

# MY INCREASES AND INVESTMENT

JANUARY 2023



**Pension Builder Classic (PB Classic)**  
**Church Workers Pension Fund**



THE CHURCH  
OF ENGLAND

PENSIONS BOARD



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## My pension at a glance

This is one of five booklets that explain Pension Builder Classic (PB Classic). PB Classic is a 'With Profits, Deferred Annuity' scheme, which is a mix between defined contribution and defined benefit.

<p><b>My membership</b></p>	<p>Joining is easy, your employer will enroll you, providing you meet a few criteria.</p> <p>Your employer decides whether you must contribute, and how much. You can check your Scheme Summary for information on this.</p>
<p><b>My retirement</b></p>	<p>When you retire, we pay you a pension for life, in monthly instalments minus PAYE tax.</p> <p>You do not have to take a pension from us, there are choices you can make to suit your retirement needs.</p>
<p><b>My increases and investment</b></p>	<p>Increases are linked to investment performance and wider economic conditions, and are discretionary. Once added, increase are guaranteed. Investments adhere to the Church of England ethical investment criteria.</p>
<p><b>My pension if I leave</b></p>	<p>If you leave after 2 years, we will keep your pension invested and add bonuses. You can also transfer your pension.</p> <p>If you leave within two years but more than 3 months, you can transfer your pension to another provider. You can also choose to get a refund of any contributions you paid, less tax. If you leave within 3 months, you will get a refund of any contributions you paid, less tax.</p>
<p><b>My pension if I die</b></p>	<p>If you die before you retire, we will pay half your pension to your spouse or civil partner.</p> <p>If you die while still an active member, we will also pay a tax-free lump sum of two, three or four times your salary.</p> <p>Your pension is guaranteed for five years. If you die within this time, we will pay the remaining amount as a lump sum to your beneficiaries.</p>

## How contributions are converted to pension

Each year we aim to add a discretionary increase to your PB Classic pension.

To understand how we increase your pension, first we need to look at what happens to your contributions.

### Converting your contributions into pension

Each month your contributions buy a guaranteed amount of pension, payable for life.

The amount of pension you buy depends on your age at the beginning of the year. Here is an example of what £100 might buy at a range of ages.

Age at the beginning of the year	Amount of pension
20	£3.00 p.a.
30	£3.00 p.a.
40	£3.10 p.a.
50	£3.20 p.a.
60	£3.20 p.a.

So, every month when your contributions are paid in, you keep buying extra pension. When you come to retire you can take this pension, or transfer the value of it to another pension provider. You can find out more about taking your pension in our 'My retirement' guide.

To work out how much pension your contributions buy, we use 'conversion factors'. We review these factors every year and we increase or decrease them depending on financial conditions.

### Check how your pension is building up on PensionsOnline

You can log into **PensionsOnline** and see your pension building up. You can access **PensionsOnline** at:



[pensions.churchofengland.org](https://pensions.churchofengland.org)

Let us know if you need your registration code and we can send this to you.

## Increases before retirement

We aim to increase your pension every January, but only if we can afford to.

Your pension does not increase automatically every year. Increases are discretionary, but once added the increase is guaranteed.

### How do increases work?

To check whether we can afford to increase your pension, we apply a 'security test'.

This test checks two moving parts. The first is the amount of money we have (assets), which is largely affected by our investment returns. The second is how much money we need to pay everyone's pension (liabilities).

We run a security test every September, and if it is above 105% this means we have enough money to increase your pension.

The security level moves up and down every day, so to make sure we are not being too risky and we can be certain we can continue to pay everyone's pension, we only look at increasing your pension if the security level is above 105%.

Here is our current policy:

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

Ultimately it is down to us to decide whether we can increase your pension, but our professional advisers help us decide.

### How much have increases been in the past?

Here are the increases in the last five years.

2018	0%
2019	0%
2020	0%
2021	0%
2022	3%

As you can see, there has only been one increase in the last five years. This is due to a few reasons.

One reason is longer life expectancy, so we are paying pensions for longer than we originally expected to.

Another reason is Government gilt yields. Despite good investment performance, these gilt yields keep dropping.

To use a simple example to explain this – if you need £1,000 in five years' time, you don't need to save £1,000 today as you can rely on interest to help you. If you think you can earn 5% interest each year, you only need to put away £950 now. If interest rates drop to 3%, you need to put away £970, leaving you £20 short.

This is the same method we use to work out the security level, but instead of interest rates we use Government gilt yields. So, when these go up the security level goes up too. When these go down, it drops as well. Gilt yields have been very low in recent years.

## Increases after retirement

Once you take your pension, we aim to increase your pension on 1 January each year.

How much we increase it by depends on when you earned your pension.

### **Pension earned before April 1997**

Any pension you earn before April 1997 is not guaranteed to increase. We will only increase this part of your pension if we can add a dictionary increase. The mechanism on page 5 is the same policy we follow to decide whether we can increase this part of your pension.

### **Pension earned between April 1997 and March 2006**

We will increase any pension you earned between these dates in line with the Retail Prices Index (RPI), up to 5%. We use the previous September's RPI as the benchmark. For example,

when we increase pensions in January 2022 we use the RPI figure from September 2021 as the benchmark to use.

If RPI is higher than 5%, your pension will only increase by 5%. This is the maximum increase we apply.

