THE CHURCH OF ENGLAND

CHURCH ADMINISTRATORS PENSION FUND

Defined Contributions Section

PENSION QUALITY MARK PLUS

The Church of England Pensions Board
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THE CHURCH OF ENGLAND PENSIONS BOARD SEAL 1926

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What is the Pension Quality Mark?

The Pension Quality Mark is an independent quality standard that recognises employers who help their staff to save for their retirement by providing a good quality defined contribution (DC) pension schemes.

Why should I care that this scheme qualified for the Pension Quality Mark?

Although all companies already offer, or will soon offer, a pension scheme which they also have to put money into, we do more than that. We put in more than is required by law. In fact, we value your contribution to the National Church Institutions and it matters to us how you will fund your retirement.

So how did we achieve the Pension Quality Mark?

We qualified because:

- as employers we offer to contribute more than 10% of your pensionable salary towards building up your pension pot.
- we have arrangements in place to ensure the scheme is well run and reviewed on a regular basis so that it remains fit for purpose and suited to your needs
- we communicate with you about the scheme regularly– encouraging you to join or remain in the scheme, and giving you information about the important decisions you need to make.

Further Information

We are happy to answer any questions you have.

If you have questions about the pension scheme, please call the helpline on 020 7898 1802 or email pensions@churchofengland.org.

If you have questions about PQM, please contact the Pensions Department or visit www.pensionqualitymark.org.uk or call the Pension Quality Mark team on 020 7601 1770.

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1 INTRODUCTION

The purpose of this booklet is to summarise the main features of the Defined Contribution section of the Church Administrators Pension Fund (the DC Section of the Scheme) and to provide answers to the most frequently asked questions.

The DC section is designed to provide a range of benefits including a retirement pension and life assurance cover in the event of your death.

Benefits are financed by contributions from the National Church Institutions (the Employer) and you have the option to contribute voluntary contributions to purchase additional benefits. Contributions are paid into a trust fund that is invested and administered by a legally appointed trustee, i.e. the Church of England Pensions Board ("the Board") and is completely separate from the Employer's assets.

The DC Section is not contracted out of the State Second Pension Scheme (S2P) and is payable in addition to the Basic State Pension and S2P.

All benefits paid under the terms of the DC Section are subject to regulations issued by HM Revenue & Customs and the Pensions Regulator.

Every effort has been made to ensure that this booklet is an accurate summary of benefits provided under the terms of the DC Section but the formal legal documents will always prevail if there is any difference between them. Copies of the full trust deed and rules are available on request. This booklet does not itself confer any entitlement to benefits.

You will be provided with precise details of your benefits and options on retirement or leaving service. This booklet provides an outline of those benefits.

Enquiries relating to the formal scheme documents should be directed to the Board.

2 GLOSSARY

Listed below is a short glossary of the most frequently used terms found in the booklet together with a note of their meaning:

Annual Allowance	A limit on the annual contributions that can be made to a registered scheme without incurring a penalty tax charge. For the DC Section, this means the total Employer and voluntary contributions in any scheme year. The Annual Allowance for 2018/2019 tax year is £40,000, unless your income from all sources is £150,000 p.a. or more, in which your Annual Allowance may be less. If the Annual Allowance is exceeded a tax charge may be payable.
Annuity Rate	The rate charged by an insurance company at your retirement for exchanging your Individual Member Account for a pension payable for the rest of your life.
The "Scheme"	The Church Administrators Pension Fund
DC Section	Defined Contribution (DC) section of the Church Administrators Pension Fund
Employer	The National Church Institutions of the Church of England, or the Cathedrals and Bishoprics Department of the Church Commissioners in the case of diocesan bishops' staff
HMRC	Her Majesty's Revenue & Customs (formerly Inland Revenue).
Incapacity	Physical or mental impairment which prevents (and will continue to prevent) a member from following his or her normal occupation, or seriously impairs earning capacity.
Individual Member Account	Your notional account in the DC Section. This will include the contributions paid by the Employer and any voluntary contributions you pay yourself. It will also include investment returns made on these contributions.
Lifetime Allowance (LTA)	A limit on the amount of total pension savings that can attract favourable tax relief. The Lifetime Allowance (LTA) for the 2018/19 tax year is £1.03 million. Tax is payable at an effective rate of 55% on the value of any benefits over the LTA.
Normal retirement date (NRD)	65th birthday for men and women.
Open market option	The option to purchase a pension from any insurance company or other authorised provider.

