THE CHURCH OF ENGLAND

PENSIONS BOARD

Member Webinar

Tuesday 9 May 2023

Additional Q&A

Thank you for sharing your questions with us.

We tried to answer as many member questions as time allowed on the 9th May. Here are the answers to those questions we didn't cover in the sessions.

Please note that where we had a number of questions on a similar theme, these will have been grouped so that only one question appears here.

If you submitted a specific question related to your individual circumstances, a colleague will be in touch shortly.

General information

		Answers
1	How do I get in touch with questions on pensions or housing matters?	To find out more about your pension with us, please call 020 7898 1802 or email us at pensions@churchofengland.org. If you have a question about our retirement housing service, please call 020 7898 1824 or email housing@churchofengland.org. Please note our helplines are usually open from Monday to Friday from 9am to 5pm.

My pension

		Answers
2	How did the Board decide to award a discretionary increase to pensions in payment from April 2023?	Pensions, once in payment, are reviewed annually by the Board of Trustees, with increases determined by the Scheme rules, usually with reference to inflation as at each September. The Rules for how increases are calculated differ between the various schemes we operate. Pensions in payment are usually guaranteed to increase in line with inflation, subject to a cap as set by the Rules of that particular scheme. The Board only has discretionary powers in some cases and whether they are exercised depends on a number of different factors, of which the rate of inflation is just one. This year, the Board was able to make discretionary increases to clergy pensions in payment, and to some pensions within the Church Workers fund. To find out more about the arrangements from 1 April 2023, particularly for clergy pensions please look at our website: Clergy pension increases from April 2023 | The Church of England
3	Does my CWPF pension pay a pension each month or just a lump sum?	The Church Worker Pension Fund (CWPF) has three sections. If you are a member of the Defined Benefit Scheme and Pension Builder Classic sections you are paid a pension for life, as well as having the option to give up part of your pension to receive a tax-free lump sum when you retire. In comparison the Pension Builder 2014 section is known as a 'cash balance' scheme. When you retire you are able to take the whole of your pension pot as a lump sum or transfer this to another provider who can usually offer you options to: • take an adjustable income which goes up and down when you need it,

		• take cash in chunks, • buy a guaranteed income for life. To find out more, please visit: CWPF Pension Builder 2014 | The Church of England
4	Where do I go to access financial advice on my pension?	There are lots of good sources of free information online. The best place to start is the Money Helper website or you can look at this guide from us: Helping you find financial advice | The Church of England. The Board has also partnered with Ecclesiastical Financial Advice Services, who can offer you independent advice on a range of financial matters, from pensions to mortgages, and protecting your loved ones when you die. Their advice isn't free, but we have agreed a competitive fee for their advice, and the initial phone call is usually free.
5	Does it make a difference if I retire before I have worked at the CofE for 5 years, or should I wait a few months to reach that milestone?	This completely depends on your circumstances. Every member builds up their pension with us based on the total amount of time you have worked for your Church employer, with contributions paid monthly. Every day counts, so if you retired after 4 years 11 months, your pension with us would be based on your exact days and months you worked for the Church. If you have a particular milestone in mind, you are very welcome to base your plans around this.
6	Are there specific tax benefits associated with Additional Voluntary Contributions (AVCs)?	Yes, regular AVCs are deducted from your salary or stipend before tax. So, if you opted to save £100 per month into your pension, and you are on a basic rate of tax (20%), you would only see £80 difference to your take home pay. You can also save lump sums into your pension. You can do this by sending us a one-off payment. As you will have paid tax on this money, you can claim the tax back through a Self-Assessment Tax Return. You will get the tax back after the tax year has ended. Everyone will have an individual limit on how much they can save, and claim tax back. This is linked to your income for the year, less some deductions. If you are thinking of saving a lump sum into your pension, it is worth checking with a financial or tax adviser first to make sure you can claim tax back on your whole lump sum. There are also tax benefits when you come to take the money out when you retire. You can take a quarter of your savings back tax-free, sometimes more.

