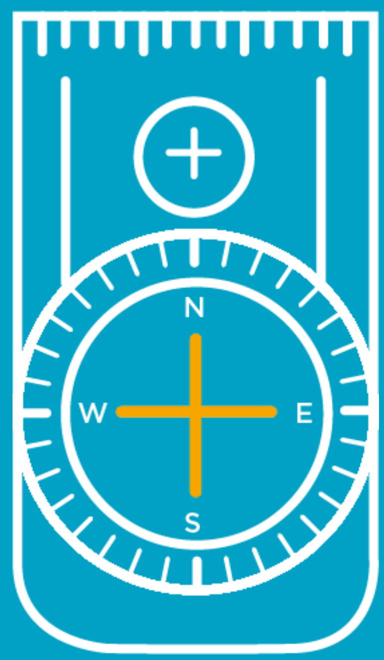
Report on actuarial valuation as at 31 December 2016

Church Workers' Pension Fund



Church Workers' Pension Fund
Report on actuarial valuation as at 31 December 2016

As instructed, we have carried out an actuarial valuation of the Church Workers' Pension Fund ("the Fund") as at 31 December 2016. I now present my report which is addressed to the Church of England Pensions Board ("the Board"), as Trustee of the Fund.

This report, required by the Pensions Act 2004, consolidates the results and outcomes from the valuation of the three sections of the Fund: Pension Builder Classic ("PB Classic"), Pension Builder 2014 ("PB 14") and the Defined Benefits Section ("DBS"). It also summarises some of the key risks faced by the Fund, as shown in appendix 1. Fund members will receive a summary funding statement relating to the valuation in due course.

The Board is responsible for the choice of assumptions for the valuation, and for then setting an appropriate level of future contributions, both in consultation with the sponsoring employers of the Fund ("the Employers"). The main results of the three sections are summarised in table 1, with further detail (including details of the agreed contributions) in the following sections, appendices and attached key documents.

Table 1: Main valuation results at 31 December 2016

	£m	Surplus/(Deficit) £m
DBS		
Assets	378.7	
Technical provisions	404.9	(26.2)
Buyout estimate	548.8	(170.1)
PB Classic		
Assets	118.4	
Technical provisions	132.6	(14.2)
Security basis	133.7	(15.3)
Buyout estimate	149.8	(31.4)
PB 14		
Assets	9.1	
Technical provisions	7.3	1.8
Security basis	6.6	2.5
Buyout estimate	8.5	0.6

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Appendices

Key documents

1. Benefits, contributions, data and assets

For the valuation we have relied on various sources of information, as shown in table 2.

The Fund is divided into three sections:

- The Defined Benefit Scheme (DBS), which covers those members for whom defined benefit scale benefits are being provided. This section is further sub divided into a Life Risk Section (LRS) and separate sub-sections for each Employer with its own defined benefit scale. The Employer sub-sections together make up what is known as the General Fund.
- The Pension Builder Scheme (PBS), which is further divided into two sections
    - The PB Classic section covers (i) all pensioners and deferred members who left active service before 1992, (ii) all other members who are on a benefit structure under which contributions received are converted to pension payable from normal pension age based on conversion terms which are in force from time to time, and (iii) additional voluntary benefits of certain DBS members accumulating on the same basis as for (ii).
    - The PB 14 section is a cash balance arrangement. Member and employer contributions accumulate and provide a cash sum at normal retirement age.

The Employer sub-sections in the DBS contain active employees and members who have left and retained entitlement to deferred pensions. However, those who have become entitled to an immediate pension whether on retirement or as a dependant of a member who died, have had their benefits transferred to the LRS.

The LRS provides pensions in payment and death in service benefits for all members of the DBS on a pooled basis. It also provides ill-health retirement benefits for those Employers opting to provide such cover and deferred pension benefits for former employees of Employers that have ceased to participate in the Fund.

Since the previous valuation, some Employer sub-sections in the DBS have changed the benefits that they offer, typically reducing accrual rates and increasing the Normal Pension Age from which accruing pensions can be taken. Others have closed their sections to future accrual.

Table 2: Sources of information

Item	Source	Summarised
Benefit and contribution structure	Trust Deed and Rules dated 5 February 2014. Individual Employer agreements with the Board	Summarised by Board staff for the valuation. Also see Appendix 2.
Membership data	As provided by the Board staff	Appendix 3
Audited accounts for 3 years to the valuation date	As provided by the Board staff	Revenue account: Appendix 4 Assets: Appendix 5

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2. Funding objective and actuarial assumptions

The Fund's statutory funding objective is to hold sufficient and appropriate assets to cover its technical provisions. The Board took advice from me and has determined the method and assumptions to use for the valuation.

The valuation adopted the "projected unit method", under which the technical provisions are calculated as the amount of assets required as at the valuation date to meet the projected benefit cashflows, based on benefits accrued to the valuation date and the various assumptions made. The benefit cashflows projected from the valuation date (including discretionary increases in the case of the PB Classic), which are primarily linked to price inflation, are shown in charts 1, 2 and 3.

Chart 1: DBS projected benefit cashflows

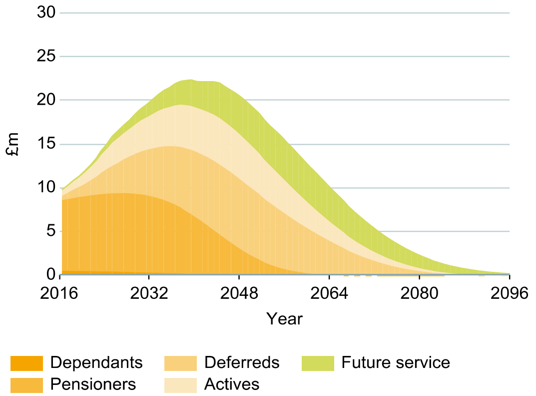


Chart 2: PB Classic projected benefit cashflows

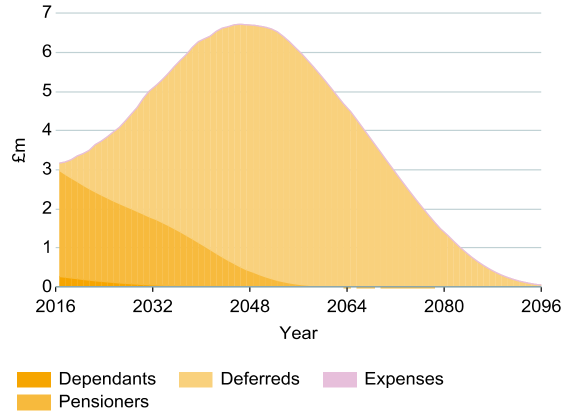
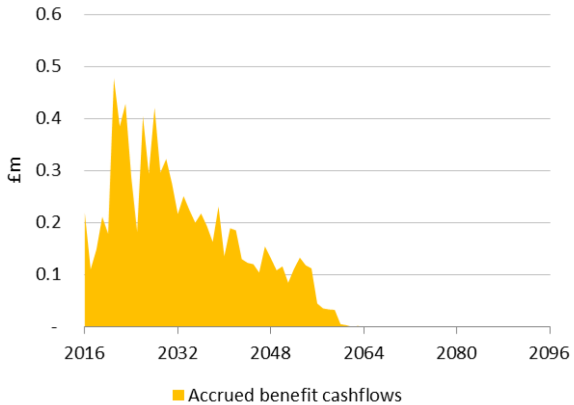


Chart 3: PB 14 projected benefit cashflows



The valuation includes assumptions about future investment strategies. These are described for the DBS and PBS below.

2.1. DBS investment strategy

For the DBS, the assumption is that at any time:

- Assets within the LRS are held in a portfolio comprising 75% liability matching assets (including a buy-in policy) and 25% return-seeking assets; and
- Assets within the General Fund Employer pools, in respect of benefits not yet in payment, are held in a portfolio of 100% return-seeking assets.

This is broadly consistent with the Board's actual investment strategy as at the valuation date as summarised in appendix 5.

2.2. PBS investment strategy

For the PB Classic section:

- Assets backing pensions in payment that accrued after 6 April 1997 (which have guaranteed pension increases in payment) are held in a portfolio comprising 100% liability-matching assets; and
- All other assets are held in a portfolio of 100% return-seeking assets.

For the PB14 section:

- Assets are assumed to be held in a portfolio of 100% return-seeking assets.

