

THE SUPPLEMENTAL FUND

1. ADMINISTRATION OF THE FUND FOR THE YEAR ENDED 31 DECEMBER 2004

The Supplemental Fund is held by The Representative Body for the provision of assistance to retired clergy of the Church of Ireland, and to surviving spouses, orphans and other dependants of clergy of the Church of Ireland and is administered by the Church of Ireland Pensions Board.

The income is derived from the investments representing the capital of the various Funds comprising the Supplemental Fund and grants allocated to it by the General Synod.

Last year the following assistance was provided by means of *ex gratia* payments:

(1) Minimum Income of Surviving Spouses and Orphans

Grants to ensure each has a minimum income from all sources of not less than the following in the year commencing 1 January 2004:

| | Resident in the: | |
|-----------------------------|------------------|---------------------|
| | United Kingdom | Republic of Ireland |
| Surviving spouse under 80 | £9,870 | €13,795 |
| Surviving spouse 80 or over | £10,245 | €14,319 |

On 31 December 2004 pensions were in course of payment to 206 surviving spouses (excluding widows of voluntary contributors) of clergy of the Church of Ireland. 7 surviving spouses required a grant to bring their total income up to the relevant figure in the Table.

During 2004 each surviving spouse who was in receipt of a grant from the Supplemental Fund also received:

- (a) a grant towards basic housing costs of £190 or €260 from the Housing Fund;
- (b) a grant of £375 or €510 from monies allocated from the Priorities Fund.

As a result of these grants, the actual minimum income of surviving spouses during 2004 exceeded the figures in the Table by £565 or €770.

(2) Minimum Income for Retired Clergy

Grants shall be payable from the Supplemental Fund to retired clergy to ensure that each has a minimum income, including the Retirement Pension payable from the Church of Ireland Clergy Pensions Fund or any other approved Scheme, of not less than £7,350 (if resident in the U.K.) or €10,273 (if resident in the

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Republic of Ireland). Such minimum pension shall be in addition to a State or other pension (excluding a Retirement Pension payable under the Church of Ireland Pensions Fund or any other approved Scheme) or a Sickness or Invalidity Benefit or a Supplemental Grant in lieu thereof.

In calculating grants the first £1,000 (if resident in the UK) or €1,418 (if resident in the Republic of Ireland) of income earned by the clergy and/or their spouse is disregarded.

The number of grants in payment on 31 December 2004 was 3.

(3) Supplement in lieu of State Pension

Grants shall be payable to retired clergy who are not eligible for a State or other pension (excluding a Retirement Pension payable under the Church of Ireland Pensions Fund) or a Sickness or Invalidity Benefit in lieu thereof as follows:

1. (a) Clergy who retired from an office in the Republic of Ireland:

| | |
|---------------------------------|--------------|
| Eligible clergy aged under 80 | €8,700 |
| Eligible clergy aged 80 or over | €9,032 |
| Married clergy only: | |
| Spouse under 66 | €5,798 extra |
| Married clergy only: | |
| Spouse 66 or over | €6,718 extra |
| Single/widowed clergy only: | |
| Living alone | €400 extra |

- (b) Clergy who retired from an office in Northern Ireland:

| | |
|------------------|--------|
| Eligible clergy: | |
| Single/widowed | £4,027 |
| Eligible clergy: | |
| Married | £6,438 |

The number of grants in payment on 31 December 2004 was 17.

(4) Widow of Bishop

A grant in accordance with the following table to the widow of a bishop who retired before 1 January 1979:

| | |
|-----------------|--------|
| Widow of bishop | €5,448 |
|-----------------|--------|

One grant was payable on 31 December 2004.

(5) Removal Grants

A grant to a surviving spouse towards the cost of removal, if his/her wife or husband was in the service of the Church of Ireland at the time of death, of the

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total amount involved up to a sum of £1,105 if he or she died while holding office in Northern Ireland, or €1,567 if he or she died while holding office in the Republic of Ireland.

Should death occur less than two months after date of retirement and before vacation of the glebehouse a similar grant will be paid.

(6) Immediate Grants to Surviving Spouses

On the death of clergy in the service of the Church of Ireland who are survived by a spouse, an immediate grant of £1,216 if they died while holding office in Northern Ireland or €1,724 if they died while holding office in the Republic of Ireland shall be paid.

On the death of clergy in retirement from the service of the Church of Ireland who are survived by a spouse, an immediate grant of £995 if they resided in the United Kingdom or €1,410 if they resided in the Republic of Ireland shall be paid.

