

# Keeping you up to date with your pension scheme's financial health

Church of England Funded Pensions Scheme

December 2016

The Church of England Pensions Board is pleased to provide you with this Summary Funding Statement, to give you an update on the funding position of the Church of England Funded Pensions Scheme.

We use independent advisers to help us to monitor the Scheme's finances. This statement summarises the results of the actuarial valuation of the Scheme as at 31 December 2015, which was completed in December 2016. A full actuarial valuation, which is a thorough review of the Scheme's financial position, takes place every three years. We also obtain annual "snapshot" updates, with the next update being due as at 31 December 2016.

The valuation as at 31 December 2015 revealed a funding shortfall of £236m. Further details are given on pages 2 and 3.

If you need any further information about your benefits, please let us know.



Yours faithfully

**Bernadette J Kenny**

Chief Executive of the Church of England Pensions Board  
as Trustee of the Church of England Funded Pensions Scheme

## Further information

If you have any questions or would like to see a copy of the Scheme's financial accounts, rules, investment policy, most recent actuarial valuation report, or other documents, please contact us.

You can find our contact details on page 4.

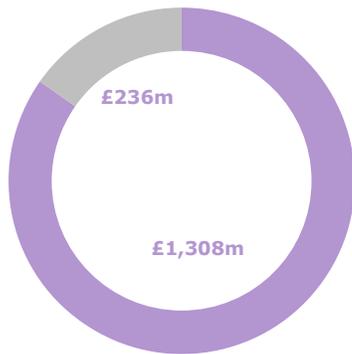
## Are your details up to date?

Please let us know if your contact details have changed.

If you would like to change the people you have nominated to receive benefits upon your death, please complete a nomination form.

# Results of the actuarial valuation at 31 December 2015

Target level of assets:  
**£1,544 million**



■ Actual assets ■ Shortfall

At 31 December 2015 the target level of assets was £1,544m, but the actual assets were £236m less than this.

This £236m shortfall does not affect the pensions we pay – we have always paid members their full pensions.

At the last Summary Funding Statement we indicated the shortfall as at December 2014 was £299m. The Scheme's financial position improved by £63m during 2015. This was mainly due to favourable returns on the Scheme's assets and deficit contributions paid by the employers.

In order to fill the gap, the employers have agreed to pay contributions of 11.9% of pensionable stipends to the Scheme until 2025. This is in addition to the contributions needed to meet the ongoing cost of pensions being earned each year, and the expenses of running the Scheme.

## Assumptions

We employ an independent expert to provide regular checks on the Scheme's finances. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that is expected to be enough to continue to pay out all the pensions that members have already built up in the Scheme.

Nobody knows exactly how much money will be needed to pay everybody's pensions. This will depend on how long members live, the level of inflation, and the returns earned on the Scheme's investments, amongst other factors.

## Assets of the Scheme

The assets of the Scheme come from contributions paid by the employers, together with investment growth.

The assets of the Scheme are held separately from the employers and we are responsible for investing this money.

The assets are held in a common fund – they are not held in separate pots for each member.

Pensions are paid to retired members out of this common fund.

# Your questions answered

## Q: How has the position changed since the valuation date?

Investment markets have been extremely volatile in view of UK and worldwide political uncertainty. The position deteriorated significantly in late summer but has since recovered a large part of that loss. We continue to monitor the position closely.

## Q: Have the employers taken any money out of the Scheme?

Regulations require us to confirm to you that the employers have not taken any money out of the Scheme in the last 12 months. We are happy to confirm this.

## Q: What if the Scheme has to wind up?

If the Scheme started to wind up, the employers would be required to pay enough money into it to enable your benefits to be provided by an insurance company. Neither us, or the employers have any plans to wind up the Scheme.

We monitor the cost of securing all members' benefits with an insurance company.

The most recent estimate provided by our independent advisers looked at the position on 31 December 2015. This estimate showed that the employers would have to make an additional final contribution of about £996m to make sure all members' pensions could be paid in full by an insurance company. This is larger than the shortfall shown on page 2, but this is fairly common amongst similar UK pension funds.

If the employers became insolvent and could not afford to pay this, you might not get your full pension benefits.

## Q: Is my pension protected?

The Government has set up the Pension Protection Fund which provides pension scheme members with added security should their sponsoring employers become insolvent and unable to pay the final contribution. If the Scheme enters the Pension Protection Fund, the amount members receive may be less than the pension benefits built up for them in the Scheme. The Pension Protection Fund rules are complex. The amount they will pay depends on the rules of the scheme, whether a pension is already being paid, a member's age and the type of pension benefit.

More information and guidance about the Pensions Protection Fund is available at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)

or by contacting the Pensions Protection Fund on 0330 123 2222.

# Where can I get more information?

If you have any questions or would like to see a copy of the Scheme's financial accounts, rules, investment policy or other documents, please contact the Church of England Pensions Board.



[pensions@churchofengland.org](mailto:pensions@churchofengland.org)

[www.cepb.org.uk](http://www.cepb.org.uk)



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