



Pensions

The Defined Benefit (DB) section of the Baptist Pension Scheme (BPS) provides benefits for service up to 2011. At the end of June 2022 the scheme signed an agreement with the insurance company Just Group ('Just') to secure the pension benefits of members of the DB section. This agreement is referred to as a 'buy-in policy'. It follows a similar agreement with Just in 2019 that covered most pensions in payment at that time. The combined agreements mean that Just are now providing financial backing for all DB pensions provided through the Scheme's DB Plan.

The deal with Just took the Scheme out of a shortfall position for the first time in two decades. In the light of this improved position the Baptist Union and the Trustee of the BPS agreed that deficit recovery contributions from each participating employer in the DB Plan would reduce to just £1 per month from August 2022. Because Pension regulations require the Recovery Plan to be based on the most recent full valuation, which reflects the status at the 31 December 2019, it was not possible to fully reflect the current funding position. Therefore, to enable the reduction in contributions to £1 per month for all other employers the Union was required to agree to a contribution of £6m by the end of June 2026 being part of the Recovery Plan. It is anticipated that once the actuarial valuation as at 31 December 2022 is completed, this contribution will no longer be required and therefore the probability of such a contribution being actually made by the Union is low. Further, to provide the Trustee of the BPS with security of funding, the Union placed a sum of £3m into an escrow account, which can be drawn on in the event that the DB section requires further funding.

The DB section is now progressing work towards a buy-out of the scheme which will result in the beneficiaries receiving the benefits they are entitled to directly from Just. The Trustee of the BPS currently believes that the wind-up of the DB section can be completed without the need for any further funding from employers, although this is not certain. The buy-out is anticipated to complete in 2024.

£1 per month

Deficit Contributions reduced to £1 per employer per month, saving employers in the DB scheme a total of around £5m per annum.

Deficit Eliminated

DB Scheme deficit eliminated and benefits underwritten by an insurer

Since 2012 the BPS has provided a Defined Contribution (DC) section for ministers and other staff of churches and other Baptist employers. This allows employers to offer a high-quality pension scheme tailored to Baptist needs. This section holds over £60m of assets on behalf of more than 2,100 members. The DC section was designed in a way to ensure that employers did not suffer Cessation Events in relation to the DB section that would necessitate payment of substantial employer debts. Given that this requirement will fall away on completion of buy-out of the DB section, the Union, in conjunction with the Trustee of the BPS is currently considering the most appropriate future structure for the DC scheme. This review is expected to conclude in 2023.

UNDERPINNING SUPPORT