Staff Bulletin

DATE: 24th March 2015

Pensions Update

Budget 2015 – changes to the Lifetime Allowance
The Lifetime Allowance (LTA) will be further reduced from £1.25m to £1m with effect from April 2016. The new LTA will be indexed to increase annually in line with changes in consumer prices (CPI) from April 2018.

The reduction will be accompanied by another round of transitional protection and further details are awaited on the options open to members affected by this change.

Pensions tax freedom
The Taxation of Pensions Act 2014 and Pensions Act 2015 will enable members of Defined Contribution (DC) pension arrangements that are 55 and over to take their entire pension pot as a cash lump sum, subject to tax at their marginal rate, rather than buy an annuity at retirement.

This freedom has not been extended to Defined Benefit (DB) schemes, including the MRC Pension Scheme, although from 6 April 2015 it will be possible to transfer AVCs built up within the MRC Scheme with Standard Life or Equitable Life to a separate DC arrangement in order to take advantage of these new tax freedoms.

The MRC Scheme already provides scope at retirement to take the entire AVC fund as a tax free lump sum.

It should be noted that those cashing in their DC pension pots will have their annual allowance reduced from £40,000 to £10,000 as a consequence, in order to remove the risk of pension funds being churned to get tax breaks.

Scheme valuation
The 2013 valuation showed the Scheme has a very healthy funding position with assets exceeding liabilities by over £160 million.

Notwithstanding the healthy funding position, MRC agreed to increase the employer contribution to 14% with effect from April 2015. The other participating employers will continue to pay 14.9%.

There is no change to the amount that members are required to contribute to the Scheme.
A funding statement, summarising the overall financial position of the Scheme as at 31 December 2013, was sent to all members in January 2015.

A copy of the valuation report prepared by the Government Actuary’s Department can be found on the member website www.mrcps.co.uk (access code 672785).

**The Francis Crick Institute**
The Trustees recently accepted a request from MRC to allow The Francis Crick Institute to participate in the Scheme with effect from 1 April 2015. This will enable staff at NIMR to remain in the MRC Pension Scheme when they transfer employment to the Crick Institute.

**Member Nominated Trustees**
There will be an opportunity to contest two seats on the Trustee Board as the term of office of Prof Howard Cooke and Mr Geoff Der are due to come to an end in November. Nominations will be invited during May from active and pensioner members wishing to stand against Prof Cooke and Mr Der.

**Annual benefit statements**
Annual pension statements will be issued in May this year. The statements will be based on membership and data held by JLT as at 31 March 2015 and will include additional information on the capital value of your MRC pension benefits relative to the current Lifetime Allowance of £1.25m.

**Pension savings statements**
Pension savings statements will be sent to those affected by the £40,000 limit on annual pension contributions in June. The annual allowance was not changed in the Budget.

**Annual report and accounts**
The Scheme accounts for 2014 are in the process of being drafted by JLT for audit by PwC in April. The audited accounts will be presented to the Trustees for approval when they meet on 24 June. A copy of the audited accounts will be available from the member website by 6 July.

**Members’ forum**
There will be an opportunity to meet the Trustees and hear how well the Scheme is being managed at 2.00 pm on 5 October. The meeting will be held in London at One Kemble Street.

**JLT Employee Benefits**
Ensign (formerly known as MNPA) has been administering our Scheme since 2001 and paying our pensioners since 2006. Ensign was acquired by the JLT Group in 2014 and has now changed its operating name to JLT Employee Benefits. The email address for pension enquiries is now mrc.pensions@jltgroup.com.

**Jim Clerkin FPMI**
Group Pensions Manager & Secretary to the Trustees