

Church of England Funded Pension Scheme

Scheme Information

June 2024

This information sheet covers the most common questions we are asked by financial advisers. Please read it in conjunction with the information available on our website [churchofengland.org/about/pensions](https://www.churchofengland.org/about/pensions) before contacting us for more information.

The Church of England Pensions Measures (CEPM) is a statutory scheme and provides benefits to clergy in respect of service before 1 January 1998. The benefits earned before 1 January 1998 are provided by the Church Commissioners and there are some restrictions on transferring this part of the pension. A transfer from CEPM must be completed before a member's 64 birthday and the whole value of the CEPM benefits must be transferred.

The Church of England Funded Pension Scheme (CEFPS) is a defined benefit scheme that provides benefits to clergy for service from 1 January 1998. Transfers and partial transfers are permitted from the CEFPS up to Normal Retirement Age (NRA).

Both the CEPM and CEFPS are non-contributory schemes.

CEPM is closed to future accrual but is linked to pensionable remuneration and is an unfunded scheme. CEFPS is open and is fully funded at the last valuation. There are no amendments to the Scheme planned.

Active members do not have a statutory right to transfer out.

Pension Scheme Tax Reference number

00427646RA

Normal Retirement Age

Scheme pension built up before 1 January 2011 has a NRA of 65 and Scheme pension built up after 1 January 2011 has an NRA of 68.

Retirement benefits are calculated using pensionable service and the National Minimum Stipend (NMS) from the previous financial year. This applies to both active and deferred members. For deferred members we then measure this against the increases in inflation (S52A) and pay the larger amount.

We calculate pensions as follows:

service before 1 January 2008

$(\text{service} / 37) \times (2/3 \times \text{NMS})$

service between 1 January 2008 and 31 December 2010

$(\text{service} / 40) \times (2/3 \times \text{NMS})$

service since 1 January 2011

$(\text{service} / 41.5) \times (1/2 \times \text{NMS})$

The appropriate early retirement factors are then applied.



Early retirement factors

The earliest a member can retire from the scheme (unless retiring from ill health) is age 55. The Government will increase this to age 57 from 6 April 2028.

The following reductions currently apply:

- 4.5% a year, compound on pension benefits; and
- 3.5% a year, compound on lump sum benefits.

We pro-rata this for each complete month a member retires early.

These were last reviewed in January 2024 and became effective on 1 April 2024.

Late retirement factors

If a member leaves service before their NRA and retires after their NRA, the following increases currently apply:

- 6% a year, compound on pension benefits; and
- 6.5% a year, compound on lump sum benefits.

We also add on any missed pension increases the member would have received if they had retired at their NRA.

These were last reviewed in January 2024 and became effective on 1 April 2024.

Discretionary increases over the last 5 years

The rules give discretion to the Church Commissioners (for CEPM) and to the Board (for CEFPS) to review pensions in payment from time to time.

Year beginning 1 April	Discretionary Increase
2020	0%
2021	0%
2022	0%
2023	10.1%
2024	6.7%



National Minimum Stipend over the last 10 years

Year beginning 1 April	NMS	Increase
2015	£23,250	2%
2016	£23,440	0.8%
2017	£23,800	1.5%
2018	£24,280	2%
2019	£24,770	2%
2020	£25,265	2%
2021	£25,265	0%
2022	£25,518	1%
2023	£26,794	5%
2024	£28,670	7%

Commutation factors

Age	Pre 1 January 2008 pension	Post 1 January 2008 Pension
55	20.722	19.380
56	20.353	19.058
57	19.977	18.728
58	19.593	18.390
59	19.200	18.044
60	18.797	17.687
61	18.384	17.320
62	17.960	16.943
63	17.525	16.554
64	17.079	16.154
65	16.622	15.744
66	16.157	15.324
67	15.683	14.896
68	15.203	14.460
69	14.717	14.018
70	14.227	13.571
71	13.732	13.118
72	13.233	12.660
73	12.729	12.196
74	12.220	11.726
75	11.704	11.249

Benefits are commuted proportionately.

These factors were reviewed in January 2024 and became effective on 1 April 2024.



Additional Voluntary Contributions (AVCs)

Members can pay AVCs whilst in active service. AVCs can be used on retirement to increase the tax-free cash lump sum or transferred out, they cannot be used to buy additional pension in the scheme.

AVCs cannot be left in the scheme if the main scheme benefits are transferred.

Full details of the AVCs available can be found in our 'Boost My Pension Guide' at: churchofengland.org/about/pensions/clergy-pensions

Current CETV basis

CETVs are not enhanced or reduced.

No allowance is made for discretionary increases to pensions in payment which could become payable in the future.

CETVs are guaranteed for 3 months from date of calculation. The member must apply to transfer in writing within these 3 months, and we must receive the member's proof of independent financial advice within 3 months and 10 days. If we receive the transfer paperwork and evidence outside of this time, the CETV will be recalculated and new forms issued.

