

DATE: 19th February 2018

Pensions Update

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.

Scheme valuation – employer contribution rates

MRC has agreed to a request from the Trustees to increase its contribution as principal employer to 15% with effect from 1 April 2018. The other participating employers will be required to pay the slightly higher rate of 15.9%.

A funding statement, summarising the overall financial position of the Scheme as at 31 December 2016, was sent to all members in January.

Changes to the Trustee Board

Mr Hugh Dunlop, Chief Operating and Finance Officer at MRC, will join the Trustee Board with effect from 1 March 2018 and replaces Prof James Leiper, who left MRC to join Glasgow University towards the end of last year.

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.

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.

Eligible MRC staff, who have chosen not to join the Scheme, will be auto enrolled for career average pension benefits by UKRI on 1 April 2018.

If you would prefer to join the MRC Scheme and receive benefits linked to your final pensionable salary, rather than be auto enrolled for a career average pension linked to State pension age, you should raise a service request by no later than 6 March, when payroll cuts off. Your service request should be supported by a signed letter confirming that you wish to join and pay pension contributions from 1 March 2018.

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 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 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, not just new staff joining from 1 April 2018.

Any change affecting current members 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 recently by members of other public service schemes and found to be discriminatory.

Consequently, the current requirement to reform all existing public service pension schemes by 1 April 2019 must now be in doubt. This means that changes affecting future pension benefits are not being introduced for current members at this time. Further information will be circulated when government policy has been clarified.

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, covering the 2017/2018 tax year.

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 in June. A copy of the audited accounts will be available from the portal and member website in July.

Member Website

The Trustees provide a website for all members at 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