



MY INVESTMENT CHOICES

OCTOBER 2021

**Defined Contribution Section
Church Administrators Pension Fund**

 THE CHURCH
OF ENGLAND

PENSIONS BOARD

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My pension at a glance

This is one of 5 booklets that explain your CAPF DC pension.

CAPF DC is a defined contribution scheme. You build up a pension pot which you can use to provide an income or a lump sum or both. You decide how your pension pot is invested. The value goes up or down depending on how well the investments perform.

<p>My membership</p>	<p>Joining is easy, it is all done for you when you start work with the NCIs.</p> <p>We set you up with your own account. The NCIs pay into your pension pot for you but you can top this up by paying in too. The NCIs match your contribution up to 3% of your salary.</p>
<p>My investment choices</p>	<p>You can pick from three Journeys which are designed to complement the way you might take your pension pot.</p> <p>Drawdown Journey is our default strategy if you don't want to choose your own investments</p> <p>We offer other investment options if you want to be more "hands on".</p>
<p>My retirement</p>	<p>When you retire, you decide how you would like to use your pension pot.</p> <p>You have several choices to suit your retirement needs.</p>
<p>My pension if I leave</p>	<p>If you complete 30 days pensionable service, you can leave your pension pot with us or transfer it to another pension provider.</p>
<p>My pension if I die</p>	<p>If you die before you retire, we will pay your pension pot to your beneficiaries.</p> <p>If you die while working for the NCIs, we will also pay a lump sum of 4x your salary.</p>

How is my pension pot invested?

You can choose how you would like to invest your contributions, or you can leave this to us.

There are three ways you can invest your pension pot:

1. You can choose a Journey
2. Invest in the ethical lifestyle option
3. Pick your own investments

Not everyone wants to choose how they invest so we have a default option where you can put your savings – our Drawdown Journey.

All the investment options are managed by Legal & General.

Pick a retirement option

Before deciding where to invest, think about how you might like to take your pension pot. You have six choices:

1. Leave it invested until you need it
2. Take your money in one go
3. Take an adjustable income
4. Take cash in chunks
5. Buy a guaranteed income for life
6. Mix these options

Once you know which of these might suit your retirement needs best, pick a way of investing to suit this.

If you are unsure what option might be best for you, have a look at our 'My retirement' guide.

Pick an investment option

There are three different ways you can invest your pot:

- Journeys
- Ethical Lifestyle
- Pick your own investments

When you first join the NCIs we will ask you how you would like to invest your contributions and when you plan to retire, your target retirement date. You can leave this up to us if you want to.

We will remind you each year in your annual statement where your pension pot is invested and your target retirement date. You can change these anytime you like.

