

**THE CHURCH OF IRELAND PENSIONS BOARD  
REPORT TO THE GENERAL SYNOD 2002  
AND FINANCIAL STATEMENTS FOR THE YEAR 2001**

***Members of the Board***

**Elected by the House of Bishops**

Rt Rev JE Moore, Bishop of Connor (resigned November 2001)  
Most Rev RHA Eames (from December 2001)  
Rt Rev JRW Neill, Bishop of Cashel

**Elected by the General Synod**

Ven DS McLean  
WT Morrow  
Lady Sheil  
Rev ECJ Woods  
DG Hannon (from April 2001)

**Elected by the Representative Church Body**

Canon JLB Deane  
Rev Canon VES McKeon  
HT Morrison  
Mrs JM Peters  
RP Willis

**Chairman** – Canon JLB Deane

**Vice Chairman** – Lady Sheil

**Honorary Secretary** – Rev Canon VES McKeon

**Trustee** – The Representative Church Body

**Actuarial Advisers** – Mercer Ltd

**Investment Managers** – Bank of Ireland Asset Management Ltd (Dublin)  
Bank of Ireland Asset Management (UK) Ltd (London)

**Assistant Secretary** – JF Buttimore

**Pensions and Welfare Officer** – PG Connor

**Grants Committee**

Rev Canon VES McKeon  
WT Morrow  
Lady Sheil

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**REPORT OF THE BOARD OF THE CHURCH OF IRELAND  
CLERGY PENSIONS FUND TO THE GENERAL SYNOD**

**1. INTRODUCTION**

During 2001 five meetings of the Board were held.

**2. MEMBERSHIP**

Contributors for full benefits 1 January 2001		494
Additions:		
Newly ordained clergy		16
Clergy who re-entered service		1
Clergy who entered service from other churches		7
Clergy who entered service from other posts		0
		<hr/> 518
Deductions:		
Clergy retired on pension	15	
Clergy who died in service	2	
Clergy who have left service with entitlement to deferred benefits	8	
Clergy who have left service and transferred their benefits to another fund	1	26
Contributors for full benefits 31 December 2001	<hr/>	<hr/> 492

**Age distribution of Contributors**

	under												
Age	26	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	71-75	Total	
Clergy	1	25	50	40	78	69	76	74	47	28	4	492	

There are 9 clergy in the full time stipendiary ministry who are not members having been granted exemption on entering service and there is one who elected to leave the Fund and make independent pension arrangements.

**3. PENSIONERS**

**(a) Retired Clergy**

Retired clergy on pension 1 January 2001	262
Add:       *Retirements during the year	17
Deduct:     Ceased on death during the year	19
Retired clergy on pension 31 December 2001	<hr/> 260

Notes: \*retirements during the year include 2 on deferred pension.  
the total of 260 includes 6 clergy who are in receipt of deferred pensions.

**(b) Surviving Spouses of Clergy**

Surviving spouses on pension 1 January 2001	255
Add: Commenced during the year	14
Deduct: Ceased on death during the year	24
Surviving spouses on pension 31 December 2001	<u>245</u>

Note: the total of 245 includes 22 widows of voluntary contributors.

**(c) Children**

Child Dependency Allowances 1 January 2001	4
Add: Commenced during the year	0
Deduct: Ceased during the year	0
Child Dependency Allowances 31 December 2001	<u>4</u>

**4. PENSIONS IN PAYMENT**

The following shows the annual rate of pensions etc in payment at 31 January 2002:

	€		£
Clergy	1,352,315	and	1,470,219
Surviving spouses and orphans	1,169,183	and	845,017
	<u>2,521,498</u>	and	<u>2,315,236</u>

**5. DEFERRED PENSIONS**

There are 90 clergy with entitlement to deferred benefits as at 31 December 2001.

**6. ANNUAL INCREASES IN PENSIONS IN PAYMENT**

Under the provisions of the Fund pensions and annuities in payment at the end of each year are increased on the following 1 January. The amount of increase is determined by the Board on the advice of the actuary and with the approval of the Representative Church Body by the percentage required by law, or such greater percentage up to 5%.

The cost of funding this benefit for those members who are directly in the service of the Church of Ireland is met from central funds. The amount required on 1 January 2002 is €339,268 plus £337,116 (equivalent to €893,280) and is included as one of the grants recommended to the General Synod for allocation from the Income and Expenditure Account of the Representative Church Body.

**7. BENEFITS**

Pensions in payment on 31 December 2001 were increased by 3.7% of those payable in pounds sterling and 5% of those payable in euro on 1 January 2002, except those being paid to a widow of a voluntary member.

