GENERAL SYNOD 2004
REPORT OF CHURCH OF IRELAND PENSIONS BOARD
Proposer: The Archbishop of Dublin – The Most Revd Dr. John Neill

EMBARGOED UNTIL DELIVERY

The Report of the Church of Ireland Pensions Board reflects a year of serious discussion and hard work leading to clear decisions. As you will have already heard in the Bill under consideration at this session of General Synod, this was the year of actuarial valuation, when like virtually every other Pension Fund serious decisions had to be made. It is not within my competence to deal with the details of the funding requirement, but I am taking this opportunity to inform the General Synod of some of the thinking that has informed our decisions, either explicit or implicit.

FIRST, the Pensions Board is determined to retain for the clergy a defined benefit scheme. This means quite simply that after forty years service, a pension is paid to clergy at a commencing rate of two thirds of the minimum approved stipend at the date of their retiring from office. This benefit sounds extremely generous on the one hand but it must be kept in mind that this pension is based on a comparatively low base figure. It is based on the financial aspect alone of the minimum approved stipend and therefore does not reflect the provision for housing. There was a time when clergy stayed in office virtually until they died and one of the reasons for this must surely have been that they had nowhere else to live, even if they realised that they were not really capable of running their parishes. Pension is a form of deferred payment, and in this case must be as generous as possible to provide for those who not only have had to live in tied houses, but nowadays are not even able to claim any mortgage tax relief if they seek to buy a house of their own in addition. If clergy are asked to live for perhaps forty years in a tied house, at a time when others will have perhaps had their houses paid for in half that time, the church has a responsibility to make the best possible provision. I make this case without any personal pleading, as my wife and I are fortunate to have somewhere to lay our heads on retirement.

SECOND, the Pensions Board has had to face that choices are limited. If a scheme such as we have is to be continued without the contributions rising more than is set out in this year's Bill to General Synod, then we have to look at what has been achieved and whether the time has come, at least for the present, to call a halt. It has been the practice of the Pensions Board, without any obligation, to seek to keep pensions in payment in line with the percentage increases in stipends. In other words when the minimum approved stipend has been raised at a rate above that of inflation, shortly afterwards the same rate of increase has been given to those already on pension. The actuarial valuation of our fund is however based on the assurance that we will keep any rise to pensions already in payment to the rate of inflation or 5% whichever is the lower. This will probably have little effect in the immediate future, as stipend increases are likely after recent raises to be kept fairly close to inflation, though stipends are not a matter for the Pensions Board. Though the more recently retired may in certain circumstances be better off than those retired some years previously, it would be hoped that before such a gap might become significant, the Board might be in a position to address the issue afresh. It should be remembered that the Pensions Board also recommends the grants from the Housing Fund to assist with the provision of and/or upkeep of places of residence, and administers certain Discretionary Grants that can and do provide assistance in certain cases of difficulty.

THIRD, There is a general feeling on the Pensions Board that the emphasis in the next few years if the overall economic situation improves should be on holding or even decreasing contributions rather than seeking to increase benefits. An example of this came up during the year. An anomaly has arisen in our legislation, whereby clergy with forty years service may retire on full pension even if they have not reached the age of sixty five years, but this benefit does not apply to episcopal pensions, however long the episcopal service. When a costing of rectifying this inequity was obtained, it was found that it would have implications for contributions that were unacceptable, and so the decision was taken not to improve this benefit for bishops. Another issue is before the Pensions Board at the moment as to whether contributions should be paid for those clergy under sixty-five years of age who have served forty years and remain in service. If this is to have any implications for the valuation of the fund, this may be another example of a benefit that is less important than keeping contributions in general at as low a level as possible.

OVERALL the message to General Synod this year, and indeed beyond General Synod to those already on Pension, is that responsible stewardship of our Pension Funds, and a realistic attitude to benefits, is making it possible to maintain the levels of benefit that have been achieved through many years of hard work and planning. I would assure clergy that the Church of Ireland Clergy Pensions Board is committed to remain on this course.