

Church Army Pension Scheme

Summary Funding Statement 2023-4

The purpose of this document is to update Church Army Pension Scheme (“the Scheme”) members on the funding position of the scheme at 31 March 2023 and 31 March 2024 - the dates of the most recent triennial funding valuation and interim funding update respectively.

What is the ‘funding position’ and who manages the scheme?

The funding position is the difference between the Scheme’s assets (the amount of money held today in investments) and liabilities (the estimated amount needed to provide members’ accrued benefits over the life of the Scheme).

The Trustees are responsible for ensuring that the Scheme has sufficient assets (money) to pay its liabilities (benefits to members). This statement has been prepared following the three-yearly Actuarial Valuation as at 31 March 2023 and the interim annual valuation in March 2024.

Actuarial Valuation

The Scheme Actuary completes an Actuarial Valuation every three years, with an interim assessment in the years between valuations. The most recent formal actuarial valuation of the Scheme’s funding position was carried out with an effective date of 31 March 2023 and an interim annual valuation was completed at 31 March 2024.

Here is a summary of these valuations showing the change in funding position along with the results of the interim annual update you will have seen in the previous statement as at 31 March 2022:

	Annual valuation 31 March 2022 £'000s	Triennial valuation 31 March 2023 £'000s	Annual valuation 31 March 2024 £'000s
Assets	10,115	7,951	7,349
Money needed to pay benefits	9,310	10,067	9,527
Surplus or (Deficit) = Assets minus the amount needed to provide benefits	805	(2,116)	(2,178)
Funding level	109%	79%	77%

How has the Scheme changed since the last Summary Funding Statement?

The table above shows that the funding position of the Scheme has deteriorated from the triennial actuarial valuation at 31 March 2023 onwards. The deterioration from the annual interim valuation at 31 March 2022 and the triennial valuation as at 31 March 2023 is primarily because the Trustees have significantly changed the way in which they fund the Scheme; in particular taking a much more prudent and cautious approach by using a solvency type basis with the aim of providing more security to members.

If the new more cautious basis had been used in earlier years, successive valuations would show that the funding position has improved from 66% in 2020 to 77% in 2024.

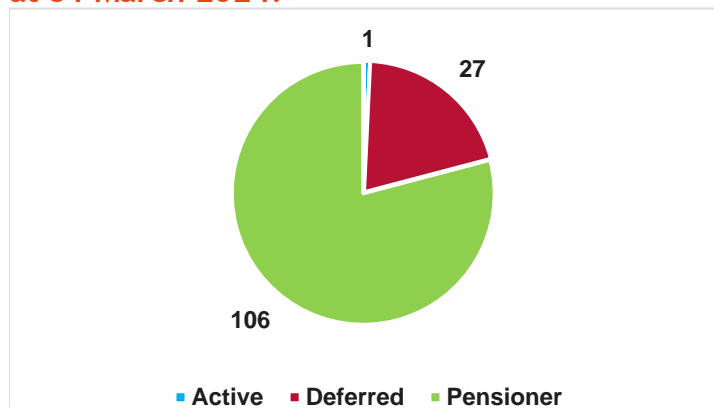
As is normal, Church Army, as the Employer, is required to put in place a ‘recovery plan’ to address the shortfall. The Board of Church Army has agreed to pay in £50,000 each year from 1 June 2024 to 31 May 2027 and £2,400,000 between 1 June 2027 and 30 November 2028 to help improve the funding position. These payments include an allowance to cover the cost of new benefits being built up in the Scheme over the period until 30 November 2028.

In addition, Church Army has agreed to pay £50,000 each year towards the costs of running the Scheme.

The funding level has reduced in the year to 31 March 2024. Given the relatively low level of contributions due to be paid prior to 31 May 2027, the funding level is expected to deteriorate slightly until that point when significantly higher contributions will then become payable. Recent levels of high inflation have also been a contributory factor to the increase in the deficit.

The deficit is not something to be worried about, the Trustees will continue to review the funding position each year and provide you with updates once these are available.

What is the membership make-up of the scheme at 31 March 2024?



What would happen if the scheme had to wind up?

The Scheme is currently being managed by the Trustees as an ongoing concern, with the continued support of Church Army. **If the Scheme were ever to be wound up, then Church Army would be required by law to pay enough money into the Scheme to enable the Trustees to secure your benefits in full by purchasing an annuity from an insurance company.**

As part of the actuarial valuation, the law requires an assessment to be made of the extent to which the assets would cover the liabilities of the Scheme, if the Scheme were to start to wind up. At the latest triennial valuation date (31 March 2023), the estimated amount, in addition to the Scheme assets, needed to ensure that all members’ benefits could have been paid in full if the Scheme had started winding up (full solvency) was £2,116,000. This is equal to the deficit shown above at 31 March 2023 because the funding assumptions were the same as those used to estimate the cost of winding up the Scheme.

Winding up is expensive because, in those circumstances, your benefits would need to be bought out in the open market from an insurance company.

How is the amount the Scheme needs worked out?

At each valuation the Actuary calculates the assets and liabilities of the scheme based on assumptions which reflect current market conditions, the investment strategy of the Scheme and the demographics of the Scheme members. The Trustees have a document (the Statement of Investment Principles) agreed with Church Army, which sets out the investment strategy, to pay for pensions now and in the future. Additionally, the amount of money which Church Army pays into the Scheme may go up or down to address any surpluses or shortfalls. The Scheme’s Statement of Investment Principles can be viewed at <https://churcharmy.org/pension/>

What role does Church Army have in supporting the scheme?

