

Church of Ireland Pensions Board – Report 2003

**THE CHURCH OF IRELAND PENSIONS BOARD  
REPORT TO THE GENERAL SYNOD 2003  
AND FINANCIAL STATEMENTS FOR THE YEAR 2002**

*Members/Meetings of the Board*

*There were (5) meetings of the Board in 2002.*

**Elected by the House of Bishops**

Most Rev RHA Eames (4)  
Most Rev JRW Neill (4)

**Elected by the General Synod**

DG Hannon (5)  
Ven DS McLean (4)  
WT Morrow (5)  
Lady Sheil (5)  
Rev ECJ Woods (5)

**Elected by the Representative Church Body**

Canon JLB Deane (5)  
Rev Canon VES McKeon (4)  
HT Morrison (5)  
Mrs JM Peters (2)  
RP Willis (3)

**Chairman** – Canon JLB Deane

**Vice Chairman** – Lady Sheil

**Honorary Secretary** – Rev Canon VES McKeon

**Trustee** – The Representative Church Body

**Actuarial Advisers** – Mercer Human Resource Consulting

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

**Assistant Secretary** – DC Reardon

**Pensions and Welfare Officer** – PG Connor

**Grants Committee**

Rev Canon VES McKeon  
WT Morrow  
Lady Sheil

**Office:** Church of Ireland House  
Church Avenue  
Rathmines  
Dublin 6

Tel no 01-4978422  
Fax no 01-4978821  
Email pension@rcbdub.org

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

**1. INTRODUCTION**

The Church of Ireland Pensions Board administers the Church of Ireland Pensions Fund of which the Representative Church Body is the Trustee. The Board is elected triennially.

The powers and duties of the Board are in the main to administer the system of contributions and benefits and to make regulations. It should ensure that the principle of a proper actuarial relationship exists between the contributions payable to the fund and the benefits paid out of the fund. It appoints an actuary and reports annually to General Synod.

The Board may determine on the advice of the actuary and with approval of the Representative Body increases in pensions in the course of payment.

**2. MEMBERSHIP OF THE BOARD**

The Board is elected triennially – the next election being in 2003. The five outgoing members elected by General Synod have indicated their willingness and are eligible to serve for a further three years.

**3. MEMBERSHIP OF THE FUND**

Contributors for full benefits 1 January 2002		492
Additions:		
Newly ordained clergy		11
Clergy who re-entered service		1
Clergy who entered service from other churches		3
Clergy who entered service from other posts		1
		<hr/>
		508
Deductions:		
Clergy retired on pension	20	
Clergy who died in service	0	
Clergy who have left service with entitlement to deferred benefits	7	
Clergy who have left service and transferred their benefits to another fund	3	30
	<hr/>	<hr/>
Contributors for full benefits 31 December 2002		478

**Age distribution of Contributors**

Church of Ireland Pensions Board – Report 2003

	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	0	17	49	41	79	77	62	78	49	22	4	478

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.

**4. PENSIONERS**

**(a) Retired Clergy**

Retired clergy on pension 1 January 2002	260
Add: *Retirements during the year	20
Deduct: Ceased on death during the year	8
Retired clergy on pension 31 December 2002	<u>272</u>

Notes: \*Retirements during the year include 1 on deferred pension.  
The total of 272 includes 7 clergy who are in receipt of deferred pensions.

**(b) Surviving Spouses of Clergy**

Surviving spouses on pension 1 January 2002	245
Add: Commenced during the year	4
Deduct: Ceased on death during the year	11
Surviving spouses on pension 31 December 2002	<u>238</u>

Note: The total of 238 includes 22 widows of voluntary contributors.

**(c) Children**

Child Dependency Allowances 1 January 2002	4
Add: Commenced during the year	0
Deduct: Ceased during the year	1
Child Dependency Allowances 31 December 2002	<u>3</u>

Church of Ireland Pensions Board – Report 2003

**5. PENSIONS IN PAYMENT**

The following shows the annual rate of pensions etc in payment at 1 January 2003:

	€		£
Clergy	1,536,084	and	1,606,797
Surviving spouses and orphans	1,229,127	and	823,505
	<u>2,765,211</u>	and	<u>2,430,302</u>

**6. DEFERRED PENSIONS**

There are 87 clergy with entitlement to deferred benefits as at 31 December 2002.

**7. INCREASES IN PENSIONS IN PAYMENT**

Under the provisions of the Fund pensions and annuities in payment at the end of each year may be increased on the following 1 January. The amount of any increase is determined by the Board on the advice of the actuary and with the approval of the Representative Church Body and will be 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 2003 is €348,800 plus £331,122 (equivalent to €857,827) 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.

**8. BENEFITS**

Pensions in payment on 31 December 2002 were increased by 3% of those payable in pounds sterling and 5% of those payable in euro on 1 January 2003, except those being paid to a widow of a voluntary member.

**9. 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;

## Church of Ireland Pensions Board – Report 2003

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 2002 lump sums totalling €203,150 and £79,626 became payable under the above headings in respect of 8 members as follows:

died in service (0); continued in service having reached 65 years of age (0); on retirement (8); died within 5 years following retirement (0).

### **10. 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. The latest revision was prepared and circulated to members in June 2001.

### **11. 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 132 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.

### **12. KATHLEEN FRANCES HARVEY BEQUEST**

The sum of £5,000 was received under the terms of the will of the late Ms Harvey for the benefit of the Clergy Pensions Fund. The Board is very grateful for her generous bequest.

### **13. 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.

### Church of Ireland Pensions Board – Report 2003

That valuation furthermore showed that based on the assumptions underlying the actuarial valuation, the level of contributions currently being paid into the assets of the Fund would be sufficient to pay the benefits as they fall due.

Since the last valuation of the Fund, there has been a significant change in the value of the Fund's assets due to the fall in Global Equity Markets and hence in its past service funded position. As a result it is likely that there will be a significant increase in the recommended contribution rate at the next actuarial valuation of the Fund to restore it to its previous funded level. This valuation is due to take place as at 30 September 2003.

James R Kehoe  
Fellow of the Society of Actuaries in Ireland  
28 February 2003

#### 14. 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. 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 2002 and 2001 as shown in the Financial Statements. It is hoped that this schedule will be helpful in studying the accounts.

	2002 £'000	2001 £'000
Contributions		
- Members - normal	239	243
- additional personal	69	61
- Dioceses	754	765
- Representative Church Body	546	570
Investments and Short Term Income	1,238	1,194
Pensions to Retired Clergy and Bishops	1,516	1,332
Pensions to Widows and Orphans	826	777
Commutation of pensions	79	24
Death benefits	0	107

**15. ASSISTANT SECRETARY TO THE BOARD**

John Buttimore retired from the staff of the RB after forty eight years service, nine of which were as Assistant Secretary to the Board. The Board wishes to record its thanks and appreciation to John for his valuable service and caring advice given to members of the fund over many years. Denis C Reardon was appointed Assistant Secretary from August 2002.

**16. RESOLUTIONS RECOMMENDED TO THE GENERAL SYNOD**

The Church of Ireland Pensions Board recommends that the following resolutions be adopted by the General Synod:

- a) That the Report of the Church of Ireland Pensions Board be received and adopted.
- b) That the following be re-elected as members of the Board for the triennium 2003-2006.

Ven DS McLean  
WT Morrow  
Lady Sheil

Rev ECJ Woods  
DG Hannon