(7) Other Grants

Certain other grants which, in the opinion of the Board and in the particular circumstances of each case, merited special consideration.

In addition to the grants allocated under the above headings retired clergy, surviving spouses and dependants in need received help from other sources. The Board would like to record its thanks to the Priorities Fund, the Corporation of the Sons of the Clergy, the Friends of the Clergy Corporation and the other charities and funds which provided this help.

2. GRANTS 2005

The Representative Body on page 16 of its report recommends the General Synod of 2005 to approve allocations of €172,438 plus £9,843 to the Supplemental Fund from 2004 income.

The allocations recommended will enable the Board to continue the schemes of *ex gratia* payments to surviving spouses and retired clergy and it has decided that from 1 January 2005 these shall be as follows:

(1) Minimum Income of Surviving Spouses and Orphans

| | Resident in the: | |
|-----------------------------|------------------|---------------------|
| | United Kingdom | Republic of Ireland |
| Surviving spouse under 80 | £10,146 | €14,139 |
| Surviving spouse 80 or over | £10,532 | €14,677 |

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It is estimated that the cost of this scheme will be €13,257. The cost of the sterling scheme will be met by the dividend income generated from the investments held for the Supplemental Fund (Surviving Spouses) UK.

(2) Minimum Income for Retired Clergy

Grants shall be payable from the Supplemental Fund to retired clergy to ensure that each has a minimum income, including the Retirement Pension payable from the Church of Ireland Clergy Pensions Fund or any other approved Scheme, of not less than £7,556 (if resident in the U.K.) or €10,529 (if resident in the Republic of Ireland). Such minimum pension shall be in addition to a State or other pension (excluding a Retirement Pension payable under the Church of Ireland Pensions Fund or any other approved Scheme) or a Sickness or Invalidity Benefit or a Supplemental Grant in lieu thereof.

In calculating grants the first £1,000 (if resident in the UK) or €1,410 (if resident in the Republic of Ireland) of income earned by the clergy and/or their spouses is disregarded.

It is estimated that the cost of this scheme will be €1,241 plus £3,431.

(3) Supplement in lieu of State Pension

| | |
|---|--------------|
| (a) Clergy who retired from an office in the Republic of Ireland: | |
| Eligible clergy aged under 80 | €9,324 |
| Eligible clergy aged 80 or over | €9,656 |
| Married clergy only: | |
| Spouse under 66 | €6,214 extra |
| Married clergy only: | |
| Spouse 66 or over | €7,202 extra |
| Single/widowed clergy only: | |
| Living alone | €400 extra |
| (b) Clergy who retired from an office in Northern Ireland: | |
| Eligible clergy: | |
| Single/widowed | £4,139 |
| Eligible clergy: | |
| Married | £6,617 |

It is estimated that the cost of this scheme will be €149,350 plus £6,412.

(4) Widow of Bishop

A grant in accordance with the following table to the widow of a bishop who retired before 1 January 1979:

| | |
|-----------------|--------|
| Widow of bishop | €5,590 |
|-----------------|--------|

The cost of this scheme will be €5,590.

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(5) Removal Grants

| | |
|---------------------|--------|
| Northern Ireland | £1,139 |
| Republic of Ireland | €1,606 |

(6) Immediate Grants to Surviving Spouses

In service:

| | |
|---------------------|--------|
| Northern Ireland | £1,254 |
| Republic of Ireland | €1,767 |

In retirement:

| | |
|---------------------|--------|
| Northern Ireland | £1,026 |
| Republic of Ireland | €1,445 |

3. RULES

Copies of the rules are available on application to the Assistant Secretary.

4. FINANCIAL STATEMENTS

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

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31 December 2004

FUND STATEMENT

| | 2004 €000 | 2003 €000 |
|------------------------------------|-------------------|-------------------|
| INCOME | | |
| General Synod Allocations | 235 | 239 |
| Investment Income | 31 | 30 |
| Income from Trusts and Donations | 1 | 1 |
| | <u>267</u> | <u>270</u> |
| EXPENDITURE | | |
| Augmentation – Widows and Orphans | 26 | 25 |
| Widowhood Grants etc | 16 | 7 |
| Grants to Retired Clergy | 170 | 184 |
| Grant to Widow of Bishop | 5 | 5 |
| Expenses | 28 | 27 |
| | <u>245</u> | <u>248</u> |
| Surplus of income | 22 | 22 |
| Revaluation movement | (245) | (36) |
| Currency translation adjustment | - | (14) |
| Sales of Investments | 332 | 103 |
| | <u>87</u> | <u>53</u> |
| Net increase in fund for year | 109 | 75 |
| Transferred to Allocations Reserve | (23) | (21) |
| Balance 1 January | 743 | 689 |
| Balance 31 December | <u><u>829</u></u> | <u><u>743</u></u> |