All of the chosen assumptions (including those relating to investment strategy) are set out in the Board's statement of funding principles, which is attached as appendix 11.

The Fund faces a number of risks, as described in appendix 1.

In particular, the actual returns on the Fund's assets may prove to be higher or lower than returns assumed. The higher the assumptions, the greater is the chance that actual returns will be lower, which would lead to:

- the need for additional Employer contributions in the future, within the DBS; or
- lower or no discretionary bonuses granted within the PB Classic and PB 14 sections. There is also a possibility that additional Employer contributions could be required in the PBS.

Similarly, there is the risk that the other assumptions adopted are not borne out by future experience.

Therefore, in determining the assumptions, the Board took account of their assessment of the strength of the employers' overall covenant, and in particular their likely ability to pay additional contributions in the future if future experience proves to be less favourable than the assumptions.

The key differences in the assumptions compared with the previous valuation are as follows:

- The mortality assumption used for this valuation, as described in appendix 11, results in longer assumed life expectancy than the assumption adopted at the previous valuation.
- The assumption for CPI inflation has been reduced from 0.7% pa below RPI inflation to 1.0% pa below RPI inflation.
- The assumption regarding salary increases has remained at 1.2% pa above CPI price inflation. This is equivalent to 0.2% pa above RPI compared to 0.5% pa above RPI price inflation assumed in 2013.
- An ill-health reserve of £1m within the LRS has been removed.

Consistent with previous valuations, no explicit allowance has been made in this report for possible liabilities arising from the potential adjustment of benefits to allow for inequalities in any Guaranteed Minimum Pensions, given the lack of legal certainty over whether such adjustments may be required, and if so what they might be. A typical reserve might be 1% to 2% of technical provisions.

Full details of the assumptions are set out in the attached Statement of Funding Principles.

3. Technical provisions, contributions and bonus strategy

Table 3 sets out the technical provisions and funding position at the valuation date.

Table 3: Technical provisions at 31 December 2016

	£m	Surplus / (Deficit) £m
DBS		
Assets	378.7	
Technical provisions	404.9	(26.2)
PB Classic		
Assets	118.4	
Technical provisions	132.6	(14.2)
PB 14		
Assets	9.1	
Technical provisions	7.3	1.8

3.1. DBS technical provisions and recovery plan

In valuing the DBS, the Board:

- considers the position of the LRS;
- makes a levy on the General Fund Employer pools towards the recovery of any deficit within the LRS, if appropriate; and
- values the Employer pools within the General Fund – putting in place contribution arrangements with each individual Employer to make good any shortfall.

The following table sets out the result of the DBS split between the LRS and General Fund

Table 4: LRS and General Fund technical provisions

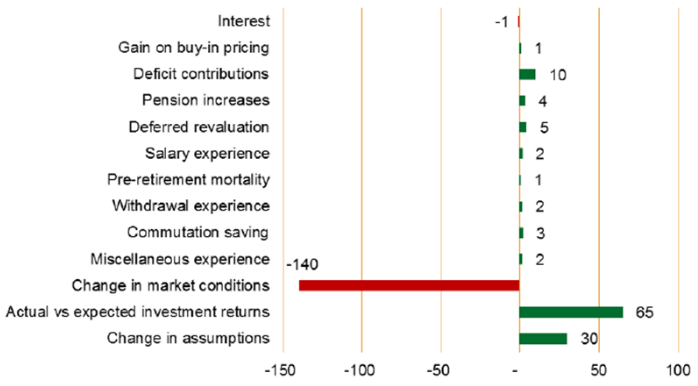
	LRS £m	General Fund £m
Technical Provisions	195.0	209.9
Assets		
prior to LRS levy	192.4	186.3
LRS levy	2.6	(2.6)
post LRS levy	195.0	183.7
Surplus / (Deficit)	-	(26.2)

The deficit in the DBS as at the previous valuation was £12.9m and the main reasons for the increase in deficit are shown in chart 4.

- "Changes in market conditions" refers to the change in the yields on fixed interest and index-linked gilts over the period.
- "Change in assumptions" relates mainly to the increase in the return above gilts assumption for the return-seeking assets from 2% pa to 2.5% pa.

Appendix 6 shows the sensitivity of the valuation to changing some of the key assumptions.

Chart 4: DBS experience over three years



3.2. PB Classic technical provisions and bonus strategy

The only guaranteed increases in PB Classic are to pensions in payment built up after 6 April 1997. Discretionary bonuses are applied before payment to all benefits and to pensions in payment built up prior to 6 April 1997. As a result, a key purpose of the valuation is to set an appropriate policy for granting future bonuses.

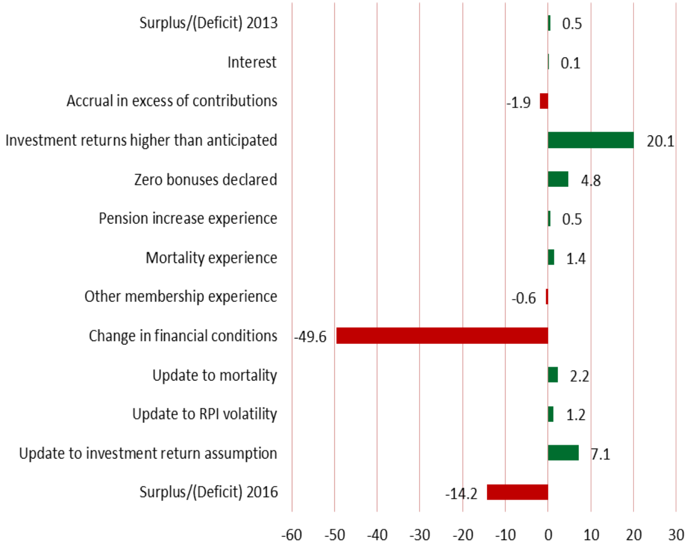
We carry out the valuation in respect of the PB Classic on two bases.

- The technical provisions assume future bonuses are in line with RPI inflation and return-seeking assets deliver 3.5% pa in excess of gilt returns. Given the discretionary nature of the PB Classic pension increases, this assumption is higher than the prudent return assumption used for the DBS. If lower returns are achieved, lower bonuses will be granted, and vice versa. This is known as the "ongoing valuation".
- We also value the benefits on a "security" basis, making no allowance for future discretionary bonuses and assuming all the assets are switched into gilts. The security valuation is used as a key measure when deciding whether to grant future discretionary bonuses.

The surplus at the previous valuation on an ongoing basis was £0.5m.

The projected deficit at this valuation, had experience been in line with the assumptions made, would have been £2.6m. The actual deficit of £14.2m at the current valuation is therefore £11.6m higher, and the main reasons for this are shown in chart 5.

Chart 5: PB Classic ongoing experience over three years



On the security basis, there was a deficit of £15.3m. This is set out in more detail in table 5.

Table 5: PB Classic security basis

	£m
Security target in respect of:	
Non-pensioners (Pool B)	85.5
Pensioners	
- Post ’97 pensions in payment (Pool A)	23.2
- Pre ’97 pensions in payment (Pool B)	25.0
	133.7
Assets	118.4
Deficit	15.3

Based on the above results, the Board chose not to grant a discretionary bonus at 1 January 2018.

Based on our funding projection, we estimate that the security funding level is expected to reach 100% by the end of 2022. The position should be reviewed annually.

3.3. PB 14 technical provisions and bonus strategy

This section was established on 1 January 2014. This is the first valuation to include PB 14 results.

Discretionary bonuses are added to retirement accounts depending on the investment performance of the underlying PB 14 assets. A member's retirement account is guaranteed at normal retirement age to be not less than the total of the contributions paid and bonuses awarded. If a member takes his or her benefit before normal retirement age, a reduction is applied.

We carry out the valuation in respect of the PB 14 on two bases.

- The technical provisions assume future bonuses are in line with the investment returns, less 1.5% pa. Investments are assumed to deliver 3.5% pa in excess of gilt returns. Given the discretionary nature of the PB 14 bonuses, this assumption is higher than the prudent return assumption used for the DBS. If lower returns are achieved, lower bonuses will be granted, and vice versa. This is known as the "ongoing valuation".
- We also value the benefits on a "security" basis, making no allowance for future discretionary bonuses and assuming all the assets are switched into gilts.

The security valuation is used as a key measure when deciding whether to grant future discretionary bonuses. Ideally, the funding level would always be above 100% on this basis.

