APPENDIX G

THE CHURCH OF IRELAND

CLERGY PENSIONS TRUSTEE DAC

REPORT ON THE CLERGY PENSIONS FUND

FOR THE

YEAR ENDED 31 DECEMBER 2021

CONTENTS

ANNEXES

THE TRUSTEE AND ITS ADVISORS

Trustee	The Church of Ireland Clergy Pensions Trustee Designated Activity Company
Registered Office	Church of Ireland House, Church Avenue, Rathmines, Dublin 6 Tel 01-4978422 Email <pensionstrustee@rcbdub.org> Web <www.ireland.anglican.org/clergypensions> Company Registered in Ireland No 492302 The Representative Church Body is the sole member of the Company.
Trustee Directors	*Nominated by the RB Executive Committee* Ven Barry Forde Mr Alan Hood* Vacant† *Nominated by the Church of Ireland Pensions Board* Mr Robert Neill‡ Mr Adrian Robinson (Chair)
Company Secretary	Mr David Ritchie, Chief Officer and Secretary, Representative Church Body
Fund Management and Advisory	The Representative Church Body, Church of Ireland House, Church Avenue, Rathmines, Dublin 6
Investment Managers	The Representative Church Body *(address as above)* Irish Life Investment Managers, Beresford Court, Dublin 1
Investment Custodians	RCB – Northern Trust, Canary Wharf, London E14 5NT ILIM – Citibank, 1 North Wall Quay, Dublin 1
Scheme Actuary	Mr Liam Quigley, Mercer, Charlotte House, Charlemont Street, Dublin 2
Consulting Actuaries	Mercer Actuarial Services, Charlotte House, Charlemont Street, Dublin 2
Auditors	PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, Spencer Dock, Dublin 1
Solicitor	Mr Mark McWha, Senior Solicitor, Representative Church Body
Bankers	Bank of Ireland, College Green, Dublin 2 Bank of Ireland, Talbot Street, Dublin 1
Sponsor	The Representative Church Body, Church of Ireland House, Church Avenue, Rathmines, Dublin 6
Registered Administrator	The Representative Church Body, Church of Ireland House, Church Avenue, Rathmines, Dublin 6
Enquiries	The Company Secretary, Church of Ireland Clergy Pensions Trustee DAC, Church of Ireland House, Church Avenue, Rathmines, Dublin 6

The Clergy Pensions Fund is Pensions Authority Scheme no PB1667.

* appointed 9 March 2021 in place of Rev Canon Henry Gilmore (retired 13 December 2020)
† following the retirement of Mr Henry Algeo on 4 October 2021
‡ appointed 21 September 2021 in place of Mrs Ethne Harkness (retired 5 May 2021)

INTRODUCTION

The Trustee presents its annual report on the operation of the Clergy Pensions Fund for the year ended 31 December 2021. The report covers the main areas of Fund activity including financial statements, actuarial and investment management, and also looks at developments during the year. The content of this report conforms to the Occupational Pensions Schemes (Disclosure of Information) Regulations, 2006 prescribed by the Minister for Social Protection under the Pensions Act 1990.

OPERATIONAL REPORT 2021

Financial position of the Fund

Year on year there was an increase in the Fund assets of €25.28m with a closing value of €211.98m, having met benefit payments of €6.79m together with administrative and other costs of €0.25m.

Contributions to the Fund in the year were €2.50m, being the total value of diocesan pension levies and a contribution from the RCB. Investment return, including income and realised and unrealised investment gains, totalled €29.82m net of investment management expenses. The Fund is managed with the objective of meeting the cost of future liabilities from a combination of contributions, income and growth in investment value.

The return on the Fund's assets in the year was 16.0% against a benchmark return of 6.5%.

The development of the Fund is monitored by the Actuary and a full Actuarial Valuation is carried out at intervals of not more than three years and the final results presented to the Trustee. The most recent triennial valuation was as at 30 September 2021. This was the third full valuation since a Funding Proposal was agreed with the Pensions Authority in 2013, in response to the result of the 2012 triennial valuation which had shown that the Fund did not satisfy the Minimum Funding Standard under Section 44 of the Pensions Act at that date. The overall objective of the Funding Proposal is to restore the solvency of the Fund by 2023 through the implementation of a series of funding and cost saving initiatives. A summary of the key elements of the Funding Proposal is contained in Annex 2 to this report (page 135).

Low interest rates continue to impact on the calculated value of the future liabilities of the Fund. The liabilities of the Fund are represented by the capitalised value of the benefits payable to members now and in the future. They are calculated by reference to the yield available on highly rated bonds of a similar duration to the liabilities of the Fund. Yields have fallen considerably which effectively increases the cost of purchasing such bonds, and thus increases the actuarially calculated liability.

In the 2021 triennial valuation the Actuary confirmed that the financial position of the Fund had improved since the previous valuation and that the Scheme satisfied the Funding Standard and Funding Standard Reserve at the valuation date, 30 September 2021.

The Actuary is also required to undertake an annual assessment of the Fund. The Actuary's annual assessment as at 31 December 2021 indicated that, based on the assumptions employed, the Scheme's assets were projected to exceed the projected Funding Standard Liability and Funding Standard Reserve at 31 December 2023. Accordingly, the Actuary confirmed that he was reasonably satisfied that, as at 31 December 2021, the Funding Proposal remained on track to achieve its objective.

The Trustee has agreed that the range of initiatives contained in the Funding Proposal remain appropriate and no adjustment should be made to them at this time. The funding position will continue to be monitored during the inter-valuation period and will be formally reviewed again before the end of the Funding Proposal period.

Copies of the Actuarial Funding Certificate and Funding Standard Reserve Certificate as submitted to the Pensions Authority following the most recent triennial valuation are included as Annex 3 to this report (page 136).

