

## Pensions Presentation to Synod Together October 2021

### Supplementary Resolution

#### A Further Issue of Justice

- 1 During the extended discussion around the Church about the support needed for the Ministers Pension Fund, a parallel discussion has considered whether this Fund should continue to be the way pensions are provided. General Assembly this year voted to close this Defined Benefits scheme and move to some form of Defined Contributions scheme. Further detailed work on the latter will now be done, with the hope that the 2022 Assembly can make a decision on the structure of a future scheme. Assembly expressed the wish that any new scheme should deal “honourably” with those ministers affected.
- 2 Synod Council is however aware that there is concern about a potential injustice when the proposal to underpin the existing scheme with £45m of contingent commitments is set alongside the proposal to move to a Defined Contributions scheme. It arises from the nature of the two ways of providing pensions.
- 3 Predicting what returns money put away today will earn over the coming decades is always hazardous. Averages based on past performance and informed guesses about future performance might greatly over estimate or under estimate what money will be available when the time comes to draw the money as a pension. Under a Defined Benefits scheme the minister has a known pension and if the underlying investments perform badly the Church as a whole takes the responsibility for making up the pension to a fair amount. Under a Defined Contributions scheme, there is no safety net of this sort automatically built into the structure of the scheme and a poor investment performance is a risk the minister might have to bear.
- 4 The concern is that this does not appear to treat existing retired ministers and those close to retirement equitably compared with younger ministers, much of whose pension provision will be without this automatic safety net. If the stipendiary principle is that the Church removes financial anxiety from those called to serve as stipendiary ministers, this should apply to pensions too and for every minister.
- 5 Synod Council is confident that Assembly did not intend to reduce the value of ministers’ pensions when it accepted the argument that the latest legal and regulatory environment means continuing the existing pension scheme will be made disproportionately expensive. However, having encouraged the Southern Synod to play a full part in ensuring a £45m comfort blanket is put around the existing pension scheme, Synod Council recommends Synod Together also express explicitly a desire that dealing honourably with future ministers should include creating an appropriate safety net as part of the arrangements for a new scheme.
- 6 This recommendation has deliberate echoes of the URC arrangements for the housing of retired ministers. It is a long-established principle that if a stipendiary minister reaches retirement without the personal resources to be housed adequately, the Church as a whole, as an expression of its gratitude and pastoral care, will provide housing. If in the future a minister

reaches retirement and finds the new, standard pension arrangements have failed to provide an adequate basic pension, the Church should be prepared to top that up.

- 7 Synod Council does not suggest we try and design the details of a scheme. It also recognises that it is quite possible a Defined Contributions scheme might be put in place that in practice never left a minister short of an adequate pension. But we think the Church, not the individual minister, should carry the risk of a less happy outcome.

### **Resolution**

**Synod Together, noting the decision in principle of the General Assembly to move away from a Defined Benefits pension scheme for ministers, requests those working on a replacement scheme to ensure that the Church puts in place a suitable form of financial safety net, funded by the Church, to underpin a minimum fair pension for all ministers at retirement.**

John Ellis  
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