We have shown these alongside a comparison of the total across all retirement accounts to the assets (the "total account value") in more detail in table 6.

Table 6: PB 14 valuation results

	Total account value	Security valuation	Ongoing funding valuation
Accrued benefit liability £m	8.6	6.6	7.3
Assets £m	9.1	9.1	9.1
Surplus £m	0.5	2.5	1.8

Note that in each case we have included the 2017 bonus of 15% in full, notwithstanding it is being added one month at a time and after the valuation date.

4. Discontinuance

This section considers the position were the Employers to have ceased sponsoring the Fund on the valuation date. In this situation, the pensionable service of active members would cease and they would become entitled to leaver benefits. The results are shown in table 7.

Buy-out position

We have considered the solvency of the Fund by estimating the "buy-out" cost as at the valuation date, ie the cost of securing the benefits for all members by the purchase of annuity policies from an insurance company and winding up the Fund.

We have not obtained quotations, but have produced our estimate using the assumptions described in appendix 7. These assumptions differ from those set out in the statement of funding principles and they result in an estimated buy-out cost that is higher than the technical provisions.

In the case of the PB Classic and PB 14, we have excluded discretionary bonuses or increases prior to retirement.

Table 7: Buyout estimates

	£m
DBS	
Assets	*378.7*
Liabilities	*548.8*
Surplus/(Deficit)	*(170.1)*
PB Classic	
Assets	*118.4*
Liabilities	*149.8*
Surplus/(Deficit)	*(31.4)*
PB 14	
Assets	*9.1*
Liabilities	*8.5*
Surplus/(Deficit)	*0.6*
Total	
Assets	506.2
Liabilities	707.1
Surplus/(Deficit)	200.9

In practice, the actual buy-out cost can be determined only by running a selection process and completing a buy-out with an insurer.

The ultimate shortfall on buy-out could be very different from our estimate for various reasons, including:

- additional funding may be available from the Employers;
- market conditions will be different from those applying at the valuation date;
- the insurers will set their terms taking into account their view of the life expectancy of the Fund's members;
- there may have been changes in the level of competition in the insurance market; and
- the actual expenses of winding-up are likely to be different from the allowance made.

The total deficit on buy-out of £200.9m compares with £116m at the previous valuation. This movement is the result of similar factors to those described in section 3, together with changes in the insurance market.

PPF funding level

Where a scheme is discontinued because of the insolvency of the employer, the Pension Protection Fund ("PPF") is required to assess whether the Fund is eligible to enter the PPF. This includes assessing whether the Fund is insufficiently funded.

In broad terms, if the PPF is satisfied that the Fund's assets are insufficient to buy out benefits equal to PPF compensation with an insurance company then the assets would be transferred to the PPF which would then pay members PPF compensation in place of Fund benefits. If the assets are sufficient, the Fund can be wound up outside the PPF with the assets first used to secure benefits equal in value to PPF compensation, with the balance being applied to secure benefits above that level in accordance with the Fund's rules.

As a proxy for the financial assessment that would be required by the PPF in these circumstances, we have taken the results of the separate statutory "section 179" valuation of the Fund as at the valuation date, as shown in the table below.

	£m
Total s179 liabilities (excluding expenses)	597.4
Estimated expenses of winding up	7.5
Estimated expenses of benefit installation/payment	11.0
Total protected liabilities	615.9
Market value of investments	509.2
Value of buy-in in accounts (DBS)	(111.5)
Value of buy-in for s179 purposes (DBS)	102.6
	500.3
s179 surplus\(deficit)	(115.6)

On this basis, it seems likely that, had the Fund discontinued at the valuation date with no additional funds recovered from the Employers, the Fund would have entered the PPF and members' benefits would have been cut back to PPF compensation levels. Although the PBS benefits were in excess of PPF levels, we understand that the PPF would look at the Fund as a whole.

Further details relating to the section 179 valuation are set out in appendices 8 and 9, with the full results set out in my formal section 179 certificate, included as appendix 14.

5. Contribution policy and implications for funding

The Board has determined in consultation with the Employers that the Employers will pay contributions as shown in the recovery plan and schedule of contributions (attached as appendices 10 and 11).

The projected funding levels three years after the valuation date are shown in table 8. These projections are on the basis that:

- contributions are paid as set out in the schedule of contributions;
- future experience is in line with the assumptions set out in the statement of funding principles; and
- there is no change in the annuity market

Table 8: Approximate projected funding levels

Measure	31 December 2016	31 December 2019
Technical provisions		
DBS	94%	97%
PB Classic	89%	92%
PB 14	125%	128%
Combined	97%	100%
Solvency		
DBS	69%	72%
PB Classic	84%	97%
PB 14	107%	110%
Combined	76%	81%

Experience from the valuation date is likely to be different from the assumptions made. Therefore, the time taken to pay off the deficit is likely to be shorter or longer than projected.

6. Experience since the valuation date

The valuation considers the financial position of the Fund as at the valuation date. Since that time there have been significant fluctuations in investment markets which have affected the value of the assets and the technical provisions.

Charts 6 and 7 show an approximate projection of how the deficits of the DBS and PB Classic sections against the technical provisions have varied since the valuation date.

Chart 6: Projection of DBS ongoing funding deficit

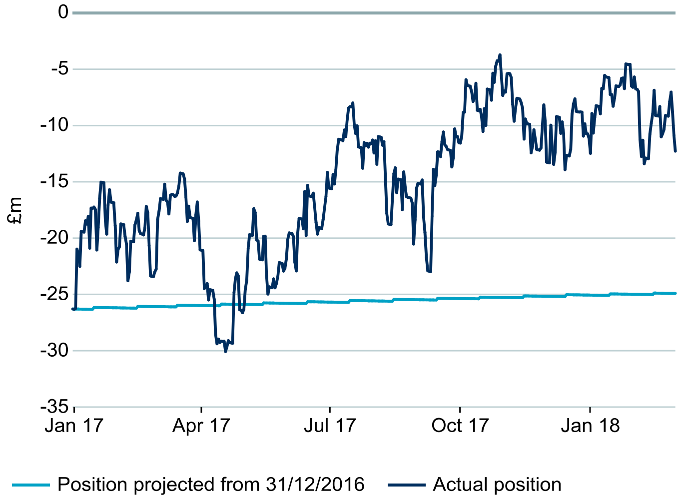


Chart 7: Projection of PB Classic ongoing funding deficit

It can be seen that the position improved during 2017, leading to deficits at 10 March 2018 of:

- £12m in DBS; and
- £6m in PB Classic.

We recommend that the position continues to be monitored.

The PB 14 section grants bonuses determined by reference to investment return.

7. Certification

Under the Pensions Act 2004, I am required to certify that the technical provisions have been calculated in accordance with the legislation. My certificate is attached as appendix 10.

I am also required to certify, in relation to the schedule of contributions, that payment of contributions at the agreed rates can be expected to lead to the Fund having sufficient assets to cover its technical provisions by the end of the recovery period, based on the assumptions in the statement of funding principles.

I understand that the Board intends to issue quarterly Schedules of Contributions going forwards, eg as new employers participate in Pension Builder 2014. It is possible that future falls in markets or changes in gilt yields since the valuation date may mean that the agreed contributions would not then be sufficient to meet the objective by the end of the period and I would be unable to provide an appropriate certification.

There is provision under the legislation, however, for me to have regard to the position as at the valuation date when providing this certificate, and I have adopted this approach to mitigate against issues in certifying future schedules.

My certificate forms part of the schedule of contributions, a copy of which is attached.

Aaron Punwani FIA
Partner
Appointed Scheme Actuary

28 March 2018

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Professional Standards

Our work in preparing this and the associated documents described above complies with Technical Actuarial Standard 100: Principles for Technical Actuarial Work, together with Technical Actuarial Standard 300: Pensions.