A copy of the Actuary's Statement as at 31 December 2021 is included as Annex 4 (page 139).

Administrative duties

The Trustee is pleased to report that the Fund has been administered in accordance with regulatory requirements during the year. Various duties in relation to the operation of the Fund were carried out during 2021 by the RCB administration department, the Church of Ireland Pensions Board and the RB Investment Committee. The Trustee wishes to thank each of these for their assistance and support in its management of the Fund.

Membership

Details on the membership of the Fund are reported by the Church of Ireland Pensions Board in Annex 1 to this report (see page 130). The Fund was closed to new members and to future accruals of pensionable service on 31 May 2013.

Pensions in payment

In accordance with the Rules of the scheme, annual discretionary increases to pensions in payment are permitted, up to a maximum of 5%, as the Trustee, on the advice of the Actuary and with the approval of the RCB, may determine. In view of the solvency position of the Fund and in accordance with the current Funding Proposal it was agreed during 2021 that no discretionary increases in pensions in payment be applied in 2022.

Pensionable Stipend

Pensionable Stipend is used to calculate the value of pension benefits payable. In accordance with the provisions of Chapter XIV of the *Constitution of the Church of Ireland,* levels of Pensionable Stipend for Northern Ireland and the Republic of Ireland are fixed annually by the Standing Committee of General Synod on the recommendation of the Representative Church Body (RCB) and the Trustee.

In accordance with the Funding Proposal for the Fund, it was agreed by the Standing Committee in September 2021, on the recommendation of the RCB and the Trustee, that Pensionable Stipend levels with effect from 1 January 2022 should remain unchanged from 2021 at £25,498 per annum in Northern Ireland and €36,219 per annum in the Republic of Ireland.

Statutory increases in UK pensions for service post April 1997

Under UK pensions legislation statutory increases must be applied to a pension which relates to service completed in that jurisdiction for the period (i) 6 April 1997 to 5 April 2005 or normal retirement age, if earlier, by the annualised rate of inflation up to a maximum of 5% and (ii) 6 April 2005 to date of retirement, whether that be on or before normal retirement age, by the annualised rate of inflation up to a maximum of 2.5%.

The UK annualised rate of inflation to September 2021 was 3.1%, therefore increases were applied on 1 January 2022 to the service periods outlined under both (i) and (ii) in the previous paragraphs.

There is no similar pensions legislation in the Republic of Ireland.

Deferred pensions

Deferred pensions are revalued in accordance with the relevant statutory provisions.

Additional Voluntary Contributions (AVC) Fund

The report on the AVC Fund for 2021 is contained in the report from the Church of Ireland Pensions Board, set out in Annex 1 to this report (see page 132).

CONSTITUTION AND GOVERNANCE OF THE FUND

The Clergy Pensions Fund is a defined benefit scheme and is established under Chapter XIV of the *Constitution of the Church of Ireland* as amended from time to time by the General Synod.

The Fund has been approved by the Revenue Commissioners as a retirement benefits scheme under Part 30, Chapter I of the Taxes Consolidation Act, 1997, and is treated as an 'exempt approved scheme' for the purposes of that Act. In addition, the Fund has been approved by the Board of the Inland Revenue of the United Kingdom as a retirement benefits scheme for the purposes of Chapter I, Part XIV, Income and Corporation Taxes Act 1988 and is treated as an 'exempt approved scheme' for the purposes of Section 592 of that Act in relation to its provision of pension benefits to those members of the clergy who are living in Northern Ireland.

The Trustee

The Church of Ireland Clergy Pensions Trustee Designated Activity Company is the sole Trustee of the Church of Ireland Clergy Pensions Fund and is responsible for the stewardship of the Fund assets in accordance with the provisions of Chapter XIV of the *Constitution of the Church of Ireland* (the Trust Deed and Rules of the Fund).

The powers and duties of the Trustee are set out in section 12(1) of Chapter XIV. In accordance with the provisions of Chapter XIV certain duties have been delegated by the Trustee to the Representative Church Body, the Church of Ireland Pensions Board and the RB Investment Committee. The Statement of the Trustee's Responsibilities in relation to the financial statements is set out on page 116.

The Trustee Directors are appointed by the Representative Church Body, in accordance with the Articles of the company, on the nomination of the Church of Ireland Pensions Board and the Executive Committee of the Representative Church Body.

Mr Alan Hood was appointed a Director of the Trustee in March 2021 in place of Rev Canon Henry Gilmore who retired from office in December 2020.

Mrs Ethne Harkness retired from office as a Director in May 2021. Mr Robert Neill was appointed a Director in place of Mrs Harkness in September 2021.

Mr Henry Algeo retired from office as a Director in October 2021. A new Director is to be appointed.

The Trustee Directors and the administrators have access to a copy of the Trustee Handbook and Guidance notes issued by the Pensions Authority. The Trustee Directors have completed appropriate training for their duties and responsibilities. No costs or expenses were incurred by the Fund in respect of Trustee Director training during the year.

Management and administration of the Fund

The Representative Church Body was appointed by the Trustee as the Registered Administrator for the Fund. The duties of a registered administrator include preparing the Trustee Annual Report and Accounts, which should include at least the specific information set out in the regulations to the Pensions Act, and providing annual benefit statements to members. In addition to this, the RCB provides administration relating to investments, benefits and accounting controls.

The Church of Ireland Pensions Board also carries out certain duties relating to the administration of the Fund as delegated to the Board by the Trustee in accordance with the provisions of Chapter XIV of the *Constitution of the Church of Ireland.* A report from the Board is included in Annex 1 to this report (page 129).

Actuarial advice is provided by Mercer Actuarial Services, Dublin.

