

18. Methodist Ministers' Pension Scheme (MMPS)

Contact name and details	Meena Tooray – Pensions Manager tooraym@methodistchurch.org.uk
Resolutions	<p>18/1. The Conference receives the Report.</p> <p>18/2. The Conference notes a Scheme Trustee Resolution to adopt the change in the index used for increases to pensions in payment in relation to both past and future service be linked to the Consumer Price Index rather than the Retail Price Index from 1 September 2018.</p> <p>18/3. The Conference notes the increases to pensions in payment from 1 September 2017.</p> <p>18/4. The Conference notes the automatic re-enrolment of the relevant ministers</p> <p>18/5. The Conference notes the re-declaration of compliance with re-enrolment is completed for the period from 1 September 2016.</p> <p>18/6. The Conference appoints Capital Cranfield Trustees Limited as the Independent Trustee for the Methodist Ministers' Pension Scheme, noting that Ingrid Kirby serves on the trustee board as a representative of the Independent Trustee.</p>

Summary of content and impact

Subject and aims	<ul style="list-style-type: none"> • To update the Conference on several developments regarding the Methodist Ministers' Pension Scheme.
Main points	<ul style="list-style-type: none"> • The change in the index to be used for increases to pensions in payment for MMPS benefits from 1 September 2018. • Pension increases to be implemented for MMPS benefits from 1 September 2017. • Automatic Re-Enrolment from 1 September 2016. • MMPS Member Nominated Directors' (MNDs) election. • Actuarial Valuation 2017.

18. Methodist Ministers' Pension Scheme (MMPS)

Change in the index used to calculate pension increases

1. Following a consultation with members, the 2016 Methodist Council recommended that with effect from 1 September 2018, the index to be used to calculate increases to pensions in payment for ministers' benefits, be moved to the Consumer Price Index (CPI), rather than the Retail Price Index (RPI).
2. The 2016 Conference resolved to confirm its approval of the recommendation for the change in the index.
3. A Trustee Resolution to adopt the changes has been enacted under the pension scheme rules.
4. A communication has been issued to scheme members informing them of the change in the index from RPI to CPI.

The 2016 Conference agreed that consideration be given to using the Pension Reserve Fund to cover the cost of the financial impact of continuing to use the RPI for pension increases awarded on 1 September 2016 and 1 September 2017. The Conference is now informed that the Actuary has calculated the difference between the cost of granting an RPI-based pension increase and the cost of granting a CPI-based pension increase to be:

£2.9m for the 1 September 2016 pension increase; and
£2.3m for the 1 September 2017 pension increase.

This gives a total cost of £5.2m.

Increase to pensions in payment

5. The Rules of the Scheme provide for an annual increase to pensions in payment on 1 September each year in line with the annual rise in the RPI as published in the preceding January. The increase is subject to a maximum of 5% on pensions earned in respect of pensionable service before 1 September 2006 and a maximum of 2.5% on pensions earned for pensionable service completed after 31 August 2006.

The increase in the RPI in the year to 1 January 2017 is 2.6%. In view of the current funding position of the Scheme the Trustee is unable to recommend to the Conference an increase above the guaranteed increase.

6. The pre 1 September 2006 pensions will therefore increase by 2.6% and the post 1 September 2006 pensions by 2.5%. This will be applied from 1 September 2017 to pensions in payment, which commenced on or before 31 August 2016 and to ill health pensions which commenced on or before 1 September 2016.

Re-Enrolment

7. The 2012 Conference agreed that MMPS should be used as the qualifying scheme for Re-enrolment from 1 September 2016.
8. The MMPS is registered as a qualifying scheme with the Pensions Regulator.

9. Eleven eligible individuals were re-enrolled in to the MMPS on 1 September 2016. Nine subsequently elected to opt out.
10. Re-declaration of compliance was submitted to the Pensions Regulator by 1 November 2016 for the period commencing 1 September 2016.

Composition of Methodist Ministers' Pension Trust Limited (MMPTL) and Directors of MMPS

11. Following the retirement of the Chair of the Board, Mr Keith Woodley OBE, on 31 August 2016, Capital Cranfield Independent Pension Trustees Limited (CCPTL) was appointed on 1 September 2016 as the Independent Trustee for MMPTL and MMPS.
12. The 2016 Conference further recommended that Ingrid Kirby, CCPTL's representative, be elected as Chair of MMPS. Ingrid Kirby was duly elected by the Trustee Board as Chair of MMPS on 8 September 2016.
13. The list of Trustee Directors as at 31 August 2017 is: the Revd Stuart Bell, Mr Ronald Calver, Mr Graham Danbury, the Revd Michael Fielding, the Revd Michael Giles, Ms Ingrid Kirby (Chair), Mr Andrew Paul, Mr Colin Pearson, the Revd Andrew Walker and Mr John Wyatt.
14. The term of office for the Revd Stuart Bell expired on 31 August 2017. Following a nomination and election process the Revd Stuart Bell has been re-elected as a Trustee Director of MMPTL by the active members of the Scheme, and will be re-appointed from 1 September 2017.

Under its Articles, six directors of Methodist Ministers' Pension Trust Limited (MMPTL) must be nominated by the Council and appointed by the Conference. One-third of the church-appointed directors retire by rotation each year and are eligible for reappointment.

Mr Colin Pearson and Mr Graham Danbury are due to retire by rotation on 31 August 2017 and the Conference is asked to reappoint both directors from 1 September 2017.

Actuarial Valuation

15. An Actuarial Valuation (financial review) of the Scheme is carried out every three years. The last valuation was carried out at 1 September 2014 and was completed during 2015. An actuarial funding update is carried out during the inter-valuation period and the results of the 2016 funding update will be available in 2017. The next full valuation is scheduled to be carried out as at 1 September 2017, the results of which will be reported to the Conference of 2018.

*****RESOLUTIONS**

- 18/1. The Conference received the Report.**
- 18/2. The Conference noted a Scheme Trustee Resolution to adopt the change in the index used for increases to pensions in payment in relation to both past and future service be linked to the Consumer Price Index rather than the Retail Price Index from 1 September 2018.**
- 18/3. The Conference noted the increases to pensions in payment from 1 September 2017.**
- 18/4. The Conference noted the automatic re-enrolment of the relevant ministers.**

- 18/5. The Conference noted the re-declaration of compliance with re-enrolment is completed for the period from 1 September 2016.**
- 18/6. The Conference appointed Capital Cranfield Trustees Limited as the Independent Trustee for Methodist Ministers' Pension Scheme, noting that Ingrid Kirby serves on the trustee board as a representative of the Independent Trustee.**
- 18/7. The Conference reappointed Mr Colin Pearson and Mr Graham Danbury as directors of Methodist Ministers' Pension Trust Limited.**