

Q. How is my pension invested now and how will this change?

Your pension pot is invested in the 'Stay Invested Journey', with Legal & General. Unless you tell us otherwise, we will move your pension to the new Drawdown Journey (also with Legal & General), which is the default investment choice.

Q. How do the Drawdown Journeys work?

The Drawdown Journeys invest your pension assuming you will keep your money invested and take lump sums or an income from it as and when you need, until your money runs out or you choose another option. You decide when and how much to take out. This is called 'drawdown' and it is the most common way people take money from their pension.

As you progress through your working life it aims to make the most of your pension pot by investing in a wide range of higher risk investments while you are some way from retirement before gradually and automatically switching to lower risk investments as you get closer to retirement. It is also designed to evolve over time in response to changing regulatory and market conditions, and with investment innovation.

You cannot currently drawdown direct from CAPF DC. You need to transfer your pension to your chosen drawdown provider.

Q. What is different about the new Drawdown Journey?

For younger members, your money will be invested in higher risk investments for longer

With the new Drawdown Journey, the 'higher growth' stage is longer, so your money has more chance to grow during this stage.

Your money will be invested more responsibly

Part of your money is invested in Legal & General's Diversified Multi-Factor Equity fund and their Future World Multi-Asset fund. These explicitly exclude companies such as those manufacturing controversial weapons, pure coal miners or companies that persistently breach the UN Global Compact with its standards on labour, anti-corruption and environmental standards. Your money will be invested in companies scoring better on a range of ESG criteria - which include measures of carbon reserves and emissions, biodiversity, social diversity, investor rights and many more, and less in the companies that score worse. The new Drawdown Journey also incorporates L&G Investment Management's Climate Impact Pledge. They have a published target of being Carbon Net Zero by 2050 with interim targets set to ensure progress.

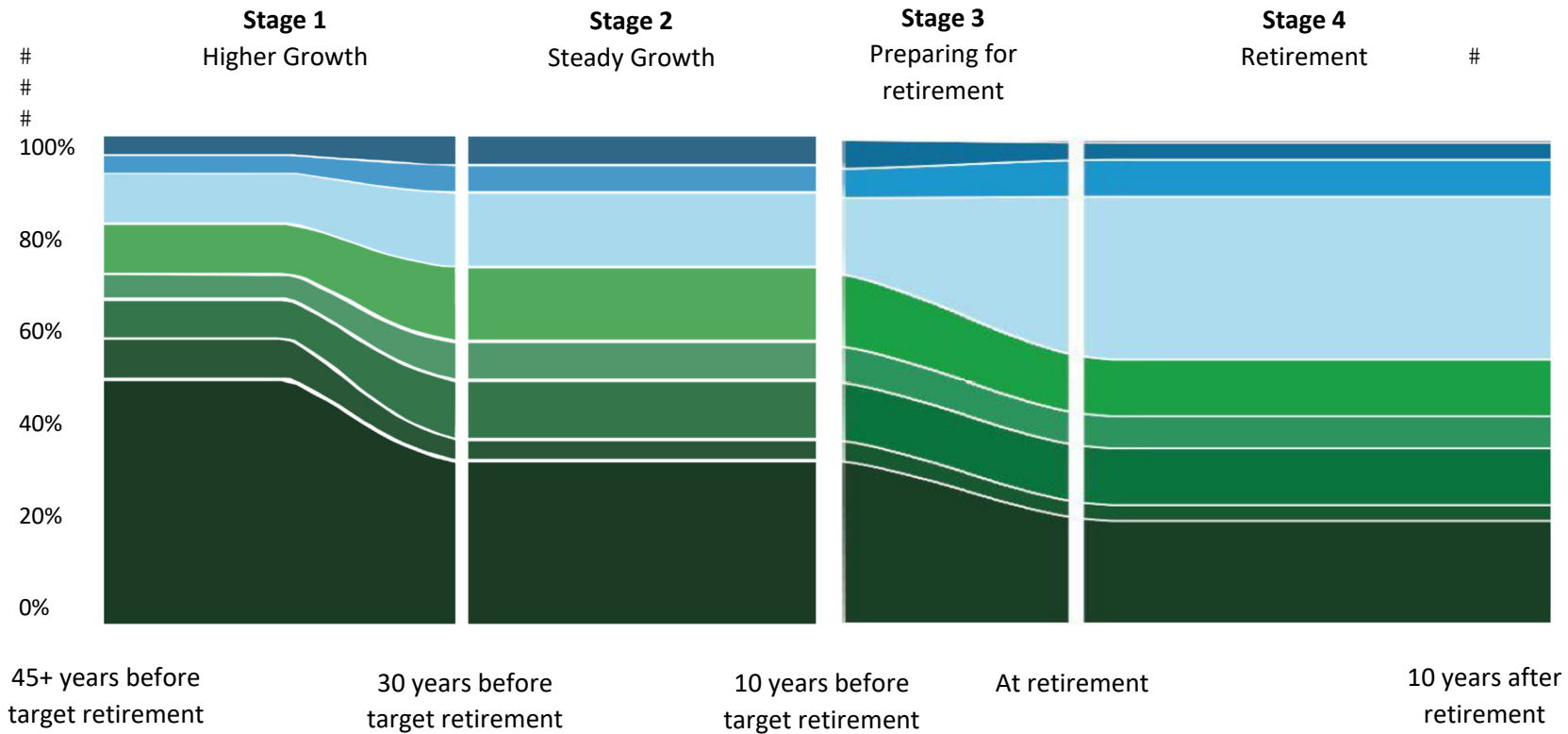
Closer to retirement, your money will be automatically switched to lower risk investments