Pensionable Salary	Your basic salary and any pensionable allowance from the Employer.
Pensionable service	Your service since joining the DC Section.
Pension Input Period	The "pension input period" which is used to compare your total contributions against the Annual Allowance is the same as the tax year. It is your responsibility to check your pension contributions against the Annual Allowance and declare any higher contributions in your tax return. The Trustee reserves the right to change the Pension Input Period at any time.
Qualifying service	Service after joining the Scheme plus actual service in any other scheme from which benefits have been transferred.
Scheme Year	The period of 12 months from 1st January.
The Trustee	The Church of England Pensions Board – "the Board"

3 MEMBERSHIP

3.1 When can I join?

You will join the DC Section of the Scheme on the day you start employment and you are over the age of 18.

3.2 How do I join?

You are automatically enrolled in the Scheme on your first day of employment when you will be asked to complete a personal details form. If any additional information is required, you will be advised at that time.

3.3 Are there any requirements to provide evidence of health?

Evidence of health is not normally required but if it is we will contact you with the details of the insurer's requirements. Further evidence of health may be required from time to time, for example if your earnings go above a particular level and, again, you will contacted if this applies to you.

The Trustee reserves the right to restrict any benefits that may be payable on your death or ill-health until you have provided satisfactory evidence.

3.4 What do I do if I don't want to join?

If you do not wish to join you contact the Pensions Department and ask for an 'opt out' notice. If you opt out of the DC Section, you will not be covered for lump sum death in service benefits or the Group Income Protection Insurance benefits. You will only be allowed to become a member at a later date with the consent of the Board and the Employer, and you may also be required to produce satisfactory evidence of your health. If you subsequently decide to join the DC Section, contributions will not be backdated to the date you opted out.

3.5 Can benefits be transferred from previous schemes?

If you have been a member of another pension scheme it may be possible, at the Trustee's discretion, to transfer the value of your entitlement to the DC Section. The transfer value would be invested in the DC Section in the same way as your normal contributions. The DC Section is unable to accept benefits from a scheme that includes a transfer in respect of a Guaranteed Minimum Pension, i.e. the pension you may have earned in a previous defined benefit (or 'final salary') scheme as a result of being contracted out of the State Earnings Related Pension Scheme before 6 April 1997.

Please ask us if you have any questions about transfer values.

4 CONTRIBUTIONS

4.1 What do I pay?

There is no requirement for you to contribute. The Employer would however like to recognise and support employees who wish to save more for their retirement. If you pay a voluntary contribution of 1% of salary (or more), the Employer will pay an additional contribution, up to a maximum of 3% of your Pensionable Salary. This works as follows:

- you pay at least 1% but less than 2% - the employer will pay an additional 1%
- you pay at least 2% but less than 3% - the employer will pay an additional 2%
- you pay at least 3% - the employer will pay an additional 3%

Therefore if you pay 3%, the Employer matches 3%, which means 6% of your Pensionable Salary is paid into your pension on top of the age related contribution that the Employer makes (see table below).

You can stop, start, increase or decrease your contribution at any time. You will need to give Payroll one month notice.

If you decide not make a personal contribution, the Employer will still make an age-related contribution on your behalf.

You may contribute to other pension plans while also being a member of the DC Section of the Scheme.

You can make one off lump sum payments from your net income. You will need to reclaim the tax back on this yourself via a tax return. The employer will not match any payment made from net income.

4.2 What does the Employer pay?

Each month the Employer will pay contributions based on a percentage of your Pensionable Salary into your Individual Member Account. The percentage paid depends on your age:

Age	Percentage of Pensionable Salary
Up to age 30	8%
Ages 30 to 39	10%
Ages 40 to 49	11%
Ages 50 to 59	13%
Age 60 and over	15%

4.3 When do the contribution rates change?

The contribution rate is determined by your age on 1 January in the year in which the contributions are paid.

4.4 If I contribute, do I get tax relief on my contributions?

Under the PAYE system, any contributions you make are deducted from your salary before tax is calculated. In this way, under current legislation, you receive tax relief at your highest rate.

For example, a member who wishes to pay £100 per month, with a basic tax rate of 20%, will only see a reduction in their take-home pay of £80.

4.5 Are there limits to how much I can pay?

For the purposes of the DC Section of the Scheme, the 'Pension Input Period' that will be used to compare your total contributions against the Annual Allowance is the tax year.

HMRC will usually allow you to pay the lesser of your taxable earnings and the Annual Allowance (i.e. up to £40,000 in 2018/19) or £3,600 if greater. This limit includes your employer contributions, your own scheme contributions if you make them and any contributions to other registered pension schemes.

Your Annual Allowance may be further limited by the increase in the value of your entitlement during the year from any defined benefit registered pension schemes of which you are a member.

You will not usually receive tax relief on contributions which are greater than the amount of your earnings subject to income tax.

If you contribute more than the Annual Allowance, you may do so but you may have to pay tax on contributions above the Annual Allowance (see the Glossary).