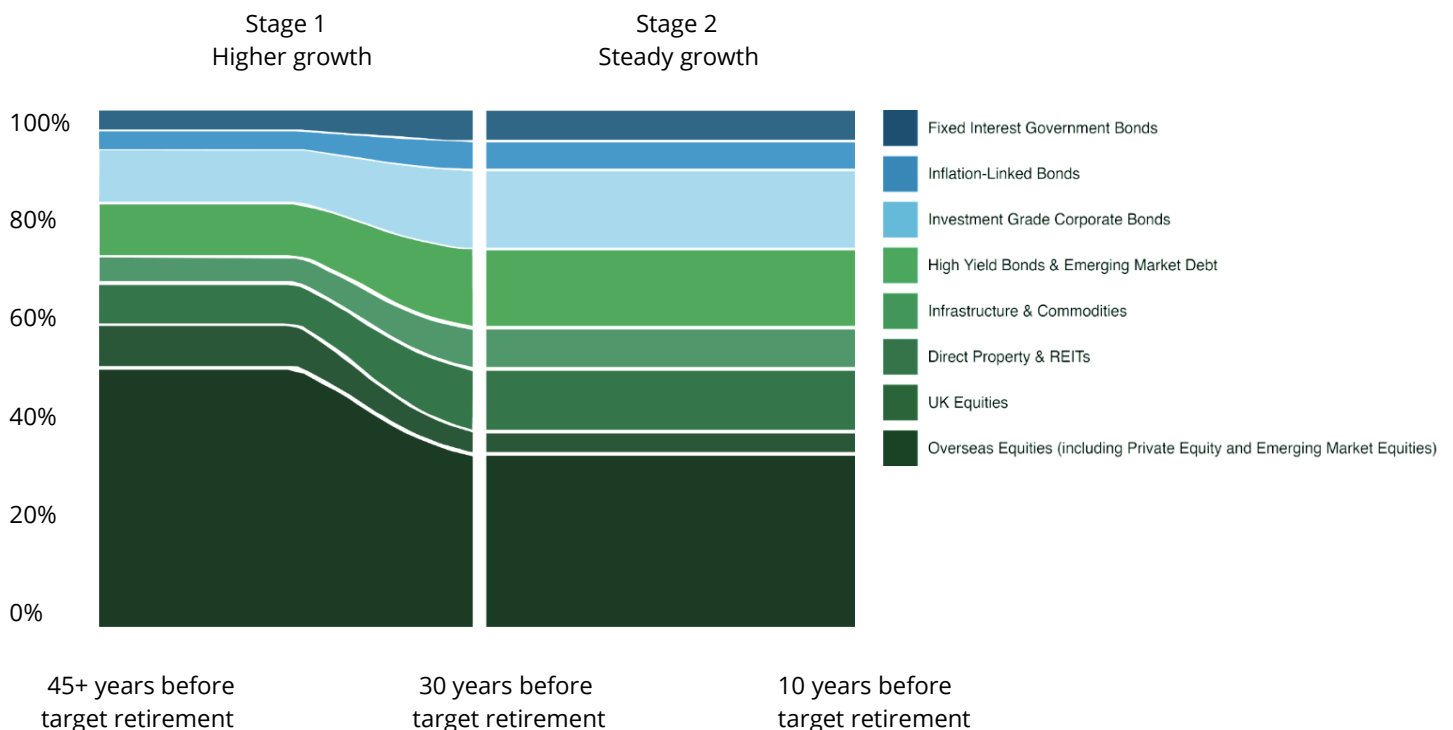
How do Journeys work?

Journeys are designed to invest your pension pot in a way that suits how you might take it when you retire. The three Journeys are:

- Drawdown Journey (our default option)
- Annuity Journey
- Stay Invested Journey

Each Journey puts your savings in a mix of assets which can help your pension pot grow. As you move through your working life your savings are automatically moved into less risky assets, so it is more stable over the longer term.

When you are 10 years from your target retirement date your savings start to move into different investments, depending on which Journey you have picked. Your investments move for you, so you don't need to decide when to move your savings, or what to move them to. Here is where your pot is invested up until 10 years before your target retirement date.



What does it cost?

