

27 July 2022

Dear Member

**The Baptist Pension Scheme (“the Scheme”) – Defined Benefit (“DB”) Plan
Good news – making progress in securing members’ benefits**

This letter is being sent to you as a beneficiary of the DB Plan from the Trustee of the Scheme. It sets out some very positive news on the future of the DB Plan.

As the Trustee of the Scheme, one of our main responsibilities is ensuring the security of the benefits payable to you and your dependants. We are very pleased to announce that we have reached an agreement with the insurance company Just Group (“Just”) to secure DB Plan members’ benefits. This agreement is referred to as a ‘buy-in policy’. It follows a similar agreement with Just in 2019 that covered most pensions in payment at that time. The combined agreements mean that Just are now providing financial backing for all DB pensions (including those not yet in payment) provided through the Scheme’s DB Plan.

What does this mean for me?

We want to reassure you that the purchase of this new buy-in policy does not change the benefits you or your dependants are currently entitled to receive from the Scheme and that the Trustee continues to be responsible for providing them under the Scheme. All pensions and benefits under the DB Plan continue to be paid as normal and no action is needed from you at this time.

We have set out more information below, and answered some immediate questions you might have but there will be more information provided in due course.

How does a buy-in work?

Under the Trustee’s two buy-in policies with Just (the new one and the one from 2019), the Trustee has paid a premium to Just in exchange for which Just has taken responsibility for meeting the cost of pension benefits due from the DB Plan in the future. Securing benefits in this way reduces the risk that the DB Plan is adversely affected by movements in stock markets, changes in life expectancy or other external factors beyond the Trustee’s control.

For the time being, those members of the DB Plan who are already receiving their pension will continue to receive their monthly payment directly from the Scheme’s administration team at Broadstone as they do now. If you have not yet retired then the existing options available to you, for instance to transfer your benefits to an alternative arrangement, remain in place and continue to be processed by Broadstone.

The 'buy-in' is an important step towards setting up individual pension arrangements (or "annuities") for each member of the DB Plan. This is known as a 'buy-out'. Once this exercise is complete it will be Just, and not the Trustee, who is responsible for looking after your DB Plan pension benefits. This process is anticipated to complete in the next couple of years, and we will write to you again well in advance of this to inform you of the arrangements which will then take effect.

How was the agreement reached?

The agreement was made possible as a result of improvements in the price of such policies relative to the DB Plan's assets. Once the opportunity was identified, the Trustee went through an extensive exercise and considered a range of key factors before making the decision to proceed with Just. Legal and actuarial advice was obtained and due diligence carried out on the financial strength of Just. The policy with Just replaces the other investments held by the Trustee.

Who are Just?

Just are a well-established UK Insurance Company who specialise in taking over pension scheme liabilities and all the risks associated with them. The Trustee was of course already familiar with Just, following the similar transaction in 2019.

Just is regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) and the Trustee obtained advice about the finances of Just as part of reaching agreement. In the extremely unlikely event of Just becoming insolvent, member benefits will be protected under the Financial Services Compensation Scheme (FSCS).

Data protection

As part of this process, the Trustee is required to share information about the members of the Scheme with Just. A copy of Just's current privacy policy which sets out how they may gather, use and share this information as well as providing information on the rights you have on how this information is processed can be found at the following link:

<https://www.wearejust.co.uk/globalassets/defined-benefits/documents/db-privacy-notice---standard-buy-in.pdf>

Are BUGB and the Scheme's Employers' Group supportive of this transaction?

The Baptist Union of Great Britain (BUGB) has certain responsibilities under the Scheme Rules on behalf of all the participating employers. The Employers' Group was set up to assist BUGB in its role and includes representatives from the employers participating in the Scheme. BUGB and the Employers' Group have been engaged throughout the process and are fully supportive of the transaction with Just.

One of the key benefits of the agreement is that, after 'buy-out', it will relieve employers of any ongoing commitment to contribute to the DB Plan. The Trustee is working with BUGB and the Employers' Group regarding the suspension of contributions to the DB Plan in the short term. This has no impact on contributions payable to the Scheme's Defined Contribution Plan for active members, which will continue as normal.

Who to contact if you have any questions

You should continue to contact the Scheme Administrator, Broadstone, regarding any matters relating to the Scheme. Their contact details are as follows:

Telephone: 0117 937 8700

Address: Broadstone Consultants & Actuaries Limited, BBS House, 23-25 St George's Rd, Bristol, BS1 5UU

Email: Baptistpensions@Broadstone.co.uk

We are pleased to be letting you know about this agreement and the additional security it brings to the Scheme. As a Trustee Board we continue to monitor the operation of the Scheme and will provide further information on the next stages of the journey towards full DB Plan buy-out in due course.

Yours sincerely

Chris Maggs
Moderator of the Scheme's Trustee Board