4.6 Employer Contributions

For convenience, we refer in this booklet to "employer contributions". However, these amounts may be allocated from the general assets of the Scheme if the Trustee agrees, rather than being paid directly by the Employer.

5 INVESTMENTS

5.1 How are the contributions invested?

Contributions are used to purchase units in the investment funds offered by the DC Section of the Scheme.

The Board offers investment funds which are selected with a view to providing long term growth for your Individual Retirement Account while at the same time trying to limit your exposure to risk.

5.2 Where may I invest the contributions?

The Board has appointed Legal & General Investment Management Ltd as its investment manager. The following funds are currently available to members from which they can choose to invest their contributions:

Lifestyle (this is the default option and is explained below)
Ethical Lifestyle

UK Equity Index Fund
Ethical UK Equity Index Fund
Global Equity Market Weights (30:70) Index Fund
Overseas Equity Consensus Index Fund
Ethical Global Equity Index Fund
Over 5 years UK Index-Linked Gilts Fund
Over 15 years Gilts Index Fund
AAA-AA-A Corporate Bond All Stocks Index Fund
Managed Property Fund
Cash Fund

If you want to choose your investment funds from the non-lifestyle options listed above, this is often referred to as "freestyling"; you may choose one or more of these funds in any proportion as long as whole percentages are used. If you want to use the Lifestyle or Ethical Lifestyle options; all of your contributions including voluntary contributions must be invested in the Lifestyle option you choose. If you do not make a choice then all of your contributions will be invested in the Lifestyle option.

The funds are priced daily and all of these funds (except the Cash Fund and the Managed Property Fund) are 'passively' managed, which means they are invested in a way that replicates the overall market of the type of investment chosen as closely as possible rather than being 'actively' invested by the investment managers in the specific stocks they think will perform best. As a result of this:

- investment risk is reduced – the return on actively invested funds can be greater or less than the relevant market index;
- fund management fees are significantly lower and so more of your contribution is invested.

The Cash Fund is an actively managed secure fund that invests in short-term money market products such as bank deposits and Treasury bills. This fund is designed to provide capital protection with growth at short-term interest rates.

Further information on index managed funds and their performance can be found on www.lgim.co.uk/clientsite/. A password to access the site can be obtained from the Pensions Department.

The Investment Management fees are incorporated into the fund unit prices and vary from fund to fund ranging from 0.1% to 0.55% of the value of your fund each year. Please refer to the Appendix for more information on the funds listed above.

The Trustee reserves the right to change the Investment Manager and the choice of funds both in respect of past and future contributions without giving you notice.

5.3 Planning an investment strategy

Your contributions are invested in the expectation that their value will increase over the long term. However, there are no guarantees, as all investments carry an element of risk. Your choice of investment funds may be influenced by many concerns. A key factor is the length of time over which you expect your Individual Member Account to be invested. This depends on your current age and when you intend to retire.

We tend to think of investment risk as the danger that the value of our investments will fall, rather than rise. This is of particular concern shortly before retirement, where a fall in the value of your Individual Member Account could reduce your pension income significantly. However, there is also the risk that, by being over cautious, the value of your investments will not increase rapidly enough to keep up with inflation and provide an adequate retirement income.

There are three main types of investment, each of which carries a different type of risk:

- Equities (company shares): these have the potential to produce the highest returns over the long term, but can rise and fall quite dramatically over the shorter term.
- Bonds and Gilts (i.e. interest-bearing loans to Governments or companies): historically, the long-term returns on bonds have been lower than those from equities, but their value tends to be more stable.
- Cash: cash investments are guaranteed not to fall in value, but generally achieve the lowest returns. Historically, returns on cash have not kept up with salary inflation.

The DC section of the Scheme has been designed to provide you with a selection of investment options to help you manage these risks. If you have many years to go before you retire, you may be willing to take a higher level of risk in pursuit of investment gains than someone who is close to retirement. You can change the way your fund is invested, giving you the flexibility to make changes when you feel the time is right.

For further information refer to the Investment Guide, which is available at www.churchofengland.org/more/pensions/church-administrators-pension-fund#na or on request from the Pensions Department.

5.4 What is the Lifestyle investment option?

The Lifestyle option is a method of investing that is designed to reduce the risk of your Individual Member Account being affected by volatility in the stock market in the period immediately before retirement. The Board offers a "lifestyle" investment arrangement which offers an automatic switching structure and is built from the following funds:

Global Equity Market Weights (30:70) Index Fund;
Over 5 years UK Index-Linked Gilt Fund; and
Cash Fund

Initially your fund will be invested in the Global Equity fund. Five years before your selected retirement date, part of your fund will switch from the Global Equity fund into the Over 5 Years Index-Linked Gilt fund and the Cash fund, so that at retirement, your Individual Retirement Account is partly invested in gilts and cash. The switching process is carried out quarterly and will happen automatically if you remain in the Lifestyle investment option.