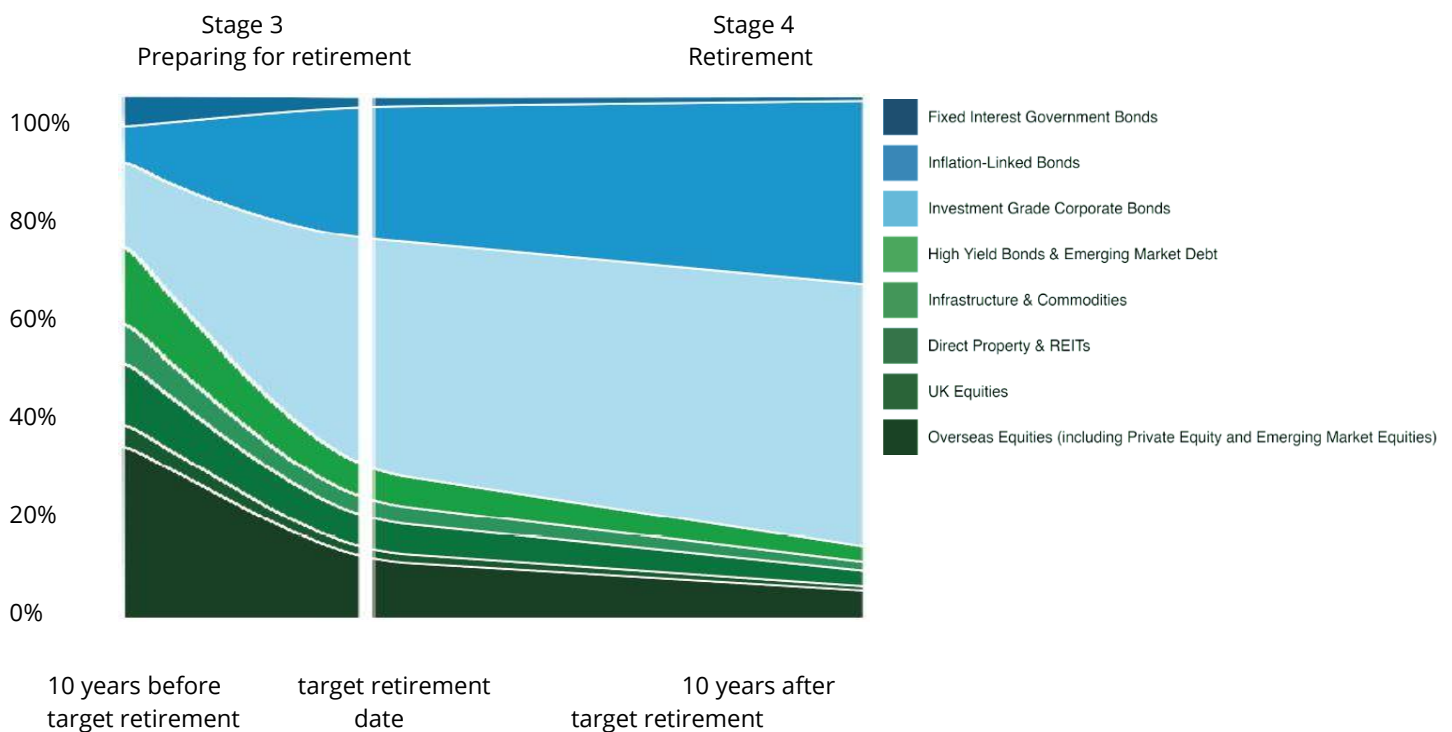
The NCIs don't charge anything for administering your pension pot, but Legal & General do. This is called an annual management charge. The annual management charge for each Journey is 0.3% a year.

Drawdown Journey

This Journey invests your pension pot assuming you will leave your savings invested during retirement and take an adjustable income, or cash in chunks. You decide when and how much to take out. You can take lump sums or a regular income from it as and when you need, until your money runs out or until you choose another option.

When you are 10 years from your target retirement date, this Journey starts to move your savings into a mix of return seeking and less risky assets. The aim is that most of your pension pot is secure, but it still has a chance to grow. If you don't want to make an investment decision, we will put you in this Journey.

Suitable for: Retirement option 1 – leave it invested until you need it
 Retirement option 3 – take an adjustable income
 Retirement option 4 – take cash in chunks