The RB Investment Committee, in conjunction with the RCB in-house investment team, take overall responsibility for investment management in furtherance of the investment objectives and strategy for the Fund, using Irish Life Investment Managers (ILIM) for the passive management of a proportion of the Fund (57% at year end 2021 compared to 41% at the end of 2020). Investment management is undertaken by investment managers in accordance with a formal fund management agreement. The costs in relation to administration, administrative actuarial advice and investment management are charged to the Fund.

During the year ended 31 December 2021 Northern Trust was the custodian of most of the funds managed by the RCB for the Fund, and Citibank was the custodian of the unit-linked funds held by Irish Life Investment Managers (ILIM) for the Fund. In addition to the records maintained by the custodians, ILIM maintains its own records of securities, and these securities are held beneficially in the name of Irish Life Assurance plc on behalf of the Trustee of the Fund.

Statement of Risk

Under law, the Trustee is required to describe the condition of the Fund and the risks associated with the Fund, and disclose these to members.

The Trustee is satisfied that it is taking all reasonable steps, including the appointment of experienced professional advisers and administrators, to protect the members of the Fund from the effects of these risks. However, it is not possible to guard against every eventuality, and it is necessary to take some investment risk and other risks in order to manage the affordability of the plan benefits and the capacity of the Sponsor and the Church to meet this commitment.

The full risk statement, which was last updated in 2015 and is reviewed annually, can be found in Annex 5 to this report (page 140).

Investment policy

The overall investment objective of the Fund is to seek to maximise the total return on the assets under management over the longer term, while seeking to ensure that, as at 31 December 2023 the CPF is, at a minimum, fully solvent (in terms of both the Funding Standard and the Funding Standard Reserve) and that the Fund is appropriately de-risked.

The Trustee reviews investment objectives to ensure that they remain appropriate to the profile of the Fund.

The investment policy for the management of the assets of the Fund is set out in a Statement of Investment Policy Principles (SIPP), which was last updated in 2015 and is reviewed annually, and can be found at Annex 6 (page 142). A review of investment objectives and strategy is currently underway in consultation with the Sponsor and the RB Investment Committee, with the advice of the Actuary.

A proportion of the equity and fixed interest elements of the Clergy Pensions Fund is managed by Irish Life Investment Managers on an indexed (passive) basis replicating the performance of particular indices. The balance of the Fund is managed by the RCB's in-house investment team in accordance with the investment strategy adopted by the Trustee. Certain equities are excluded in accordance with the RCB's Environmental, Social and Governance Policy.

Internal Dispute Resolution

Under Irish pensions legislation all pension schemes are required to have an Internal Dispute Resolution (IDR) Procedure. Disputes arising in connection with the administration of a pension scheme may not be brought to the Pensions Ombudsman unless they have, in the first instance, been processed through that scheme's IDR Procedure.

The trustees of every occupational pension scheme are required to establish internal procedures for resolution of disputes and to set out certain steps which must be included in those procedures. The Trustee has put in place such an IDR Procedure, which was last updated in 2015 and is reviewed annually. The Procedure is available at <www.ireland.anglican.org/clergypensions> or from the Pensions Administration Manager.

Member information

An Explanatory Booklet, designed to give a broad outline of the Fund and the benefits provided, is available to any member on request from the Pensions Administration Manager.

Benefit Statements as at 31 May are issued annually to all Fund members.

Further information

Queries about the Fund generally, or about individual members' entitlements should be directed to The Pensions Administration Manager, Church of Ireland House, Church Avenue, Rathmines, Dublin 6 (email <pensions@rcbdub.org>, tel +353-(0)1-4125630).

Copies of Chapter XIV of the *Constitution of the Church of Ireland*, which constitutes the Trust Deed and Rules, can be obtained at <www.ireland.anglican.org/clergypensions> or from the Pensions Administration Manager.

Financial statements

The financial statements of the Clergy Pensions Fund are set out in the following pages.

THE CHURCH OF IRELAND CLERGY PENSIONS FUND

FINANCIAL STATEMENTS – PAGE 1

YEAR ENDED 31 DECEMBER 2021

CONTENTS

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
TRUSTEE AND ADVISORS AND OTHER INFORMATION PAGE 3

Trustee
The Church of Ireland Clergy Pensions Trustee DAC
Church of Ireland House
Church Avenue
Rathmines
Dublin 6

Actuaries
Mercer Actuarial Services
Charlotte House
Charlemont Street
Dublin 2

Auditors
PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
One Spencer Dock
North Wall Quay
Dublin 1

Investment Managers
The Representative Church Body
Church of Ireland House
Church Avenue
Rathmines
Dublin 6

Irish Life Investment Managers
Beresford Court
Dublin 1

Sponsor
The Representative Church Body
Church of Ireland House
Church Avenue
Rathmines
Dublin 6

Solicitors
Mr Mark McWha
Senior Solicitor
The Representative Church Body

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
STATEMENT OF THE TRUSTEE'S RESPONSIBILITIES PAGE 4

The financial statements are the responsibility of the Trustee. Irish pensions legislation requires the Trustee to make available for each scheme year the annual report of the scheme, including audited financial statements and the report of the auditor. The financial statements are required to show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", of the financial transactions for the scheme year and the assets and liabilities (other than liabilities to pay benefits in the future) at the end of the scheme year and include a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice - Financial Reports of Pension Schemes (revised December 2014) (SORP), subject to any material departures disclosed and explained in the financial statements.

Accordingly, the Trustee must ensure that in the preparation of the scheme financial statements:

- suitable accounting policies are selected and then applied consistently;
- reasonable and prudent judgements and estimates are made; and
- the SORP is followed, or particulars of any material departures are disclosed and explained.

The Trustee confirms that it has complied with the above requirements in preparing the financial statements.

The Trustee is required by law to have appropriate procedures in place throughout the year under review, to ensure that:

- contributions payable are received by the Trustee in accordance with the timetable set out in section 58A of the Act where applicable to the contributions and otherwise within 30 days of the end of the scheme year; and
- contributions payable are paid in accordance with the rules of the Fund.