Your selected retirement date can be any age after age 55 but will be your Normal Retirement Date ('NRD'), i.e. age 65, unless you decide to change it. It is important that you review your selected retirement date from time to time if you are using the Lifestyle investment option as your investments may start to switch too early or too late if you are intending to retire before or after age 65. You are able to change your selected retirement date or your investment strategy by informing the Pensions Department.

5.5 What is the Ethical Lifestyle investment option?

The 'ethical lifestyle option' offers members the chance to invest in a way in which ethical considerations are taken into account when deciding whether specific shares can be included in the funds. The 'ethical lifestyle option' uses a mixture of the Ethical Global Equity Index Fund and the Ethical UK Equity Index Fund to invest contributions in stocks and shares. Both funds track FTSE4Good indices and more about their ethical policies can be found on our website.

Otherwise, the 'ethical lifestyle option' invests in a similar way to the 'lifestyle option'. The switch to less risky funds in the years leading up to the member's target retirement date is on the same basis.

Members should be aware that the 'ethical lifestyle option' is regarded as more risky and potentially more volatile than the 'lifestyle option'. This is because the investments are more restricted for the following reasons:

- Having ethical restrictions automatically restricts the number of different investments that can be held;
- The Ethical Global Equity Index Fund contains some investments in the UK and the Ethical UK Equity Index Fund is also mainly invested in the UK. This means that more than half of the investments are in the UK (unlike the 'lifestyle option' which is designed to split investments so that 30% is invested in the UK and 70% in the rest of the world).

5.6 What is the Default Option?

If you do not select funds in which to invest your contributions, your funds will automatically be allocated to the Lifestyle investment option.

Please consider whether the default option is suited to your personal circumstances. We encourage you to take appropriate financial advice when making your own investment decisions.

5.7 Can I change my investment options?

You can make changes to your investment strategy at any time but the Board reserves the right to make a charge.

If you wish, future contributions can be paid into different investment funds from those in which previous contributions have been invested. In order to redirect future contributions, you should advise the Board. The investment of your future contributions will then be changed with effect from the next monthly investment cycle, provided the instruction is received in time for it to be processed.

Alternatively you may switch part or all of your Individual Member Account to different investment funds. If you would like to do this, you will need to complete a form which is available from the Board. You should be aware that there may be delays in switching funds because of the normal process in the settlement of transactions.

If you wish to redirect your future contributions to one of the Lifestyle options, the whole of your Individual Member Account will need to be switched to that option.

If you wish to switch your investment funds, please contact the Pensions Department.

6 RETIREMENT BENEFITS

6.1 When can I retire?

The Normal Retirement Date (NRD) is 65 for both men and women.

With the consent of the Employer, you may retire at any time after reaching age 55 (this is the earliest age the Government will currently allow people to retire), or earlier if you are suffering from Incapacity.

You may remain in service after your Normal Retirement Date. You will have the choice either to draw your benefits immediately or continue to have contributions paid until you retire.

6.2 How much will my pension be?

The contributions are invested by the Board with its investment managers. At retirement, the value of your Individual Member Account will be used to provide you with retirement benefits.

If you decide to buy a pension (known as an annuity) the amount of pension you receive will depend on a number of factors:-

- The value of your Individual Member Account at retirement;
- Annuity rates at retirement (see glossary);
- The type of benefits you choose.

As the value of your Individual Member Account and the prevailing annuity rates will not be known until you actually retire, it is not possible accurately to predict the amount of pension you will receive.

You will however, receive annual benefit statements showing the value of your Individual Member Account. It will also show the pension you might receive based on assumptions laid down by legislation. It is important to know that these are only an indication and are not guaranteed in any way.

6.3 How will my pension be set up?

At retirement, you would usually exchange your Individual Member Account for retirement benefits. Under current rules, you have the option to take 25% of the value of your Individual Member Account as a tax free cash sum. The remainder can be used to purchase an annuity with an insurance company or another approved type of arrangement.

The Board currently has an agreement with a firm of independent financial advisers (IFAs) to help you purchase an annuity at the best rates available in the market at your retirement date. More details will be provided at retirement.

6.4 Lifetime Allowance Test

We will test whether your benefits exceed the Lifetime Allowance set by HMRC at retirement. For the majority of members, benefits under all registered pension schemes including occupational schemes and personal pensions are unlikely to be near the Lifetime Allowance.

