



Medical
Research
Council

Staff Bulletin 592

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Pensions Update

Early retirement and commutation factors

Following completion of the 2019 valuation at the end of 2020, the Trustee Board accepted the advice of the Scheme Actuary and adopted new early retirement and commutation factors with effect from 1 April 2021.

The new early retirement factors are less penal than was the case previously and the flat rate commutation factor of 14:1 has been replaced with more generous age-related factors. Mercer is applying the new factors to all retirements since 1 April 2021.

Annual benefit statements

Annual pension statements were posted to home addresses overnight and are expected to arrive during the course of this week. Copies will also be added to BenPal for those who have activated an account.

Mercer has calculated accrued and prospective pension entitlements as at 31 March 2021. Any changes to pensionable salary since that date will be picked up in the next annual statement.

Pension savings statements

Pension savings statements for 2020/2021 tax year will be sent to those affected by the £40,000 Annual Allowance on pension contributions by the end of this month.

Annual report and accounts

The annual accounts for the year ending 31 December 2020, audited by new Scheme auditors KPMG, were approved by the Trustee Board when it met on 22 June.

The accounts include a new disclosure requirement called an implementation statement, which explains how the Trustees have followed the objectives and policies set out in the Scheme's Statement of Investment Principles.

A signed copy of the audited accounts has been posted to the member website at www.mrcps.co.uk and to BenPal.

Trustees' annual report

A summarised version of the annual accounts will be posted to all members in September.

Minimum pension age

The current statutory minimum pension age is 55, which is the earliest age Scheme members can access retirement benefits, unless they qualify for an exemption. Active members of the MRC Pension Scheme throughout the period between 10 December 2003 and 5 April 2006 have a minimum pension age of 50.

The minimum retirement age does not apply in cases of ill health early retirement.

Planned changes to the minimum pension age

The government has announced it will legislate in the Finance Bill to increase the minimum pension age from 55 to 57 with effect from 6 April 2028. The change is intended to coincide with planned changes in the State pension age, which is due to increase from 66 to 67 from the same date.

The government has said it intends to offer protection to those with the existing minimum pension age, with further details to be announced in the Finance Bill.

Lifetime Allowance frozen for five years

As advised previously, the Lifetime Allowance, the maximum pension savings that can be built up over a working lifetime, is to be frozen at £1,073,100 until 5 April 2026.

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