During the year such procedures were always applied on a timely basis and contributions have been paid in accordance with the rules.

The Trustee is responsible for ensuring that proper membership and financial records are kept on a timely basis sufficient to enable an Annual Report to be prepared for the scheme containing the information specified in Regulation 7 of the Occupational Pension Schemes (Disclosure of Information) Regulations 2006. It is also responsible for safeguarding the assets of the pension scheme and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities, including the maintenance of an appropriate system of internal control.

pwc

Independent auditors' report to the trustee of the Church of Ireland Clergy Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion, the Church of Ireland Clergy Pension Fund financial statements:

- give a true and fair view of the financial transactions of the scheme during the year ended 31 December 2021 and of the amount and disposition of the assets and liabilities (other than liabilities to pay pensions and other benefits in the future) at that date; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

We have audited the financial statements, which comprise:

- the statement of net assets as at 31 December 2021;
- the fund account for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

pwc

Reporting on other information

The other information comprises all of the information in the Financial Statements other than the financial statements and our auditors' report thereon. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

As explained more fully in the statement of trustee's responsibilities set out on page 4, the trustee is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The trustee is also responsible for ensuring that contributions are made to the scheme in accordance with the scheme's rules.

In preparing the financial statements, the trustee is responsible for assessing the scheme's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to wind up the scheme or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the trustee as a body in accordance with section 56 of the Pensions Act 1990, as amended and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

pwc

Other required reporting

Occupational Pension Schemes (Disclosure of Information) Regulations, 2006

In our opinion:

- The financial statements include the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 which is applicable and material to the scheme;
- the contributions payable to the scheme during the year ended 31 December 2021 have been received by the trustee within thirty days of the end of the scheme year; and
- such contributions have been paid in accordance with the rules of the scheme.

PricewaterhouseCoopers
PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Place
11 March 2022

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
ACCOUNTING POLICIES **PAGE 8**

The significant accounting policies adopted by the Trustee are as follows:

(i) Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", the Occupational Pension Schemes (Disclosure of Information) Regulations (2006), and the guidelines set out in the Statement of Recommended Practice, Financial Reports of Pensions Schemes (Revised December 2014).

(ii) Investments

A proportion of the invested assets is managed by Irish Life Investment Managers and is held in unitised funds. This fund tracks a range of published equity and bond indices. The value of the units at the year end reflects the relative performance of these indices and the value of the relevant underlying stocks. The balance of funds are managed by the Representative Church Body. The split of the invested assets is shown in Note 6 to these accounts.

(iii) Investment Income

The invested assets managed by Irish Life Investment Managers are held in unitised funds. The income is attributed to the funds as it arises and is not separately reported. Income from directly held assets under Representative Church Body management is paid to the Fund and accounted for in the period.

(iv) Going concern

The financial statements have been prepared on a going concern basis which is considered appropriate by the Trustee.

(v) Financial Risk

The Trustee is responsible for managing financial risk arising in connection with the invested assets of the Fund. This responsibility is discharged through the diversification of the investment portfolio across sectors and geographies and focus on established stocks quoted on published exchanges.

(vi) Foreign Currencies

Balances and transactions denominated in foreign currencies have been translated into euro at the rate of exchange ruling at the year end. (2021 €1 = £0.8413; 2020 €1 = £0.8937).

(vii) Benefits

The pension benefits are secured by contributions to a separately administered defined benefits scheme in accordance with the provisions of Chapter XIV of the *Constitution of the Church of Ireland* as amended from time to time by the General Synod. Benefits are accounted for in the year in which they fall due. Liabilities to pay pensions and other benefits in the future are not accrued.

(viii) Contributions

Contributions represent a levy on dioceses in accordance with section 36 of Chapter XIV of the *Constitution of the Church of Ireland*.

The levy was imposed from 1 June 2013 and represents 13% of Minimum Approved Stipend.

(ix) Transfers to and from other Schemes

Transfer values represent the capital sums either receivable in respect of members from other pension schemes of previous employers, or payable to the pension schemes of new employers for members who have left the Scheme. They are accounted for on a cash basis or, where the Trustee has agreed to accept the liability in advance of receipt of funds, on an accruals basis from the date of the agreement.

THE CHURCH OF IRELAND CLERGY PENSIONS FUND

FINANCIAL STATEMENTS

FUND ACCOUNT **PAGE 10**

	Notes	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
CONTRIBUTIONS AND OTHER RECEIPTS			
Contributions	3	2,498	2,529
		2,498	2,529
BENEFITS AND OTHER PAYMENTS			
Benefits paid	4	6,786	7,077
Administrative expenses	8	253	158
		7,039	7,235
NET WITHDRAWALS		(4,541)	(4,706)
RETURNS ON INVESTMENTS			
Investment Income	5	2,103	2,452
Realised and unrealised investment gains/(losses)		27,751	(1,325)
Currency gain/(loss)		36	(86)
Investment management and professional expenses		(68)	(55)
NET RETURNS ON INVESTMENTS		29,822	986
NET INCREASE/(DECREASE) IN FUND IN THE YEAR		25,281	(3,720)
BALANCE 1 JANUARY		186,702	190,422
BALANCE 31 DECEMBER		211,983	186,702

Signed on behalf of the Trustee: *A Robinson*
RS Neill

Date: *8 March 2022*

THE CHURCH OF IRELAND CLERGY PENSIONS FUND

FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS **PAGE 11**

	Notes	Year ended 31 December 2021 €'000	Year ended 31 December 2020 €'000
INVESTMENT ASSETS	6	211,519	186,475
CURRENT ASSETS			
Cash due from the Representative Church Body		464	227
CURRENT LIABILITIES			
Creditors		-	-
NET CURRENT ASSETS		464	227
NET ASSETS	10	211,983	186,702