You will be asked for details of any pension benefits already in payment or that are due to come into payment before or at the same time as your benefits from the Scheme. This will allow your pension benefits to be tested against the Lifetime Allowance.

If the value of your pension benefits exceeds the Lifetime Allowance, any excess paid from the DC Section of the Scheme will be paid as a lump sum and will be subject to a tax charge which is currently 55%. This tax charge will be deducted by the Board before making the payment to you.

6.5 Will my pension increase during retirement?

The choice is yours. You may secure a pension that stays at the same level or a pension that increases each year in payment. The greater the increases you choose, the lower your initial pension will be.

6.6 Will my pension continue for a dependent following my death?

Again the choice is yours and you can provide an annuity that will continue for a spouse, civil partner or other dependant following your death. Your initial pension will be lower if you decide to do this but it may provide security for your dependant.

6.7 How will my pension be paid?

Your pension will normally be purchased with an insurance company, through the Open Market Option (see glossary). The insurance company will pay the pension direct to you.

If you do not choose a provider, the Board will choose for you but cannot guarantee that the pension provided will be the most appropriate for you.

6.8 What other options do I have?

There are other ways you can use your Individual Member Account to provide income for your retirement. If you are interested in options such as taking your account as a lump sum, or 'income drawdown' we suggest you take Independent Financial Advice (IFA).

You can find an IFA in your area at www.unbiased.co.uk

7 DEATH IN SERVICE BENEFITS

7.1 Death before Normal Retirement Date

A lump sum life assurance benefit of 4 times Pensionable Salary is payable. In addition, the value of your Individual Member Account will be paid as a lump sum.

The lump sum life assurance benefit is underwritten by insurance policies held by the Board and is currently payable tax free subject to limits permitted by HMRC. Cover is automatic in most cases but if for any reason you are not covered, the benefit will not be paid. The Board will inform you if you are not covered or if your cover is limited to a certain amount.

In addition, the value of your Individual Member Account will be used at the discretion of the Board to provide an additional lump sum or benefits for your dependants. Please be aware that if your lump sum death benefits from all registered pension schemes exceed the Lifetime Allowance (LTA - see glossary) then tax would be payable on the amount over the LTA.

If you die before retirement, similar tests to those that apply at retirement will be applied to your benefits from the Scheme. In the event that any tax is due, this is payable by the beneficiaries of the death benefits.

7.2 Death in service after Normal Retirement Date

If contributions continue to be paid after your Normal Retirement Date, benefits will be paid as if you had died before your Normal Retirement Date.

If contributions have ceased, you will not be covered for life assurance. If you have deferred drawing your benefits, your Individual Member Account will be used at the discretion of the Board.

7.3 Can I choose who should receive the benefits payable on death?

You may nominate the beneficiary to whom you wish the lump sum death benefits to be paid using the Nomination Form. You can nominate more than one person and your nomination should be updated whenever your personal circumstances change.

Although your wishes will be taken into account, the Board has complete discretion in choosing the beneficiaries to receive the lump sum death benefits. This enables benefits to be paid quickly and usually ensures that no Inheritance Tax is incurred.

8 LEAVING SERVICE BENEFITS

8.1 What happens if I leave?

If you leave service before your Normal Retirement Date having completed more than 30 days Qualifying Service, you will keep your Individual Member Account in the Scheme. It will remain invested until you retire, die or transfer to another registered pension scheme.

If you have less than 30 days service and provided you have not transferred in benefits from another registered pension scheme, you may alternatively take a refund of any contributions you have made, less a tax deduction. If you choose this option, you will lose your entitlement to the value of any contributions made by the Employer.

8.2 What happens to my life assurance benefit?

If you leave active membership before your Normal Retirement Date, you will cease to be covered for the lump sum death benefit based on your pensionable salary from the day you leave. This also applies if you opt out of the scheme at any time.

8.3 What happens to my benefit if I die before I retire?

If you die before your Normal Retirement Date and contributions remain invested in the Scheme, the value of your Individual Member Account will be payable by the Board and will take into account your wishes as stated in your Nomination Form.

8.4 Can I withdraw from the Scheme while remaining in Service?

Yes, at any time, but you must give two months' written notice to the Board of your intention to opt out. You will cease to be covered for any lump sum death in service benefits from the date you opt out. Your pension entitlements will be those described in the Leaving Service section above.

You will only be allowed to re-join the Scheme at the discretion of the Board and the Employer. You may also be required to provide satisfactory evidence of health at your own cost.

8.5 What happens if I am unable to work due to ill health?

You may be entitled to benefits from the Group Income Protection Plan (GIPP) which is provided by the Employer for members of the DC Section of the Scheme. You will receive a proportion of your salary until you recover or retire and the GIPP will continue to pay the employer's age related pension contribution to the DC Section while you continue to be employed by the NCIs. More details are shown in Section 10.

