



webba
making a difference

WEST OF ENGLAND BAPTIST ASSOCIATION

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Thursday 25th May 2017

Dear friends,

Many of you will have recently received a letter from the Pension Trustees with details of your church's liability towards the crisis in the Baptist Pension Scheme. This is relevant for those churches who 'employ', or have previously employed, any minister who is a member of the old 'Defined Benefit' (DB) Baptist Pension Scheme. Like most similar schemes, this entire Scheme is heavily in debt. Because pension legislation considers each church to be the employer of their ministerial staff, each church has a proportionate liability for this debt. This recent letter points churches in this situation to the Pension Scheme Employer Hub where they can discover the extent of their church's liability.

We are not party to the contents of these letters, and so you cannot assume we are aware of your particular circumstances, but we are aware that they can appear scary or challenging, and so we would like to help you respond appropriately if we can.

First of all, I am crystal clear that our network of Baptist Churches is called to focus on glorifying Jesus and making him known. Together with the rest of the Regional Team, I want to offer my support and encouragement to you to *keep the main thing as the main thing!*

Having made that clear, we have already received a number of queries regarding this correspondence, and we thought it may be helpful to share a few points of information we have established.

Even in saying this I need to exercise caution. None of us are pensions experts and so this letter must not be interpreted in any way as advice to churches. We are also willing to listen to, and talk things through with any of you, although you will be aware that our available time is limited.

- 1. No Action Required:** As long as a church continues to employ at least one member of the Baptist Pension Scheme, and is making the required regular deficit contributions, no action is required. The debt attributed to each church **potentially becomes payable only when a cessation event occurs.** A cessation event is triggered when a church that has employed a Baptist Pension Scheme member ceased to do so – for example when a sole minister leaves. Even when this happens, a cessation event can be avoided by applying for a **grace period** – please speak to a Regional Minister about this if you're about to say goodbye to a minister. I am also aware of churches who have been told they have a cessation event, but are contesting that fact. Whilst we will not be able to offer financial advice, we may be able to support your response in these circumstances, and I can act as an advocate for churches when the occasion arises.
- 2. Inaccurate Debt Calculations:** We have been made aware that in some cases the information used to calculate a church's debt is incorrect. For example, the number of years a minister has served may be wrong, or even (in one case in another Association), a minister may be attributed to the wrong church! We strongly recommend you check the information available on the LCP Employers' Hub carefully and alert the Baptist Pension Scheme to any errors that would affect the calculation of your church's debt. The letters are sent by LCP, who are Pensions Specialists, but whose concern is to apply the pensions

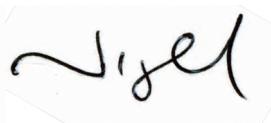
regulations. Their awareness of your church's history will be limited to the information they have been given.

3. **Inadvertent Cessation Events:** Some churches have been told that they have inadvertently triggered a cessation event at some point in the past, even though they now once again employ a member of the Scheme. It is still unclear what this will mean for churches, and we await further information from the Baptist Pension Scheme. However, the inherent unfairness of this situation is widely recognized among many of us who hold wider responsibility within the Baptist family, and at WEBA our hope and prayer is that a way will be found that protects churches from an unfair penalty caused by historical and inadvertent cessation events.
4. **Proposed Family Solution:** The Baptist Pension Scheme Employers' Group, which was formed to make a collective response on behalf of the churches, is undertaking extensive work to significantly reduce the overall Scheme deficit. Considerable funds are being put aside or sought from various places, including all the Associations, to tackle the problem. If they reduce the overall deficit, each church's debt will also reduce. This should be taken into consideration by any church that is wondering whether they should buy themselves out of the scheme by paying off their debt as it currently stands. **Please understand, however, that WEBA is not permitted to advise churches on the wisdom or otherwise of buying out of the Scheme. Rather, churches should seek independent advice, and the starting point is the Employer Hub which all member churches have access to.**
5. **Who's to blame?** While it is easy to point the blame for this situation at the Baptist Pension Scheme Trustees or Managers, it is worth recognizing that most pension schemes in the United Kingdom are in a similar position. We are told that the scheme's investments are performing extremely well but that the general economic climate continues to hurt schemes across all sectors. What makes the Baptist Pension Scheme unusual is the sheer number of employers (i.e. churches) in it – I am told we are the largest 'multiple employer scheme' in the country.

Finally, we want to reassure you that the WEBA staff and Trustees are aware of the concern caused by the extent of some churches' employer debt. If you would like to talk through your particular situation, please do get in contact with one of the Regional Ministers, which you can do via the WEBA office. In addition, Malcolm Broad, former BUGB Treasurer and now a member of the Employer Group, has indicated that he would be available if helpful. Together with Malcolm, we are planning a number of Pensions Roadshows around WEBA for the autumn. Again, we must add that we are not permitted to give specific advice about any course of action you may be considering.

May we ask you to pray for the Pension Scheme Trustees and the Pension Scheme Employers' Group as they work to address the deficit, and join us as we pray for each other, that our mission for the Kingdom of God, and our focus on Jesus Christ, our Lord and Saviour, will not be derailed by this current situation.

Yours, in Him,



Nigel Coles

Regional Team Leader