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ANALYSIS OF FUND ASSETS AT 31 DECEMBER 2004

| | 2004 €000 | 2003 €000 |
|-------------------------------|--------------|--------------|
| Investments at Valuation | | |
| United Kingdom Unit Trusts | 616 | 411 |
| Other Assets | | |
| RB General Unit Trusts | 213 | 332 |
| | <u>829</u> | <u>743</u> |

Notes

1. The Supplemental Fund is vested in The Representative Church Body, as Trustee for the provision of assistance to retired clergy of the Church of Ireland, and to spouses, orphans and dependants of clergy of the Church of Ireland.

The Fund is established under Chapter XV of the Constitution of the Church of Ireland and administered by the Church of Ireland Pensions Board.

2. Accounting Policies are the same as those adopted for the Clergy Pensions Fund.

ACCOUNTANTS' REPORT

The Representative Church Body is responsible for preparing the Fund Statement and the Statement of Assets for the year ended 31 December 2004. We have examined the above and have compared them with the books and records of the Fund. We have not performed an Audit and accordingly do not express an audit opinion on the above statements. In our opinion the above statements are in accordance with the books and records of the Fund.

PricewaterhouseCoopers
Chartered Accountants
Dublin

15 March 2005

**THE CHURCH OF IRELAND
VOLUNTARY CONTRIBUTIONS SCHEME**

1. MEMBERSHIP AS AT 31 DECEMBER 2004

| | Membership 31/12/03 | New Contributors | Withdrawals | Fund Transfers | Retired | Membership 31/12/04 |
|------------------|------------------------|---------------------|-------------|-------------------|----------|------------------------|
| RI | 34 | - | - | - | 3 | 31 |
| NI | <u>15</u> | - | - | - | <u>1</u> | <u>14</u> |
| Total | 49 | - | - | - | 4 | 45 |
| Previous Year | 50 | - | - | - | 1 | 49 |

Four members increased their contributions. The average annual contribution at the end of 2004 was (RI) €1,060 and (NI) £948. Contributions continue to be invested with the Standard Life Assurance Company in the “Managed Pension Fund”, the “With Profits Pension Fund” or the “Cash Pension Fund”, as appropriate, of the Tower Pension Series for those contributors who reside in the Republic of Ireland or the Castle Pension Series for those contributors who reside in Northern Ireland.

2. FUND STATEMENT

| | 2004 €000 | 2003 €000 |
|----------------------------------|-------------------|-------------------|
| Contributions received | 73 | 67 |
| Less paid on retirement or death | (52) | (14) |
| Less commuted to pension | (12) | - |
| | <u>9</u> | <u>53</u> |
| Balance 1 January | 454 | 413 |
| Currency Translation Adjustment | - | (12) |
| Balance 31 December | <u><u>463</u></u> | <u><u>454</u></u> |

Notes

1. The Representative Church Body is Trustee of the Scheme which is administered by the Church of Ireland Pensions Board under the authority of a resolution adopted by the General Synod on 21 May 1985.
2. Under the Scheme members are permitted to make voluntary contributions which are invested with the Standard Life Assurance Company to provide additional

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benefits within the overall limits allowed by the Revenue authorities. The balance at the year end represents the net accumulation of members' contributions which have been transferred to the Standard Life Assurance Company by the Trustee. The value of the investments underlying these contributions is not reflected in the statement.

3. Sterling balances and transactions have been translated to Euro at the rate of exchange ruling at 31 December 2004, €1 = £0.7051 (2003: €1 = £0.7048).

ACCOUNTANTS' REPORT

The Representative Church Body is responsible for preparing the Fund Statement for the year ended 31 December 2004. We have examined the above and have compared it with the books and records of the Fund. We have not performed an Audit and accordingly do not express an audit opinion on the above statement. In our opinion the above statement is in accordance with the books and records of the Fund.

PricewaterhouseCoopers
Chartered Accountants
Dublin

15 March 2005

OTHER FUNDS ADMINISTERED BY THE BOARD

1. SUNDRY DIOCESAN WIDOWS' AND ORPHANS' FUNDS

Grants are paid on the recommendation of the patron, who is usually the Bishop. The total of grants paid in 2004 was €8,658 and £3,550.