Alternatively you may be able to receive your retirement benefits with the consent of the Employer and the Board at any time if you are retiring because of ill-health. The Board will require satisfactory medical evidence to leave show that your ill health makes you incapable of carrying out your job and you must have completed at least 30 days pensionable service. You will then be entitled to immediate benefits.

You may be able to able to secure a higher pension if you are in poor health or are expected to have shorter life expectancy, for instance, if you have a history of heavy smoking. However, this will depend on the terms offered by your chosen annuity provider at the time.

9 STATE PENSION BENEFITS

The benefits provided by membership of the DC Section of the Scheme are additional to State benefits. State pensions are payable from your State Pension Age which may be different from your Normal Retirement Date or the date at which you want to retire.

You can confirm your State Pension Age by visiting the www.gov.uk website and using the State Pension Age calculator.

Currently, the principal State retirement benefits are:

- The **Basic State Pension** provides a set level of pension which is reviewed each year. You will be entitled to this if you have paid sufficient National Insurance contributions during your working life.

- The **Additional Pension** (known as the State Second Pension or "S2P") is made up of a set amount earned each year (again reviewed annually) plus a percentage of your earnings between certain limits set by the Government.

9.1 State Pension Forecasting

It is possible to apply for a State Pension forecast from The Pension Service.

A State Pension forecast tells you in today's money values:

- the amount of State Pension you have already earned

- the amount of State Pension you can expect at State Pension age based on what you have earned already and what you might earn before you reach State Pension age.

The Pension Service website www.gov.uk (Pensions and Retirement Planning pages) provides more information regarding the State Pension and how to apply for a State Pension forecast.

10 GROUP INCOME PROTECTION INSURANCE

The Group Income Protection Insurance is a separate arrangement provided by the Employer outside the Scheme

10.1 Am I eligible to be covered under the insurance policy?

You will automatically be eligible for cover under the income protection insurance policy on joining the DC Section provided you are actively at work and you have not reached your State Pension Age. Eligibility for this benefit depends on continuing membership of the Scheme.

10.2 Will I need to provide evidence of health?

If your salary exceeds a certain level, and in certain other circumstances, you may be required to provide evidence of health before being covered. You will be advised if this applies to you.

Your cover under the policy will be subject to any terms and conditions imposed by the insurer following assessment of your evidence of health.

Increases in salary (and therefore benefit) are subject to the terms of the insurance policy and are subject to you being actively at work on the date of increase. Increases may also be subject to evidence of health.

10.3 How much will it cost me to join the scheme?

The cost of this insurance is met entirely by the Employer.

10.4 When is the benefit payable?

You will be eligible for benefit payments if the insurer agrees that you have met the definition of disability (which is that you are unable to perform the material and substantial duties of your own occupation with the Employer and you are not performing any other occupation) for a period of 26 weeks or more.

A stricter definition may apply in certain circumstances.

The benefit will be payable via the Employer monthly in arrears following the end of the 26 week period. The benefit will be treated as salary and will be subject to income tax, National Insurance and any other statutory deductions.

The benefit will cease at the earliest of:

- recovery; or
- death; or
- the greater of age 65 or the state pension age; or
- completion of fixed term contract in force at date of first absence; or
- undertaking any form of work without the insurer’s agreement; or
- leaving service.

The insurer will require medical evidence that you meet the definition of disability.

Once benefits are in payment, the insurer will also periodically ask for evidence from you and from your medical advisors that you remain unable to work.

10.5 What benefit is provided?

The policy provides 50% of your basic annual salary at the date of incapacity with no offset for State benefits. This is subject to a maximum benefit of 75% of your basic annual salary less an amount equivalent to the Employment Support Allowance (ESA) plus the Work Related Activity Component (WRAC). Once in payment the benefit will increase by the lower of 5% or the change in the Retail Prices Index (RPI) on each annual anniversary of the date of commencement of payments.

The GIPP will also continue to provide the Employer's pension contribution, as explained in section 4.2, until the earlier of you leaving service or reaching age 65. In the event of a claim, the contribution rate that applies on the day before the claim is fixed and will not increase for the duration of the claim.

10.6 Are there any exclusions under the insurance policy?

Special terms may be applied to all or some of your coverage. You will be advised if this affects you.

Benefit payments will be restricted in all cases to the amount of benefit recovered from the insurer.

10.7 Other important information

The insurer may take into account any payments or income you receive from other sources e.g. other insurance etc. If your combined income during your absence from work exceeds 75% of your pre-absence salary less an amount equivalent to the state "Long Term Incapacity Benefit", the insurer may restrict the benefits paid under this policy.