We do not limit the amount of CETVs a member can have, but we will not provide a new CETV until the guaranteed period has ended. We do not charge for additional CETVs.

Legislation requires us to ensure that transfer values are the 'best estimate' cost of paying a pension and lump sum. To work this out we consider the expected return on the pension scheme's investments at the time of calculation. We update our terms monthly for the impact of market changes on the expected returns on the scheme's investments.

The CETV factors were last reviewed in January 2024 and remained unchanged from January 2023.

Latest report and accounts and summary funding statement

These can be found at churchofengland.org/about/leadership-and-governance/church-england-pensions-board/pensions-board-membership/pensions

Covenant Assessment

The covenant of the Clergy Scheme is monitored regularly between valuations. The 2023 covenant assessment was reviewed in January 2024 and was found to be inline or better than previous ratings. Further details are withheld due to confidentiality of individual Dioceses.



Scheme equalisation

Retirement ages under CEPM were equalised on 1 January 1996 for existing members. Benefits were equalised for new joiners from 1 January 1992. CEFPS provides benefits for service after 1 January 1998 so equalisation is not applicable.

GMP equalisation

GMP benefits have not been equalised.

GMP benefits

CEPM was contracted out of the State Earnings Related Pension Scheme (SERPS).

ECON: E3804273B

SCON: S2731023Y

CEFPS was contracted out of SERPS and the state second pension and ceased to contract out on 1 January 2011.

ECON: E3804273B

SCON: S2803739D

GMP benefits are not revalued separately but S148 revaluation is used if needed.

If a member takes their benefits before GMP age, notional GMP benefits are increased in line with RPI up to 5%. Benefits are not redistributed at GMP age and continue to be increased as excess.

If a member retires after GMP age we increment their GMP in line with DWP rules, and the increment is added to the scheme pension.

Benefits payable on retirement

The scheme operates in the post A-Day tax regime. There are no protected lump sums. We do not provide any fund or lump sum values at A-Day.

Members have an automatic tax-free lump sum. This is usually three times the pension when retirement is at or after NRA. If a member retires early, the lump sum reduction factors shown above are applied.

Members can increase their tax-free lump sum up to the maximum allowed by HMRC by commutation or by using their Additional Voluntary Contributions.

Pensions are paid monthly, in arrears, on the last working day.

There are no additional pension options.

Pension increases in payment

Scheme pension built up before 1 January 2008 is increased in line with September Retail Price Index up to 5% every 1 April.

Scheme pension built up after 1 January 2008 is increased in line with September Retail Price Index up to 3.5% every 1 April.



Death benefits before retirement

If a member dies before they retire, we will pay a pension to their spouse or civil partner of two-thirds of the pension the member would have received if they retired due to ill health.

We will also pay a pension to their children if they are under 18, or under 23 and still in full-time education. We will pay this pension until they leave full-time education or 23, whichever is first.

The maximum children’s pension payable is one-sixth of the member’s pension. The total pension paid to their spouse or civil partner and children cannot exceed the amount of the member’s pension.

If the member dies while in active service and under age 75, we will pay a ‘life cover’ lump sum equal to three times the previous year’s NMS. This amount is pro-rata if the member is part time.

If the member has left the scheme, but not yet taken their pension, no lump sum is payable.

Death benefits after retirement

If a member dies after retiring, we will pay two-thirds of their pre-commuted pension to their spouse or civil partner.

We will also pay a pension to their children if they are under 18, or under 23 and still in full-time education. We will pay their pension until they leave full-time education or 23, whichever is first.

The maximum children’s pension payable is one-sixth of the member’s pension. The total pension paid to their spouse or civil partner and children cannot exceed the amount of the members’ pension.

If a member dies within one year of retiring (unless they retired from ill health) we will pay the remainder of their first year’s pension to their estate.

If a member dies within one year of retiring from ill health and is under age 68, we will pay a lump sum equal to:

	3 times the National Minimum Stipend
less	
	the automatic lump sum
less	
	the remainder of their first year’s pension

If a member dies after their first year of retirement from ill health, but within three years of retiring and is under age 68, we will pay a lump sum equal to:

	3 times the National Minimum Stipend
less	
	the automatic lump sum



Our member's guide 'My Pension If I Die' can be found at:
[churchofengland.org/about/pensions/clergy-pensions](https://www.churchofengland.org/about/pensions/clergy-pensions)

To approve ill health pensions, we need to assess whether a member meets the definition of 'incapacity', set by General Synod. We do not have discretion over the definition.

The definition is '*You have a medical condition that prevents you from performing the duties of your office, and is likely to be permanent*'.

Our ill health retirement guide can be found at: **[churchofengland.org/about/pensions/clergy-pensions](https://www.churchofengland.org/about/pensions/clergy-pensions)**

Retirement Housing

Details about our housing services can be found at: **[churchofengland.org/resources/clergy-resources/retirement-housing](https://www.churchofengland.org/resources/clergy-resources/retirement-housing)**

This information reflects our understanding of current legislation and practice. Its is reviewed and updated on a regular basis.