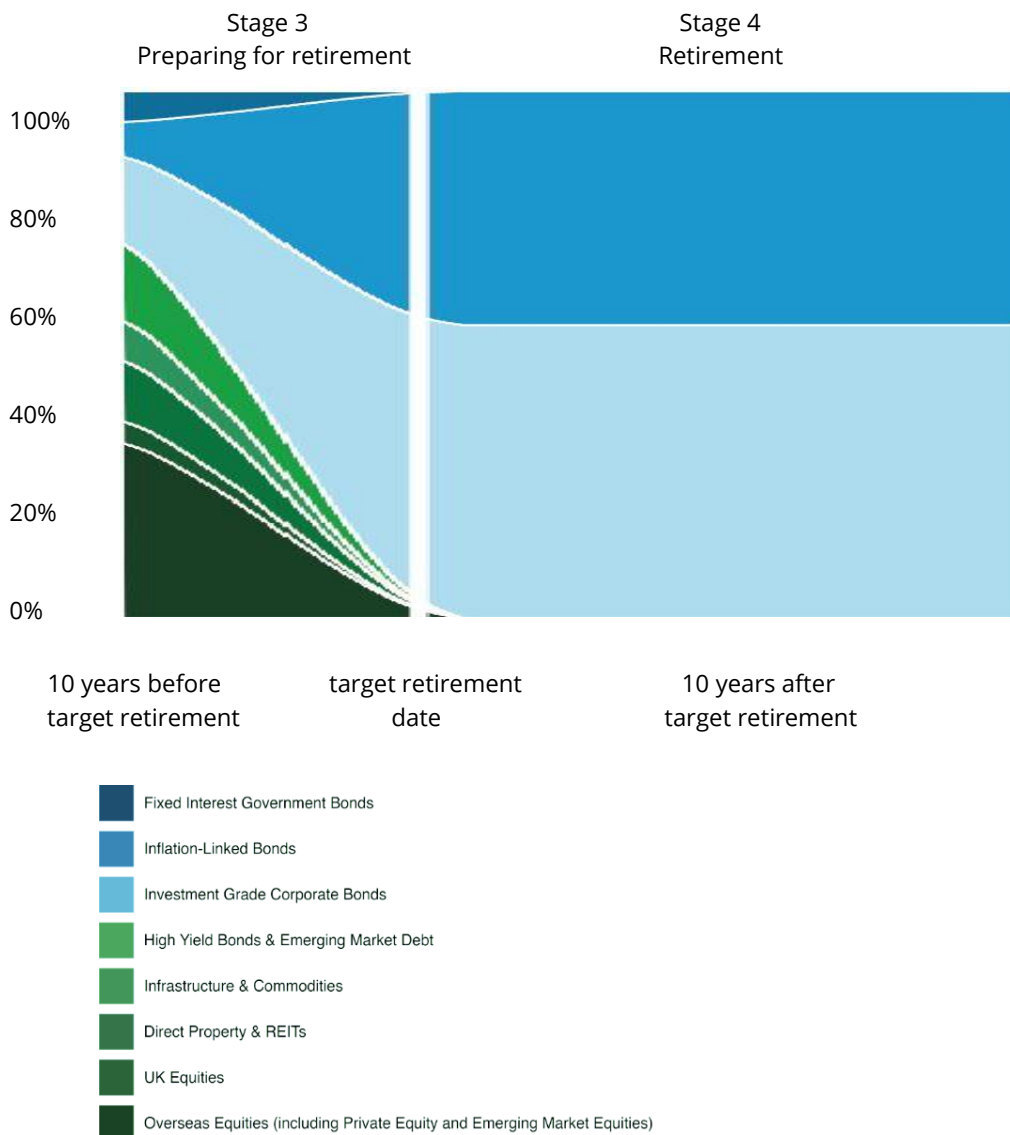


Annuity Journey

If you like the idea of buying a guaranteed income for life when you retire, this Journey lines your pension pot up ready to buy one.

When you are 10 years from your target retirement date this Journey starts to move your savings into much safer assets so when you reach your target retirement date your pot is lined up ready for you to buy an annuity.