Appendices

Some risks faced by the Fund

Risk	Comments
Employers	An Employer is not able to make the required contributions, and in particular is not able to pay increased contributions if experience is unfavourable. If this happened, then it is unlikely that the Fund would be able to pay the benefits in full.
Investment strategy	Changes in asset values are not matched by changes in the technical provisions. The technical provisions are linked to gilt yields, but the Fund assets include a substantial holding in return-seeking assets, so the two may move out of line as investment conditions change. For example, if equity values fall with no changes in gilt yields, the deficit would increase.
Investment returns	Future investment returns are lower than anticipated. The greater the allowance made in the technical provisions for returns on assets other than gilts, the greater the risk that those returns are not achieved.
Gilt yields	Asset values and the technical provisions do not move in line as a result of changes in the yields available on fixed interest and index-linked gilts. This may arise because of a mismatch between the Fund's holding in gilts and its technical provisions in terms of their nature (ie fixed or inflation-linked) and/or their duration.
Inflation	Actual inflation is higher, and so benefit payments are higher, than anticipated.
Mortality	Fund members live longer, and so benefits are paid longer, than anticipated.
Regulatory	In future the Fund may have backdated claims or liabilities arising from equalisation or discrimination issues or from future legislation or court judgments. In particular, the actual impact of any adjustment to benefits that may be required to remove any inequalities arising from Guaranteed Minimum Pensions may well be different to any allowance made.
PB Classic and PB 14	Although the PB Classic and PB 14 sections are DC-like in many ways, they are not DC schemes and there is a risk that the pensions (with no further discretionary increases) may not be able to be provided without further contributions from the Employers.

Benefits and contributions - DBS

We have taken the benefits provided by the Fund and the contributions required from members to be those set out in the Trust Deed and Rules which were adopted with effect from 5 February 2014. Each Employer in the DBS enters into a participation agreement with the Board, which sets out details of the benefits to be provided to their employees, selected from options for:

1. whether or not Employees' Pensionable Service will be contracted-out by reference to the Fund;
2. a Normal Pension Age, on or after the Member's 60th birthday;
3. Member's Contribution Rate to be either nil or at a specified percentage;
4. the Annual Review Date for the purpose of calculating Member's contributions;
5. an Accrual Rate of 1/100, 1/80, or 1/60, or such other rate agreed with the Board;
6. provisions for survivor's pensions chosen from:
   - 6.1 a Survivor's Pension Fraction to apply when the Member dies before his or her pension has started. This will be 1/2 or 2/3;
   - 6.2 a Survivor's Pension Fraction to apply when the Member dies after his or her pension has started. This will be 1/2 or 2/3 except that for Members in contracted-in Service the Survivor's Pension Fraction may be nil.
   - 6.3 whether the death in service pension is to be related to the Member's accrued pension or prospective pension; and
   - 6.4 any provision for children's pensions;
7. a "State Pension Deduction" from Pensionable Salary of nil or up to 1.5 times the lower earnings limit for National Insurance Contributions;
8. a Lump Sum Death Benefit of two, three or four times the Member's Final Pensionable Salary at the date of death;
9. whether or not pensions for Members who leave Service before Normal Pension Age because of Incapacity will be reduced for early payment and, if there is to be no reduction, whether or not it will be calculated based on notional service to Normal Pension Age.

We have relied on a summary of these agreements provided by the Board. We are not aware of any other governing documentation.

It is possible that the technical provisions may prove to be too low on account of any back dated adjustment to benefits arising from equalisation or discrimination issues or from future legislation or court judgments.

Membership details

DBS membership details as at 31 December 2016 (31 December 2013 figures in brackets)

	Number		Average age		Pensionable Salaries / Pensions £'000 pa	
Active members	491	(709)	54	(53)	15,667	(21,432)
Deferred members	1,657	(1,736)	51	(50)	3,797	(3,981)
Pensioners and dependants	2,087	(1,802)	71	(70)	8,705	(7,198)
Total	4,235	(4,247)				

Notes:

- The average annual increase in pensionable salary (as used for our valuation) for those who were members on 31 December 2013 and 31 December 2016 was 2.9% pa over the three years.
- The data includes increases granted at 1 January 2017.
- The deferred pension figures have been obtained by totalling members' deferred pensions as at the date of leaving.
- The pension figures have been obtained by totalling members' pensions in payment at the valuation date.
- The data includes increases granted at 1 January 2017. Pensions in payment increased on 1 January 2015 by 2.3%, on 1 January 2016 by 0.8% and on 1 January 2017 by 2.0% (or 2.5% if capped at 2.5%).
- No discretionary increases were awarded.

PB Classic membership details as at 31 December 2016 (31 December 2013 figures in brackets)

	Number		Average age		Pensions Purchased £'000 pa	
Active members	2,244	(1,915)	48	(48)	1,770	(1,637)
Deferred members	2,024	(1,344)	48	(47)	1,902	(1,443)
Pensioners and dependants	1,902	(1,837)	73	(72)	3,102	(3,164)
Total	6,170	(5,096)				

Notes:

- The active pension figures are the pensions purchased at the valuation date, payable from normal retirement date.
- The deferred pension figures are the pensions purchased at the valuation date, payable from normal retirement date.
- The pension figures have been obtained by totalling members' pensions in payment at the valuation date.
- Pensions in payment (in excess of GMPs where relevant) were increased as follows:

Period in which contributions were paid	1 January 2017	1 January 2016	1 January 2015
Prior to April 1997	0.0%	0.0%	0.0%
Between April 1997 and March 2006	2.0%	0.8%	2.3%
From April 2006 onwards	2.0%	0.8%	2.3%

- No discretionary increases were awarded.

PB 14 membership details as at 31 December 2016

	Number	Average age	Account Value £'000s
Active members	1,646	45	7,912
Deferred members	209	42	650
Total	1,855		8,562

Consolidated revenue account

	DBS		PBS	
	£'000	£'000	£'000	£'000
Opening fund as 31 December 2013		297,500		87,136
Income				
Employers' contributions	24,171		18,573	
Members' contributions	778		5,169	
Other income	802		718	
Total income		25,751		17,195
Expenditure				
Benefits paid or payable	(30,020)		(11,748)	
Payments to and on account of leavers	10		(242)	
Transfers out	(489)		(1,163)	
Administrative expenses	(1,830)		(2,791)	
Total expenditure		(32,349)		(15,944)
Change in value of investments		90,848		31,781
Closing fund at 31 December 2016		381,750		127,433

Note:

The above accounts consolidation for DBS is prior to the re-measurement of the buy-in asset, reflecting changes in the assumptions adopted for assessing the technical provisions. Allowing for this re-measurement, the total value of DBS assets at 31 December 2016 was £378.7m.

Investment strategy and composition of assets

The table below sets out the asset allocations as at the valuation date, allowing for the revised value placed on the DBS buy-in.

	DBS Market value at 31 December 2016		PBS Market value at 31 December 2016	
Asset type	**£'000**	**%**	**£'000**	**%**
Buy-In	108,469	29	-	-
Equities				
UK	20,537	5	9	7
Global	121,543	32	64	51
Bonds				
Index-linked gilts	63,960	17	28	23
Corporate bonds	7,998	2	3	2
Property	21,509	6	9	7
Infrastructure	8,890	2	4	3
Emerging market debt	7,431	2	3	2
Private credit	6,783	2	3	2
Global Tactical Asset Allocation	9,241	2	4	3
Cash and net current assets	2,378	1	0	0
Total assets	378,739	100	127	100

Note: Over the period since the previous valuation, the average rate of return earned on the assets was approximately 10.2% pa by reference to market values.

Sensitivity to assumptions

The valuation results are sensitive to the assumptions chosen and we illustrate here effects of changes to some of the key assumptions.

The results are particularly sensitive to the advance credit for future investment returns. By way of illustration, the effect of changing this assumption is shown in the table opposite.

The results are also sensitive to the pensioner mortality assumption in terms of both life expectancy at the valuation date and how life expectancy may change in the future. To the extent that the mortality assumption under-estimates life expectancies, the technical provisions will be too low, all other things being equal.

As an illustration, if it were assumed that life expectancies were one year longer than implied by the mortality assumption adopted, the technical provisions would be broadly 2-3% higher.

Assumed returns above gilts on return-seeking assets

	DBS		PB Classic*	
	% pa	Surplus/ (Deficit) £m	% pa	Surplus/ (Deficit) £m
Actual rate used	2.5	(26.2)	3.5	(14.2)
Higher rate	3.0	(18.3)	4.0	(7.8)
Lower rate	2.0	(34.8)	3.0	(21.3)
No credit	0.0	(76.6)	0.0	(84.7)

*Ongoing basis

Key assumptions used for assessing solvency

We have based our estimate of the Fund's solvency on our in-house insurer buy-out pricing model. The model is based on similar but simplified principles to those adopted by insurance companies to set their prices. It is calibrated against actual quotations and final transaction prices for other pension schemes.