7	How do I work out what my employer is paying to my pension and what I am personally paying? And can this split be changed?	If you would like to know how much you and your employer are contributing as a percentage into your pension each month, you can ask your employer, or speak to us. You can see how much you are contributing each month as a pound amount on your monthly payslip. Your payslip will show your contribution before tax, but the final amount you take home will have the tax benefit added on. Your employer's contribution isn't on your payslip. By law, at least 8% of your salary needs to be paid into your pension each month. Your employer decides if and how this is split between them and you. The split can only be changed with your employer's consent. You can save more into your pension with AVCs.
8	I understand that Bishops, and Archbishops get a bigger pension by a factor of 1.5 or even 2. Why is this, and will this arrangement continue?	The arrangements for clergy pensions are set out within the Rules of the Church of England Funded Pensions Scheme (or 'clergy' scheme) as determined by General Synod. The Board administers the scheme according to these rules. The Rules are available on the Church of England website. Under the Rules, clergy pensions are calculated with reference to the National Minimum stipend, with a multiplier for senior clergy posts. This has been the case since the scheme's inception and follows the arrangements for the predecessor scheme. Changing these arrangements would be matter for General Synod as advised by the Remuneration and Conditions of Services Committee of the Archbishops' Council.

Investments

9	Is it possible to invest in the Pensions Board investments as a fund?	If you are a member of the CEFPS, CWPF or CAPF Defined Benefit schemes, the investments that are used to secure your pension are part of our 'common investment fund' which operates across the schemes and is managed by our in-house investments team. If you are a member of the CAPF DC scheme, your pension is currently invested with Legal & General. We have selected a range of investment funds you can choose from. We are also working with the employer – the National Church Institutions – to offer the CWPF Pension Builder 2014 scheme to this staff group later this year.

		It is not possible to invest in the Pension Board funds other than through your pension.
10	How much does it cost to ensure that my pension is invested responsibly, cognisant of environmental and other factors? If it wasn't invested with these various factors in mind, would I get a higher return?	The Pensions Board operates to the fiduciary duties set out in legislation and regulation. These include carefully considering the financial, non-financial, and systemic risks (including climate change) to our ability to pay pensions. For example, we know through climate scenario analysis and stress testing that a delayed and disorderly climate transition negatively impacts our investments. We require all of our asset managers to be aware of and have the capacity to act on environmental, social and governance risks, so it is part of the everyday business of selecting investments, and not a separate cost. To be blind to environmental, social and governance risks would be to disadvantage significantly our chances of achieving the best possible long term risk adjusted returns. Our approach in this area is described in our annual Stewardship Report, the latest of which will be published later this month. We believe that investing responsibly is integral to our aim of achieving a long-term sustainable return on the Board's investments for members. Our Trustees keep this continually under review.

Retirement Housing

11	A few years ago, rents for CHARM (rental) properties were capped as a percentage of a person's pension. Is this something the Board would consider again, capping the rent of a property in relation to income?	We moved to the current rent model in 2015, as the old model of linking the rent for a property to a customer's income had a number of inherent problems: • It wasn't fair – some customers were paying a lot more than others for very similarly sized properties in the same area. • In some areas, customers ended up paying more rent than they would have in the private sector. • Our rent model was not understood by local DWP offices, leading to difficulties for customers in claiming Housing Benefit, should they need it. • The process of calculating rents involved asking lots of questions each year about personal finances, which some found intrusive. These inherent issues continue to apply, and therefore there are no plans to revert to an income formula approach. The current model takes account of property size, location and value while being designed in such a way so as to ensure that the rent a customer pays is below the level they would typically pay 'on the open market', for a

		similar property in the area. We offer a portfolio of properties via a bulletin which clearly sets out the rent for each property. We also assist clergy in finding housing with other providers (including Christian charities), providing a range of housing options for different household budgets. If you are worried about being able to afford renting a property with us (particularly given the pressures of the current cost-of-living crisis), please speak to us. We might be able to help in a number of ways, depending on individual circumstances. For instance, we can support residents to apply for any financial help they might be entitled to or support with applications for a charitable grant. This might include the Board's own charitable grant scheme which provides a monthly income top up for those on low incomes.
12	How does the Board decide what properties to buy for retiring clergy? I am particularly concerned about those who minister in central London, as property is so expensive to buy, but often they don't want to move away from family and friends.	When someone applies to the Board for help with retirement housing, we ask them to think about which areas of the country they might want to retire to. We then look across all applications to inform which properties we need to hang onto within our portfolio, and where we might need to buy more to meet future demand (although the property market isn't making that easy at the moment). All available properties with the Board are advertised through a 'property bulletin', with applicants then encouraged to express an interest in any property that might be suitable for their circumstances. Some areas of the country are far more expensive than others, and we do struggle to buy properties in these areas at a price the Board can afford. Unfortunately, this is particularly the case within London. Increasingly we are making connections for applicants with other housing providers, who have more choice in areas where we can offer few options.