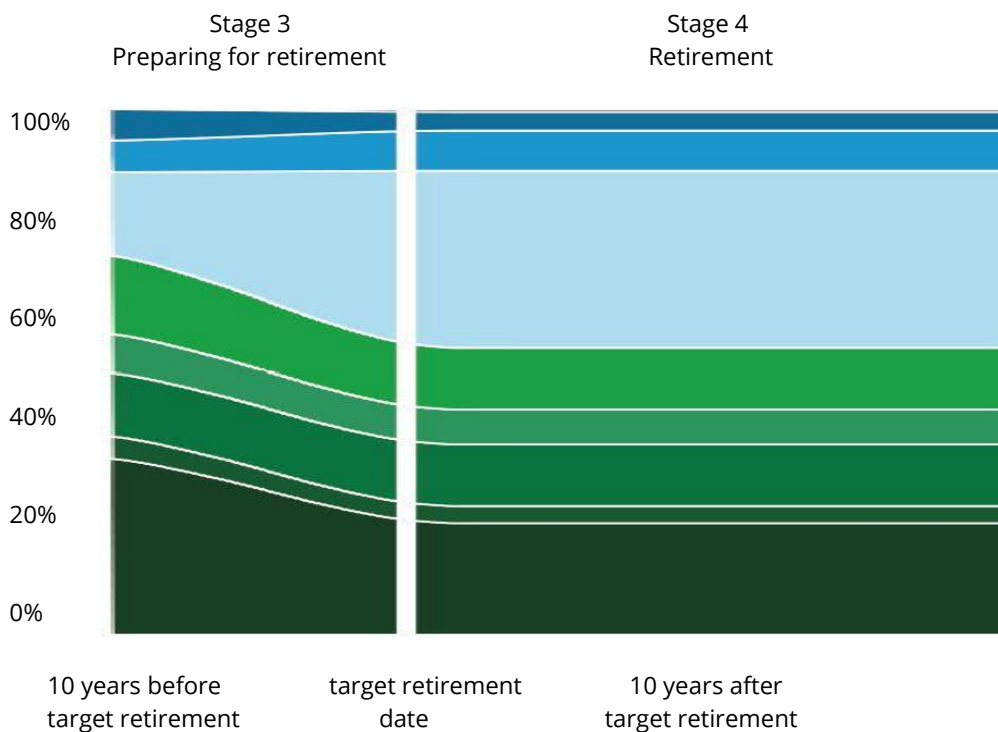
Suitable for: Retirement option 2 – take your money in one go
Retirement option 5 – buy a guaranteed income for life



Stay Invested Journey

This Journey keeps more of your pension pot in higher risk investments with the aim of earning you higher returns while you are in retirement, but your pension pot could go down in value too. If you are unsure what you will do with your pension and you might not take it until much later in life, this could be a good option for you.

Suitable for: Retirement option 1 – leave it invested until you need it
Retirement option 3 – take an adjustable income



Target retirement date

Most people don't know exactly when they will take their pension pot. Some people might take their pension pot early due to circumstances such as family or health needs, some might just want some extra cash and to keep on working. Other people may not take their pension pot until much later in life as they're enjoying work, or they just don't need it yet.

Each Journey lines up your pension pot ready for you to take it around a specific time. This is your target retirement date. If you don't tell us when you think this might be, we will pick age 65 for you.

With Journeys, as the transition from higher risk to safer funds is very smooth, if you take your pension pot a bit before or after your target retirement date, it does not make too much difference to your investments. So, if your plans change and you need to access your pension pot quicker than you anticipated, your investments will still be lined up and working hard for you.

Can I switch Journey?

Yes. You can switch at any time. If you are more than 10 years from your target retirement date the investments are the same for each Journey, so there is no charge to switch. If you are within 10 years of your target retirement date, there might be a small charge to switch Journey as your investments will be different.

