



Summary Funding Statement 2022

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 2022.

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 2021, and gives you a snapshot update as at 31 December 2022.

The actuarial valuation as at 31 December 2021 revealed a funding surplus of £560m, and the surplus had improved to £800m by 31 December 2022.

The next full valuation will be at the end of 2024. 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



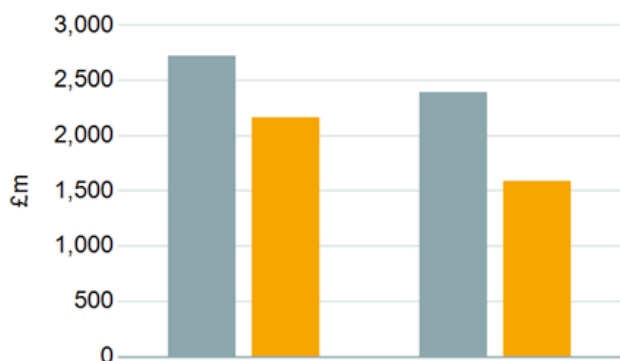
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Actuarial snapshot at 31 December 2022

At 31 December 2022 the target level of assets was £1,590m and the actual assets were £800m above this.



	31/12/2021	31/12/2022
Asset value	£2,720m	£2,390m
Target funding level	£2,160m	£1,590m
(Shortfall) / Surplus	£560m	£800m

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.

The chart shows that on 31 December 2021 there was a £800m surplus against the target level of assets.

We last reported a surplus of £560 million at 31 December 2021.

The funding position therefore improved by £240m over the year. This was due to favourable movements in financial markets, new contributions being paid in, and updated assumptions. This was partially offset by unfavourable asset returns and higher than expected inflation.

As there was a surplus at 31 December 2021, the Responsible Bodies no longer pay deficit contributions. The Responsible Bodies continue to pay contributions to cover the cost of pensions being earned each year and cover running expenses.

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 2024.

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 2021. This estimate showed that, at that date, an additional final contribution of about £480 million would be needed to make sure all members' pensions could be paid in full by an insurance company.

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.

Climate change risks and opportunities

Our latest report outlining our governance arrangements and actions we took in identifying, assessing and managing climate-related risks and opportunities was published in June 2023. You can find it at https://www.churchofengland.org/sites/default/files/2023-06/6252_pensionsboard_tcfcd_3006023.pdf