The main financial assumptions for our buy-out estimate as at the valuation date are shown in the table opposite.

The demographic assumptions are the same as those adopted for the calculation of the technical provisions.

The following table sets out allowances included in our solvency estimate for each section.

	DBS	PB Classic*	PB 14
Insurance company's cost in administering benefits (£m)	3.58	5.54	1.85
Expenses incurred in winding up Fund (£m)	7.42	2.55	0.34

Financial assumptions

Assumption	DBS % pa	PBS % pa
Non pensioners		
Discount rate	1.7	1.6
Rate of price inflation (RPI)	3.5	3.5
Rate of price inflation (CPI)		
Pension increases in line with RPI:		
- subject to a minimum of 0% pa and a maximum of 5% pa	3.6	3.6
- subject to a minimum of 0% pa and a maximum of 2.5% pa	2.4	2.4
Pensioners		
Discount rate	1.7	2.2
Pension increases in line with RPI:		
- subject to a minimum of 0% pa and a maximum of 5% pa	3.5	3.6
- subject to a minimum of 0% pa and a maximum of 2.5% pa	2.4	2.4

This basis has no relevance beyond establishing an estimate of the hypothetical buy-out cost and my statutory estimate of solvency as at the valuation date.

PPF section 179 valuation

Scope

A "section 179 valuation" is carried out in accordance with section 179 of the Pensions Act 2004. The sole purpose of a section 179 valuation is to enable the Trustees to fulfil their statutory duty to provide the required information to the Pensions Regulator.

Once submitted, the Board of the PPF will use the valuation results to calculate the Fund's future Pension Protection Levy until a new section 179 valuation is provided.

Additionally, were the Fund to enter a Pension Protection Fund ("PPF") assessment period, the results of a section 179 valuation might be used in assessing whether the Fund's funding position was such that it was eligible to enter the PPF.

Valuation of section 179 liabilities

The benefits to be valued are the Fund's benefits adjusted to reflect, broadly, the compensation that members would currently receive if the Fund were to enter the PPF.

I have placed a value on the projected adjusted benefits, using the PPF's prescribed assumptions as at the effective date (version A8). I have taken into account the PPF's valuation guidance (version G6) and responses to Frequently Asked Questions (FAQs) relating to section 179 valuations published on the PPF website up to the close of business yesterday.

In certain respects the membership data provided for the valuation was not sufficiently complete to enable us to value PPF compensation precisely without incurring disproportionate costs. As permitted by the PPF, I have made approximations where appropriate, as set out in Appendix 9.

Owing to these approximations, the Fund's Pension Protection Levy is likely to be slightly higher than if no approximations had been made. However, there will be savings due to the reduced costs incurred through not having carried out more detailed, accurate calculations.

Asset value

The asset value for the section 179 valuation differs to that shown in the Fund's accounts, because of the section 179 treatment of the DBS buy-in policy. Further details are in the table below.

Reconciliation

The previous section 179 valuation, carried out with an effective date of 31 December 2013, showed a deficit of £6,656,000. The current valuation shows a significant deterioration and this is due to similar factors to those described in section 3 of this report, together with:

- changes in the prescribed assumptions;
- pension increases provided by the Scheme since the last valuation having been higher than those that would be provided by the PPF; and
- an increase in the level of PPF compensation that would now be payable due to the ageing of the Scheme's membership.

Approximations in PPF section 179 valuation

This appendix sets out the approximations I have made for the purposes of my calculations where the relevant data to enable me to value the prescribed benefits precisely was not available.

Benefit type	Approximations
Active members' benefits	Adjustment required for valuation: Active members are assumed to have become deferred pensioners immediately prior to the effective date For active members who have completed less than two years' service, I have taken the value of the liability to be 90% of the value of the deferred pension calculated on the section 179 prescribed assumptions.
Normal Pension Age ("NPA")	Adjustment required for valuation: Non-pensioners are assumed to retire at NPA (unless they die beforehand). This is the earliest age at which a pension or lump sum becomes payable without reduction for early payment (ignoring any special provisions on the grounds of ill health). Members can have different parts of their benefits payable from different NPAs. Members of the Fund have NPAs of 60, 62, 65 or 68 for section 179 purposes. Approximation: I have assumed that the current pensioners under Normal Pension Age don't arise from ill-health retirements.
Pension amount	Adjustment required for valuation: A 10% reduction is applied to all benefits for members below NPA (including those in receipt of a pension, but excluding ill-health pensioners and dependants). Approximation: Pensions are restricted by a cap for members below NPA (excluding ill-health pensioners and dependants). The cap at age 65 at the effective date is £37,420.42 pa (before the 10% reduction).
Pension increases in payment	Adjustment required for valuation: Pensions in respect of pre-6 April 1997 accrued benefits do not increase in payment. Pensions in respect of post-5 April 1997 accrued benefits increase in line with the CPI capped at 2.5% pa In certain respects the membership data was not sufficiently complete to enable us to value the benefits precisely.

Benefit type	Approximations
	For pensioners in the Defined Benefits Scheme, pensions are not recorded in the data split between the period during which they accrued and we have only been provided with detailed service history for members who were also pensioners at 31 December 2010. For retirements since that date, we have only been provided with dates of retirement. As a result, we have estimated the proportion of benefits that accrued prior to 6 April 1997 where service information is available and have assumed the entirety of the benefit to be in respect of service from 6 April 1997 otherwise. For all members of the Pension Builder Classic Scheme, benefits are not split in records in respect of service before and after 5 April 2009. As a result, we have assumed that all benefits accrued after 6 April 1997 are in respect of service prior to 6 April 2009.
Money purchase benefits	Adjustment required for valuation: Pensions in payment derived from money purchase funds are treated in the same way as other scheme benefits
Buy-in valuation	Adjustment required for valuation: The value placed on the buy-in policy for the s179 is different to the value place on the ongoing valuation due to the assumptions used. Approximation: The benefits secured under the buy-in policy have been valued using assumptions consistent with s179 assumptions. The benefits secured increase by RPI subject to an annual cap of 5% or 2.5%, however we have valued the buy-in asset for s179 purposes as providing pension increases in line with CPI subject to an annual cap of 5% or 2.5%, which places a lower value on the buy-in asset and is prudent.
Revaluation in deferment for PB14 benefits	Adjustment required for valuation: PPF guidance stresses that revaluation is only not applied to PPF compensation if the admissible rules do not provide for any revaluation of the benefits payable to or in respect of any member. As revaluation is applied within the PBC and DBS schemes, we believe that benefits within the PB14 scheme would also receive revaluation should members transfer to the PPF. We have therefore allowed for revaluation of the PB14 section benefits also.

Key documents

3394114

Actuary's certification of the calculation of technical provisions

This certificate is provided for the purpose of Section 225(1) of the Pensions Act 2004 and Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme **Church Workers Pension Fund**

Calculation of technical provisions

I certify that, in my opinion, the calculation of the scheme's technical provisions as at 31 December 2016 is made in accordance with regulations under section 222 of the Pensions Act 2004. The calculation uses a method and assumptions determined by the trustee of the scheme and set out in the Statement of Funding Principles dated 28 March 2018.

Signature: ....

Date: 28 March 2018

Name: Aaron Punwani

Qualification: FIA

Address: 95 Wigmore Street
London
W1U 1DQ

Name of employer: Lane Clark & Peacock LLP

Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number OC301436. LCP is a registered trademark in the UK (Regd. TM No 2315442) and in the EU (Regd. TM No 002935583). All partners are members of Lane Clark & Peacock LLP.
A list of members' names is available for inspection at 95 Wigmore Street, London, W1U 1DQ, the firm's principal place of business and registered office. The firm is regulated by the Institute and Faculty of Actuaries in respect of a range of investment business activities.
Locations in London, Winchester, Ireland and - operating under licence - the Netherlands.

The Church Workers Pension Fund ("the Fund") Statement of Funding Principles

The Church of England Pensions Board, the Trustee of the Church Workers Pension Fund, has produced this statement of funding principles and it is designed to comply with Section 223 of the Pensions Act 2004.

It sets out:

- our policy for assessing the "technical provisions" – that is the amount of money the Fund should aim to hold, from time to time in order to make provision for the Fund's liabilities; and
- how we intend to achieve the objective of holding this amount of money in the Fund (this is known as meeting the "statutory funding objective").

