

Strictly Private and Confidential

Dear

The Baptist Pension Scheme (“the Scheme”) – Defined Benefit (“DB”) Plan Making progress in securing members’ benefits – a further update

This letter is being sent to you as a beneficiary of the DB Plan from the Trustee of the Scheme. We wrote to you in August 2023 providing an update on the steps we are taking to secure the DB Plan benefits with the insurance company Just Group (“Just”) and to let you know what to expect going forward. As we have explained, this process will result in Just paying your pension from some future date. This letter is a further update and **there is no action you need to take because of this letter.**

What has happened since August 2023?

In our August letter we highlighted that making the transition to Just will mean that the benefits and options for some non-retired members would need to change slightly. Members who are affected by this change have been contacted by the Baptist Union and a formal consultation was carried out by the Baptist Union on behalf of the employers under the Scheme during November, December and January. The consultation has been completed and affected members have received a further communication from the Baptist Union confirming the changes to benefits. There are no changes for members whose pensions are already in payment.

Broadstone and our other advisers have completed their work on the Scheme data to ensure we were able to pass accurate data to Just in January 2024. Just are now carrying out further checks before we fully transition the responsibility for the DB Plan benefits to them later this year.

For the time being, Broadstone continue to administer the Scheme, working closely with Just. As things stand, we expect to transition the responsibility for DB Plan benefits to Just towards the end of 2024. This is known as a buy-out and involves the following steps.

- The Trustee will trigger the wind-up of the DB Plan – we expect to take this step around 31 March 2024.
- Data transfer, finalisation of benefits and final premium payments will take around six months.
- If there are surplus assets in the DB Plan the Trustee may use some of the surplus assets to enhance members’ benefits. We currently don’t expect any surplus to be

significant but we will provide more details on this later in the process when the position is clearer.

- Just will take over the administration of your DB entitlements from Broadstone and will issue you and all other DB Plan members with an individual contract setting out your entitlements – expected to be in October or November 2024.
- When the buy-out completes, your DB entitlements will no longer be part of the Scheme. Instead Just will take over payment of current pensions or be responsible to pay your pension when it is due.

We expect to write to you again with a further update in April 2024 shortly after the wind-up of the DB Plan has been triggered, to confirm that we have taken that next step.

In the meantime, please do contact the Scheme Administrators Broadstone if you think one of the following protections under the tax legislation applies to you so that we can consider and review your situation;

- You have or plan to apply for Fixed or Enhanced protection after 15 March 2023
- You believe you have Scheme Specific Lump Sum Protection under the Scheme. (Scheme-specific lump sum protection is the name given to the form of protection that allows individuals to be paid a tax-free lump sum that is more than 25% of the value of their total benefits coming into payment from the Scheme. The Scheme has no record of any members being entitled to this protection, so evidence of entitlement will be required.)

What about the Defined Contribution (“DC”) Plan?

When the DB Plan transitions to Just, the DC Plan will continue to be run as the Baptist Pension Scheme. If you are currently contributing to the DC Plan then this will continue as before. None of the DC Plan funds are being transferred to Just.

For DB Plan members who also have a DC fund, at present there is an option at retirement to combine the DB and DC benefits. This can be advantageous for members who wish to take part of the benefits as a cash lump sum. We are continuing to work with Just, aiming to maintain this option for the future. All parties are confident a DC facility will be available by October 2024 and work is continuing on the detailed arrangements.

Changes to death in service benefits for active DC members

With effect from 31 March 2024 the benefits payable on death whilst in active service will be the sum of three parts, as set out below. This is the same as the Baptist Union told active members during its recent consultation on changes to benefits.

- A lump sum equal to the transfer value that would otherwise have been paid had you transferred your DB Plan benefits out immediately prior to your death. (After the buy-out this element will be paid by Just rather than the Scheme).
- A lump sum of 8 x Pensionable Income (previously 4 x).
- Your DC fund from the Scheme

The increase to 8 x Pensionable Income lump sum will be subject to the insurer’s terms and conditions at the time. Further details were provided by the Baptist Union during the consultation with affected members.

Members with a Supplementary Benefit Lump Sum (SBLs)

Having considered advice from the Scheme Actuary at our Trustee meeting in September 2023 we decided to provide a further bonus to Supplementary Benefit Lump Sums of 7.5% with effect from 31 March 2024. Once benefits have been secured with Just we will have no further power to grant additional discretionary bonuses from time to time. Instead, we have agreed with the Baptist Union to secure your SBLs with Just so that it increases after 31 March 2024 on a guaranteed basis in line with RPI inflation (subject to certain limits).

Income protection benefit for active members of the DC Plan

Active members of the Staff and Ministers sections of the DC Plan are enrolled in an income protection insurance policy which is intended to provide income in case of incapacity. Details of the benefit payable and the conditions relating to it are set out in the Income Protection Guide, a copy of which is available on the Baptist Pensions website using this link [Income Protection Insurance - Baptist Pensions](#).

If you fall ill it is important that your employer follows the steps set out here <https://www.baptistpensions.org.uk/churches-employers/what-the-employer-needs-to-do/sickness-illness/> to give the best chance of ensuring that the insurance company will pay the benefit if you meet the relevant conditions. Please raise this with your employer should you become ill and ask that they ensure that they follow the relevant procedures which include notifying the Scheme Administrator (Broadstone) within four weeks.

Who to contact if you have any questions

You should continue to contact the Scheme Administrator, Broadstone, regarding any matters relating to the Scheme. Their contact details are as follows:

Telephone: 0117 937 8700

Address: Broadstone Consultants & Actuaries Limited, Broadstone House, 23-25 St George's Rd, Bristol, BS1 5UU

Email: baptistpensions@broadstone.co.uk

As a Trustee Board we will continue to monitor the operation of the Scheme and the transition of DB Plan benefits to Just, aiming to look after the interests of all beneficiaries.

Yours sincerely



Chris Maggs
Moderator of the Scheme's Trustee Board