Pensions Update

Changes to National Insurance contributions
From April 2016, most members of final salary pension schemes, including the MRC Pension Scheme, will see an increase in the amount of national insurance they pay.

Members of final salary schemes have been paying a rate of national insurance based on a reduction of 1.4% of salary between £8,100 pa and £40,000 pa.

The Government’s withdrawal of the discount, which has been a feature of final salary pension schemes since 1978, coincides with the introduction of the new single tier State pension.

Depending on the level of salary above £8,100, members will see a reduction in net pay of up to £40 pm.

<table>
<thead>
<tr>
<th>Salary (in £)</th>
<th>Current NI (in £ pm)</th>
<th>New NI (in £ pm)</th>
<th>Difference (in £ pm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>£15,000</td>
<td>£58</td>
<td>£69</td>
<td>£11</td>
</tr>
<tr>
<td>£27,000</td>
<td>£164</td>
<td>£189</td>
<td>£25</td>
</tr>
<tr>
<td>£45,000</td>
<td>£307</td>
<td>£347</td>
<td>£40</td>
</tr>
</tbody>
</table>

Member Nominated Trustees
There will be an opportunity to contest a seat on the Trustee Board as the term of office of Dr Peter Morgan is due to come to an end in November. Nominations will be invited during May from active and pensioner members wishing to stand against him.

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 2016 and will include information on the capital value of your MRC pension benefits relative to the Lifetime Allowance.

Lifetime Allowance
There has been a steady reduction in the Lifetime allowance, which is the maximum pension pot you can have at retirement without incurring tax penalties.

The current Lifetime Allowance is £1.25m and members of pension schemes are now able to apply to HMRC for protection against the planned reduction to £1m, which is due to take effect from April 2016.
As with previous reductions to the Lifetime Allowance, it will be conditional to leave the pension scheme by 5 April if an application for fixed protection is submitted to HMRC. No deadline has been announced for applications in respect of individual protection.

The deadline for applying for individual protection, relating to when the Lifetime Allowance was reduced in April 2014 from £1.5m to £1.25m, is April 2017.

**Pension savings statements**
Pension savings statements will be sent to those affected by the £40,000 annual allowance on pension contributions in June.

From April 2016, the annual allowance will be tapered for those with taxable income above £150,000. Further guidance is required from HMRC as pension schemes do not hold data in respect of a member’s taxable income from all sources.

**Annual report and accounts**
The Scheme accounts for the year to 31 December 2015 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 28 June. A copy of the audited accounts will be available from the member website by 1 July.

**Member website**
The Trustees provide a website for all members at www.mrcps.co.uk. The site, hosted by JLT, contains helpful information and important scheme documents and can be accessed by using scheme identification code 672785.

**Non-members**
If you are eligible but have chosen not to belong to the MRC Pension Scheme, you are missing out on a valuable part of your remuneration package. For example, MRC pays 14% of salary towards pension benefits for its staff and will not pay into an alternative pension arrangement if you are not a member.

**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 changed its operating name to JLT Employee Benefits. The email address for pension enquiries is now mrc_pensions@jltgroup.com.

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Jim Clerkin FPMI
Group Pensions Manager & Secretary to the Trustees