

**Strictly Private and Confidential**

Dear

**The Baptist Pension Scheme (“the Scheme”)  
Update on employer contributions and life assurance cover**

You are a member of the Scheme’s Defined Contribution (DC) Plan. We are writing to you to tell you about an improvement to your benefits.

The Scheme’s separate Defined Benefit (DB) Plan is beginning its wind-up process at the beginning of April. Although you do not have benefits as an active member of the DB Plan, this letter is being sent to you as a beneficiary of the DC Plan to explain some changes due to take place. None of this requires any action from you. It is purely for information.

From 1 April 2024:

- The level of lump-sum life assurance payable if you die in service whilst still participating in the DC Plan is increasing.
- Employer contributions to the Ministers and Staff sections will be 10% of Pensionable Income. This is an increase from 9% for some employers.

**What is happening to the DB Plan?**

The DB Plan provides pensions for Baptist Ministers related to their pensionable service prior to 2012. These are defined benefit (DB) pension commitments that require participating employers to meet the additional cost of any shortfalls identified in funding. Over recent decades the shortfalls and additional contribution requirements have been significant. This led to a switch to defined contribution (DC) pension provision in 2012 and a desire to fully remove the risk of future DB shortfall contributions through transfer of all of the DB Plan’s liabilities to an insurer. The final part of this process is taking place during 2024.

Now that the DB Plan is being wound up, there are some implications.

The DC Plan is continuing in its current form, subject to the two changes noted in this letter.

### Changes to life assurance benefits

The Baptist Union has been through a process of reviewing the benefits provided to ministers who retain benefits in the DB Plan, many of whom are still active ministers today. One of the changes they have introduced affects life assurance lump sums on death while still in service. The Baptist Union has agreed that the improved life assurance terms should also apply to active members of the Ministers and Staff sections of the DC Plan like you who do not have retained DB Plan benefits. The table below shows the change which is effective from 1 April 2024.

Current lump sum death-in-service benefit	Lump sum death-in-service benefit from April
The greater of: <ul style="list-style-type: none"><li>• 8 x Pensionable Income at date of death; or</li><li>• 4 x Pensionable Income at date of death PLUS the value of the member's DC pension pot</li></ul>	<ul style="list-style-type: none"><li>• 8 x Pensionable Income at date of death PLUS the value of the member's DC pension pot</li></ul>

The 8x Pensionable Income lump sum death in service benefit will be subject to the insurer's terms and conditions and its payment of a corresponding claim amount for you. If you are over 65 on the date of change, then it is likely that some of your potential increase in lump sum life cover over the existing levels will be subject to you being actively at work with your Scheme employer. Otherwise, you may need to provide evidence of good health in order for the Scheme insurer to consider whether it will allow your cover to increase.

### Increased contribution for some employers

The current level of employer contribution varies depending on whether your employer is a participating employer in the DB Plan as well. If they are then some of their contribution goes towards the cost of operating the DB Plan.

% of Pensionable Income	Employer has DB and DC Plan participation	Employer only has DC Plan participation
Current employer contribution	10%	9%
Employer contribution from April	10%	10%

As a reminder, 6% of the employer contribution goes into your DC pension savings pot (along with your own 8% contribution). This is not changing. The remainder covers expenses of operating the Scheme plus insurance premiums for Income Protection and life assurance. This will be 4% for all employers from April.

It is important to note that the overall cost of the Scheme will reduce significantly as a result of winding up the DB Plan but those costs that remain have to be met fully by the DC Plan. The cost of increasing the life assurance is also met from the 4% allowance.

## Income protection benefit for active members of the DC Plan

Although there are no changes to the income protection benefits, it is worth reminding everyone of what this provides and how to ensure potential claims are not compromised. Active members of the Staff and Ministers sections of the DC Plan like you 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](mailto:baptistpensions@broadstone.co.uk)

Yours sincerely



Chris Maggs  
Moderator of the Scheme's Trustee Board