

DATE: 28<sup>th</sup> March 2018

## Pensions Update

### **Scheme funding**

The MRC Pension Scheme had another successful year in 2017, which saw total assets under management increase to a new high of just under £1.6bn. The overall value of the Scheme is a timely reminder of the financial protection afforded to all members and their dependents.

### **MRC and UKRI**

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

UKRI will replace MRC as principal sponsoring employer of the MRC Pension Scheme from that date onwards. This is happening with the support and agreement of BEIS, which is MRC's and UKRI's sponsoring government department.

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.

### **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.

### **Auto enrolment and tax protection**

If you have obtained tax protection from HMRC in relation to your Lifetime Allowance (LTA) and received a letter from UKSBS in February advising that you will be auto enrolled into the MRC Scheme, and you do not want to be in the Scheme for tax reasons, you should raise a service request on Oracle before payroll cuts off on 5 April 2018. A copy of the protection certificate should be attached to the service request.

### **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.

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 and new NC3Rs, will be eligible to join the MRC Pension Scheme with effect from 1 April 2018.

New members from that date 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 have been provided to MRC Institutes, including copies of the new Scheme booklet.

### **Annual benefit statements**

Annual pension statements will be issued in May. The statements will be based on membership and data held by JLT Employee Benefits, who administer the Scheme on behalf of the Trustees, as at 31 March 2018 and will include information relating to tax limits on pension contributions and the Lifetime Allowance.

### **Pension savings statements**

Pension savings statements will be sent to those affected by the £40,000 Annual Allowance on pension contributions by JLT in June.

Since April 2016, the Annual Allowance has been tapered for those with taxable income from all sources above £150,000. It is anticipated that those with earnings of less than £110,000 will not be affected, even after pension contributions are taken into consideration.

### **Annual report and accounts**

The Scheme accounts for 2017 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 portal and member website in July.

A summarised version of the accounts together with a funding update will be sent to all members in September.

### **Lifetime Allowance**

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

The current Lifetime Allowance is £1m and members of pension schemes should be able to apply online to HMRC for protection if their pension pot exceeded £1m as at 5 April 2016.

If you think you are affected by reductions in the LTA you are encouraged to seek independent financial advice without delay. A list of advisers in your area can be found at [www.unbiased.co.uk](http://www.unbiased.co.uk).

### **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**