Signed on behalf of the Trustee: *A Robinson*
RS Neill

Date: *8 March 2022*

1 FUND STATUS

The Clergy Pensions Fund, which is a defined benefit scheme, is established under Chapter XIV of the *Constitution of the Church of Ireland* as amended from time to time by the General Synod. The Fund has been approved by the Revenue Commissioners as a retirement benefits scheme under Part 30, Chapter I of the Taxes Consolidation Act, 1997, and is treated as an 'exempt approved scheme' for the purposes of that Act. In addition, the Fund has been approved by the Board of the Inland Revenue of the United Kingdom as a retirement benefits scheme for the purposes of Chapter I, Part XIV, Income and Corporation Taxes Act 1988 and is treated as an 'exempt approved scheme' for the purposes of Section 592 of that Act in relation to its provision of pension benefits to those members of the clergy who are living in Northern Ireland.

The Fund closed to new entrants and to future accruals as at 31 May 2013. A Funding Proposal to bring the Fund back to full solvency was submitted to and accepted by the Pensions Authority in 2013. The Funding Proposal included revenue to be raised through the introduction of a levy of 13% of Minimum Approved Stipend, to be collected through the dioceses.

2 FORMAT OF THE FINANCIAL STATEMENTS

The financial statements summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits expected to become payable in the future. The actuarial position of the overall scheme, which takes account of such obligations, is dealt within the appendix titled "The Church of Ireland Clergy Pensions Trustee DAC – report on the Clergy Pensions Fund" in annual Book of Reports presented to the General Synod, along with the actuarial funding certificate and the actuary's annual certificate.

3 SUMMARY OF CONTRIBUTIONS

	2021 €'000	2020 €'000
Diocesan levies	2,393	2,427
Representative Church Body	104	100
Sundry	1	2
Total	2,498	2,529

The value of Northern Ireland contributions in sterling is £1.08m (2020: £1.11m) and was translated to euro at the year end rate of 0.8413 (2020: 0.8937).

The value of Republic of Ireland contributions is €1.11m (2020: €1.12m).

4 BENEFITS PAID

	2021 €'000	2020 €'000
Pensions to retired bishops and clergy	4,730	4,621
Pensions to surviving spouses and orphans	1,946	1,906
Commutation of pensions	47	550
Death Benefits	63	-
Total	6,786	7,077

The cost of Northern Ireland benefits in sterling is £3.14m (2020: £3.12m). This cost excludes administration charges.

The cost of Republic of Ireland benefits in euro is €3.05m (2020: €3.58m). This cost excludes administration charges.

5 ANALYSIS OF INVESTMENT INCOME

	2021 €'000	2020 €'000
Investment income	2,096	2,413
Interest	2	18
Miscellaneous trust income	1	1
Securities Lending	4	20
Total	2,103	2,452

The investment income above relates to the income paid to the Clergy Pensions Fund by investments managed by the Representative Church Body (RCB). The balance of the funds is held in a unitised fund passively managed by Irish Life Investment Managers (ILIM). The income on these funds is reinvested in the fund and is not separately reported.

THE CHURCH OF IRELAND CLERGY PENSIONS FUND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 14**

	2021 Market Value €'000	2021 % of Fund	2020 Market Value €'000	2020 % of Fund
6 INVESTED ASSETS				
ILIM managed				
Equities				
UK	41,175	19.5%	23,733	12.7%
Europe ex UK	46,531	22.0%	19,201	10.3%
Bonds				
European	15,237	7.2%	15,615	8.4%
UK	17,416	8.2%	17,106	9.2%
	120,359	56.9%	75,655	40.6%
RCB in-house managed				
Property	7,926	3.7%	13,942	7.5%
Precious Metals/Mining	-	0.0%	12,783	6.9%
Bonds and Bond Substitutes	13,763	6.5%	26,311	14.1%
Equities	-	0.0%	860	0.4%
Other	22,889	10.8%	23,317	12.5%
Cash on deposit	46,582	22.0%	33,607	18.0%
	91,160	43.1%	110,820	59.4%
	211,519	100.0%	186,475	100.0%

Cash on deposit included in the above schedule pertains to un-invested cash held by Representative Church Body for future investments. This is separate from Cash due from the Representative Church Body on the Statement of Net Assets.

7 CONTINGENT LIABILITIES

As stated in the accounting policies on pages 8 and 9 of the Financial Statements, liabilities to pay pensions and other benefits in the future have not been taken into account. On that basis, in the opinion of the Trustee the scheme had no contingent liabilities at 31 December 2021.

8 ADMINISTRATIVE AND INVESTMENT MANAGEMENT EXPENSES

The costs of investment management and administration are substantially borne by the Fund. The balance of these costs is borne by the Sponsor.

9 RELATED PARTY TRANSACTIONS

(a) The Trustee of the Fund is as set out on page 3 of the Financial Statements.

The Trustee does not receive and is not due any remuneration from the Fund in connection with its responsibilities as Trustee.

(b) The Representative Church Body acts as the Sponsor and Registered Administrator for the Clergy Pensions Fund. Contributions to the scheme are made in accordance with funding arrangements agreed with the Actuary from time to time.

The Registered Administrator of the scheme is remunerated on a fee basis.

