THE CHURCH OF ENGLAND

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

The Church Workers Pension Fund September 2013

The Church of England Pensions Board is pleased to provide you with a Summary Funding Statement, to give you an update on the funding position of the Church Workers Pension Fund.

We use independent advisers to help us to monitor the Fund's finances. A full actuarial valuation, which is a thorough review of the Fund's financial position, takes place every three years. We also obtain annual "snapshot" updates in the interim, and this statement provides you with details of the position as at 31 December 2012.

This statement covers both the Church of England Defined Benefits Scheme and the Church of England Pension Builder Scheme(formerly known as the 'Defined Contribution Scheme'):

- In the Defined Benefits Scheme, the level of members' contributions is set out in the Fund Rules and the employers pay the balance required to pay the benefits.
- In the Pension Builder Scheme, both employers and members (where appropriate) pay contributions to provide a pension which is subject to discretionary bonuses.

On a more personal note, if you need any further information about your benefits, please let us know.

Yours faithfully

Bernadette J Kenny

Chief Executive of the Church of England Pensions Board
as Trustee of the Church Workers Pension Fund

Further information

If you have any questions or would like to see a copy of the Fund's financial accounts, rules, investment policy, most recent actuarial valuation report, or other documents, please contact us.

You can find our contact details on page 4.

Are your details up to date?

Please let us know if your contact details have changed.

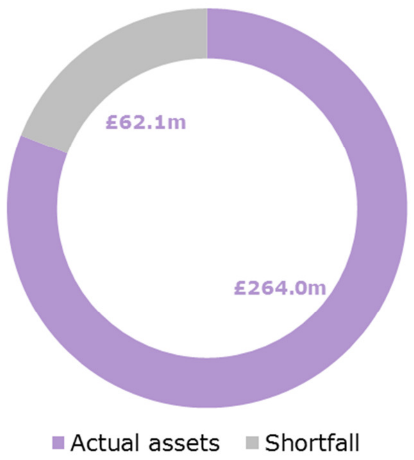
If you would like to change the people you have nominated to receive benefits upon your death, please complete a nomination form.

A snapshot of the Fund on 31 December 2012

Defined Benefits Scheme

Target level of assets:

£326.1 million



At 31 December 2012 the target level of assets was £326.1m, but the actual assets were £62.1m less than this.

This £62.1m shortfall does not affect the pensions being paid out of the Fund – we have always paid members their full pensions.

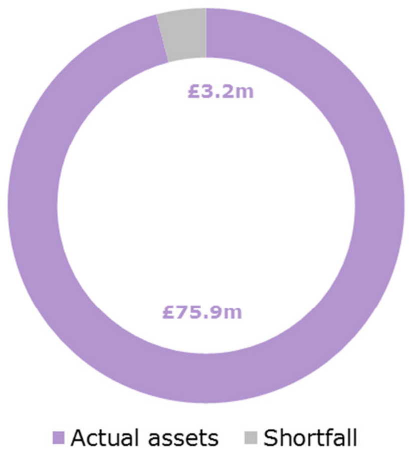
The full actuarial valuation at 31 December 2010 revealed a shortfall of £40.3m. In order to fill this gap, the employers agreed a contribution plan to fund the shortfall over the period to 2032. This plan will be reviewed as part of the next full actuarial valuation at 31 December 2013.

In the last Summary Funding Statement we indicated the shortfall as at December 2011 had increased to £86.5m. The Fund's financial position therefore improved by £24.4 million during 2012. This was due to the deficit contributions being paid, more favourable market conditions and good investment returns during 2012.

Pension Builder Scheme

Target level of assets:

£79.1 million



At 31 December 2012 the target level of assets was £79.1m, but the actual assets were £3.2m less than this.

The full actuarial valuation at 31 December 2010 revealed a surplus of £2.3m.

In the last Summary Funding Statement we indicated that a shortfall had arisen as at December 2011 of £7.4m. The Fund's financial position therefore improved by £4.2 million during 2012. This was due to more favourable market conditions and good investment returns during 2012.

In view of the shortfall, no discretionary bonus was granted as at 1 January 2012 or 1 January 2013.

Assumptions

The Board employs an independent expert to provide regular checks on the Fund's finances. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that is expected to be enough to continue to pay out all the pensions that members have already built up in the Fund.

Nobody knows exactly how much money will be needed to pay everybody's pensions. This will depend on how long members live, the level of inflation, and the returns earned on the Fund's investments, amongst other factors.

Each of these assumptions is carefully reassessed every three years and a new target is calculated.

Assets of the Fund

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

The assets of the Fund are held separately from the employers and the Board is responsible for investing this money.

The assets are held in a common fund – they are not held in separate pots for each member.

Pensions are paid to retired members out of this common fund.

Your questions answered

Q: Have the employers taken any money out of the Fund?

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

Q: What if the Fund has to wind up?

The employers and the Board do not intend to wind up the Fund. We do however monitor the impact on the Fund should the employers no longer be able to support the Fund. In this event, a wind-up of the Fund is likely to begin and the responsibility for paying members' pension benefits would be transferred to an insurance company.

The Board monitors 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 2010.

For the Defined Benefits Scheme, this estimate showed that the sponsoring employers would have to make a final contribution of about £80m 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 Scheme, there was an estimated surplus of £1.1m in December 2010 on this measure; however this excludes any future discretionary bonuses.

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 the Fund enters the Pension Protection Fund, the amount members receive may be less than the pension benefits built up for them in the Fund. 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 pensionprotectionfund.org.uk

or by contacting:

The Pensions Protection Fund,
Knollys House,
17 Addiscombe Road,
Croydon,
Surrey. CR0 6SR

(tel 0845 600 2541).

Where can I get more information?

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

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