THE CHURCH OF ENGLAND

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

The Church Administrators Pension Fund (the Fund) (Defined Benefits section) June 2014

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 Administrators 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. The next full valuation is due to take place as at 31 December 2014. We also obtain annual "snapshot" updates in the interim, and this statement includes the "snapshot" of the Fund as at 31 December 2013.

The "snapshot" as at 31 December 2012 revealed a funding shortfall of £25.2m. However, due to deficit contributions of £2.6m paid in 2013, higher than anticipated investment returns and improvements in financial conditions, the shortfall had reduced to £14.8m at 31 December 2013. Further details are given on pages 2 and 3.

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 Administrators 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.

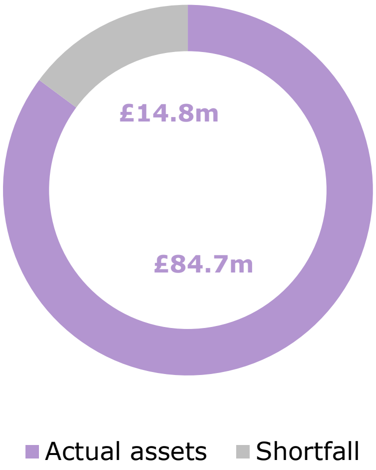
Are your details up to date?

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 2013

Target level of assets: **£99.5 million**



At 31 December 2013 the target level of assets was £99.5m, but the actual assets were £14.8m less than this.

The chart shows that the shortfall on 31 December 2013 was £14.8m.

The Fund's financial position has therefore improved by £10.4m since December 2012. This is mainly due to the following factors:

- Favourable returns on the Fund's assets;
- More favourable market conditions (affecting the current value of future pension liabilities); and
- Deficit contributions paid by the employers.

Market conditions have been volatile over the last few years and as a result the deficit level is also subject to this volatility.

In order to fill the shortfall revealed at the December 2011 valuation, the employers agreed a contribution plan to fund the gap over the period to 2025.

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.

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.

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Your questions answered

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

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

Q: What if the Fund has to wind up?

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

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 on 31 December 2011. This estimate showed that the NCIs would have to make an additional final contribution of about £41m 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.

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 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 Pension Protection Fund is available at pensionprotectionfund.org.uk

or by contacting:

The Pension Protection Fund
Renaissance
12 Dingwall Road
Croydon
Surrey CR0 2NA

(☏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.

pensions@churchofengland.org

020 7898 1802

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