

Local Ecumenical Partnerships and the Baptist Ministers' Pension Fund

All churches in membership with the Baptist Union of Great Britain (BUGB) should recently have received a Pension Bulletin dated March 2011. This document explains the current situation of the Baptist Ministers' Pension Fund (BMPF) in relation to the major review of the Pension Fund carried out over the last two years, and the problems that have been identified due to the government regulations around defined benefit pension schemes. Churches, including LEPs, are encouraged to engage with this document, which is available to download from the BUGB website: <http://www.baptist.org.uk/finance-pensions-and-loans/pension-schemes/pension-consultation.html>, entitled 'BMPF Employer Communication – 2011'.

The major issues which ecumenical colleagues should be aware of are around 'cessation events'. For the purpose of pension provision, Baptist churches (including single congregation LEPs with Baptist participation) are considered employers. If a Baptist minister who is a member of the BMPF has been 'employed' by a church since 2005, has since left, and has not been immediately replaced with another member of the BMPF, a cessation event is deemed to have occurred – ie, the employer (the church) is deemed to have left the Pension Scheme. Under pension regulations, that employer should then pay a share of the pension deficit as shown by a valuation of the scheme. This could, potentially, be a very large sum. BUGB has been working hard with the Pensions Regulator and the Pension Fund Trustees to find ways through this problem, and these negotiations are ongoing.

This is, necessarily, a very much simplified explanation and we would encourage you to read the full explanation in the BMPF Employer Communication.

BUGB has recognised that the situation of LEPs is of particular concern due to the increased likelihood of there being a long gap between ministers who are members of the BMPF. Indeed, the rotation of ministerial denominations in LEPs is one of the strategies considered important for ecumenical growth, and so a long gap between Baptist ministers is to be valued. We are anxious that difficulties with pensions arrangements will not put Baptist ministers at a disadvantage in working in LEPs, that Baptists will not be put off joining an ecumenical partnership because of these issues, and that LEPs who have a Baptist minister do not find themselves facing excessive additional burdens.

There are three main points arising from the BMPF Employer Communication which LEPs and those advising them should be aware of:-

- Firstly, LEPs will need to pay higher pension contributions towards the 2010 Pension Fund shortfall (as detailed in the BMPF Employer Communication) in the same way as other Baptist churches. We recognise that in some cases this will mean LEPs continuing to pay contributions to the BMPF when they are also paying contributions towards a minister of another denomination. Unfortunately this is a legal requirement which we are unable to allow LEPs to opt out of.
- Secondly, if an LEP has had a Baptist minister who is a member of the BMPF since 2005 and that minister has now left, technically there is a 'cessation event' issue in the same way as for other Baptist churches. However BUGB has recognised that there is an unfair situation regarding LEPs where it is much more likely that there will be a period longer than a year before another

member of the scheme ministers at the LEP. Negotiations are proceeding with a view to ways of mitigating the consequences of this circumstance. More information will be provided as soon as possible, though this is not likely to be before the autumn.

- Thirdly, if an LEP with a Baptist minister in the BMPF is imminently moving on or retiring, the church should apply for a 'period of grace' as detailed in the BMPF Employer Communication. This gives a year's space before a 'cessation event' occurs. During that time the LEP should contact staff at Baptist House for advice on whether an 'interim minister' who is part of the BMPF needs to be appointed.

We are aware that these are unpleasant facts, and will be unwelcome news in many LEPS. BUGB is committed to helping churches through the issues and will be glad to help with any concerns you may have. Please direct any questions to Philip Putman via bmpfenquiries@baptist.org.uk.

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