This statement has been prepared as part of the Fund's actuarial valuation as at 31 December 2016. We have taken advice from the scheme actuary, Mr Aaron Punwani FIA, when drawing up this statement and have consulted with the employers who sponsor the Fund.

1. Technical provisions

We have decided that the technical provisions should be calculated using the method and assumptions set out in the Appendix.

We chose this method and these assumptions in consultation with the employers, as required by law. In arriving at them, we took advice from the scheme actuary and took account of various relevant factors (in particular the ability of the employers to support the Fund).

2. Recovery plan

If the value of the Fund's assets is less than the technical provisions, we are required to set a recovery plan, in consultation with the employers, which is designed to eliminate the difference by the payment of additional "deficit" contributions.

Deficit contributions have been set for individual employers, reflecting the deficit within their individual pool. For most employers, contributions were set with the objective of eliminating the deficit within no more than five years from 1 April 2018; however for some employers a longer period was set, but in no cases was the period more than fifteen years and 3 months from 1 April 2018. The periods were set after considering the financial strength of the employers and their ability to pay the resulting contributions.

The assumptions underlying the recovery plan are set out in the Appendix.

3. Discretionary benefits

In the Pension Builder Scheme, increases to benefits are granted through bonus declarations on a discretionary basis.

In setting the technical provisions we allow for:

- future bonuses in line with RPI price inflation, in the case of Pension Builder Classic section benefits; and
- future bonuses in line with assumed investment returns less 1.5% pa, in the case of Pension Builder 2014 section benefits.

Under Rule 10 of the Fund's rules the Trustee may at their discretion increase, or provide additional, benefits from the Defined Benefit Scheme. In setting the technical provisions we make no allowance for such discretionary awards. To the extent that any were to be granted in future, appropriate arrangements would need to be made at that time to meet the cost of doing so.

4. Payments to the employers

The Trustee does not currently anticipate making any payments to the employers even if this were permitted under the terms of the Pensions Act 2004 unless the actuary were to advise that, without any further contributions, the assets were likely to be more than sufficient to meet all of the targeted benefits.

5. Contributions other than from the employers who sponsor the Fund or the members

There are no arrangements in place for any contributions to be paid to the Fund other than from the employers and members.

6. Cash equivalent transfer values

Under legislation, the Trustee may reduce transfer values to take account of the funding level of the Fund.

If all members of the Fund (covering all three sections) had requested transfer values at the last valuation date, the assets of the Defined Benefits Scheme would have been sufficient to pay everyone.

Therefore, we have decided not to reduce transfer values, although we will keep the matter under review.

7. Reviewing the valuation position and this statement

We will normally commission a full actuarial valuation every three years. Under Rule 12.8 we can request full valuations more frequently than every three years and we may do so, for example if, having considered advice from the scheme actuary, we are of the opinion that events have made it unsafe to continue to rely on the results of the previous valuation as the basis for future contributions.

This statement replaces the previous statement, which was signed on 31 March 2015.

We will review and, if necessary, revise this statement as part of each valuation. We may review it at other times.

This statement of funding principles was prepared on 28 March 2018.

Signed on behalf of the Trustee

Name: ....

Position: CHIEF OF STAFF

Date: 28 March 2018

The Church Workers Pension Fund
Statement of Funding Principles
Actuarial method and assumptions

The method and assumptions for calculating the technical provisions for the Defined Benefits Scheme and the Pension Builder Scheme are set out below. The assumptions based on market conditions as at each valuation date will be recorded in the relevant section (shown in italics below).

1. Defined Benefits Scheme

Actuarial method

Projected unit method for all employers.

Assumptions

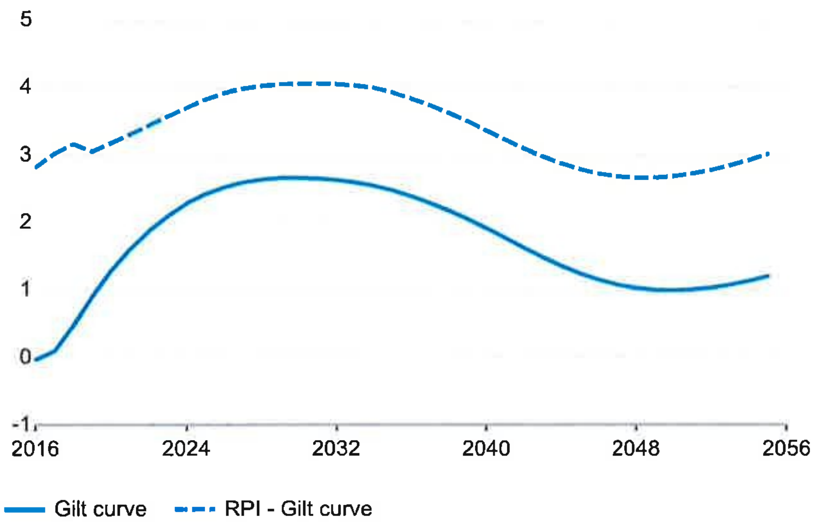
The technical provisions are calculated on the following key assumptions.

Gilt return and price inflation assumptions

The assumptions for the future return on gilts and price inflation are derived consistently as described below:

- The return from gilts over each future year is taken from the latest available yield curve as at the valuation date for fixed interest gilts as published by the Bank of England (adjusted for changes in market conditions between the effective date of the curve and the valuation date) and extrapolated for later durations.
- Price inflation as measured by the Retail Prices Index ("RPI") over each future year is as implied by the latest available yield curves as at the valuation date for fixed interest and index-linked gilts as published by the Bank of England (adjusted for changes in market conditions between the effective date of the curves to the valuation date) and extrapolated for later durations.
- Price inflation as measured by the Consumer Prices Index ("CPI") over each future year is calculated as the corresponding assumption for RPI less 1.0% pa.

For illustration, as at the valuation date, the assumptions for the return on gilts and RPI were as shown in the chart below:



For the purposes of illustration, as at the valuation date the single equivalent average rates (weighted by the projected future benefit cashflows) were:

	Rate
Gilt returns	*1.7% pa*
RPI	*3.5% pa*
CPI	*2.5% pa*

Investment returns

Projected future benefit payments (as described below) are discounted on rates derived as described below:

- the future investment strategy will be at any time to hold a portfolio of return seeking assets, gilts and a buy-in asset (invested 25% in equities and 75% in gilts and the buy-in asset) to back the Life Risk Section and a portfolio of return seeking assets for individual employer pools; and
- advance credit is taken for an additional return on the return seeking portfolio over the return from gilts of 2.5% pa (net of investment management expenses) in each future year.

- The resulting discount rates based on the single equivalent average gilt returns were:

	Discount rate
Employer pools – ie pre-retirement	*4.20% pa*
Life Risk Section – ie post-retirement	*2.35% pa*

Other assumptions

Future benefit payments are projected using the assumptions set out below:

- Pension increases

Pension increase	Assumption
Fixed	At the rate specified in the rules
Inflation-linked	Over each future year at a rate reflecting the provision of the rules, the assumption for RPI inflation in that year and the volatility of RPI inflation of 1.8% pa.

For illustration, as at 31 December 2016, the assumed rates of pension increase based on the single equivalent average RPI rates were:

Pension increase	*Assumption*
RPI subject to a minimum of 0% pa and a maximum of 2.5% pa	*2.2% pa*
RPI subject to a minimum of 0% pa and a maximum of 5% pa	*3.3% pa*

- No allowance for discretionary pension increases.

- General increases in pensionable salaries at CPI plus 1.2% pa.

- Deferred pension revaluation

Revaluation rate	Assumption
Guaranteed minimum pensions (GMPs)	At the required statutory rate
Pensions in excess of GMP	In line with CPI over the period to retirement subject to a cap of 5% pa or 2.5% pa, as per the benefits offered by each individual employer

As at 31 December 2016, the single equivalent average assumed rates of revaluation were:

Revaluation rate	Assumption
CPI subject to a maximum of 5% pa	*2.5% pa*
CPI subject to a maximum of 2.5% pa	*2.5% pa*

- No allowance for the withdrawal of active members.
- All retirements of non-pensioners to take place at the earliest age at which an element of their pension is payable unreduced.
- Non-pensioners do not choose to commute any of their pension on retirement.
- For pre-retirement mortality:
  - Nil
- For post-retirement mortality:
  - 95% of the S2NMA and S2NFA tables; and
  - projected from 2007 in line with the CMI 2015 core projections with a long-term annual rate of improvement of 1.5% (males) / 1.5% (females).
- 80% of current pensioners are assumed to have a spouse or civil partner as at the valuation date. 80% of other members assumed to be married or have a civil partner at retirement, or earlier death.
- Spouses/civil partners assumed to be three years younger (male members) or three years older (female members) than the member.
- Expenses and Pension Protection Fund levies are paid from the assets of the Fund.

