

Pensions can be complex and confusing, especially when they are involved in life stages and events.

Find out more about those tricky pension issues you might need help with. This is our understanding of current practice and legislation. We can't give advice - always speak to an adviser.

Annual Allowance

This is the maximum you can earn or save in a pension each tax year before paying tax.

For defined contribution schemes this includes the contributions both you and your employer pay.

For defined benefit schemes it is the amount of pension you have earned over the tax year – allowing for inflation, multiplied by 16.

[Find out more about Annual Allowance.](#)

Annual Allowance - Money Purchase Annual Allowance

If you take a defined contribution pension pot flexibly, the amount you can pay into other defined contribution pension pots reduces.

If you go over this new reduced limit you will have to pay tax on the excess.

[Find out more about Money Purchase Annual Allowance.](#)

Annual Allowance - Scheme Pays

If you have an Annual Allowance tax charge to pay, and this is more than £1,000 you can ask us to pay this for you.

We will take this from your pension and pay the charge to HMRC on your behalf.

[Find out more about Scheme Pays.](#)

Annual Allowance - Tapered Annual Allowance

If your taxable earnings for the year are more than £240,000, for every £2 you earn between £240,000 and £300,000, your Annual Allowance reduces by £1.

This means if you earn above £240,000 a year you face a bigger risk of an Annual Allowance tax charge.

[Find out more about how Tapered Annual Allowance.](#)

Automatic Enrolment

Most organisations in the UK are now required to have a pension scheme and put certain staff into it. If you have questions about how this works, the first step might be to look at the [Pension Regulators website](#).

For more Church specific questions and answers, [see our own FAQs](#).

Charitable grant giving

If you have a very low income, and have little savings or assets, we might be able to offer you a grant. [Find out more in our grant leaflet](#).

Clergy AVCs - boost my pension

Additional Voluntary Contributions (AVCs) are a very tax efficient way of boosting your retirement income.

If you earn enough to pay tax, and you keep within certain limits, your AVCs are tax-free when they go in, and we can usually pay most or all your AVCs back to you tax-free when you retire.

Find out more about paying AVCs, and how much you could get back tax-free when you retire in our ['Boost my pension' guide](#).

Clergy AVC tax-free cash limits

When you retire, you can often get back all, or most of your AVCs back tax-free. But, there is a limit.

Find out more about how much of your AVCs you could get back tax-free.

Clergy pension transfer

You do not have to keep your Clergy pension with us. You can move all or some of your Clergy pension to another pension provider. This can give you access to more cash lump sums, or the ability to take money as and when you need it. You could also leave more money to your loved ones when you die.

[Find out more about transferring your Clergy pension here](#).

Clergy planning for retirement

It's never too early to start planning for retirement. There will be lots to think about and consider, such as how much money you'll need, where you might want to live, and whether you would like to continue your ministry into retirement.

[Our guide and can you to start planning now for the retirement you want.](#)

If you feel you need financial advice to help you plan ahead, find out more about how [our partnership with Ecclesiastical Financial Advice Services \(EFAS\)](#) can help you.

Divorce and dissolution

If you are going through a divorce, or your civil partnership dissolves, the Court may take your pension into account. If they do, you might need some information and figures from us.

[Find out more.](#)

Family leave

If you take a break from work for family leave, such as maternity, paternity, adoption or shared parental leave, check what happens to your pension while you are off work.

[Find out more.](#)

Ill health retirement

If you need to stop working due to health problems, you might be able to access your pension early. You should speak to your employer first, and if they agree you can explore ill health retirement.

Find out about the steps you should take if you need to retire on health grounds.

[Clergy ill health guide](#)

Lifetime Allowance (now abolished)

Until 6 April 2024, this was the limit on how much you could earn or save in a pension over your lifetime before paying tax. If you exceeded the limit you might have paid tax on the amount you exceed, but you could get protection.

[Find out more about Lifetime Allowance.](#)

Powers of Attorney

If you lose 'capacity' you might need someone to help manage your affairs. If you do, you'll probably need a Power of Attorney.

Capacity can be both mental and physical.

[Find out more about Powers of Attorney and what we can accept.](#)

Research Notes

This [research note](#) explores the changes to clergy pensions over time.

Small Pension Lump Sums

If your pension is worth less than £10,000 you might be able to take this as a lump sum.

This is designed to help get the most from small pensions, and save you having a small pension or annuity. You can take 25% tax free and the rest is taxed as income.

[Find out more about Small Pension Lump Sums.](#)

Staff transfers – TUPE

If staff transfer employer under TUPE, many contractual rights also transfer. Pensions are complex and you might not be offered the same pension scheme, or the same deal.

[Find out more about what happens to your pension under TUPE.](#)

State pensions

Find out everything you need to know about how your State pension works, how to apply for it, and how it's paid at [this gov.uk website](#).

Tax-Free Allowances

From 6 April 2024, each time you access tax-free money from your pension, you use up your tax-free allowances. This replaces Lifetime Allowance.

[Find out more about your tax-free allowances.](#)

Trivial Commutation

If you have a defined benefit pension with us, and this is worth between £10,000 and £30,000 we might be able to pay this to you as a lump sum.

The rules around this are complex and you must take all payments like this within 12 months of each other.

[Find out more about Trivial Commutation.](#)

Uncrystallised Funds Pension Lump Sums

When you come to take a defined contribution pension pot, you can take the first quarter of this tax-free.

Instead of using the rest to provide an income, you can take it as a taxed lump sum.

[Find out more about how UFPLS works.](#)

Unpaid leave and sick leave

If you are off work because of illness, or you are taking unpaid leave, pension contributions might stop. You might not build up pension for the period of you are off work., but your life cover still continues.

Ask your employer whether they will pay contributions while you are off work.

[Find out more about pensions when you are on long term leave.](#)

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