



# SUMMARY FUNDING STATEMENT

## CAPF DEFINED BENEFIT SCHEME JUNE 2019

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Each year we are required to let you know the financial position of your pension scheme.

This Summary Funding Statement gives you a financial update as at 31 December 2018.

 THE CHURCH  
OF ENGLAND

PENSIONS BOARD

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

We are pleased to provide you with this Summary Funding Statement, giving you an update on the funding position of CAPF DB.

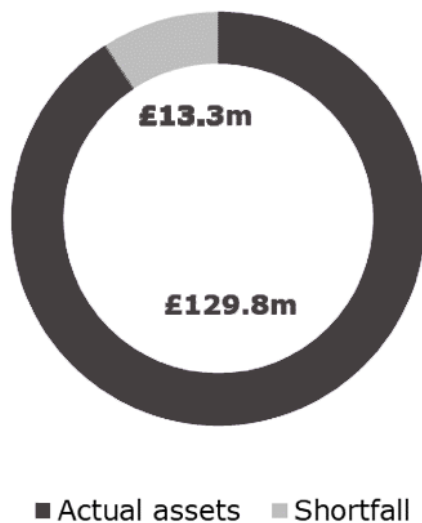
Our independent advisers help us to monitor CAPF DB's finances. A full actuarial valuation, which is a thorough and independent review of the financial position takes place every three years.

This statement summarises the results of last valuation at 31 December 2017. We also obtain annual "snapshot" updates in the interim. This statement includes the snapshot at 31 December 2018.

The valuation as at 31 December 2017 revealed a funding shortfall of £13.3m. Investment returns were lower than we expected over 2018, so the shortfall increased to £14.3m at 31 December 2018. The next valuation is due at 31 December 2020. **This shortfall does not affect your pension. We will pay the pension you have already earned.**

### Results of the actuarial valuation at 31 December 2017

Target level of assets:  
**£143.1 million**



**At 31 December 2017 our target level of assets was £143.1m, but our actual assets were £13.3m less than this.**

This chart shows that the shortfall on 31 December 2017 was £13.3m. This shortfall does not affect your pension – we have always paid members their full pensions.

In order to fill the shortfall, employers agreed a contribution plan to fund this gap by 2023.

In your last Summary Funding Statement, we showed the shortfall as at December 2016 was £28.6m. The financial position improved by £15.3m during 2017. This was mainly due to deficit contributions paid by your employer, higher investment returns than we assumed, and changes in assumptions.

### Assumptions

We employ an independent expert to provide regular checks on CAPF DB's finances. These regular check-ups involve calculating a target level of assets.

This target level of assets is the amount we expect is enough to pay all the pensions that members have already built up.

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 our investment returns, amongst other factors.

### CAPF DB assets

Our assets come from contributions paid by members and employers, together with investment growth.

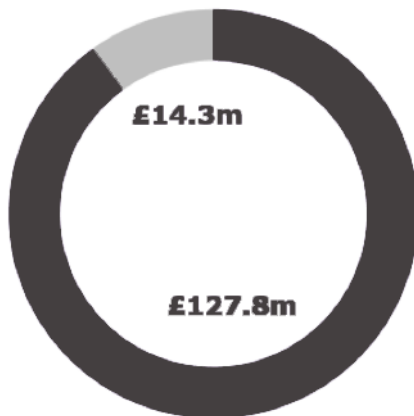
The assets are held separately from the employers and the Pensions Board is responsible for investing this money.

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.

## A snapshot at 31 December 2018

Target level of assets:  
**£142.1 million**



■ Actual assets ■ Shortfall

**At 31 December 2018 the target level of assets was £142.1m, but the actual assets were £14.3m less than this.**

This chart shows the shortfall on 31 December 2018 was £14.3m.

The financial position deteriorated by £1.0m over the year to 31 December 2018. This is mainly due to the following factors:

- Investment returns being less than we expected; offset by
- Deficit contributions of £2.7m paid by employers.

## Your questions answered

### **Q: Have the employers taken any money out of CAPF DB?**

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

Regulations also require us to confirm whether the Pensions Regulator has used its powers to modify CAPF DB, give it directions, or impose a schedule of contributions upon it. We are happy to confirm that it has not needed to use its powers in this way.

### **Q: What if CAPF DB must wind up?**

If CAPF DB 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 Pensions Board nor the NCIs have any plans to wind up CAPF DB.

We monitor the cost of securing all members' benefits with an insurance company. Our independent advisers looked at the cost on 31 December 2017. This estimate showed that the NCIs would have to make an additional final contribution of about £52m 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.

### **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 CAPF DB enters the Pension Protection Fund, the amount members receive may be less than the pension benefits built up. 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.