The Trustees' objective is to have enough money in the Scheme to pay pensions now and in the future.

However, the success of the Scheme relies on Church Army continuing to support the Scheme because:

- the funding level can fluctuate, and when there is a funding shortfall, Church Army will usually need to pay in more money;
- the target funding level may not turn out to be enough so that Church Army will need to put in more money; and
- Church Army contributes towards the expenses of running the Scheme.

The employer covenant is regularly reviewed by Trustees.

In Church Army's latest audited accounts at 31 March 2024 it had net assets of more than £22 million

Pensions
Protection
Fund

What is the Pension Protection Fund (PPF)?

The PPF was set up by the Government to protect individuals' pension benefits where a company becomes insolvent. If Church Army were to become insolvent, the PPF might take over the benefits due from the Scheme and pay compensation to members. There are limits on the amounts paid by the PPF and for most members this would give lower benefits than those provided by the Scheme, particularly in terms of pension increases.

Further information is available on the PPF website at www.ppf.co.uk

How are the assets of the scheme invested?

The Trustees currently delegate the day-to-day management of the Scheme's assets to LGIM (an arm of Legal and General) both being authorised and regulated by the Financial Conduct Authority.

As at 31 March 2024 the majority of the assets of the Scheme were invested in Pooled investment funds (which are funds in which multiple investors and pension schemes invest in to benefit from economies of scale, rather than the assets being managed solely for the Church Army scheme) with the investment managers mentioned above.

The Trustees always aim to follow ethical principles of investment as laid down by the Ethical Investment Advisory Group of the Church of England.

Assets can only be returned to the Employer if they are more than is needed to arrange for an insurance company to pay all benefits. No such payment to the Employer has been made since the date of the last statement.

What do you do with data you hold for me?

The Trustees and the Scheme Actuary will only use your personal information for the administration and financial management of the Scheme. It will only be shared with third parties where there is a legal obligation on us to do this or where it is necessary for the proper administration of the Scheme.

We will aim to hold your data and process your data fairly and securely in line with GDPR and Church Army Pension Scheme Data Protection Policy.

Your data

For details on what data Church Army Pension Scheme holds for you and how it is handled, please request a copy of our Privacy Notice.

The Pensions Regulator (TPR) is the UK Regulator for work-based pension schemes. TPR has certain powers it can use if it has concerns about a scheme's funding. It has not used any of these powers in relation to this Scheme.

Thinking of leaving the Scheme?

If you are thinking of leaving or transferring out of the Scheme for any reason, you should consult a professional advisor, before taking any action. The Trustees cannot give this advice.

The Church Army Pension Scheme is managed by the following people who are Trustees of the Scheme. They are responsible for safeguarding the Scheme making sure that it meets all legal requirements; that decisions are made in the best interest of the Scheme and its beneficiaries; and the Scheme's money is properly collected and invested. They are supported with professional advice and administration from First Actuarial. The Scheme has its own Actuary who knows the Scheme well and whom we have a good working relationship with. The Trustees are supported by Church Army's HR Manager whose role includes Scheme Secretary for CAPS.

Your Trustees are:



DES SCOTT
Chair



JOHN WHITFIELD
Employer Nominated Trustee



ROBIN WEBB
Employer Nominated Trustee



SUE WAY
Member Nominated Trustee



FAYE POPHAM
Scheme Secretary

TO CONTACT US OR FOR FURTHER INFORMATION ON THE SCHEME:

Write to us at: Church Army Pension Scheme
Wilson Carlile Centre
50 Cavendish Street
Sheffield
S3 7RZ

Email: faye.popham@churcharmy.org

Phone: 0300 123 2113

Don't forget to tell us if your contact details change so we can keep our records up to date and make sure you receive information about your pension.

Additional documents available on request from the Scheme Secretary:

The Statement of Funding Principles

This sets out of the Scheme's funding plan and objectives.

The Statement of Investment Principles

This explains how the Trustees invest the money paid into the Scheme.

The Schedule of Contributions

This shows how much money is being paid into the Scheme.

The Recovery Plan

This shows how much money is being paid into the Scheme to meet the deficit.

The Annual Report and Financial Statements of the Scheme

This shows the Scheme's income and expenditure in the year up to 31 March 2024.

The Annual Report and Financial Statements of Church Army

These are the statutory report and accounts of the Church Army to 31 March 2024.

The Actuarial Valuation of the Scheme

The full report on the Actuarial Valuation following the Actuary's formal valuation of the Scheme's funding situation as at 31 March 2023.

An Annual Benefit Statement

If you are not getting a pension from the Scheme (and have not received a benefit statement in the previous 12 months) you can ask for a statement that provides an illustration of your likely pension.

Church Army Pension Scheme Data Protection Policy

The Scheme's policy on handling of data in line with new GDPR law.

Church Army Pension Scheme Data Retention Policy

This sets out the Scheme's policy on how long data will be retained for.

Church Army Pension Scheme Members' Privacy Notice

An information sheet for members on what data we hold for you and what we do with that data.

The Actuarial Report

The shorter Actuarial Report shows the estimated funding of the pension Scheme at each year end between formal Actuarial Valuations

Information is also available at www.churcharmy.org/pension/