

Paper G2

Pensions update

Resources Committee

Basic information

Contact name and email address	Vaughan Griffiths – Deputy Treasurer deputy.treas@urc.org.uk
Action required	For information.
Draft resolution(s)	None.

Summary of content

Subject and aim(s)	To report on actions taken and in progress on pensions matters.
Main points	See report below.
Previous relevant documents	
Consultation has taken place with...	

Summary of impact

Financial	See report below.
External (eg ecumenical)	None.

Ministers' Pension Fund (MPF)

MPF triennial valuation

The MPF's advisors (AON) have finalised the formal three-year valuation (the fund position as at 1 January, 2024). The valuation was presented to the MPF Board by our actuaries in September, 2024.

The legal confirmation (the Schedule of Contributions) was signed off by all parties on 12 November, 2024.

As at 1 January 2024 the MPF was in surplus by an estimated £4.3 million. Market movements up to 12 November, 2024 are estimated by AON to have improved this situation somewhat further.

The immediate consequence, as confirmed by the Schedule of Contributions, is that:

- a) there are no further deficit contributions required – in particular we were not required to make the £3.5 m contribution that would otherwise have fallen due in December 2024, and
- b) the surplus in the fund means that no contributions to expenses (ie actuaries' fees and transaction costs etc) need to be made going forward – this saves a possible £400k per annum from future URC Trust budgets.

The agreement that no future deficit contributions are required means that the Ministers Pension Deficit Restricted Fund is no longer needed for its original purpose, but Synods have been approached with a request that the fund's purpose might be extended to also cover any additional costs associated with the Buy-Out. Synods' responses have been warm to this request. At the date of this report the proposal is that the Restricted Fund will remain in place until the financial position on Buy-Out is clearer, probably in late-2025. Synods will be regularly updated on progress.

MPF strategy towards de-risking and future Buy-Out

As previously reported, the move to Buy-Out is a two-stage process:

1. Buy-In – where we choose a provider to take on the MPF investments as a block; here our achieved transition to a (mainly) gilts-based portfolio is very helpful, and
2. Buy-Out – where a provider (possibly the one who takes on the Buy-In) takes on the whole operation of the MPF for the long-term.

A Joint Working Group is working with our advisors (Lane, Clark & Peacock) to decide on a preferred partner by early 2025. Assuming a decision can be made about the preferred partner it remains our view that the Buy-In should then be completed in Q1 or Q2 of 2025. If that goes well, the Buy-Out may be achieved by the end of 2025.

The JWG is very conscious of the need for careful communication.

Staff DB scheme – The Pensions Trust (TPT)

The TPT defined benefit pension scheme was closed to accrual on 28 February, 2023 and remains close to being fully funded. The Pensions Committee is in ongoing discussion about a de-risking strategy, but there is a technical problem which will prevent moving to Buy-Out quickly; this is currently estimated to be achievable in 2026 at the earliest.

Pensions Committee

As previously reported, the Pensions Committee has been reconstituted with Revd Dr Janet Tollington as Chair.

The Pensions Committee now reports to the Resources Committee.

The Pensions Committee acts as the representative of the Church in dealing with pension providers who are:

- The Ministers' Pension Fund (MPF) – now closed to future accrual
- Staff Salary Scheme (run by TPT) – now closed to future accrual
- AON Master Trust – the provider of the new defined contribution scheme.

Professional advice in relations to pensions

As previously reported, a scheme for providing pension advice to members at a discounted rate has been agreed with Origen, a partner of AON.

*Vaughan Griffiths – Deputy Treasurer
13 December 2024*