2. Pension Builder Classic

Actuarial method

Projected unit method.

Assumptions

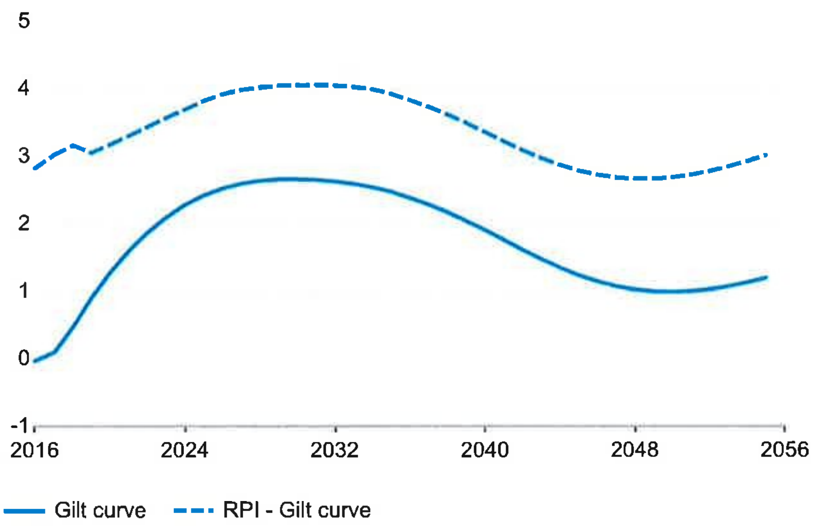
The technical provisions are calculated on the following key assumptions.

Gilt return and price inflation assumptions

The assumptions for the future return on gilts and price inflation are derived consistently as described below:

- The return from gilts over each future year is taken from the latest available yield curve as at the valuation date for fixed interest gilts as published by the Bank of England (adjusted for changes in market conditions between the effective date of the curve and the valuation date) and extrapolated for later durations.
- Price inflation as measured by the Retail Prices Index ("RPI") over each future year is as implied by the latest available yield curves as at the valuation date for fixed interest and index-linked gilts as published by the Bank of England (adjusted for changes in market conditions between the effective date of the curves to the valuation date) and extrapolated for later durations.
- Price inflation as measured by the Consumer Prices Index ("CPI") over each future year is calculated as the corresponding assumption for RPI less 1.0% pa.

For illustration, as at the valuation date, the assumptions for the return on gilts and RPI were as shown in the chart below:



For the purposes of illustration, as at the valuation date the single equivalent average rates (weighted by the projected future benefit cashflows) were:

	Rate
Gilt returns	*1.7% pa*
RPI	*3.5% pa*
CPI	*2.5% pa*

Investment return and benefit increase assumptions

Future benefit payments are discounted on rates derived from the following assumptions:

- the future investment strategy will be at any time to hold a portfolio of gilts to back pensions in payment with guaranteed pension increases (ie those benefits accruing post 5 April 1997). All other benefit payments are backed by a portfolio of return seeking assets; and
- advance credit is taken for an additional return on the return seeking portfolio over the return from gilts of 3.5% pa (net of investment management expenses) in each future year.

As at 31 December 2016, the resulting discount rates based on the single equivalent average gilt returns were:

	Discount rate
Pre-retirement	*5.2% pa*
Post-retirement for pre 1997 pensions	*5.2% pa*
Post-retirement for post 1997 pensions	*1.7% pa*

Future benefit payments are projected using the assumptions set out below:

- future bonuses applicable to non-pensioner benefits and to pensions in payment in respect of contributions before 6 April 1997 will be granted in line with RPI in the Pension Builder Classic section;
- pension increases in respect of contributions paid between 6 April 1997 and 6 April 2006 in the Pension Builder Classic section will be RPI subject to a maximum of 5% pa and in respect of contributions paid after 6 April 2006 will be RPI subject to a maximum of 2.5% pa; and
- Inflation-linked increases are modelled over each future year at a rate reflecting the provision of the rules, the assumption for RPI inflation in that year and the volatility of RPI inflation of 1.8% pa.

For illustration, as at 31 December 2016, the assumed rates of pension increase in the Pension Builder Classic section, based on the single equivalent average RPI rate were:

Pension increase in Pension Builder Classic section	*Assumption*
Bonuses granted prior to retirement	*3.5% pa*
Bonuses granted post retirement for pre 1997 pensions	*3.5% pa*
RPI subject to a minimum of 0% pa and a maximum of 2.5% pa	*2.2% pa*
RPI subject to a minimum of 0% pa and a maximum of 5% pa	*3.3% pa*

Other assumptions

- An expense loading of 2.5% of the technical provisions in respect of non-pensioners and 0.5% in respect of pensioners, in the Pension Builder Classic section.
- For pre-retirement mortality:
  - Nil
- For post-retirement mortality:
  - 95% of the S2NMA and S2NFA tables; and
  - projected from 2007 in line with the CMI 2015 core projections with a long-term annual rate of improvement of 1.5% (males) / 1.5% (females).
- 80% of current pensioners are assumed to have a spouse or civil partner as at the valuation date. 80% of other members assumed to be married or have a civil partner at retirement, or earlier death.
- Spouses/civil partners assumed to be three years younger (male members) or three years older (female members) than the member.

3. Pension Builder 2014

Actuarial method

Projected unit method.

Assumptions

The technical provisions are calculated on the following key assumptions.

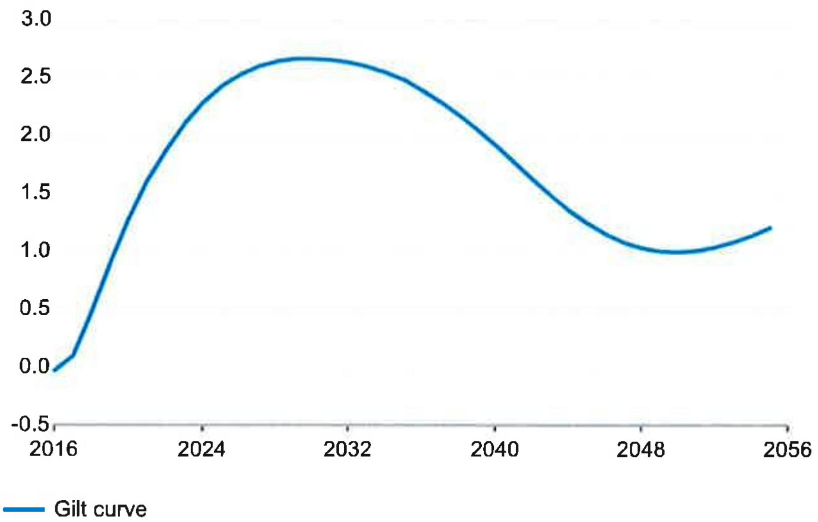
Gilt return assumption

The assumptions for the future return on gilts is described below:

- The return from gilts over each future year is taken from the latest available yield curve as at the valuation date for fixed interest gilts as published by the Bank of England (adjusted for changes in market conditions between the effective date of the curve and the valuation date) and extrapolated for later durations.

For illustration, as at the valuation date, the assumption for the return on gilts is as shown in the chart below:

Gilt returns as at 31 December 2016



For the purposes of illustration, as at the valuation date the single equivalent average rates (weighted by the projected future benefit cashflows) were:

	Rate
Gilt returns	*1.7% pa*

Investment return and benefit increase assumptions

Future benefit payments are discounted on rates derived from the following assumptions:

- the future investment strategy will be at any time to hold a portfolio of return seeking assets; and
- advance credit is taken for an additional return on the return seeking portfolio over the return from gilts of 3.5% pa (net of investment management expenses) in each future year.

As at 31 December 2016, the resulting discount rate based on the single equivalent average gilt returns was 5.2% pa.

