



PLANNING FOR RETIREMENT

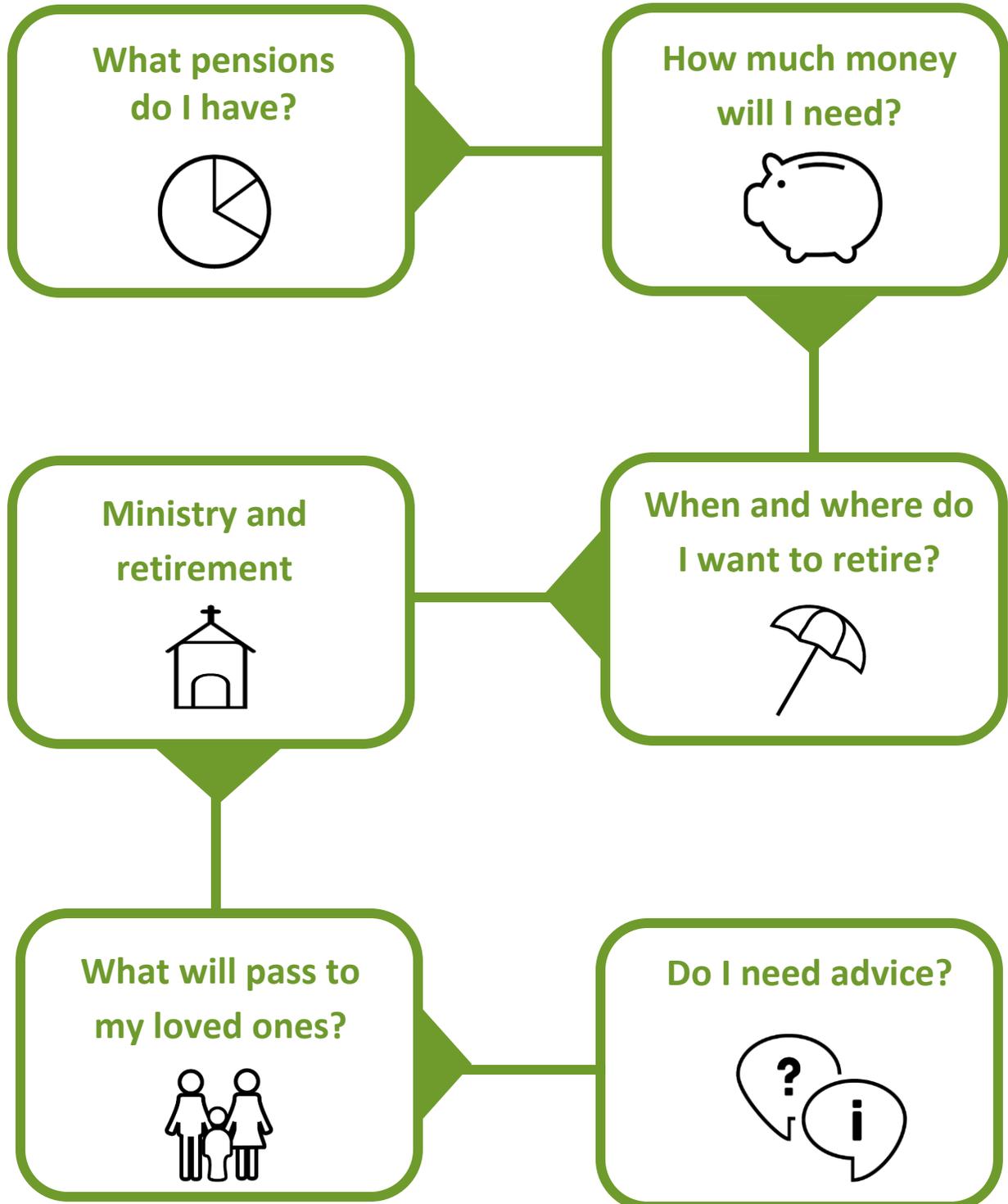
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Whether you are considering retiring now or planning for the future, this guide aims to highlight things you can start thinking about to help you plan ahead.

