



SUMMARY FUNDING STATEMENT 31 DECEMBER 2018 CHURCH WORKERS PENSION FUND

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.



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. It gives you an update on the funding position of the Church Workers Pension Fund (CWPF).

Our independent advisers help us to monitor CWPF's finances. A full actuarial valuation is a thorough review of the financial position and takes place every three years. The last valuation was at 31 December 2016, with the next due at 31 December 2019.

This statement gives a "snapshot" update at 31 December 2018. It covers how the Defined Benefits Scheme and the Pension Builder sections have performed over 2018.

The position is worse than in 2017, mainly due to lower investment returns. **Any shortfall does not affect your pension.**

Assumptions

The figures on page 3 involve calculating a target level of assets.

This is the amount we expect will be enough to continue to pay all the pensions that members have already built up.

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 our investments, amongst other factors.

CWPF assets

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

We hold the assets separately from the employers and we are responsible for investing this money.

We hold the assets in a common fund – they are not held in separate pots for each member, employer or CWPF section.

Pensions are paid out of this common fund.

Snapshot at 31 December 2018

Defined Benefit Scheme

Target level of assets	£414.9 million
Actual assets	£394.3 million
Approx. funding level	95%

At 31 December 2018 the target level of assets was 414.9m, but the actual assets were £20.6m less than this. In December 2017 the shortfall was £11.9m meaning the financial position has worsened over 2018 by £8.7m.

Pension Builder 2014

Target level of assets	£16.4 million
Actual assets	£18.4 million
Approx. funding level	112%

At 31 December 2018 the target level of assets was £16.4m, but the actual assets were £2m more than this. In December 2017 the excess was £2.3m meaning the financial position has worsened over 2018 by £0.3m.

Pension Builder Classic

Target level of assets	£146.1 million
Actual assets	£129.5 million
Approx. funding level	89%

At 31 December 2018 the target level of assets was £146.1m, but the actual assets were £16.6m less than this. In December 2017 the shortfall was £10.4m meaning the financial position has worsened over 2018 by £6.2m.

Frequently asked questions

Here are some frequently asked questions.

Q: Have the 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.

Q: Has the Pensions Regulator intervened with CWPF?

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

Q: What if CWPF winds up?

If CWPF winds up, the sponsoring employers would have to make a final contribution to make sure everyone's pension could be paid in full by an insurance company. We monitor the cost of this. The most recent estimate provided by our independent advisers looked at the cost in December 2016.

- For the Defined Benefits Scheme, a final contribution of £170m would be needed.
- For Pension Builder Classic, a final contribution of £31m would be needed.

These amounts are larger than the shortfalls shown on the next page, but this is common amongst similar UK pension funds. If all the CWPF 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 are unable to pay the final contribution.

If CWPF enters the Pension Protection Fund, the amount members receive may be less than the pension you have built up. The Pension Protection Fund rules are complex. The amount they will pay depends on the CWPF rules, whether a pension is already being paid, your age and the type of pension benefit.

More information and guidance about the Pensions Protection Fund is available at www.pensionprotectionfund.org.uk or by contacting the Pensions Protection Fund on 0330 123 2222.