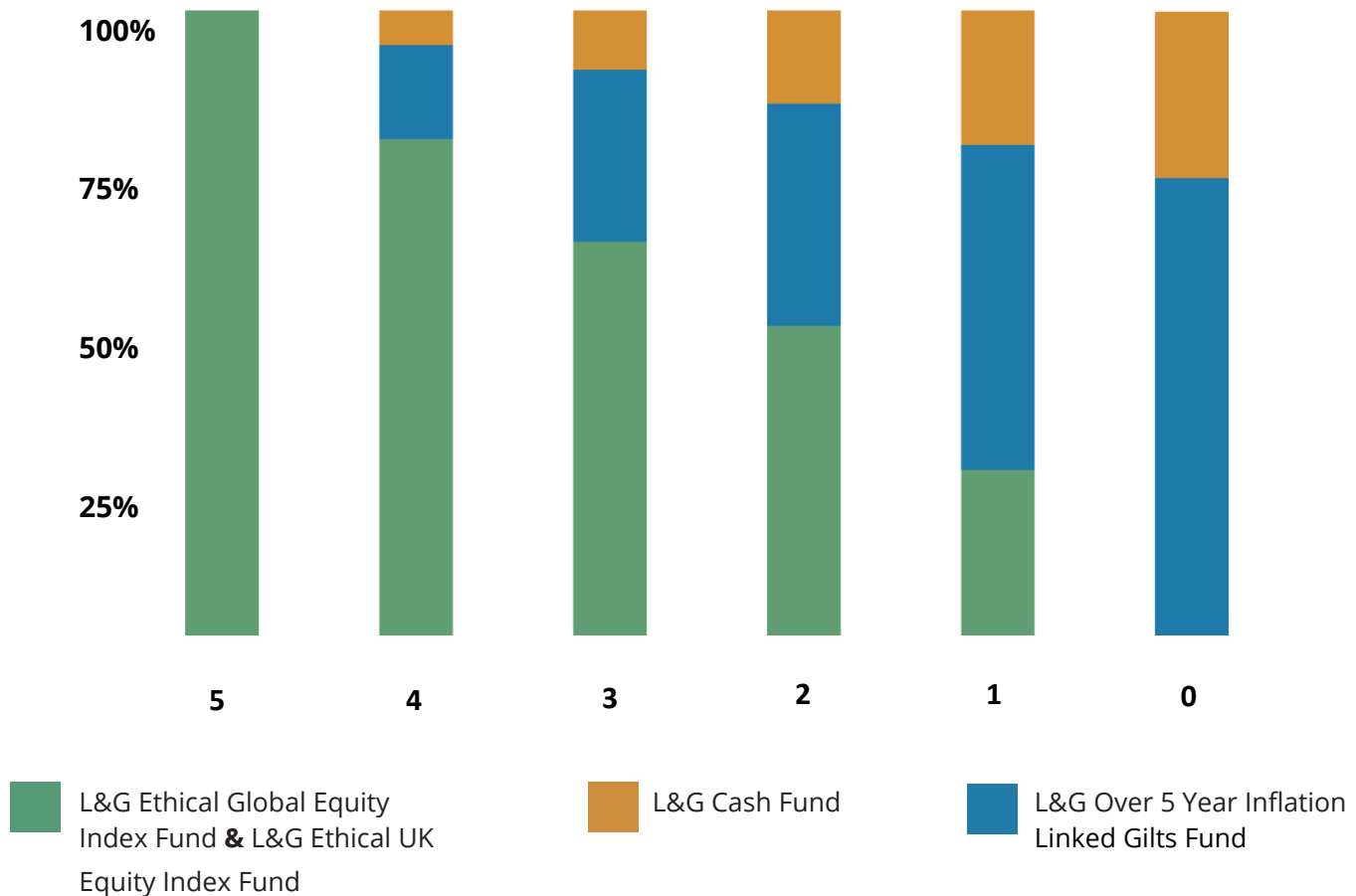
What do Journeys invest in?

Cash	This consists of short-term lending to governments and companies and deposits that are due to be repaid within around one year and have been awarded one of the two highest available short-term credit ratings by recognised credit rating agencies. These investments are seen as equivalents to cash deposits because the amounts borrowed will be repaid shortly and can, generally, be bought and sold in bond markets quite easily. They are issued by governments and companies (typically financial institutions) that make regular interest payments to the bond holder.
Fixed interest government bonds	These are 'fixed interest securities' issued by governments which make regular interest payments to the bond holder. Bonds can be traded and may be sold for more or less than the original amount paid. UK Government bonds are called 'gilts'.
Inflation-linked bonds	These are 'fixed interest securities' issued by governments and companies, which make regular interest payments to the bond holder. These payments will change on a regular basis in line with the prevailing rate of inflation. Bonds can be traded and may be sold for more or less than the original amount paid.
Investment grade corporate bonds	These are 'fixed interest securities', such as bonds, that are issued by companies with some of the most secure credit ratings. Bond holders receive regular interest payments from the company that issues the bond. Bonds can be traded and may be sold for more or less than the original amount paid.
High yield and emerging market debt	High yield bonds are investments in the debt of companies with credit ratings that are lower than strong, healthy companies. These companies pay higher interest because there is a greater chance that they will be unable to repay their debt. Emerging market debt is a collective term used to describe bonds issued by governments in emerging markets. They also tend to offer higher yields to reflect the increased economic and political risks associated with investing in these emerging markets. They can also be harder to trade than bonds issued by the governments of developed countries.
Infrastructure and commodities	Investments in infrastructure can include major projects, such as building new roads, railways and hospitals. Typically, long-term projects, investors will receive regular fixed interest payments. Commodities are normally raw materials or primary agricultural products, such as copper or coffee that can be traded on an exchange. Investment returns will depend on whether the commodity was sold for more or less than the price at which it was purchased.
Direct property and REITs	Investors in direct property receive income in the form of rents and may make a profit if the property is sold for more than the price at which it was purchased. Investors should be aware that properties can take time to sell. An investment in a Real Estate Investment Trust (REIT) can be traded on an exchange in a similar way to stocks and shares. The value of an investment in a REIT will depend on the value of the underlying properties owned by the trust and investors may receive a dividend if the trust performs well.

