

DATE: 31<sup>st</sup> January 2018

## Pensions Update

### **MRC and UKRI**

MRC will cease to exist as an employer when it becomes part of UKRI on 1 April 2018.

With the agreement and support of BEIS, MRC's and UKRI's sponsoring government department, UKRI will replace MRC as principal sponsoring employer of the MRC Pension Scheme.

UKRI will assume responsibility for the overall funding of the Scheme with effect from 1 April 2018, and the paperwork required to formalise this legally binding arrangement is expected to be completed by the end of March 2018.

It is important to stress that the assets of the Scheme will remain separate from MRC and UKRI, as they are set aside for the sole purpose of providing benefits for members and their dependents.

### **Scheme valuation**

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

In the interests of taking a prudent approach to funding, MRC agreed to increase its contribution as principal employer to 15% with effect from 1 April 2018. The other participating employers will pay the slightly higher rate of 15.9%.

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 2016, was sent to all members last week.

### **UKRI and auto enrolment**

MRC has agreed to a request from BEIS to enrol any staff eligible to join the MRC Scheme, but who are not members currently, into the Scheme on 1 April 2018. This is to help UKRI comply with obligations under workplace pensions and auto enrolment.

### **New members and public service pension reform**

The MRC Pension Scheme will continue to be open to future pension provision and new members under UKRI.

Only staff recruited to MRC's three Institutes in Cambridge (LMB), London (LMS) and Oxford (Harwell), together with staff recruited to work at their supporting units, will be eligible to join the MRC Pension Scheme with effect from 1 April 2018.

New members from 1 April 2018 will be entitled to pension benefits based on career average (not final salary) with retirement age linked to State pension age. This is to comply with the requirements of public service pension reform, which applies to MRC and UKRI. Full details of the new pension offering will be provided to MRC Institutes by March, at the latest.

### **Public service pension reform and current members**

It is expected that UKRI will need to provide pension benefits on a career average basis to all staff, but not before 1 April 2019.

This change will not be introduced retrospectively and does not affect pensioners or members that have left service with deferred benefits.

Transitional arrangements, intended to protect current active members that are within ten years of normal pension age, were challenged by members of other public service schemes and found to be discriminatory.

This means that the current proposal to reform existing public pension schemes by 1 April 2019 must be in doubt. Further information will be circulated when government policy has been clarified.

### **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 currently pays 14% (increasing to 15% from April 2018) of salary towards pension benefits for its staff and will not pay into an alternative pension arrangement if you are not a member.

If you are eligible, but choose not to join the Scheme, you will be auto enrolled for career average pension benefits by UKRI on 1 April 2018.

### **Member Website**

The Trustees provide a website for all members at [www.mrcps.co.uk](http://www.mrcps.co.uk). The site, hosted by JLT Employee Benefits, contains helpful information and important scheme documents and can be accessed by using scheme identification code **672785**.

**Jim Clerkin FPMI**

**Director of MRC Group Pensions & Secretary to the Trustees**