THE CHURCH OF IRELAND CLERGY PENSIONS FUND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED **PAGE 16**

	2021 €'000	2020 €'000
10 NET ASSETS		
REPUBLIC OF IRELAND		
Contributions	1,164	1,200
Net benefits and other payments	(3,307)	(3,768)
Net transfer between sub divisions	(60)	1,003
Net withdrawals	(2,203)	(1,565)
Net returns on investments	14,848	429
Balance 1 January	92,509	93,645
Balance 31 December	105,154	92,509
NORTHERN IRELAND		
Contributions	1,334	1,329
Net benefits and other payments	(3,732)	(3,467)
Net transfer between sub divisions	60	(1,003)
Net withdrawals	(2,338)	(3,141)
Net returns on investments	14,974	557
Balance 1 January	94,193	96,777
Balance 31 December	106,829	94,193
CONSOLIDATED FUND		
Contributions	2,498	2,529
Net benefits and other payments	(7,039)	(7,235)
Net withdrawals	(4,541)	(4,706)
Net returns on investments	29,822	986
Balance 1 January	186,702	190,422
Balance 31 December	211,983	186,702

11 POST BALANCE SHEET EVENTS

No significant events affecting the Financial Statements have occurred since the Balance Sheet date.

12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee on 8 March 2022.

ANNEX 1

REPORT OF THE CHURCH OF IRELAND PENSIONS BOARD TO THE CHURCH OF IRELAND CLERGY PENSIONS TRUSTEE DAC

Members/Meetings of the Board

There were five meetings of the Board in 2021, all prior to the General Synod.

Elected by the House of Bishops

The Most Rev John McDowell	(1)

Elected by the General Synod

Canon Lady Sheil (retired 20 September 2021)	(4)
Rev Canon John Auchmuty	(5)
Mrs Cynthia Cherry	(5)

Elected by the Representative Church Body

Rev Canon Henry Gilmore	(5)
Mrs Judith Peters	(4)
Mrs Heather Pope	(5)

Chairperson – Canon Lady Sheil (retired 20 September 2021) Mrs Judith Peters (Elected 15 November 2021)

Vice-Chairperson – Rev Canon John Auchmuty

Honorary Secretary – The Most Rev John McDowell

Pensions Administration Manager – Mr Peter Connor (Retired 31 October 2021) Ms Julie Bond (Appointed 14 September 2021)

Grants Committee

Canon Lady Sheil (retired 20 September 2021)
Mrs Judith Peters
Rev Canon John Auchmuty
Mrs Heather Pope (appointed 15 November 2021)

Office: Church of Ireland House
Church Avenue
Rathmines
Dublin 6

Tel no (+3531) 4978422
Fax no (+3531) 4978821
Email <pensions@rcbdub.org>

1. INTRODUCTION

Under section 22(3) of Chapter XIV of the *Constitution of the Church of Ireland* the Trustee has delegated to the Church of Ireland Pensions Board ("the Board") certain of the duties as set out in section 22(1) of the said Chapter including those relating to membership, contributions and benefits. This report summarises statistical data in relation to those matters.

The Report of the Church of Ireland Pensions Board on other funds administered by it, as delegated by the Representative Church Body (RCB), is found in Appendix H to the Report of the RCB (*Church of Ireland General Synod Reports 2021*, page 145).

2. MEMBERSHIP OF THE BOARD

The Board consists of seven members who are elected triennially in accordance with Section 25 of Chapter XIV of the *Constitution*.

3. MEMBERSHIP OF THE FUND

The table below shows the movement during the year across the various membership categories. The accompanying graph shows the age profile of the active members.

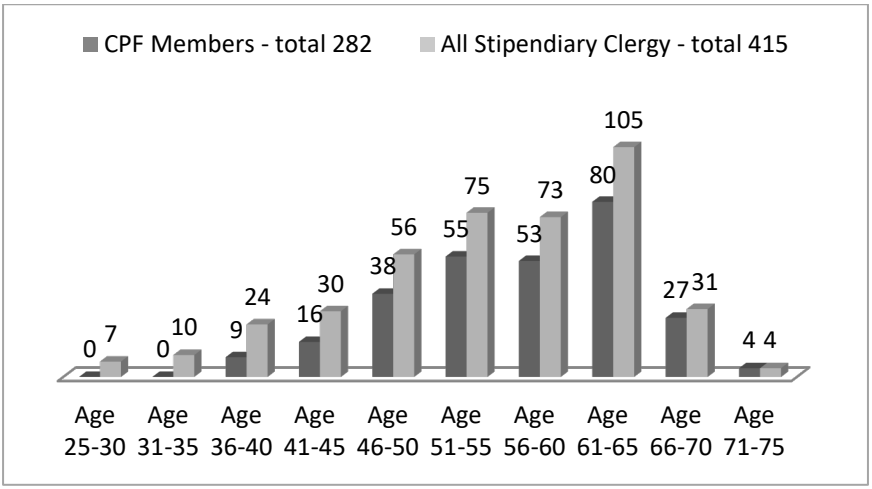
	Active members	Deferred members	Pensioners	Spouses on pension
At 1 January 2021	306	114	303	166
Leavers with deferred benefits	(11)	11	-	-
Leavers taking benefits elsewhere	-	-	-	-
Deaths before retirement	(1)	-	-	-
Retirements on pension	(12)	(6)	18	-
Returned to active service	-	-	-	
Deaths on pension	-	-	(16)	(10)
New spouses' pensions	-	-	-	10
At 31 December 2021	282	119	305	166[†]

In addition there were 12 child dependency allowances in payment at 31 December 2021 (12 at 31 December 2020).

There are two clergy who commenced in the stipendiary ministry before 31 May 2013 who elected to leave the Fund and make independent pension arrangements. Both sought and were granted exemption.

[†] The total of 166 includes 2 widows of members who either retired or died before 1976 and 8 widows of voluntary members.

Age distribution of stipendiary clergy



4. RETIREMENT AGE

The revised Normal Retirement Age (NRA) from 1 June 2013 (for contributing members of the Fund as at 31 May 2013) is set out the table below:

Date of birth	Normal Retirement Age	Number of members in each retirement age category at 31 December 2021
31 May 1949 and before	65	0
1 June 1949 to 31 May 1954	66	14
1 June 1954 to 31 May 1959	67	62
1 June 1959 and after	68	206

Members who joined/re-joined the Fund on or after 1 January 2009 have an NRA of not less than 67.

