THE CHURCH OF ENGLAND
PENSIONS BOARD

Summary Funding Statement 2020

Church Workers Pension Fund (CWPF)

Each year we are required to let you know the financial position of your pension scheme. This Summary Funding Statement gives you a financial update as at 31 December 2020.

Our independent advisers, LCP, help us monitor the pension scheme's finances. A full valuation, which is a thorough and independent review of the financial position takes place every three years.

This statement summarises the results of the last valuation at 31 December 2019, and a snapshot update at 31 December 2020.

If you have any questions or would like a copy of the formal accounts, rules, investment or funding policy, please let us know.

Contact us

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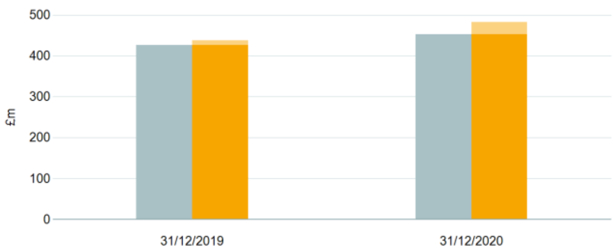
Defined Benefit Scheme (DBS)

Actuarial valuation at 31 December 2019 & snapshot at 31 December 2020

At 31 December 2019 the target level of assets was £426.6m and the actual assets were £11.3m below this.

At 31 December 2020 the target level of assets was £481.9m and the actual assets were £29.1m below this.



		31/12/2019	31/12/2020
	Asset value	£426.6m	£452.8m
	Target funding level	£437.8m	£481.9m
	(Shortfall) / Surplus	(£11.3m)	(£29.1m)

Assets

The assets come from contributions paid by members and employers, together with investment growth.

We hold the assets separately from the employers and we are responsible for investing this money.

We hold the assets in a common fund – they are not held in separate pots for each member. Pensions are paid to members out of this common fund.

The shortfall does not affect your pension – we have always paid members their pensions in full.

In your last Summary Funding Statement, we showed a shortfall of £20.6m at 31 December 2018. The financial position has therefore deteriorated by £8.5m since the last update. This is mostly due to unfavourable experience in financial markets, partly offset by higher than expected investment return, and deficit contributions from employers.

We have agreed the sponsoring employers will pay deficit contributions to pay off their sections' deficit within seven years of 1 April 2021. Some employers have agreed a longer or shorter period.

We expect the snapshot to change from year to year because the finances depend on changes in global financial markets.

The next full actuarial valuation is due as at 31 December 2022.

Assumptions

We employ an independent expert to provide regular financial checks. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that we expect is enough to pay everyone's pension, based on assumptions about the future. For example, how long people will live; what inflation will be; and what investment returns will be.

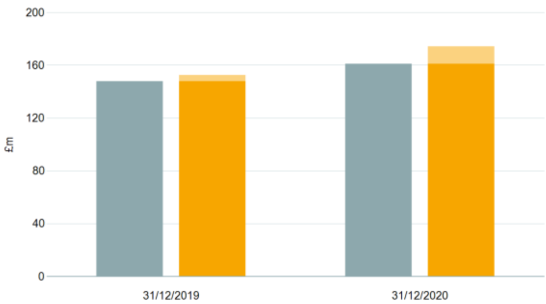
Nobody knows exactly how much money will be needed to pay everybody's pensions. This depends on how actual experience compares with our assumptions.

Pension Builder Classic (PB Classic)

Actuarial valuation at 31 December 2019 & snapshot at 31 December 2020

At 31 December 2019 the target level of assets was £152.6m and the actual assets were £4.8m below this.

At 31 December 2020 the target level of assets was £174.4m and the actual assets were £13.2m below this.



	31/12/2019	31/12/2020
Asset value	£147.8m	£161.2m
Target funding level	£152.6m	£174.4m
(Shortfall) / Surplus	(£4.8m)	(£13.2m)

Assets

The assets come from contributions paid by members and employers, together with investment growth.

We hold the assets separately from the employers and we are responsible for investing this money.

We hold the assets in a common fund – they are not held in separate pots for each member. Pensions are paid to members out of this common fund.

The shortfall does not affect your pension – we have always paid members their pensions in full.

In your last Summary Funding Statement, we showed a shortfall of £16.6m at 31 December 2018. The financial position has therefore improved by £3.4m since the last update. This is due to higher than expected investment return, and lower than expected discretionary increases.

T0 meet the shortfall, sponsoring employers may be required to pay deficit reduction contributions in the future.

We expect the snapshot to change from year to year because the finances depend on changes in global financial markets.

The next full actuarial valuation is due as at 31 December 2022.

Assumptions

We employ an independent expert to provide regular financial checks. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that we expect is enough to pay everyone's pension, based on assumptions about the future. For example, how long people will live; what inflation will be; and what investment returns will be.