2. HOUSING ASSISTANCE FUND

The Housing Fund has been created by The Representative Church Body mainly from the income of certain endowments and bequests received by it from generous benefactors and where the terms of trust permit.

The Fund is being administered under a Scheme prepared by the Board and approved by The Representative Church Body. Grants amounting to €8,020 plus £68,622 were allocated in 2004. Many expressions of thanks and appreciation have been received from the recipients.

The Board is most grateful for these donations and hopes that this Fund which has already been of considerable help to retired clergy and surviving spouses with financial outlay arising from the provision and/or upkeep of housing accommodation will be given further support by donations or bequests.

Two houses were bequeathed to The Representative Church Body, one of which is currently vacant (and being renovated) and the other let to the widow of a clergyman. These are administered by the Board.

3. PRIORITIES FUND – ADDITIONAL INCOME FOR THE MOST ELDERLY AND NEEDY

A further grant was allocated by the Standing Committee from the Priorities Fund in 2004 to provide additional income for the most elderly and needy retired clergy and surviving spouses of clergy. This enabled the Board to give an additional grant of €10 or £375 as appropriate, to each retired clergyman who had reached 65 years of age and to each surviving spouse irrespective of age who also needed a grant from the Supplemental Fund to ensure a minimum income under the schemes in operation for that purpose. A total of 8 surviving spouses and 3 clergy benefited from the allocation and expressions of appreciation have been received.

The Board has applied to the Priorities Fund Committee for a grant for 2005.

4. MRS E TAYLOR ENDOWMENT

The Representative Body requested the Board to administer the Endowment “to provide additional benefits over and above the normal pensions for retired clergymen of the Church of Ireland who should be residing in the 26 counties of Southern Ireland”.

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The Board has decided that the income from the Endowment should be allocated in the first instance for the benefit of those retired clergy in the Republic of Ireland who required nursing/home care either for themselves or their spouses including health and paramedical expenses.

During 2004 grants totalling €40,900 were paid to 20 retired clergy.

5. REV PRECENTOR RH ROBINSON BEQUEST

The income of this bequest is allocated annually by the Board in accordance with the terms of trust as an additional payment to a retired clergyman.

6. REV GJ WILSON BEQUEST

The income of this bequest is available for the benefit of retired clergymen of the dioceses of Dublin, Glendalough and Kildare. The Board allocates the income having sought recommendations from the Archbishop of Dublin and the Bishop of Meath and Kildare.

In 2004, the total of grants paid was €2,027.

7. DISCRETIONARY FUND – RETIRED CLERGY/SURVIVING SPOUSES

This Fund is available to provide (i) discretionary grants unrelated to Housing, to surviving spouses of clergy to be administered in a similar fashion to that of the Housing Fund and (ii) greater support for retired clergy resident in Northern Ireland or outside Ireland.

Allocations of £17,500 were made in 2004 which together with income from bequests allocated to the Fund by the RCB enabled the Board to make grants totalling €10,500 and £8,750 to 20 surviving spouses and grants totalling £9,850 to 14 retired clergy.

The Board would welcome donations and bequests in order to provide a permanent income for this Fund.

APPENDIX A

M E R C E R

Human Resource Consulting

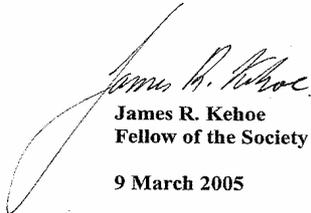
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Actuarial Certificate

The Church of Ireland Clergy Pensions Fund was last valued at 30 September 2003.

The results of the valuation showed that the assets of the Fund were sufficient to cover 86% of the accrued liabilities at the valuation date. The accrued liabilities include benefits for the current active members based upon completed service at that date and projected future stipends, pensions in the course of payment to members and their spouses, and deferred pensions in respect of members who have left. In addition, the Fund did not satisfy the Minimum Funding Standard under Section 44 of the Pensions Act 1990 at the valuation date.

Based on the assumptions underlying the actuarial valuation, the actuary recommended an increased contribution rate to the Fund to enable the Trustee to pay future benefits under the Fund as they fall due. This increased contribution level will also enable the Trustee to meet its statutory obligations under the Pensions Act and meet the Minimum Funding Standard by 30th September 2011



James R. Kehoe
Fellow of the Society of Actuaries in Ireland

9 March 2005