Under statutory pension regulations Deferred Members will retain the NRA applicable at their date of leaving the service of the Church of Ireland.

5. PENSIONS IN PAYMENT

The annualised pensions etc in payment at 1 January 2021 are:

	€		£
Clergy	2,094,938	and	2,258,650
Surviving spouses and orphans	935,013	and	869,659
	3,029,951	and	3,128,309

The total annualised pensions in payment translated to euro at the year-end exchange rate of 0.8413 are €6,748,374

6. CONTRIBUTIONS

A contribution from central funds amounting to €104,083 was made during the year in accordance with Section 37 of Chapter XIV of the *Constitution of the Church of Ireland*.

7. LUMP SUM BENEFITS

Under the provisions of the Fund a cash lump sum is payable in a number of eventualities. During 2021, lump sums totalling €100,149 and £8,570 became payable in respect of 4 members as follows:

Died in service (1); died within five years following retirement (0); paid on retirement (3); deferred pension (0).

8. EXTERNAL CONTACTS FOR INFORMATION AND SUPPORT

The Board has compiled a guide towards external sources of information to assist chaplains who support retired clergy and surviving spouses. A copy of the guide is available on request from the Pensions Administration Manager (email <pensions@rcbdub.org>).

9. ADDITIONAL PERSONAL CONTRIBUTIONS (APCs)

With the closure of the Clergy Pensions Fund to future accruals on 31 May 2013, the additional service which members were purchasing to give them up to a maximum of 40 years' service at normal retirement age was recalculated to reflect the service purchased to 31 May 2013.

There remain 56 members in active service who purchased additional service to 31 May 2013.

10. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

Members of the Church of Ireland Clergy Pensions Fund are permitted to make Additional Voluntary Contributions (AVC) which are invested with the Standard Life Assurance Company to provide additional benefits within the overall limits allowed by the Revenue authorities.

AVCs are unaffected by the closure of the Clergy Pensions Fund to future accruals. Funds held in Standard Life at 31 December 2021 amounted to €0.19m.

Copies of the Regulations and explanatory memorandum in relation to AVCs may be obtained on request from the Pensions Administration Manager.

(i) Membership of the AVC Fund as at 31 December 2021

	Membership 31/12/20	New Contributors	Death in Service	Fund Transfers	Retired	Membership 31/12/21
RI	5	0	0	0	1	4
NI	2	0	0	0	0	2
Total	7	0	0	0	1	6
Previous Year	16	0	0	0	9	7

Standard Life is the provider of the AVC facility. Contributions may be invested with them in a range of Funds as provided by 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.

(ii) AVC Fund Statement of Contributions

	2021 €'000	2020 €'000
Contributions received	8	9
Less paid on retirement or death	(74)	(20)
Less transfers to Clergy DC Scheme	(0)	(0)
Realised Gain on retirement and transfers to the Clergy DC Scheme	33	11
	(33)	0
Balance 1 January	225	226
Currency Translation Adjustment	1	(1)
Balance 31 December	193	225

NOTES

1. A resolution adopted by the General Synod on 12 May 2012 transferred the role of trustee from the Representative Body to the Church of Ireland Clergy Pensions Trustee DAC.

2. Under the Scheme members are permitted to make voluntary contributions which are invested with the Standard Life Assurance Company to provide additional benefits within the overall limits allowed by the Revenue authorities. The balance at the yearend 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. An accountants' report has not been provided for these financial statements, as the balance of €193,397 is included within the scope of the Representative Church Body's audit.

4. Sterling balances and transactions have been translated to euro at the rate of exchange ruling at 31 December 2021 €1 = £0.8413 (2020 €1 = £0.8937).

ANNEX 2

CLERGY PENSIONS FUND - SUMMARY OF FUNDING PROPOSAL AS AGREED BY THE PENSIONS AUTHORITY

In June 2013 a Funding Proposal designed to bring the Clergy Pensions Fund ('the Fund') back to solvency over a ten-year period was submitted to and agreed by the Pensions Authority (then *An Bord Pinsean*).

The main requirements of the Funding Proposal are set out below. Progress is monitored annually and the Fund is subject to triennial valuation. Any significant variations from progress towards solvency would result in a further Funding Proposal having to be submitted.

To return the Fund to solvency by 2023 the following provisions have been put in place:

- The Fund has been closed to new entrants and to future accrual of benefits as from 31 May 2013.

- The Normal Retirement Age will gradually increase to a current maximum of 68 years for those aged 53 years or younger as at 31 May 2013, with staged increases for those aged above 53 years on that date.

- There will be no discretionary increases to pensions in payment or Pensionable Stipend during the Funding Proposal period unless the Actuary is satisfied that such increases would not jeopardise the Funding Proposal.

- As the funding of the Clergy Pensions Fund is a responsibility of the whole Church, an annual levy to contribute towards solvency is being raised from dioceses in respect of cures and other recognised offices at a rate of 13% of Minimum Approved Stipend.

- The Representative Church Body in 2014 completed the transfer of the last of five tranches of €5m from General Funds in the form of special funding and will further provide an amount of €0.1m per annum over the life of the Funding Proposal.

ANNEX 3

ACTUARIAL FUNDING CERTIFICATE

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED UNDER THE PROVISIONS OF SECTION 42(1) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: The Church of Ireland Clergy Pensions Fund

SCHEME COMMENCEMENT DATE: 01/01/1976

SCHEME REFERENCE NO.: PB1667

EFFECTIVE DATE: 30/09/2021

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 30/09/2018

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €203,422,000.00, would have been sufficient if the scheme had been wound up at that date to provide for the liabilities of the scheme determined in accordance with section 44(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €157,791,000.00, and

(2) €0.00 of the resources of the scheme referred to in paragraph (1) comprise contingent assets, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act.

