

**THE CHURCH OF IRELAND PENSIONS BOARD  
REPORT TO THE GENERAL SYNOD 2005  
AND FINANCIAL STATEMENTS FOR THE YEAR 2004**

*Members/Meetings of the Board*

*There were (6) meetings of the Board in 2004.*

**Elected by the House of Bishops**

Most Rev RHA Eames (4)  
Most Rev JRW Neill (6)

**Elected by the General Synod**

DG Hannon (5)  
Ven DS McLean (5)  
WT Morrow (5)  
Lady Sheil (6)  
Rev ECJ Woods (5)

**Elected by The Representative Church Body**

Canon JLB Deane (6)  
Rev Canon VES McKeon (5)  
HT Morrison (resigned March 2004) (2)  
Mrs JM Peters (3)  
RP Willis (5)  
TH Forsyth (elected May 2004) (3)

**Chairperson** – Canon JLB Deane

**Vice Chairperson** – 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** – PM Talbot

**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**

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, and the benefits paid out of, the fund. It appoints an actuary and reports annually to the 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**

Mr HT Morrison resigned from the Board in March 2004. The Board expresses its thanks and appreciation to Mr Morrison for his contribution to the development of the Clergy Pensions Fund over the past 15 years.

The Board welcomes Mr TH Forsyth following his election by The Representative Church Body in May 2004.

**3. MEMBERSHIP OF THE FUND**

Contributors for full benefits 1 January 2004		482
Additions:		
	Newly ordained clergy	9
	Clergy who re-entered service	3
	Clergy who entered service from other churches	8
	Clergy who entered service from other posts	-
	Transfer from Auxiliary Ministry	1
		<hr/>
		503
Deductions:		
	Clergy retired on pension	14
	Clergy who died in service	1
	Clergy who have left service with entitlement to deferred benefits	10
	Clergy who have left service and transferred their benefits to another fund	-
		(25)
		<hr/>
Contributors for full benefits 31 December 2004		478
		<hr/>

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**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	12	36	52	68	79	67	82	57	18	6	478

There are 10 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 2004	266
Add: Retirements during the year	14
Deduct: Ceased on death during the year	(16)
Retired clergy on pension 31 December 2004	<u>264</u>

(Note: The total of 264 includes 7 clergy who are in receipt of deferred pensions)

**(b) Surviving Spouses of Clergy**

Surviving spouses on pension 1 January 2004	231
Add: Commenced during the year	10
Deduct: Ceased on death during the year	(16)
Surviving spouses on pension 31 December 2004	<u>225</u>

(Note: The total of 225 includes 19 widows of voluntary contributors)

**(c) Children**

Child Dependency Allowances 1 January 2004	5
Add: Commenced during the year	-
Deduct: Ceased during the year	-
Child Dependency Allowances 31 December 2004	<u>5</u>

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**5. PENSIONS IN PAYMENT**

The annual rate of pensions etc in payment at 1 January 2005 are:

	€		£
Clergy	1,554,944	and	1,716,797
Surviving spouses and orphans	1,155,419	and	884,150
	<u>2,710,363</u>	and	<u>2,600,947</u>

**6. DEFERRED PENSIONS**

There are 89 clergy with entitlement to deferred benefits as at 31 December 2004.

**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 Board has agreed that increases in pensions in payment be increased by the September inflation rate (up to a maximum of 5%) in both jurisdictions.

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 and is included in the grants of €448,674 and £406,717 (equivalent to €1,025,496) 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 2004 were increased by 3.1% of those payable in sterling and 2.5% of those payable in euro on 1 January 2005, 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 individual members may elect to commute part of their pension;

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On reaching 65 years of age individual members may elect to commute part of their pension whether or not they actually retire;

On retirement after reaching 65 years of age individual members may elect to commute part of their pension if on reaching 65 years of age they had decided to defer a decision until their actual retirement;

On death prior to deferred pension entitlement becoming payable;

During 2004 lump sums totalling €136,863 and £157,286 became payable under the above headings in respect of 9 members as follows:

died in service (1); on retirement (7); on death prior to deferred pension becoming payable (1).

### **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 in December 2004.

### **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 101 members are participating in the Scheme.

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

### **12. ACTUARIAL CERTIFICATE**

The Actuarial Certificate is included as Appendix A.

### **13. TRIENNIAL ACTUARIAL FUNDING PROPOSAL**

The triennial actuarial valuation of the Fund at 30 September 2003 showed a shortfall in the minimum funding requirement in common with many other defined benefit schemes.

Last year, it was recognised that additional funding was required to maintain the solvency of the Fund which necessitated an increase in the annual total contribution by 3.1% to 28.9% of Minimum Approved Stipend.

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A Bill in the joint names of the Board and The Representative Church Body to increase the contribution rate was submitted to, and approved by, the General Synod in May 2004. The proposal which set a date of 30 September 2011 by which the scheme could reasonably be expected to satisfy the funding standard was then submitted to, and accepted by, The (statutory) Pensions Board.

The final Report of the Actuary was received in November 2004 (included in draft form as Appendix B to the Church of Ireland Pensions Board Report last year).

### 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 2004 and 2003 as shown in the Financial Statements. It is hoped that this schedule will be helpful in studying the accounts.

	2004 £'000	2003 £'000
Contributions		
- Members - normal	249	245
- additional personal	62	65
- Dioceses	797	774
Representative Church Body	339	346
Investments and Short Term Income	1,268	1,231
Pensions to Retired Clergy and Bishops	1,670	1,609
Pensions to surviving spouses and orphans	851	829
Commutation of pensions	157	37
Death benefits	-	27

### 15. ST ERNAN'S CHAPEL FUND

This Fund was created by The Representative Church Body in 2004 from accumulated monies (€1,257) originally held locally for the Chapel. The income is applied to the Housing Assistance Fund.

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

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

‘That the Report of the Church of Ireland Pensions Board be received and adopted’.