When you enter the 'preparing for retirement' stage, 10 years before your planned retirement date, higher risk investments will be replaced by lower risk ones. Generally this means moving from equities to bonds. This helps protect the value of your pension. Under the Stay Invested Journey this process stops at retirement but under the Drawdown Journey it would continue, assuming you leave your pension pot invested after you retire. The charts on the next pages illustrate this.

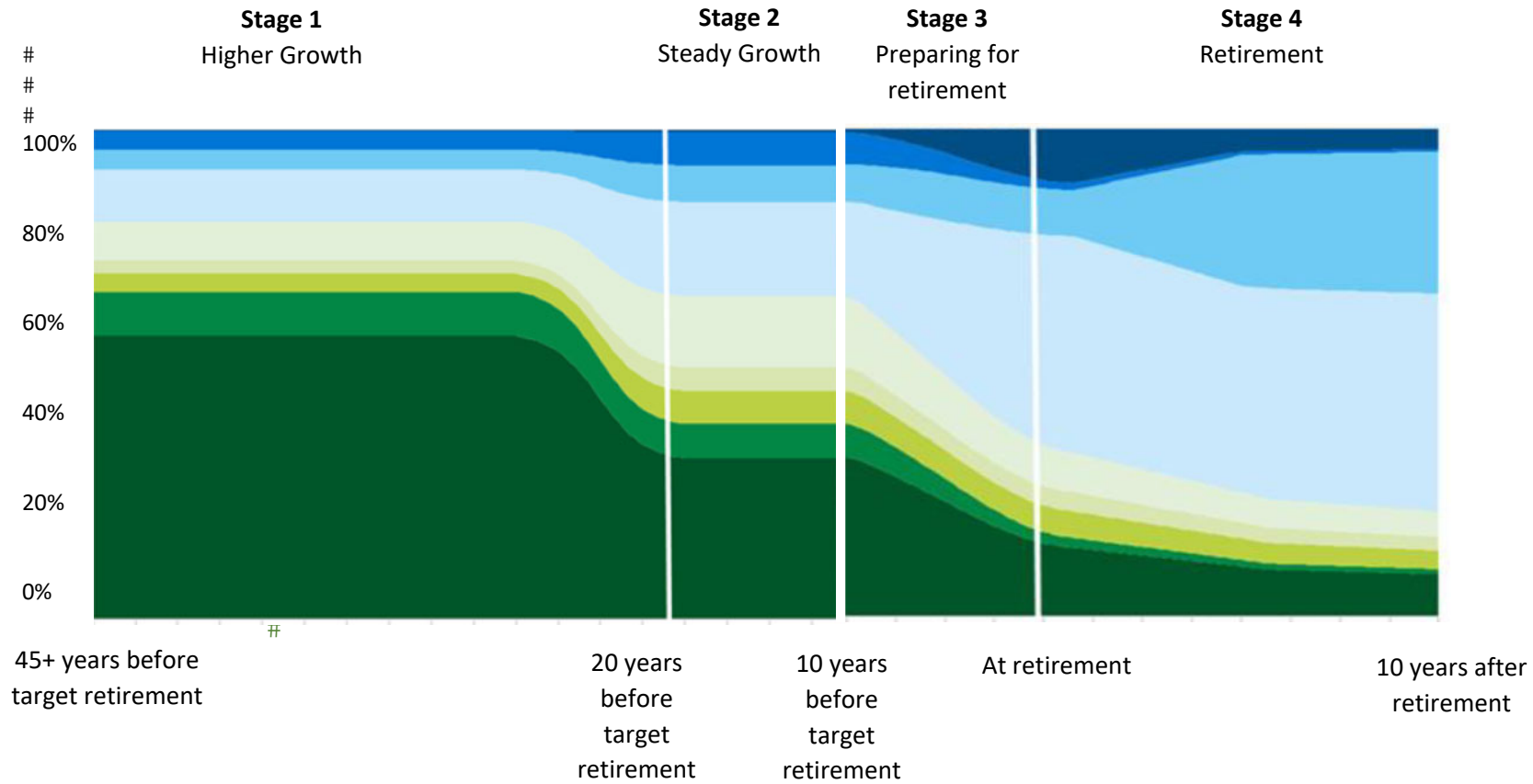
Your money will be invested with a more global footprint

