

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

The Church Administrators Pension Fund  
Defined Benefit section (CAPF DB)

December 2017

## We are pleased to provide you with a Summary Funding Statement, to give you an update on the funding position of CAPF DB.

We use independent advisers to help us to monitor CAPF DB's finances. A full actuarial valuation, which is a thorough review of the financial position, takes place every three years.

The last full valuation took place as at 31 December 2014. We obtain annual "snapshot" updates in the interim, and this statement includes the "snapshot" as at 31 December 2016.

The valuation as at 31 December 2014 revealed a funding shortfall of £25.1m. The shortfall reduced to £21.0m at 31 December 2015. Owing to a deterioration in financial conditions over 2016, the shortfall increased to £28.6m at 31 December 2016. However, conditions have since improved and the estimated funding shortfall was around £20m at 30 November 2017. The next formal actuarial valuation is at the end of this year.

**This shortfall does not affect your pension. We will pay the pension you have already earned.**

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



*Jonathan Spencer*  
Chairman

### Further information

If you have any questions or would like to see a copy of the Fund'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.

# A snapshot at 31 December 2016

Target level of assets:  
**£148.6 million**



At 31 December 2016 the target level of assets was £148.6m, but the actual assets were £28.6m less than this.

The chart shows that the shortfall on 31 December 2016 was £28.6m. This shortfall does not affect the pensions being paid out – we have always paid members their full pensions.

When we wrote to you last year, the snapshot on 31 December 2015 showed a shortfall of £21.0m.

The financial position deteriorated by £7.6m over the year.

This is mainly due to sharp falls in long-term interest rates during 2016, which increased the amount of money needed to meet future pension liabilities.

This was offset to some extent by good investment returns and deficit contributions paid by employers.

The funding shortfall at the last full actuarial valuation on 31 December 2014 was £25.1m. In order to fill the shortfall, employers agreed a contribution plan to fund the gap until 2025.

## Assumptions

We employ an independent expert to provide regular checks on CAPF DB'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 Fund.

Nobody knows exactly how much money will be needed to pay everybody's pensions. This will depend on a number of things, including how long members live, inflation, and the returns earned on investments.

## CAPF DB assets

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

We hold the assets separately from 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: Have the employers taken any money out of the Fund?

Regulations require us to confirm to you that the National Church Institutions (NCIs) have not taken any money out of the Fund in the last 12 months. We are happy to confirm this.

Regulations also require us to confirm whether the Pensions Regulator has used its powers to modify CAPF DB, give it directions, or impose a schedule of contributions upon it. We are happy to confirm that it has not needed to do this.

## Q: What if CAPF has to wind up?

If CAPF started to wind up, the NCIs would be required to pay enough money into it to enable your benefits to be provided by an insurance company. Neither us, nor the NCIs have any plans to wind up CAPF.

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

The most recent estimate provided by our independent advisers looked at this cost on 31 December 2014. This estimate showed that the NCIs would have to make an additional final contribution of about £51m 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.

## Q: Is my pension protected?

The Government has set up the Pension Protection Fund which provides people with added security should their employer become insolvent and unable to pay the final contribution. If CAPF DB enters the Pension Protection Fund, the amount you receive may be less than the pension benefits built up for you in CAPF DB. The Pension Protection Fund rules are complex. The amount they pay depends on the rules of the scheme, whether your pension is already being paid, your 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 a Fund's financial accounts, rules, investment policy or other documents, please contact us.



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

[www.cepbhurchofengland.org.uk/more/pensions](http://www.cepbhurchofengland.org.uk/more/pensions)



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