If you have your own insurance, you may wish to discuss this point with your financial advisor.

11 MISCELLANEOUS

11.1 Is the Scheme registered?

The Scheme is a registered scheme for the purposes of the Finance Act 2004.

11.2 Are the pension benefits liable to tax?

Yes, all pensions are currently taxable as earned income. Tax will be deducted under the PAYE system.

Lump sum cash benefits taken at retirement in place of pension are currently free of tax, subject to HMRC limits.

In the event of changes to current practice, you should note that all benefits will be paid in accordance with applicable tax law at the time of payment.

11.3 Can my benefit be used to obtain a loan?

You cannot use your benefits for this purpose or assign them to another person.

11.4 Can the Scheme be altered or discontinued?

The Employer, in consultation with the Board, reserves the right to discontinue the DC Section of the Scheme or the Scheme itself at any time. The Board and the Employer may at any time agree to alter the Scheme.

11.5 Will my benefit be restricted in any way?

Very occasionally benefits need to be restricted because of HMRC or other Government requirements. If this applies in your case, you will be notified.

11.6 What happens if I am away from work?

If you are absent due to sickness or accident and still employed you will remain a member for such a period and on such terms as the Employer and the Board decide.

In the case of maternity, paternity or adoption leave, the period of paid absence will be treated as pensionable service but your contributions (if any) will be based on your actual pay. The Employer will contribute on your pensionable salary.

11.7 Can I obtain further information on the Scheme?

The Church of England Pensions Board will supply you with a copy of the Scheme's annual report on request.

11.8 The Pensions Regulator

The Scheme is regulated by the Pensions Regulator which is empowered to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. The Pensions Regulator may be contacted at Napier House, Trafalgar Place, Brighton, East Sussex, BN1 4DW.

11.9 Pensions Wise

The Government has set up a new body called Pension Wise. Pension Wise is a free and impartial guidance service for people who are approaching retirement and is run by The Pensions Advisory Service (TPAS) and Citizens Advice.

You can contact Pension Wise for help with:

· what to do with your pension fund,

· the different types of pension available and how they work, and

· which options are tax-free and which are not.

Pension Wise can provide help online, over the telephone, or face to face. They will give tailored help and highlight your choices, but they will not make specific recommendations.

For further information visit www.gov.uk/pensionwise or call 0300 330 1001

11.10 Pensions Tracing Service

The Board has given details of the Scheme to the DWP's Pension Tracing Service. The service was set up by Government to help members who may have lost contact with pension arrangement from previous employments.

The Pension Tracing Service holds details of over 200,000 pension arrangements and the service is free of charge.

If you need to contact the Service, you can access the Pensions Tracing Service web page at www.gov.uk/find-pension-contact-details, or their address is:

The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

11.11 Data Protection Act

The Data Protection Act governs the use and access of personal data. The Act requires pension schemes and employers to protect all personal information from unauthorised and improper access. Under the Act, the Board must also inform members:

- that they hold personal information on each member;
- that this information is processed for the calculation and provision of benefits;

- the processing of this information is undertaken by the Employer and the Scheme's advisors such as the administrator.

As a member of the DC Section, you will be treated as having consented to the Board holding this information and you need to notify the Board of any changes to any of the personal information that you have provided to us.

If you have any questions regarding data held by the DC Section of the Scheme, or you need to update the Board on any changes to your personal circumstances, please write to us at the address shown below.

11.12 Solving disputes

Even in the best run schemes problems may occasionally arise. As part of the Pensions Act 1995 the Board is required to implement a procedure for resolving disputes. The procedure adopted for this Scheme is as follows: -

Stage 1 In the first instance you should put your case in writing to the Chief Executive of The Church of England Pensions Board, 29 Great Smith Street, London, SW1P 3PS who has been nominated by the Board to deal with initial complaints. You will be notified of the decision within two months or an interim reply will be sent. You will also be advised of the right of appeal to the Board.

Stage 2 If the problem is not resolved you may refer to the Board, within six months. You will be notified of their decision within two months, or an interim reply will be sent. You will be advised of the right of appeal to The Pensions Advisory Service (TPAS) or the Pensions Ombudsman, and given their addresses.

11.13 The Pension Advisory Service and the Pensions Ombudsman

In the event of a dispute which cannot be resolved with the Board you may contact The Pension Advisory Service (TPAS).

