

Baptist Pension Scheme (“the Scheme”)

Definition of Pensionable Income for the year commencing 1 January 2021

Overview

For members of the Basic or Staff sections of the Scheme, the Pensionable Income is their annual basic salary.

For members of the Ministers section their Pensionable Income is their remuneration for service in the role that qualifies them for membership of the Scheme. Details of what elements can be included are provided under Calculation of Pensionable Income below.

Scheme pension contributions are calculated based on the member’s Pensionable Income subject to the Minimum Pensionable Income (MPI). In 2021 the MPI is £30,779 for a full-time minister.

The MPI is the sum of the BUGB Standard Stipend and full value for a Manse. The Standard Stipend for 2021 is £24,500 and the full value for a Manse, is £6,279.

Calculation of Pensionable Income

In order to calculate the Pensionable Income, there are four steps to take:

1. Calculate the Income Elements
2. Calculate the Manse Element
3. Calculate the Minimum Pensionable Income
4. Compare whether Pensionable Income is the higher of (1+2) or 3

Step 1: Calculate the Income Elements

Add together the following items received by the minister as income:

- the annual stipend
- any bonus;
- payments in respect of manse heating and lighting (if this is paid in addition to the annual stipend);
- any housing costs paid other than Manse Allowance (e.g. rent, council tax, water charges etc.) paid in the previous calendar year, and
- any payments from an endowment by virtue of the minister’s role or payments by some other denominational fund/body

Step 2: Calculate the Manse Element

There is a specific figure agreed each year by BUGB and the Trustee of the Scheme to represent the value of the manse if the following applies:

- the manse or other living accommodation is occupied **rent free by virtue of qualifying office**; or
- the manse is **owned partly or wholly by the minister but leased by the church** by formal arrangement

The Manse Allowance for 2021 is £6,279.

If the accommodation is **owned partly or wholly by the minister but it is NOT leased by the church**, the manse element is the sum of the following:

- the manse allowance of £6,279 adjusted to reflect the proportion owned by the church
As an example, if the church owns 50% of the accommodation, the figure would be £3,139.50 (i.e. £6,279 x 50%);
- any rental or housing allowance paid by the church in respect of the proportion of the property owned by the minister; and
- any water/sewage, council tax, property insurance, maintenance/repairs paid by the church in respect of the proportion of the property owned by the minister

Although a minister-in-training (on the in-pastorate training scheme) normally receives half-stipend, it may be that they live in a manse on a full-time basis. Therefore, a proportion of the value of the manse (ranging from 50% to 100%) may be included in such a member's Pensionable Income.

Step 3: Calculate the Minimum Pensionable Income (MPI)

The MPI for a full-time minister is the sum of the BUGB Minimum Stipend and the full value for a Manse. The MPI is £30,779 in 2021.

For the purpose of the Baptist Pension Scheme, the MPI is set at the same level for all organisations including those based in Scotland.

Where a minister works part-time, their MPI (including the manse allowance) should be adjusted to reflect this according to the proportion of their part-time hours against the full-time working MPI of £30,779.

For example:

- a part-time minister receiving 50% of the standard stipend and 50% housing allowance, should have a Pensionable Income of £15,389.50 submitted for 2021
- a part-time minister receiving two-thirds of the standard stipend and two-thirds of the manse allowance, should have a Pensionable Income of £20,519.34 submitted for 2021

It is important that the Pensionable Income for any part-time members has been proportioned against the full time working MPI of £30,779 to ensure that the pension contributions being paid are correct and in accordance with the Scheme Rules. Please note that it is your responsibility to determine whether or not the minister is working full or part time hours. It is also your responsibility to determine the correct Pensionable Income for your member; however, you should not hesitate to contact the Pension Team if you have any questions.

Step 4: Compare whether Pensionable Income is the higher of (1+2) or 3

Add the Income Elements and the Manse Element, then compare this total with your MPI figure. The higher of the two is your Pensionable Income for the Pension Scheme.

Completing the Pensionable Income Declaration

You should submit the Pensionable Income for each Active member enrolled in the Scheme using the employer portal, 4MyStaff. The system will alert you if the figure you enter is below the full time working Minimum Pensionable Income for a member in the Ministers Section, at which point you will be required to confirm the following criteria:

- that the member is part-time, and
- the full-time equivalent income salary would be equal to or above the Minimum Pensionable Income of £30,779.

If you fail to complete the Pensionable Income declaration by 18th December 2020, we will proceed on the assumption that the minister is a fulltime employee earning the MPI of £30,779 and will collect contributions on this basis from 1st January 2021.