

VISION

We will deliver a professional, high quality and efficient service to our customers, respecting their needs and the needs of those who provide us with the money to do this

VALUES

We are part of the Church of England

We understand our customers and their needs

We work closely with employers, dioceses and all our partners and take careful account of their views

We behave with openness and integrity

We take pride in doing a good job

We value our people and the contribution they make

STRATEGIC OBJECTIVES

Manage the pension schemes efficiently and effectively in accordance with the scheme rules and apply an investment strategy that maximises the Board's ability to ensure all liabilities are met as they fall due

Provide quality retirement housing while demonstrating good value for money

Achieve a sustainable return on the Board's investment funds, acting in accordance with the National Church Institutions' ethical policies

Understand our customers' needs and expectations and use this information to improve delivery of our services

Maintain our ability to comply with all regulatory and legal requirements

Provide value for money to the Church with the resources we are given to run the business

Create a working environment which motivates and develops our people to give of their best and take pride in working for the Church of England Pensions Board

The full Annual Report and Financial Statements for 2012 can be obtained from our website www.cepb.org.uk

Further copies of this report can be obtained from:

The Church of England Pensions Board, 29 Great Smith Street, London SW1P 3PS

Pensions Helpline 020 7898 1802
pensions@churchofengland.org

Housing Helpline 020 7898 1824
housing@churchofengland.org

The Church of England Pensions Board

We provide retirement services set by the Church of England for those who have served or worked for the Church

Review
2012

Introduction from the Chairman

It has been a transitional year for the Pensions Board, in which we have started to look at the best way to provide our services to the Church of England in the future.

During the year we concluded the valuations of our two pension schemes for lay workers: the Church Workers Pension Fund and the Church Administrators Pension Fund. The former provides a pension scheme to people employed at all levels of the Church of England. This includes people working in diocesan offices, as well as mission agencies, cathedral and parish offices. As a result of the valuation, we assisted a number of employers in changing the benefits package they offer to their employees.

As part of this work, and with the valuation of the Clergy Funded Scheme in prospect for 2013, we held a series of regional workshops with dioceses. These were a welcome opportunity to meet our diocesan colleagues, share information and answer questions. We are reviewing how best to continue this engagement with dioceses in 2013. We also held a fringe meeting

at the General Synod's sessions in York in July, which we plan to repeat.

We strengthened the governance of our pension operations by setting up a Pensions Committee under the chairmanship of Roger Mountford. It has already enabled the Board to challenge and consider in much greater depth the assumptions underlying the valuations. It has also been able to look at other matters such as our communication with scheme members.

In the summer we commissioned York University to carry out research into the future housing needs of retiring clergy. All clergy who were within 15 years of the current pension age were sent a questionnaire. We achieved a remarkably good response rate of over 60%, which perhaps reflects the importance clergy attach to this form of retirement support. The researchers also carried out in-depth interviews with a small number of clergy. The results from this research will be a key element in our planning for the future delivery of CHARM and facilitate a wider debate about the future costs and affordability of the scheme.

Each year we say farewell to some Board members and long-serving members of the staff, and 2012 was no exception. During the course of the year, Colin Peters decided to step down from the Board. He had been a member since the Board had been reconstituted in 1998. Bishop David Walker, the Board's Vice Chairman and the Chairman of the Housing Committee stepped down in early 2013, upon his appointment as Chairman of the Archbishops' Council's Remuneration and Conditions of Service Committee. We also said farewell to Tony Williams, our Pensions Manager, who retired after over 23 years service with the Board.

In 2013, the Board will focus on the Church's retirement provision for its clergy, through both pensions and retirement housing. We will try to continue to live our values of openness, transparency, understanding our customers and their needs, as well as working closely with employers, dioceses and all of our partners.

Jonathan Spencer
Chairman



Assists over 32,000 people
across over 250 employers



Manages funds in excess
of £1.3 billion

Provides housing to
around 3,000 retired clergy
households through CHARM
and in seven Christian
retirement communities





Assists over 32,000 people across over 250 employers

Church of England Funded Pensions Scheme (CEFPS)

Provides pensions and other benefits for clergy and others in stipendiary ministry

Actuarial Valuation as at 31 December 2012 underway

24,314 Members
(35% Active, 8% Deferred, 57% Pensions in Payment*)

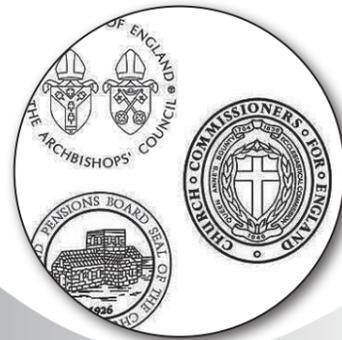


Church Workers Pension Fund (CWPF)

Centralised pension scheme for employers connected with the ministry and mission of the Church of England

Next Actuarial Valuation as at 31 December 2013

8,414 Members
(30% Active, 35% Deferred, 35% Pensions in Payment)



Church Administrators Pension Fund (CAPF)

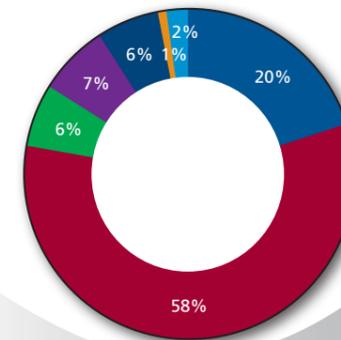
Pension scheme for the lay staff of the National Church Institutions

Next Actuarial Valuation as at 31 December 2014

1,309 Members
(41% Active, 27% Deferred, 32% Pensions in Payment)

*CEFPS includes clergy pensions from both CEFPS and the pre-1998 service scheme and pensions paid to widow(er)s and surviving civil partners.