A Pensions Ombudsman was appointed following the Social Security Act 1990, but before applying to the Ombudsman, complainants are requested to contact TPAS to see whether the matter can be resolved informally. Both TPAS and the Pensions Ombudsman are located at:

11 Belgrave Road
London
SW1V 1RB

Websites: www.pensionsadvisoryservice.org.uk
www.pensions-ombudsman.org.uk

11.14 Who should I contact for further information?

All questions should be addressed to:

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

Tel No: 020 7898 1802 (Internal NCI calls – 7020)
Fax: 020 7898 1801

Email: pensions@churchofengland.org

APPENDIX – Investment Options and Charges

Annual Management Charge (AMC)

The AMC will be deducted from the value of your units in each fund on a daily basis, through the unit pricing mechanism. The AMC that applies differs between the funds and the current AMC is shown next to each fund below. You should note that AMCs may change from time to time and you should contact the Board if you need clarification of the current rates or have any questions.

Other Investment Charges

There are currently no other explicit investment charges in relation to these funds (such as bid offer spreads etc) but investment costs will be deducted from the value of the fund by the manager.

Fund	**AMC**
Ethical UK Equity Index Fund	0.20%
This fund aims to track the sterling total returns of the FTSE4Good UK Equity Index (including reinvested income, less withholding tax) to within +/- 0.5% per annum for two years in three.	
Ethical Global Equity Index Fund	0.30%
To track the sterling total returns of the FTSE4Good Global Equity Index (including re-invested income, less withholding tax) to within +/- 0.5% per annum for two years in three.	
UK Equity Index Fund	0.10%
This fund aims to track the sterling total return of the Financial Times and London Stock Exchange (FTSE) All-Share Index to within +/- 0.25% p.a. for two years in three.	
Overseas Equity Consensus Index Fund	0.25%
To track the sterling total returns of the FTSE AW All-World (ex UK) Index series to within +/- 0.50% per annum for two years in three.	
Global Equity Market Weights (30:70) Index Fund	0.2%
This fund aims to capture the sterling total returns of the UK and overseas equity markets, as represented by the FTSE All-Share Index in the UK and appropriate sub-divisions of the FTSE All World Index and the Emerging Market Index overseas. A 30/70 distribution between UK and overseas assets is maintained with the overseas distribution benchmarked against the FTSE AW All-World (ex UK) Index series. The fund invests in L&G's pooled index funds to gain exposure to each of the equity markets. 75% of the foreign currency exposure is hedged.	

Over 5 years UK Index-Linked Gilts Fund	0.10%
This fund aims to track the sterling total return of the FTSE A Index-Linked (Over 5 Year) Index to within +/- 0.25% p.a. for two years in three.	
Over 15 years Gilts Index Fund	0.10%
This fund aims to offer some protection against changes in annuity prices as you approach your pension date and is designed to capture market returns. It tracks the FTSE A Government (Over 15 Year) Index and invests in long-term gilts.	
AAA-AA-A Corp Bond All Stocks Index Fund	0.15%
To track the sterling total returns of the iBoxx £ Non-Gilts (ex-BBB) Index (including re-invested income) to within +/- 0.50% per annum for two years in three.	
Managed Property Fund	0.7%
The Property Fund aims to exceed the median return for Property portfolios in the Property section of the Russell/Mellon CAPS Pooled Pension Fund Survey over 12 months and achieve above median return over a rolling three year period.	
Cash Fund	0.125%
The Cash Fund enables members to build up a proportion of their pension account for a tax-free lump sum on retirement. It is benchmarked against the London Interbank Bid Rate (LIBID) 7-day Notice Rate and aims to match the median return of similar cash funds as measured by the Russell/Mellon CAPS Pooled Pension Fund Survey, without incurring excessive risk.	

THE CHURCH ADMINISTRATORS PENSION FUND

Death Benefit Nomination Form

To: Pensions Department
The Church of England Pensions Board
29 Great Smith Street
London
SW1P 3PS

Please read the important notes on the back of this form.

If there is a lump sum payable in the event of my death, I wish the following to benefit:

Name and Address	Relationship (if any)	Share of benefits %

I understand that this is an expression of my wishes and is not legally binding.

Signed……………………………………………………………………………… Date……………………………………

Full Name (Block Capitals)……………………………………………………………………………………………

Date of birth……………………………………………………………………………………………

Important notes

The Pensions Board as Trustee of CAPF decides who should receive any lump-sum death benefits following your death.

Our understanding is that death benefits paid under trust are not subject to Inheritance Tax. Consequently you have no legal control over who will receive a payment but we will fully consider your wishes.

You can use this form to tell us what you would like to happen. Please remember that you can change your nomination at any time. This is especially important if your personal circumstances change.

If you have made a will, you may wish to show this form to your solicitor before returning it to us.

Privacy Notice - The Church of England Pensions Board

We need to hold information about you and your dependants, to enable us to operate the pension scheme. This information will only be shared with third parties who help us administer the scheme, such as the Scheme Auditor, the Scheme Actuary and our other professional advisers.