### **Pension earned after April 2006**

We will increase any pension you earned between these dates in line with the Retail Prices Index (RPI), up to 2.5%. We use the previous September's RPI as the benchmark. For example, when we increase pensions in January 2022 we use the RPI figure from September 2021 as the benchmark to use.

If RPI is higher than 2.5%, your pension will only increase by 2.5%. This is the maximum increase we apply.

## Investment

We pool all pensions together and invest this in our Common Investment Fund. This is a collective fund for all our pension schemes, amounting to over £3bn.

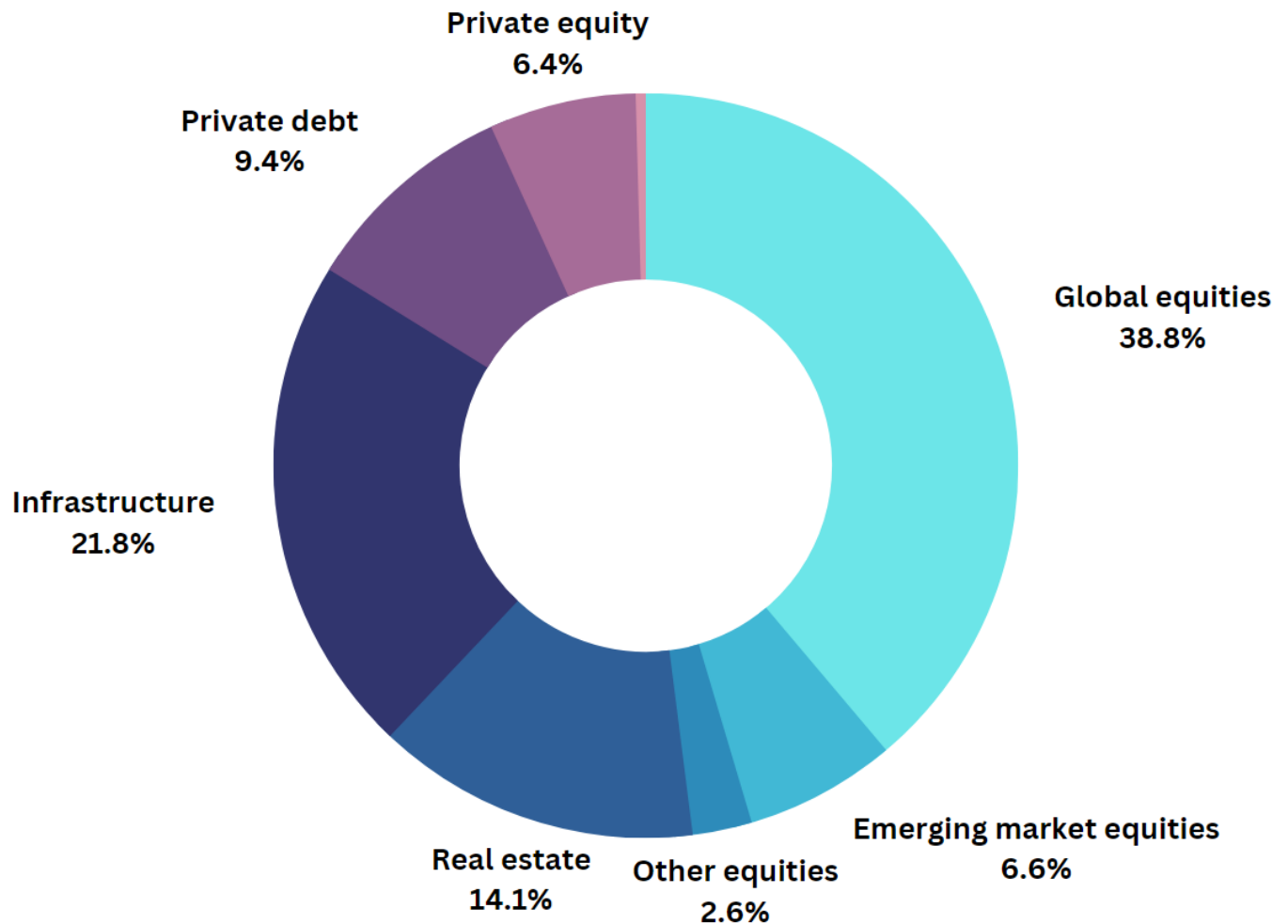
Through this we invest PB Classic assets in four asset pools. This chart shows current allocation to the main assets within these pools. This changes over time.

All our investments adhere to our Church of England ethical investment criteria. You can find out more about our ethical investment policies and work at



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

You cannot choose your own investments.



## 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:



**Chief Executive**  
**Church of England Pensions Board**  
**PO Box 2026**  
**Pershore**  
**WR10 9BW**

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](mailto:pensions-ombudsman.org.uk)**

If you have general requests for information or guidance concerning your pension, head to the MoneyHelper website.



**[moneyhelper.org.uk](http://moneyhelper.org.uk)**



## Contact us

The Church of England Pensions Board is the trustee and administrator of PB Classic.

Our office is located at Church House, 29 Great Smith Street, SW1P 3PS.

You can also contact us at:



**Church of England Pensions Board**  
**PO Box 2026**  
**Pershore**  
**WR10 9BW**



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