The Church of England Pensions Board is pleased to provide you with a Summary Funding Statement, to give you an update on CWPF’s funding position.

We use independent advisers to help us to monitor CWPF’s finances. A full actuarial valuation, which is a thorough review of the financial position takes place every three years. The last full valuation was at 31 December 2016. We obtain annual "snapshot" updates in the years between the full review. This statement includes the "snapshot" as at 31 December 2017.

This statement covers both the Defined Benefits Scheme and the Pension Builder sections:
- In the Defined Benefits Scheme, member contributions are set by each individual employer, with the employer paying the balance required to provide the benefits.
- The Pension Builder Scheme includes both Pension Builder Classic and Pension Builder 2014. Employers and members (where appropriate) pay contributions to provide guaranteed benefits. We aim to add discretionary increases subject to market conditions and satisfactory investment returns.

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

Best wishes
Peter Dickinson

_Pensions Manager of the Church of England Pensions Board_

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**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

**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 on your death, please complete a nomination form.
## Results of the actuarial valuation at 31 December 2016

### Defined Benefits Scheme
**Target level of assets:**
\[£404.9\text{million}\]
**Assets held:**
\[£378.7\text{million}\]

At 31 December 2016 the target level of assets was £404.9m, but the actual assets were £26.2m less than this. This £26.2m shortfall does not affect the pensions we pay – we have always paid members their full pensions.

The “snapshot” as at 31 December 2015 revealed a funding shortfall of £37.9m.

DBS’s financial position improved by £11.7 million during 2016. This was mainly due to the investment returns achieved and deficit contributions being paid along with updates to the valuation assumptions (which reduces the target level of assets), offset by the impact of less favourable market conditions.

### Pension Builder Classic
**Target level of assets:**
\[£132.6\text{million}\]
**Assets held:**
\[£118.4\text{million}\]

At 31 December 2016 the target level of assets was £132.6m, but the actual assets were £14.2m less than this.

In view of the shortfall, we decided we could not add a discretionary increase at 1 January 2017.

The “snapshot” as at 31 December 2015 revealed a funding shortfall for the PBS of £7.9m, which was mainly in relation to PB Classic.

PB Classic’s financial position worsened by around £6.3 million during 2016. This was mainly due to less favourable market conditions, which increased the target level of assets, offset by investment returns achieved, and no discretionary increases being added in 2016.

### Pension Builder 2014
**Target level of assets:**
\[£7.3\text{million}\]
**Assets held:**
\[£9.1\text{million}\]

At 31 December 2016 the target level of assets was £7.3m, but the actual assets were £1.8m more than this.

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

The positive financial experience in 2016 reflects our decision to add a discretionary bonus of 15% for that year.
**A snapshot of the Fund on 31 December 2017**

<table>
<thead>
<tr>
<th>Scheme</th>
<th>Target level of assets</th>
<th>Assets held</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defined Benefits Scheme</strong></td>
<td>£414.3m</td>
<td>£402.4m</td>
<td>At 31 December 2017 the target level of assets was £414.3m, but the actual assets were £11.9m less than this. This £11.9m shortfall does not affect the pensions we pay – we have always paid members their full pensions. The actuarial valuation as at 31 December 2016 revealed a funding shortfall of £26.2m. DBS’s financial position improved by £14.3 million during 2017. This was mainly due to slightly more favourable market conditions (which reduce the target level of assets) along with the investment returns achieved and deficit contributions being paid.</td>
</tr>
<tr>
<td><strong>Pension Builder Classic</strong></td>
<td>£140.5m</td>
<td>£130.1m</td>
<td>At 31 December 2017 the target level of assets was £140.5m, but the actual assets were £10.4m less than this. In view of the shortfall, we decided we could not add a discretionary increase at 1 January 2018. The actuarial valuation as at 31 December 2016 revealed a funding shortfall of £14.2m. PB Classic’s financial position improved by £3.8 million during 2017. This was mainly due to slightly more favourable market conditions, which reduces the target level of assets and no discretionary increases being granted in 2017.</td>
</tr>
<tr>
<td><strong>Pension Builder 2014</strong></td>
<td>£11.6m</td>
<td>£14.2m</td>
<td>At 31 December 2017 the target level of assets was £11.6m, but the actual assets were £2.6m more than this. The valuation as at 31 December 2016 revealed a funding surplus of £1.8m. PB 2014’s financial position improved by £0.8m during 2017. We guarantee members will receive at least the value of their contributions at age 65, plus discretionary bonuses. We hold a reserve to protect member accounts against adverse investment experience, in light of this guarantee. The positive financial experience in 2017 reflects our decision to add a discretionary bonus of 9.6% for that year.</td>
</tr>
</tbody>
</table>
Assets of the Fund

CWPF’s assets come from contributions paid by members and 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. We pay pensions to retired members out of this common fund.

Assumptions

We employ an independent expert to provide regular checks on CWPF’s finances. These regular check-ups involve calculating a target level of assets. The target level of assets is the amount that we expect to be enough to continue to pay out all the pensions that members have already built up in CWPF. Nobody knows exactly how much money we need to pay everybody’s pensions. This will depend on how long members live, the level of inflation, and the returns earned on CWPF’s investments, amongst other factors.

Your questions answered

Q: Have employers taken any money out of CWPF?

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

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

Q: What if the Fund has to wind up?

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 in December 2016. For DBS, this estimate showed that the sponsoring employers would have to make a final contribution of about £170m to make sure all members’ pensions could be paid in full by an insurance company. This is larger than the shortfall shown on page 2, but this is fairly common amongst similar UK pension funds. If the employers became insolvent and could not afford to pay this, you might not get your full pension benefits.

For the Pension Builder schemes, there was an estimated deficit of £31m in December 2016 on this measure; this excludes any future discretionary increases.
Q: Is my pension protected?

The Government has set up the Pension Protection Fund which provides pension scheme members with added security should their sponsoring employers become insolvent and are unable to pay the final contribution.

If CWPF enters the Pension Protection Fund, the amount members receive may be less than the pension benefits built up for them. The Pension Protection Fund rules are complex. The amount they will pay depends on the rules of the scheme, whether a pension is already being paid, a member’s age and the type of pension benefit.

More information and guidance about the Pensions Protection Fund is available at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk) or by contacting the Pensions Protection Fund on 0330 123 2222.

Where can I get more information?

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

- [pensions@churchofengland.org](mailto:pensions@churchofengland.org)
- 020 7898 1802
- Church of England Pensions Board
  29 Great Smith Street
  London
  SW1P 3PS