

Scottish Episcopal Church Pension Fund Auto-enrolment test standard

This paper has been prepared for Daphne Audsley in her role as secretary to the Trustees of the Scottish Episcopal Church Pension Fund but it is expected that this paper may be shared with the Church.

In order for the Scottish Episcopal Church Pension Fund ('the Scheme') to be a 'qualifying scheme' for the purposes of auto-enrolment the scheme has to meet certain requirements. Employers have a responsibility to ensure that schemes are 'qualifying schemes'.

Two new, simpler quality tests have recently been introduced in order to make the checking process easier for employers. One of these tests is based on the cost of future accrual which can be measured using the agreed funding assumptions and which needs to exceed certain levels depending on the definition of pensionable earnings in the scheme.

Based on the latest Schedule of Contributions I can confirm the following in respect of the Scheme:

Definition of pensionable earnings in scheme rules on which contributions are based:

Clergy:	Standard Stipend
Staff:	Basic salary

Cost of future accrual for the Scheme:

Clergy:	30.3% of Standard Stipend
Staff:	30.3% of Basic salary

Definition of pensionable earnings for the purposes of the test: At least equal to basic pay

Minimum Cost of future accrual for a qualifying scheme required by legislation: 11%

Hence the cost of accrual for the Scheme comfortably exceeds the minimum and so the Scheme passes the cost of accrual test for being a qualifying scheme.

For the avoidance of doubt, as the Scheme passes the cost of accrual test you do not need to rely on the Test Scheme Standard.

The legislation requires that the test is considered separately for all benefit categories where there is a material difference in the cost of accruing future benefits. I understand that all active members of the Scheme accrue benefits on the same terms.

Under this new test process no specific actuarial certification is required and there are no precise timescales for review, however the position should be reviewed periodically and it would seem sensible to do this when a new Schedule of Contributions is put in place. From the above, my understanding is that the Scheme is a qualifying scheme for auto-enrolment purposes. However, the responsibility rests on the employers for ensuring the Scheme continues to satisfy the requirements should there be any changes to the Scheme.

We are not lawyers. We are unable to give legal advice. If you think such advice is appropriate you are responsible for obtaining your own legal advice.

We have prepared this paper for the Trustees of the Scottish Episcopal Church Pension Fund. We do not accept any liability or responsibility to any third party in respect of this paper.

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Alistair Lyon FFA
Scheme Actuary
Mercer Limited
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