 THE CHURCH
OF ENGLAND

PENSIONS BOARD

What should I think about now?



What pensions do I have?

A really good way to start planning for retirement is to check what pensions you have, and more importantly what they will pay you.

It is worthwhile spending some time every now and then to add up all your pensions. This will give you a good idea of how much income you will have in later life.

Getting updates from all my pensions

Start getting in touch with all your pension providers to find out how much pension you have with them and what choices they offer.

If you have old statements, their contact details should be on them. Look for your reference or policy number, they will need this find your pension. If you are not sure what you should ask your pension providers, there is a helpful letter template at:

 moneyadvice.service.org.uk/en/articles/letter-templates#tracing-pensions

How can I track my pensions?

You might have lost track of a pension, or even have a pension from an old job you did not know you had. The Government has a helpful website where you can find all your pensions:

 gov.uk/find-pension-contact-details

What type of pension are they?

Check which type of pension you have. There are two types of pension in the UK:

1. **Defined benefit** – this type of pension is linked to your length of service and your salary. They are sometimes called “final salary” pensions. They promise a specific income and you’ll receive a guaranteed amount of pension for life, and part of this usually passes to your dependants when you die. You will also be able to take a tax-free lump sum.
2. **Defined contribution** – with this type of pension you build up a pot of money that goes up and down depending on contributions that go in, and investment performance. You will not know how much will be in your pot until you take it. You can use this pot to provide regular or flexible income.

If you are unsure which pension you have, ask your provider or head to:

 pensionwise.gov.uk/en/pension-type-tool

How much will my State pension be?

The State pension has changed in recent years, so it is worth checking your State pension from time to time. Find out all about your State Pension at:

 gov.uk/check-state-pension

How much will I need?

Once you have found out about your pensions, add these together to give you a good idea of what your retirement income might be.

Budgeting

When you retire, you might have to pay for certain things that you have not had to pay for during your ministry. These could be housing costs such as rent or mortgage, or a wide range of bills. It is important you get a feel for how much this is likely to be before you retire so you can budget for these.

Am I on track for a comfortable retirement?

It can be hard to imagine your life in retirement. To help with this, the Pensions and Lifetime Savings Association retirement living standards show what life in retirement looks like at three different income levels, and what a range of common goods and services cost for each. These figures are for a single person.

	MINIMUM	MODERATE	COMFORTABLE
SINGLE	£10,200 a year	£20,200 a year	£33,000 a year
WHAT STANDARD OF LIVING COULD YOU HAVE?	Covers all your needs, with some left over for fun	More financial security and flexibility	More financial freedom and some luxuries
 HOUSE	DIY maintenance and decorating one room a year.	Some help with maintenance and decorating each year.	Replace kitchen and bathroom every 10/15 years.
 FOOD & DRINK	A £38 weekly food shop.	A £46 weekly food shop.	A £56 weekly food shop.
 TRANSPORT	No car.	3-year old car replaced every 10 years.	2-year old car replaced every five years.
 HOLIDAYS & LEISURE	A week and a long weekend in the UK every year.	2 weeks in Europe and a long weekend in the UK every year.	3 weeks in Europe every year.
 CLOTHING & PERSONAL	£460 for clothing and footwear each year.	£750 for clothing and footwear each year.	£1,000 - £1,500 for clothing and footwear each year.
 HELPING OTHERS	£10 for each birthday present.	£30 for each birthday present.	£50 for each birthday present.

What if my retirement income is looking low?

You still have time to increase it. One way you can do this is by paying Additional Voluntary Contributions (AVCs). AVCs are a very tax efficient way to save for later life. You can find out more at:



[churchofengland.org/clergy-pensions](https://www.churchofengland.org/clergy-pensions)

When and where do I want to retire?

When do I want to retire?

One of the hardest parts of planning for retirement is deciding when to retire. You can currently access your pension from age 55 but the right age for you will depend on your circumstances and your retirement plans.