Future benefit payments are projected using the assumptions set out below:

- future bonuses will be granted in line with investment returns less 1.5% pa.

Other assumptions

- An allowance for expenses of 0.5% pa of invested assets, in line with the current policy.

- No allowance for pre-retirement mortality.

- Members assumed to retire at normal retirement age (age 65).

The Church Workers Pension Fund ("the Fund") Recovery Plan

The actuarial valuation of the Fund as at 31 December 2016 revealed the following:

- **a deficit of £26.2m in the Defined Benefits Scheme ("DBS")**
- **a deficit of £14.2m in the Pension Builder Classic ("PB Classic")**
- **a surplus of £1.8m in the Pension Builder 2014 ("PB 14").**

In accordance with Section 226 of the Pensions Act 2004, the Trustee of the Fund has prepared this recovery plan, after obtaining the advice of Mr Aaron Punwani FIA, the scheme actuary.

1. Steps to be taken to ensure that the statutory funding objective is met

Many DBS employers are paying additional deficit contributions calculated to eliminate the deficit in their pool within five years from 1 April 2018. For other employers, deficit contributions are calculated to eliminate the deficit by no later than 30 June 2033. Some DBS employers are paying no deficit contributions because their pools were in surplus at 31 December 2016. The individual amounts to be paid are summarised in the Schedule of Contributions dated 28 March 2018.

The deficit in the PB Classic will be recovered through holding back discretionary bonuses until such time as the deficit is removed – expected to be within six years.

2. Period in which the statutory funding objective should be met

The deficit is expected to be eliminated by 30 June 2033. This is based on the following assumptions:

- Technical provisions are calculated according to the method and assumptions set out in the Fund's Statement of Funding Principles dated 28 March 2018.
- The return on existing assets and new contributions during the period are as adopted for the calculation of the technical provisions.

This recovery plan was prepared on 28 March 2018.

Signed on behalf of the Trustee

Name: ....

Position: CHIEF OF STAFF

Date: 28 MARCH 2018

The Church Workers Pension Fund

Schedule of Contributions

This Schedule of Contributions has been prepared in accordance with Part 3 of the Pensions Act 2004 and the Occupational Pension Schemes (Scheme Funding) Regulations (SI 2005/3377). It sets out the contributions, other than the members' additional voluntary contributions, payable to the Church Workers Pension Fund ("the Fund") over the period from 1st April 2018 to 1 July 2033.

All employers with active members in the Fund have nominated the Church of England Pensions Board ("the Pensions Board") to agree this Schedule of Contributions on their behalf. This agreement is indicated below by the authorised signatory.

The following contributions are payable to the two sections of the Fund:

1. The Church of England Pension Builder Scheme

The contributions that will be paid by the employers participating in the Pension Builder Classic and the Pension Builder 2014 sections are shown in Appendix 1. The Appendix also shows the contributions that will be paid by members.

Contributions are only payable for as long as an employer remains a Participating Employer. For new employers, the contribution rates will be at such a rate as agreed with the Pensions Board.

2. The Church of England Defined Benefits Scheme

The contributions that will be paid by the employers participating in this section are at least those shown in Appendix 2.

The contribution rates that will be paid by employers are expressed as a percentage of pensionable salaries.

Appendix 2 also shows the contributions that will be paid by members.

Contributions are only payable for as long as an employer remains a Participating Employer. For new employers, the contribution rates will be at such a rate as the Pensions Board determines after considering the Actuary's advice.

3. Payment of contributions

Contributions are based on Pensionable Salaries as defined in the Fund's Rules, except for employers' contributions in respect of expenses and the shortfall in funding in accordance with the recovery plan dated 28 March 2018.

Contributions from employers (including expenses and shortfall contributions, except where indicated otherwise) are payable monthly and are due within one month of the period to which they relate.

Contributions from Scheme members are payable monthly and are due within 19 days of the end of each calendar month.

The employers will pay any additional contributions as decided by the Pensions Board, on the advice of the Actuary, and in accordance with the Fund Rules, to meet benefit augmentations. Such contributions will be paid within 28 days of the due date notified by the Pensions Board.

This Schedule of Contributions replaces the Schedule of Contributions dated 21 December 2017.

This Schedule of Contributions is agreed:

on behalf of the Pensions Board

Name : .... authorised signatory

Position: CHIEF OF STAFF

Date: 28 MARCH 2018

Actuary's certification of schedule of contributions

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme The Church Workers' Pension Fund

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2016 to be met by the end of the period specified in the recovery plan dated 28 March 2018.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 28 March 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature: .... **Date:** **28 March 2018**

Name: Aaron Punwani **Qualification:** FIA

Address: 95 Wigmore Street
London W1U 1DQ

Name of employer: Lane Clark & Peacock LLP
(if applicable)

Notes not forming part of the certification

In giving the above opinion I have interpreted the phrase "could have been expected to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the trustees' funding assumptions as set out in their statement of funding principles dated 28 March 2018 and their Recovery Plan dated 28 March 2018 and without any further allowance for adverse contingencies that may arise in the future. My opinion does not necessarily hold in any other scenarios.

Furthermore, I have taken no account of either adverse or beneficial outcomes that have become known to me since the effective date of the valuation. However, I have taken account of contributions that are payable to the Scheme between the effective date of the valuation and the date that I have certified this Schedule as documented in the Schedules of Contributions dated 21 December 2016, 30 March 2017, 4 July 2017, 9 October 2017 and 22 December 2017.

28 March 2018

Section 179 Valuation Certificate

Scheme details:

Full name of scheme:	Church Workers Pension Fund
Pension Scheme Registration Number:	10006269
Address of scheme:	Church of England Pension Board 29 Great Smith Street London SW1P 3PS

s179 valuation	
Effective date of this valuation (dd/mm/yyyy)	31/12/2016
Guidance and assumptions	
s179 guidance used for this valuation	G6
s179 assumptions used for this valuation	A8

Assets	
Total assets (this figure should not be reduced by the amount of any external liabilities and should include the insurance policies referred to below)	£500,260,000
Date of relevant accounts (dd/mm/yyyy)	31/12/2016
Percentage of the assets shown above held in the form of a contract of insurance where this is not included in the asset value recorded in the relevant scheme accounts	-0.6%

Liabilities	
Please show liabilities for:	
Active members (excluding expenses)	£167,674,000
Deferred members (excluding expenses)	£217,977,000
Pensioner members (excluding expenses)	£211,824,000
Estimated expenses of winding up	£7,475,000
Estimated expenses of benefit installation/payment	£10,969,000
External liabilities	£0
Total protected liabilities	£615,919,000
Please provide the percentage of the liabilities shown above that are fully matched by insured annuity contracts for:	
Active members	0%
Deferred members	0%
Pensioner members	48%

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A list of members' names is available for inspection at 95 Wigmore Street, London, W1U 1DQ, the firm's principal place of business and registered office. The firm is regulated by the Institute and Faculty of Actuaries in respect of a range of investment business activities. Locations in London, Winchester, Ireland and - operating under licence - the Netherlands.

Proportion of liabilities			
Please show the percentage of liabilities which relate to each period of service for:			
	Before 6 April 1997	6 April 1997 to 5 April 2009 (inclusive)	After 5 April 2009
Active members	5%	63%	32%
Deferred members	16%	73%	11%
	Before 6 April 1997	After 5 April 1997	
Pensioner members	35%	65%	

Number of members and average ages		
For each member type, please show the number of members and the average age (weighted by protected liabilities) as at the effective date of this valuation. Average ages should be rounded to the nearest whole year.		
	Number	Average age
Active members	4,381	52
Deferred members	3,890	50
Pensioner members	3,989	70

I certify that this valuation has been carried out in accordance with the Pension Protection Fund (Valuation) Regulations 2005 and with the appropriate section 179 guidance and assumptions issued by the Board of the Pension Protection Fund. I also certify that the calculated value of the protected liabilities is, in my opinion, unlikely to have been understated.

Signature:................ Date: 28 March 2018

Name: Aaron Punwani

Qualification: FIA Employer: Lane Clark & Peacock LLP

As required, under Part 6 of the Guidance on undertaking an s179 valuation, the s179 certificate should form part of the scheme actuary's s179 valuation report. The details contained in this certificate should be separately submitted to the PPF as part of the annual scheme return via the Pension Regulator's system "Exchange".

This certificate should not be sent directly to the Pension Protection Fund