Manages funds in excess of £1.3 billion

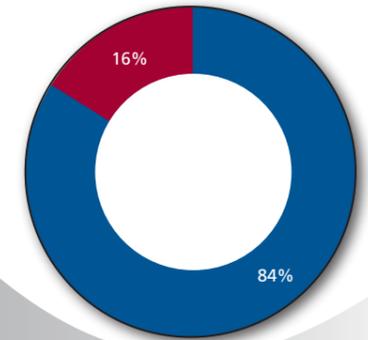


Return Seeking Pool – Value around £1.1 billion

- UK Equities 20%
- Overseas Equities 58%
- Corporate Bonds 6%
- Property 7%
- GTAA 6%
- Infrastructure 1%
- Cash 2%

Liability Matching Pool – Value around £0.2 billion

- Index Linked Government Bonds 84%
- Index Linked Corporate Bonds 16%



The assets of the pension funds are pooled for investment purposes to allow the smaller schemes to access economies of scale and investment opportunities that might not be available to them otherwise. In addition to the pension funds shown above, the Board also manages charitable fund investments of £32.7m.

	1 year % pa	3 years % pa	5 years % pa	10 years % pa
Return Seeking Pool Return	10.6	6.5	1.9	7.3
Consolidated Benchmark	10.1	6.0	1.6	8.2
Liability Matching Pool Return	0.4	10.9	9.7	8.5
Consolidated Benchmark	0.4	10.5	8.1	7.7

Provides housing to around 3,000 retired clergy households through CHARM and in seven Christian retirement communities



Shared Ownership

Property bought by the Board in partnership with the retiree
Retiree pays rent and service charge on the Board's share of the property

In 2012, 16 new properties acquired at a cost of £1.5m

Rental Property

Property bought by the Board using external finance

Tenant pays rent for their occupation of the property

In 2012, 57 new properties acquired at a cost of £10.6m



Supported Living

Seven Christian retirement communities and a care home

Residents pay rent plus a service charge

In 2012 a second dementia care wing was opened



The Church of England Pensions Board

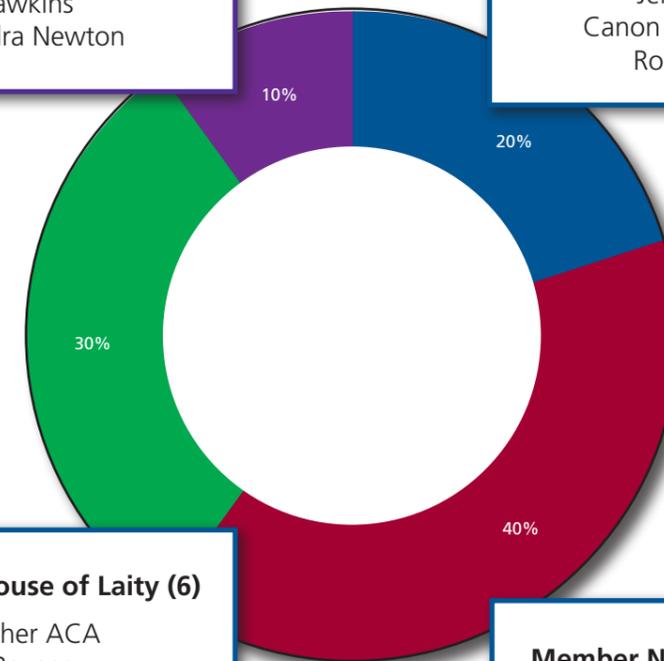


Employer Nominated Trustees (2)

Clive Hawkins
Canon Sandra Newton

Appointed Members (4)

Dr Jonathan Spencer CB (Chairman)
Jeremy Clack FIA
Canon David Froude ACIB
Roger Mountford



Elected by the House of Laity (6)

James Archer ACA
Simon Baynes
Jane Bisson
Dr Graham Campbell ACA
Alan Fletcher FCII
Brian Wilson FIA

Member Nominated Trustees (8)

The Revd Fr Paul Benfield
The Revd Paul Boughton
The Revd Nigel Bourne
Ian Clark
John Ferguson
The Revd Canon Ian Gooding
The Rt Revd Peter Hancock
(from 1 February 2013)
Colin Peters
(to 12 November 2012)
The Rt Revd David Walker
(to 31 January 2013)