

Pension Builder Classic (PB Classic)

Investment and increases

May 2021

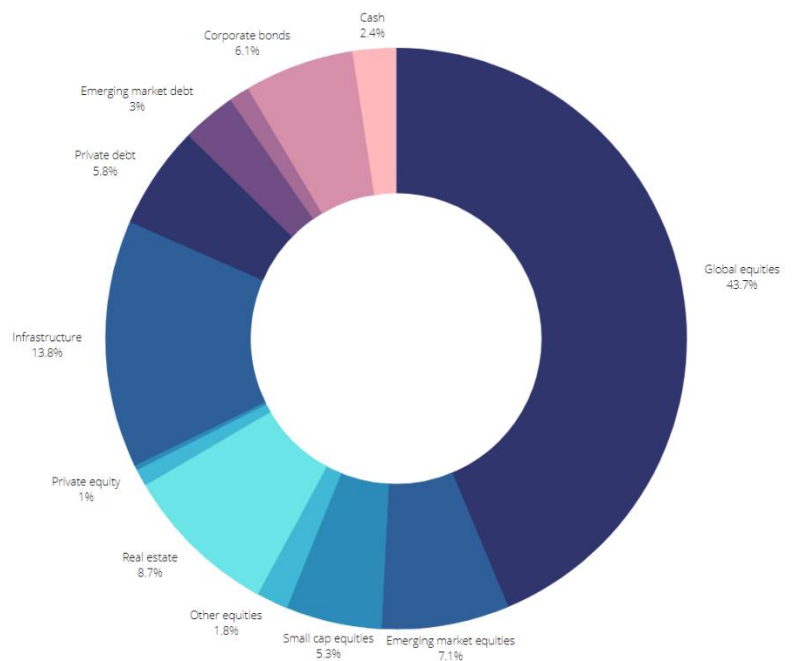
Overview

PB Classic is 'with-profits deferred annuity' pension scheme. Contributions are converted into an annual pension at the point they are invested. We aim to increase this pension each year. Increases are linked to the 'funding level' and are discretionary. The accrued pension and increases are guaranteed, unless the member retires before their 'normal pension age'. At retirement, the member can receive an annual pension from us (with the option of a tax-free lump sum and survivors pension), or they can transfer to another provider.

How are contributions invested?

We pool all members accounts together and invest this in our Common Investment Fund. This is a collective fund for all our pension schemes, amounting to over £3bn. Through this we invest PB Classic assets in five asset pools. This chart shows the current split between each pool.

All of our investments adhere to our Church of England ethical investment criteria. You can find out more about our ethical investment policies and work at [Pensions Board Investments](#)



Bonuses

At the end of every year, we assess whether we can afford to increase member's pensions. To decide if we can increase pensions, we apply a 'security test'. This test checks whether we have enough money (assets) to pay all the guaranteed pensions (liabilities) everyone has built up so far. Here is our current policy :

- If the security level is between 105% and 110% we will add an increase of 1%
- If the security level is above 110% we will match RPI, up to a cap

Unfortunately, the security level has been below 105% since 2011. This means we have been unable to increase pensions since then.

With the benefit of hindsight, conversion factors have been too generous in the past. This means that the overall cost of guaranteeing everyone's pension has proved more expensive than we expected.

You can find out more about bonuses and how they work at [PB Classic discretionary increases](#)

Costs

Expenses are taken from investment returns. No charges are taken from member's pensions.

