



Summary Funding Statement 2020

Church of England Funded Pension Scheme (CEFPS)

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 2020.

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

This statement summarises the results of the last valuation at 31 December 2018, and a snapshot update at 31 December 2019 and 2020.

The next full valuation will be at the end of 2021.

If you have any questions or would like a copy of the formal accounts, rules, investment or funding policy, please let us know.

Contact us



pensions@churchofengland.org



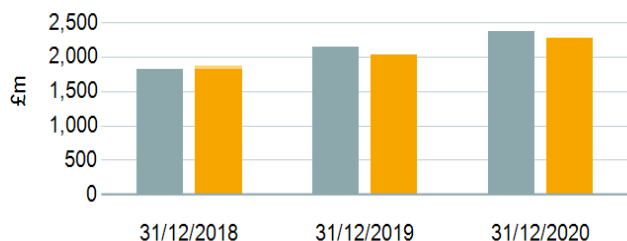
020 7898 1802



PO Box 2026, Pershore, WR10 9BW

Actuarial valuation at 31 December 2019 & snapshots at 31 December 2019 and 2020

At 31 December 2020 the target level of assets was £2,270m and the actual assets were £110m above this.



	31/12/2018	31/12/2019	31/12/2020
Asset value	£1,818m	£2,140m	£2,380m
Target funding level	£1,868m	£2,020m	£2,270m
(Shortfall) / Surplus	(£50m)	£120m	£110m

The chart shows that on 31 December 2020 there was a £110m surplus against the target level of assets.

When we wrote to you last year, we reported a surplus of £120 million at 31 December 2019.

The funding position therefore deteriorated by £10m during the year. This was due to changes in financial conditions offset by favourable investment experience and contributions, although the funding position during 2020 was volatile due to the impact of the Covid-19 pandemic. All in all, in the context of the size of the pension scheme, this means that the funding position was similar at the end of the year and the start.

The Responsible Bodies continue to pay deficit contributions to the scheme aimed at eliminating the £50m shortfall as at December 2018 by December 2022.

The funding position does not affect the pensions being paid – we have always paid members their full pensions.

We expect the snapshot to change from year to year because CEFPS’s finances depend on changes in global financial markets.

The next full actuarial valuation is due as at 31 December 2021.

Assets

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

We hold the assets separately from the Responsible Bodies 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. Pensions are paid to members out of this common fund.

Assumptions

We employ an independent expert to provide regular financial checks. These regular check-ups involve calculating a target level of assets.

The target level of assets is the amount that we expect is enough to pay everyone’s pension, based on assumptions about the future. For example, how long people will live; what inflation will be; and what investment returns will be.

Nobody knows exactly how much money will be needed to pay everybody’s pensions. This depends on how actual experience compares with our assumptions.

Your questions answered

Q: What if the scheme has to wind-up?

We and the Responsible Bodies do not intend to wind up the pension scheme. We monitor the impact should the Responsible Bodies no longer be able to support the scheme. In this event, a wind-up is likely to begin and the responsibility for paying members' pension benefits would be transferred to an insurance company.

We monitor 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 2018. This estimate showed that, at that date, an additional final contribution of about £1,011 million would be needed to make sure all members' pensions could be paid in full by an insurance company.

This is a larger shortfall compared with the position shown on page 2, but this is fairly common amongst similar UK pension schemes.

Q: Is my pension protected?

If the Responsible Bodies became insolvent and there was not enough money to secure benefits in full with an insurance company, members may not receive their full pension benefits.

To help members in this situation, the Government has set up the Pension Protection Fund. If your pension enters the Pension Protection Fund, the amount you receive may be less.

The Pension Protection Fund rules are complex - the amount it will pay depends on the our rules, whether you are already receiving a pension, your age and the type of pension.

More information and guidance about the Pension Protection Fund is available at www.pensionprotectionfund.org.uk or by contacting the Pension Protection Fund, 12 Dingwall Road, Croydon, Surrey, CR0 2NA (tel: 0345 600 2541).

Q: What about my Additional Voluntary Contributions (AVCs)?

If you have AVCs, these are invested in with Legal & General or Prudential.

Q: Is there anything else I need to know?

Regulations require us to confirm that since the last Summary Funding Statement the Responsible Bodies have not taken any money out and the Pensions Regulator has not intervened in the running of the pension scheme. We are happy to confirm this.

Latest news

Pension Scams

Be aware, scammers are taking advantage of the current situation to target pensions. They are known to increase their activity at times of financial stress. The Pensions Regulator has said you should exercise extreme caution and visit the www.fca.org.uk/scamsmart website which has specific guidance relating to Covid-19.

In particular, if you are called out of the blue by an individual or company promising to move your savings to a 'safe haven', please hang up. Cold-calling in this way is illegal. Pension scams can be hard to spot. Scammers can be articulate with credible websites, testimonials and materials that are hard to distinguish from the real thing.

If you're thinking about how to invest your retirement savings, consider getting impartial information and advice – you can find specialist help through <https://directory.moneyadvice.service.org.uk/en>

If you are concerned please contact us or go to <https://www.pensionsadvisoryservice.org.uk/>

Get to know your pension: hints and tools from the DWP

As part of its ongoing campaign to get people more engaged with their retirement savings, the Department for Work and Pensions (DWP) has recently published <https://www.yourpension.gov.uk> to help people plan for their retirement. It brings together various tools to trace lost pensions, find out what your likely State pension will be, and work out how much money you may need to enjoy the retirement you want.