UK equities	These are investments in the shares of companies that are publicly listed on the London Stock Exchange. The value of this investment will depend on the performance of the company and this will be reflected in the share price. Shareholders may receive payments from the company in the form of dividends.
Overseas equities (including private equity and emerging market equities)	This category includes investments in companies that are publicly listed on global stock markets, including emerging markets and private equity, which will typically be more volatile than equities issued by companies in developed markets. The value of this type of investment will depend on the share price of the company and any movements in the exchange rate between the pound and the foreign currency in which the share is priced. Shareholders may receive payments from the company in the form of dividends. Emerging markets are considered riskier than developed markets due to higher risks such as the increased chance of political instability. Private equity may also be deemed to be riskier because, for example, it is not as easy to buy and sell compared to the shares of companies that are traded on a stock market.

Ethical Lifestyle

As an ethical alternative to the Journeys we offer Ethical Lifestyle. Ethical Lifestyle works in a similar way to Journeys. Your pension pot is invested in higher risk funds while you are some way from retirement then your savings are automatically switched into safer funds when you are 5 years from your target retirement date.



Until you are 5 years from your target retirement date your savings are invested equally between company shares overseas and in the UK. Both funds track the FTSE4Good. Once you reach the 5-year point before your target retirement date, your savings automatically switch to gilts and cash, so by the time you take your pension pot 75% is in gilts and 25% is in cash. Lifestyle works well if you would like to buy a guaranteed income for life as the blue bar - gilts, closely matches the cost of buying an annuity.

What does it cost?

The NCIs don't charge for administering your pension pot, but Legal & General do. The Annual Management Charge for the ethical lifestyle option is 0.25% a year.

What is the difference between Journeys and Lifestyle?

There are a number of key differences between Journeys and ethical lifestyle:

- 1.** Ethical lifestyle invests in companies with ethical considerations whereas the Journey funds have slightly less ethical considerations. Legal & General manage the Journeys. They integrate Environmental, Social and Governance (ESG) factors across all their funds. They have a strong record of attending shareholder meetings and voting against proposals contrary to their ESG principles. You can find a copy of L&G's ESG policy on our website.
- 2.** Ethical lifestyle invests half your money in overseas company shares and the other half in UK company shares. This means your money is invested in two baskets. Journeys spreads your savings more widely so if one basket does less well, you still have other baskets to protect your savings.
- 3.** Ethical lifestyle lines your pension up ready for you to buy a guaranteed income for life, called an annuity. If you take your pension another way, there can be better ways to invest your savings, which Journeys can help with.
- 4.** Each Journey starts to move your savings into safer funds 10 years before your target retirement date. Ethical lifestyle moves your savings 5 years before. This means your pension pot is in higher risk assets for longer, which could give your pension pot a chance to grow some more, but it could also go down shortly before you retire.
- 5.** Unless you pick a target retirement date, lifestyle lines your pension up perfectly for the day of your 65th birthday. If you take it before or after this, it is not invested to its full potential. As the transition from higher to lower risk funds is much smoother with Journeys, you can retire in a 5-year period around your target retirement date and your pension pot should be less likely to go down value.

