Pension Builder 2014 bonuses
April 2021

Each year we aim to add a bonus to your Pension Builder 2014 (PB 2014) account.

To understand how we add bonuses to your account, first we need to look at what happens to your contributions. This includes any contributions you pay, plus contributions your employer pays.

Each month we add contributions to your PB 2014 account. Your account builds up over time depending on:

1. How much you are your employer pay in, plus,
2. The bonuses we add before you retire.

Unlike a typical ‘defined contribution’ pension pot, your account does not go down in value depending on investment markets. Once your contributions go in, we guarantee these will not go down in value. Any bonuses we add are also guaranteed. It is these guarantees that affect how much bonus we add each year.

Contact us  pensions@churchofengland.org
              020 7898 1802  PO Box 2026, Pershore, WR10 9BW
If you transfer your account or retire before age 65, we may need to reduce your account. We will only do this if investment conditions are poor at the time.

**How do bonuses work?**
We invest your account in line with the Church’s ethical investment policies, with the aim of making a return on your contributions. We use these investment returns to add a bonus.

At the end of every year, we look at how well our investments performed over the last 12 months and if performance has been strong, we will add a bonus to your account the following April.

Here is our current bonus policy:
- Our starting point is the percentage investment return over the calendar year, after investment expenses,
- We deduct 0.75% for our costs,
- After this, if the return is above 10%, we will hold back the excess to cover the cost of guaranteeing your account will not fall in value, and improve the chances of bonuses in years when our investment returns are not as strong,
- We round the bonus so it is divisible by 12 so we can add it to your account monthly.

The nature of our investments means there may be big differences in bonuses year to year.

If our investment performance is negative, i.e., we made a loss, we will not add a bonus for that year.

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**Why is there a delay when adding bonuses?**
You might notice there is a delay in adding your bonus. For example, your 2017 bonus of 9.6% is added from April 2018 to March 2019, but it is based on your contributions up until the end of 2016, so your January 2016 contribution does not get the full bonus until 1 March 2019.

As we guarantee your account will not go down, we need to be confident we have enough money (“assets”) to pay your account when you are ready to take it. This is the reason for the delay.

We appreciate this delay is long, but it helps us manage the financial risks of guaranteeing your account.

**How do I find out how much my bonus is?**
If you would like to know how much your bonus has been since you joined, just ask us for a breakdown.
We add your bonus to all the contributions you and your employer have paid in, plus any bonuses already added, up to the year before the bonus applies. For example, your 2021 bonus will be added to all the contributions and bonuses added until 2019.

**Why do we add bonuses monthly and not in one go?**

We add bonuses monthly between April and March the following year. We do this to avoid what we call a “cliff edge”. Here is an example of what would happen if we added the bonus in one go.

Suppose two people paid contributions up until the end of 2019. They paid the same contributions and their 2020 bonus of 6% is due on 1 April 2021.

If one person took their account at 31 March 2021, they wouldn’t receive a bonus. If the other took their account on 2 April 2021, just 2 days later, they would get the full 6% despite paying the same contributions as the other person. Adding bonuses over 12 months should give a fairer outcome.

**What is my bonus added to?**

Our current policy is to take your account at the end of the year, keep it invested for the following year and then add your bonus the year after that.

So, for example we take your account at the end of 2018, keep it invested during 2019 and distribute our 2019 investment performance as a bonus, but spread monthly over 2020/21. We add your bonus this way to guarantee your account will not go down.

Here are the bonuses over the last five years.

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