

## **To all churches and other employers with a financial commitment to the DB Plan of the Baptist Pension Scheme**

### **Baptist Pension Scheme (BPS) Update on the Family Solution and Double Cessation Events**

**This communication is for information only and you do not need to take any action as a result of it.**

Dear Friends,

In January we provided your organisation with an update on the implementation of the Family Solution, including brief information regarding “Double Cessation Events”.

As a reminder, as part of the Family Solution and as a direct result of the £33m additional contribution from the Baptist Union of Great Britain (the Union), the Pension Scheme Trustee and the Union have agreed a mechanism which allows us to overcome the unfairness of the double counting of liabilities for a certain group of employers, without any material cost to the scheme or those employers.

#### **The issue**

This issue relates to an inconsistency in pensions legislation which affects employers who have already incurred, or might in the future incur, two or more cessation events<sup>1</sup>. Under the legislation, an employer debt must be calculated in respect of each cessation event and some periods of service are effectively double counted as they are included in each debt calculation. This means that any employer in this situation would have to pay a part of their employer debt twice or more. This issue directly affects approximately 350 scheme employers, all but one of which are Baptist churches.

#### **The solution**

The solution agreed by the Pension Scheme Trustee and the Union is to use the £33m additional contribution from the Union to notionally settle that part of each affected employer’s liability which is subject to “double counting”.

The effect will be to address the unfairness of double counting and put the affected employers in the same position as those scheme employers which are not affected by the double counting issue.

This solution does not unfairly advantage the affected employers. Each one will still have a liability to the scheme based on the past service of all their Ministers. The solution is just relieving these employers of the unfairness of potentially being liable to pay some, or all of their liabilities to the scheme twice.

Nor does the solution have any adverse impact on the other employers who are not affected by the double cessation issue, as the £33m is paid into the scheme in any case and so benefits everyone.

## **Next steps**

If you are one of the affected employers, then we will be writing to you in the coming weeks with an information pack. This will allow you to consider the specific circumstances relating to your organisation and explain what you need to do next.

### **Chris Maggs**

Moderator for the Baptist Pension Scheme Trustee

### **Tim Jackson**

Moderator, Baptist Union Scheme Employers Group

<sup>1</sup> A cessation event occurs when an employer stops having active members in the BPS. That employer then has to pay a debt to the BPS equal to its share of the deficit at the time.