Before we can pay your pension, you need to give up your current position. This does not mean you have to give up work all together. You can take up future positions within the Church or outside the Church. This does not affect your pension.

Once you have picked a date you intend to retire, follow these steps.



Speak to your Archdeacon, Bishop or Diocese to let them know you are planning to retire



Email or call us and let us know your retirement date – we'll send you some forms and let you know your options



Sign your Deed of Resignation

Where do I want to retire to?

Deciding where to live when you retire can be exciting, but also very daunting. Picking the right property is just as important as the area you want to live. It is important you think about how suitable the property and area will be when you first retire, and if it is still suitable in later life.

Try not to leave this too late. Rushing to find a retirement property can add more pressure. The earlier you start looking, the more options you are likely to have. Our Housing team might be able to help you find a retirement property.



What type of property will I live in now, and is this suitable long term?



Where do I want to live in retirement?
Do I want to be closer to family or friends?



Will I have the resources to buy my retirement property, or will I need help?



Does this area have good transport links such as buses and trains?



Is there a Church nearby?



Are there shops nearby?

Help with retirement housing

We understand retirement can pose housing challenges for Clergy, above and beyond those other pensioners may experience.

If you are worried about where you might live, or whether you can afford a retirement property, we might be able to help you.

We offer three types of housing:

- Shared Ownership
- Rental
- Supported Housing

Shared Ownership

With Shared Ownership, you choose a property within our criteria and we purchase it. You need to put in at least 25% of the property value and we will put in the rest, up to a maximum of £150,000.

You will own your share of the property but pay rent on the share we own. You will be responsible for all the repairs, maintenance and improvements as well as building insurance and utility costs.

You need 5 years' stipendiary service to take advantage of this option.

Rental

We offer a wide range of retirement properties throughout England and Wales which you can rent for as long as you want.

We offer joint and sole agreements. We will take care of all repairs and maintenance which are a landlord's responsibility, so you do not have to worry about doing these yourself or paying for it.

You need 15 years' stipendiary service to take advantage of this option.

Supported Housing

We have seven Supported Housing schemes spread around the country with the aim to enable you to live as independently as possible within a Christian community.

We consider applications from all Clergy.

What should I do if I'm interested?

Start talking to us early. We would really like to know your plans. You can have an initial chat with us to kick start your housing plans. After this, we will come and meet with face-to-face to fully understand your retirement plans and needs. Call or email us at:



**020 7989 1824 (Monday to Friday
9am to 5pm)**



**housingservices@
churchofengland.org**

Ministry and retirement

Your diocese is a good place to start for help and guidance on preparing for retirement and continuing your ministry beyond this.

Find a pre-retirement course

Most dioceses offer pre-retirement courses, which offer a great opportunity to find out about a wide range of topics, such as:

- What you can do with your pensions, and wider financial planning
- How we can help you find a retirement property
- What to expect from your health during retirement
- Advice on setting up a Will and a Power of Attorney
- Emotional advice on the early years of retirement
- Spiritual guidance and continuing your ministry into retirement

These courses are independently run by each Diocese. Ask your Diocese or Archdeacon when they are running a course and how to book a place.

Continuing ministry until age 70

The Clergy Age Limit Measure means you must vacate your office at 70 unless you are a Dean or Suffragan Bishop, or on a contract of employment. You can continue after 70 on a temporary basis, with the agreement of your Bishop. You will still earn pension until you retire.

Apply for Permission to Officiate

If you would like PTO, you need to apply for this. Speak to your Bishop or Diocese if you would like to apply. If you move Diocese in retirement, applying for PTO can take longer as extra checks might be needed. Usually applying for PTO takes about 4 months.

You may want to apply for PTO before you retire or give yourself time to settle into retirement and your new surroundings first.

Can I receive a stipend and a pension?

Yes. If you resign your post and start to take your Clergy pension, you can take up another stipendiary post later on.

This will not affect your Clergy pension, but you must give yourself a 6-month break between posts. If you start a new stipendiary post, you will earn extra pension in NEST. You will not earn more Clergy pension.

