?

Our answer:
You should automatically receive credits towards your state pension while receiving child benefit, but if you are unsure of how this works, this is a great place to start **-** Child Benefit and the State Pension | MoneyHelper