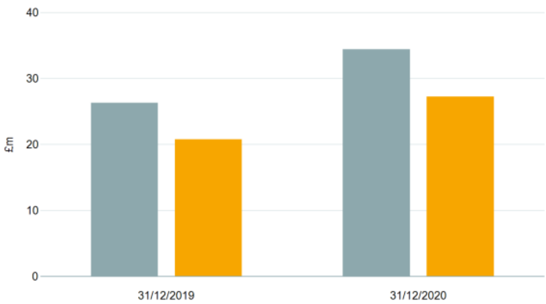
Nobody knows exactly how much money will be needed to pay everybody's pensions. This depends on how actual experience compares with our assumptions.

Pension Builder 2014 (PB 2014)

Actuarial valuation at 31 December 2019 & snapshot at 31 December 2020

At 31 December 2019 the target level of assets was £20.8m and the actual assets were £5.5m above this.

At 31 December 2020 the target level of assets was £27.2m and the actual assets were £7.2m above this.



	31/12/2019	31/12/2020
Asset value	£26.3m	£34.4m
Target funding level	£20.8m	£27.2m
(Shortfall) / Surplus	£5.5m	£7.2m

Assets

The assets come from contributions paid by members and employers, together with investment growth.

We hold the assets separately from the employers and we are responsible for investing this money.

We hold the assets in a common fund – they are not held in separate pots for each member. Pensions are paid to members out of this common fund.

We guarantee members will receive at least the value of their contributions on retirement at age 65, plus discretionary bonuses. We hold a reserve to protect member accounts against adverse investment experience, to protect this guarantee.

When we wrote to you last time, we reported a surplus of £2.0 million at 31 December 2018.

The financial position has therefore improved by £5.2 million since the last update. This is due to higher than expected investment returns. The reflects our decision to add discretionary bonuses of up to 10.2% for 2019 and 6.0% for 2020.

We expect the snapshot to change from year to year because the finances depend on changes in global financial markets.

The next full actuarial valuation is due as at 31 December 2022.

Assumptions

We employ an independent expert to provide regular financial checks. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that we expect is enough to pay everyone's pension, based on assumptions about the future. For example, how long people will live; what inflation will be; and what investment returns will be.

Nobody knows exactly how much money will be needed to pay everybody's pensions. This depends on how actual experience compares with our assumptions.

Your questions answered

Q: What if the scheme has to wind-up?

We and the employers do not intend to wind up the pension scheme. We monitor the impact should the employers no longer be able to support the scheme. In this event, a wind-up is likely to begin and the responsibility for paying members' pension benefits would be transferred to an insurance company.

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 2019. This estimate showed that, at that date, an additional final contribution of about £41 million would be needed to make sure all members' pensions could be paid in full by an insurance company.

This is a larger shortfall compared with the position shown on page 2, but this is fairly common amongst similar UK pension schemes.

Q: Is my pension protected?

If the employers became insolvent and there was not enough money to secure benefits in full with an insurance company, members may not receive their full pension benefits.

To help members in this situation, the Government has set up the Pension Protection Fund. If your pension enters the Pension Protection Fund, the amount you receive may be less.

The Pension Protection Fund rules are complex - the amount it will pay depends on the our rules, whether you are already receiving a pension, your age and the type of pension.

More information and guidance about the Pension Protection Fund is available at **www.pensionprotectionfund.org.uk** or by contacting the Pension Protection Fund, 12 Dingwall Road, Croydon, Surrey, CR0 2NA (tel: 0345 600 2541).

Q: What about my Additional Voluntary Contributions (AVCs)?

If you have AVCs, these are invested in our Church Workers Pension Fund.

Q: Is there anything else I need to know?

Regulations require us to confirm that since the last Summary Funding Statement the employers have not taken any money out and the Pensions Regulator has not intervened in the running of the pension scheme. We are happy to confirm this.

Latest news

Pension Scams

Be aware, scammers are taking advantage of the current situation to target pensions. They are known to increase their activity at times of financial stress. The Pensions Regulator has said you should exercise extreme caution and visit the **www.fca.org.uk/scamsmart** website which has specific guidance relating to Covid-19.

In particular, if you are called out of the blue by an individual or company promising to move your savings to a 'safe haven', please hang up. Cold-calling in this way is illegal. Pension scams can be hard to spot. Scammers can be articulate with credible websites, testimonials and materials that are hard to distinguish from the real thing.

If you're thinking about how to invest your retirement savings, consider getting impartial information and advice – you can find specialist help through **https://directory.moneyadviceservice.org.uk/en**.

If you are concerned please contact us or go to **https://www.pensionsadvisoryservice.org.uk/**.

Get to know your pension: hints and tools from the DWP

As part of its ongoing campaign to get people more engaged with their retirement savings, the Department for Work and Pensions (DWP) has recently published **https://www.yourpension.gov.uk** to help people plan for their retirement. It brings together various tools to trace lost pensions, find out what your likely State pension will be, and work out how much money you may need to enjoy the retirement you want.