Moving between Diocese

If you move to a new Diocese when you retire, you can ask your current Diocese to inform your new Diocese. This can help your new Diocese welcome you into the area.

You may be asked to have an induction with your new Diocesan safeguarding officer.

You can usually stay in your parsonage for up to 3 months after you retire.

Preparing for retirement timeline

**5 years
before
retirement**

Start getting updates from all your pensions

Start adding together all your pensions to check how much income you are likely to have in retirement.

Think about topping up your pension

Once you have added up all your pensions, compare this to the tables on page 4. If your pensions are looking low, you could top these up by paying AVCs. Find out more about AVCs at [churchofengland.org/clergy-pensions](https://www.churchofengland.org/clergy-pensions)

Book a place on a pre-retirement course

Ask your Diocese when their next pre-retirement course will be and book yourself a place. You can usually invite your husband, wife or civil partner. If your Diocese is not running a course, you might be able to attend a neighbouring Diocese's course.

Speak to our Housing team if you might need help finding a retirement property

The earlier you speak to us, the more help we can give you. It is always great to know your plans, even if they might change.

**Final year
before
retirement**

9 months before retirement – speak to your Bishop

Start conversations about retirement with your Bishop or Archdeacon. This can help you set a retirement date.

6 months before retirement – start speaking to us

Start speaking to us. Ask us for a retirement quote. We will send you some forms to complete so we can pay your pension.

3 months before retirement – give your notice

Give formal notice to your Diocese and sign your Deed of Resignation. You may also be asked about your thoughts on any future ministry.

What will pass to my loved ones?

It is difficult, but important to think about what you would like to happen to your pension when you die.

One of the biggest worries when a loved one dies can be money. This could be about how much money will be coming in each month, or whether there is enough to cover one-off expenses.

Making sure my husband, wife or civil partner is covered

If we pay you a pension for life, we continue to pay two-thirds of this to your husband, wife or civil partner after you die.

We will pay this for their lifetime, which can give them security to cover their living costs.

We can also pay a smaller pension to your children, if they are under 18 or under 23 and still in education.

We only pay a lump sum if you die within 12 months of retiring. So, if you would like to leave a lump sum to someone when you die, you need to plan for this.

If you would like to leave a lump sum to someone, you can buy your own life insurance.

Paying out a lump sum

You might want to leave a lump sum to your loved ones.

This does not have to be an immediate loved one, it could be an extended member of your family, or a friend.

If this is more important to your loved ones than an ongoing annual income, it could be worth exploring whether moving your money to another pension provider and taking advantage of the options they offer is better for you.

But be careful. Once you move your money you cannot move it back. You will give up a guaranteed pension for yourself, plus a lifelong pension for your husband, wife or civil partner when you die.

Usually, money that is paid out of your pension as a lump sum is free of inheritance tax.

Death in service

If you die in service, we will pay out a lump sum of 3x the previous years' National Minimum Stipend.

So this lump sum is free of inheritance tax, we have the final say over who this goes to. You can let us know who you would like us to pay this to by completing a nomination form.

If you have not filled out a form, or would like to fill out a new one, download a form at:



[churchofengland.org/death-nomination](https://www.churchofengland.org/death-nomination)

Do I need advice?

When you are getting closer to retirement, it could be worth thinking about what you would like to do with your pension.

Most people are happy to stick with the choices we offer. Taking your pension and lump sum is 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 Clergy 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 Clergy 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 cap
- 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 are legally required to get financial advice first.

To make it easy for you to get advice and explore whether transferring might be good for you, we have partnered with LV= Retirement Advice Service.

LV= specialise in retirement advice and they understand all about your Clergy pension, so they are up to speed with how your pension works. Find out about advice and how LV= can help at:



[churchofengland.org/pensions-advice](https://www.churchofengland.org/pensions-advice)

Contact us

The Church of England Pensions Board is the trustee and administrator of your pension.

Our office is located at Church House, 29 Great Smith Street, SW1P 3PS. You are welcome to come and see us if you have any questions. Please let us know in advance if you would like to do this.

You can also contact us at:



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