Pick my own investment

You can choose one or more of the 10 investment funds we offer. If you are some way from taking your pot you probably want to focus on growth, so higher risk funds might be suitable. If you are closer to retirement you might be more concerned with avoiding risk, so you might want to pick medium or lower risk funds.

You can pick funds across different asset groups to spread your risk. If you choose high risk funds, you could switch to lower risk funds as you approach retirement.

If you choose your own investments, you need to decide:

- how much to invest in each fund, and
- how often you review this.

The higher the potential reward from an investment, the greater the risk the value could fall. Funds with lower risk are likely to give lower returns over the long-term. If you invest too safely for too long, you might get a low return, and inflation could exceed your returns meaning you lose money in real terms.

Pay attention to the annual management charge for each fund. This is how much Legal & General take from your pension pot each year to run your investments. The higher the cost, the more of your pension pot Legal & General take as a running fee each year. Over time, these costs can add up.

You should review your choice of funds regularly. You can change your investment choices at any time.

You can see the past performance of each fund at:



[churchofengland.org/capfdc](https://www.churchofengland.org/capfdc)

Where can I invest?

Risk	Category	Fund	Cost (%)
Low risk	Cash	Cash Fund The fund aims to perform in line with 7 Day GBP LIBID, without incurring excessive risk.	0.125
Lower risk	Gilts and bonds	Over 5 Years UK Index-Linked Gilts Fund The investment objective of the fund is to track the performance of the FTSE Actuaries UK Index-Linked Gilts Over 5 Years Index.	0.1
		Over 15 Years Gilts Index Fund The investment objective of the fund is to track the performance of the FTSE Actuaries UK Conventional Gilts Over 15 Years Index.	0.1
		AAA-AA-A Corp Bond All Stocks Index Fund The investment objective of the fund is to track the performance of the Markit iBoxx £ Non-Gilts.	0.15
Medium risk	Property	Managed Property Fund The fund aims to exceed the AREF/IPD UK Quarterly All Balanced Property Fund Index (UK PFI).	0.7
High risk	Unrestricted equities	Global Equity Market Weights (30:70) Index Fund The investment objective of the fund is to provide diversified exposure to UK and overseas equity markets while reducing foreign currency exposure of 75% of the overseas assets. A 30/70 distribution between UK and overseas assets is maintained with the overseas allocation mirroring that of the FTSE All World (ex- UK) Index.	0.2
		Overseas Equity Consensus Index The investment aim of the fund is to provide diversified exposure to a range of overseas equity markets. The fund aims to maintain an asset distribution close to that of the FTSE All-World (ex UK) Index series.	0.25

High risk		UK Equity Index Fund The aim of the fund is to track the performance of the FTSE All-Share Index.	0.1
	Ethical equities	Ethical Global Equity Index Fund The investment objective of the fund is to track the performance of the FTSE4Good Developed Index.	0.3
		Ethical UK Equity Index Fund The investment objective of the fund is to track the performance of the FTSE4Good UK Equity Index.	0.2

Disputes and complaints

We make every effort to provide you with an efficient and effective service. However, if you are unhappy with our service, please contact us first and we will do our best to resolve your issue.

If you are still dissatisfied, you can contact us at:



Pensions Manager
Church of England Pensions Board
29 Great Smith Street
London
SW1P 3PS

If we cannot resolve your issue to your satisfaction you can ask for a 'formal complaint form' under our internal dispute process. This will include the full details of our complaint process.

Pensions Ombudsman

If you have a complaint or dispute concerning your workplace or personal pension arrangements, you can contact the Pensions Ombudsman.



10 South Colonnade
Canary Wharf
London
E14 4PU



0800 917 4487



pensions-ombudsman.org.uk

If you have general requests for information or guidance concerning your pension, head to the Money and Pensions Service website.



moneyandpensionsservice.org.uk

Contact us

The Church of England Pensions Board is the trustee and administrator of CAPF DC.

Our office is located at Church House, 29 Great Smith Street, SW1P 3PS. You are welcome to come and see us if you have any questions. Please let us know in advance if you would like to do this.

You can also contact us at:



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