**8. LUMP SUM BENEFITS**

Under the provisions of the Fund a lump sum is payable in a number of eventualities. The following is a summary:

On death in service or within 5 years following retirement;

On retirement before reaching 65 years of age a member may elect to commute part of his pension;

On reaching 65 years of age a member may elect to commute part of his pension whether or not he actually retires;

On retirement after reaching 65 years of age a member may elect to commute part of his pension if on reaching 65 years of age he had decided to defer a decision until his actual retirement.

During 2001 lump sums totalling €91,951 and £131,040 became payable under the above headings in respect of 7 members as follows:

died in service (1); continued in service having reached 65 years of age (1); on retirement (2); died within 5 years following retirement (2); deferred paid at age 70 (1).

**9. EXPLANATORY BOOKLET**

The explanatory booklet designed to give a broad outline of the Pensions Fund and the benefits provided is available from the Assistant Secretary. A revised version was sent to all members in June 2001.

**10. ADDITIONAL PERSONAL CONTRIBUTIONS**

Members who will not have completed 40 years of service on reaching 65 years of age will not qualify for a full pension. However, subject to limitations contained in civil legislation, the members concerned may purchase additional service by making additional personal contributions either by monthly deduction or by the payment of a lump sum, or by a combination of the two. These contributions qualify for full income tax relief at the highest rate payable by the contributor.

At present 101 members are participating in the Scheme. Many more are entitled to do so and the Board commends it for serious consideration by all those clergy who are in this category.

Copies of the Regulations and explanatory memorandum may be obtained on request to the Assistant Secretary.

**11. INVESTMENT MANAGERS**

The Representative Body appointed Bank of Ireland Asset Management (UK) Ltd as Investment Managers of the Northern Ireland Fund from 1 July 2001.

**12. STAKEHOLDER PENSIONS (UK)**

The introduction of stakeholder pensions on 6 April 2001 will largely benefit those individuals who are in employment without the facility of an occupational pension scheme. The regulations oblige employers with five or more employees, unless they are specifically exempt, to consult with relevant employees, designate a stakeholder scheme and arrange to deduct contributions and pass them on to the designated scheme.

Since the Church of Ireland offers the Clergy Pensions Fund as an occupational pension scheme it is exempt from the duty under the stakeholder pension regulations.

**Concurrency**

Prior to 6 April it was not possible for a person to be a member of a private pension scheme and an occupational pension scheme simultaneously. It is now possible for those earning up to £30,000 to contribute to an occupational (Chapter I) scheme and a pension arrangement approved under the Inland Revenue Chapter IV tax regime. This is known as 'concurrency'. Individuals are able to contribute up to £3,600 (gross) less any AVCs to the Chapter IV arrangement.

The Board would advise members who require further information on this matter to consult an independent financial advisor.

**13. PART-TIME DEPLOYMENT IN THE STIPENDIARY MINISTRY - REGULATIONS**

The Board approved regulations in connection with the above with effect from 1 June 2000. These were amended in 2001 and are included in Appendix A to this report.

**14. ACTUARIAL CERTIFICATE**

The Church of Ireland Clergy Pension Fund was last valued as at 30 September 2000.

The assets of the Fund were sufficient at that date to cover the accrued liabilities in respect of the active members based upon completed service at that date and current stipends, as well as the liabilities for pensions in the course of payment, for the reversionary widows' pensions and for the deferred pensions in respect of members who have now left. The Fund also satisfied the funding standard required under Section 44 of the Pensions Act 1990 (ROI).

The valuation furthermore showed that the level of contributions currently being paid into the Fund is adequate to provide for the future accruing liabilities.

Nothing has occurred since the last Valuation which would prevent the above statements from being made at the present time.

The next Valuation is due as at 30 September 2003.

James R Kehoe  
Actuary, Mercer  
4 March 2002

## 15. FINANCIAL STATEMENTS

The Financial Statements of the Clergy Pensions Fund are set out in the following pages.

**Note:** The formal Financial Statements are expressed in euro for technical reasons. However, the Accounts of the Northern Ireland subdivision are maintained in sterling in which currency the contributions and benefits are also paid. Since the formal Accounts are presented in euro only, changes in the relationship between euro and sterling, and the *realised* and *unrealised* gains or losses which occur as between one year and another may give a misleading impression of the comparative figures.

The following schedule illustrates the equivalent figures in sterling for contributions, investment income and benefits in relation to the Northern Ireland subdivision for 2001 and 2000 as shown in the Financial Statements. It is hoped that this schedule will be helpful in studying the accounts.

	2001 £'000	2000 £'000
Contributions		
- Members - normal	243	233
- additional personal	61	52
- Dioceses	765	744
- Representative Church Body	570	505
Investments and Short Term Income	1,194	1,155
Pensions to Retired Clergy and Bishops	1,332	1,163
Pensions to Widows and Orphans	777	646
Commutation of pensions	24	65
Death benefits	107	10