At the moment, during the early years of your pension, 16% of your money is invested in UK companies but the UK stock market makes up only about 4% of the global investment market. The new Drawdown Journey reduces your exposure to the UK market to 10%.

Stay Invested Journey



New Drawdown Journey



Overseas and Alternative Equity

Direct Property & REITs

High Yield Bonds & Emerging Market Debt

Inflation-Linked Bonds

Cash

UK Equities

Infrastructure & Commodities

Investment Grade Corporate Bonds

Fixed Interest Government Bonds

Q. Will my pension be bigger following the change?

Our independent advisers have modelled the current Drawdown Journey against the new Drawdown Journey to see if members will be financially better off after the change. Their model shows that we expect everyone's pension to be between 2% and 8% bigger following the change but there are no guarantees this will be the case. Generally the further you are from retirement the better off you are expected to be.

Q. What are my other options?

There is another Journey you can pick, called the Annuity Journey, which is aimed at a different way of taking your pension pot.

The Annuity Journey invests your pension pot ready to buy a guaranteed income for life from an annuity provider. An annuity offers you a guarantee that the income it provides will last as long as you live, but once you buy an annuity you can't change your mind. Annuities are expensive, reflecting the security they give, but if you prefer security over flexibility this could be an option for you.

There is also a range of self-select options you can choose from. These options offer you the ability to choose a range of different investments to fit your investment views and beliefs. You can find out more about our self-select investment options at www.churchofengland.org/capfdc

Q. What does it cost?

There will be no cost to changing the underlying investments. Every defined contribution pension scheme in the UK charges an 'annual management charge'. Legal & General currently charge 0.3% a year, but will reduce this to 0.25% from 10 June 2022, so more of your money stays in your pension.

Q. When I move to the new Drawdown Journey, what will happen to my money in the Stay Invested Journey?

Legal & General will soon close the Stay Invested Journey, so your money can't stay in this. Unless you tell us otherwise we will switch your whole pension pot into the new Drawdown Journey.

Q. If I pick a different investment choice, what will happen to my money in the Stay Invested Journey?

If you would prefer to pick a different investment choice, it will apply to both any future contributions and the pot you have built up to date i.e. all your money will be moved to your new choice

Note it is also not possible to divide your money between the Drawdown Journey and different investments

Q. Will you be reviewing the self-select funds?

Yes. Later this year we will be reviewing the self-select funds with a view to offering more choices, which we are hoping will include a fossil-free fund. We will not remove any options, so if you would like to invest in one or more of the self-select options, you will not need to move again later, unless you would like to.