I, therefore, certify that as at the effective date of this certificate the scheme satisfies the funding standard provided for in section 44(1) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:	Liam Quigley	**Date:**	08/04/2022
Name:	Mr Liam Quigley	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer (Ireland) Limited	**Scheme Actuary Certificate No.**	P044

Submission Details

Submission Number:	SR2893047	**Submitted Electronically on:**	08/04/2022
Submitted by:	Liam Quigley		

FUNDING STANDARD RESERVE CERTIFICATE

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED PURSUANT TO SECTION 42(1A) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: The Church of Ireland Clergy Pensions Fund

SCHEME COMMENCEMENT DATE: 01/01/1976

SCHEME REFERENCE NO.: PB1667

EFFECTIVE DATE: 30/09/2021

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 30/09/2018

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €157,791,000.00,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (DC resources)), calculated for the purposes of section 44(1) of the Act amount to €203,422,000.00,

(3) €67,129,000.00 , of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (Applicable Percentage x ((1) minus (3)) is €9,066,000.00,

(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is €6,921,000.00,

(6) the aggregate of (4) and (5) above amounts to €15,987,000.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €45,631,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 of such contingent assets comprise an unsecured undertaking.

I therefore certify that as at the effective date of the funding standard reserve certificate, the scheme does hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) of the Act.

I further certify that I am qualified for appointment as actuary to the scheme for the purposes of section 51 of the Act.

Signature:		**Date:**	08/04/2022
Name:	Mr Liam Quigley	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer (Ireland) Limited	**Scheme Actuary Certificate No.**	P044

Submission Details

Submission Number:	SR2893048	**Submitted Electronically on:**	08/04/2022
Submitted by:	Liam Quigley		

ANNEX 4

ACTUARY'S STATEMENT

Mercer

welcome to brighter

Church of Ireland Pension Fund Annual Statement

Year ended 31 December 2021

Pensions Authority reference number: PB1667

Actuary's Statement

I completed a review of the financial position of the Fund as at 30 September 2021. One of the outcomes of this review was that the scheme satisfied the Funding Standard (Section 44(1) of the Pensions Act, 1990) and the Funding Standard Reserve (Section 44(2) of the Pensions Act, 1990). Certificates confirming this outcome have been completed.

A Funding Proposal is currently in place with the objective of putting the scheme in a position to satisfy the Funding Standard and Funding Standard Reserve by 31 December 2023. This extended date was granted by the Pensions Authority at the request of the Trustees. I have undertaken a review as at 31 December 2021 to consider whether the funding proposal remains on track to achieve its objectives. This assessment was undertaken in accordance with guidance set down by the Society of Actuaries in Ireland. It reflects known developments in relation to the assets and liabilities and assumptions about the future. Based on the assumptions employed, the Scheme's assets are projected to exceed the projected Funding Standard Liability and Funding Standard Reserve at 31 December 2023. Accordingly, I can confirm that I am reasonably satisfied that, as at 31 December 2021, the funding proposal remained on track to achieve its objective.

Liam Quigley
Fellow of the Society of Actuaries in Ireland
Certificate number: P044
Date: 8 April 2022

document1

ANNEX 5

STATEMENT OF RISK IN RELATION TO THE CHURCH OF IRELAND CLERGY PENSIONS FUND (THE "FUND")

Under law, the Trustee is required to describe the condition of the Fund and the risks associated with the Fund, and disclose these to members.

The Fund operates on a 'defined benefit' basis and has been closed to future service accrual and to new members with effect from 31 May, 2013. The Fund is subject to a Funding Proposal agreed with the Pensions Authority with the intention of returning it to solvency by 2023. The risks in such an arrangement are generally classified as financial or operational. In any defined benefit arrangement, the main risk is that there will be a shortfall in the assets (for whatever reason) and the employer/sponsor will not be willing or able to pay the necessary contributions to make up the shortfall. If that occurs, members may not receive their anticipated benefit entitlements. Some of the reasons why a shortfall could occur are as follows (this list may not be exhaustive):

- The assets of the pension fund may grow more slowly than expected, or even fall in value, depending on the performance of underlying markets and the securities chosen. Where the scheme is subject to a Funding Proposal and, being closed to future service accrual, has an ageing profile, the requirement to invest in assets to match the future liability leads to a reduction in the opportunity to invest in growth assets.

- Similarly, the liabilities may grow faster than expected due to higher salary or pension increases, or due to unfavourable movements in interest rates, or due to mortality and other elements of the fund's experience varying from the assumptions made.

- The administration of the fund may fail to meet acceptable standards. The fund could fall out of statutory compliance, the fund could fall victim to fraud or negligence, or the benefits communicated to members could differ from the liabilities valued by the Actuary.

In these circumstances, there may be insufficient assets available to pay benefits, leading to a requirement to change the benefit structure or to seek higher contributions. The employer/sponsor may decide not to pay these increased contributions.

Another risk is that the employer/sponsor may for some reason decide to cease its liability to contribute to the pension fund. In this event, the fund may be wound up and accrued entitlements would be discharged from the available assets (which may or may not be sufficient to discharge member benefit expectations, as outlined above). In accordance with Section 20 of Chapter XIV of the *Constitution of the Church of Ireland* it would require a decision to be taken at the General Synod for the Fund to be wound up.

Various actions have been taken by the Trustee to mitigate the risks. The investment strategy is reviewed regularly to ensure that it is consistent with the needs of the Fund as well as meeting the requirements arising under the Funding Proposal. Professional investment managers have been appointed to manage the Clergy Pensions Fund assets, which are invested in a range of diversified assets. There is regular monitoring of how these investments are performing. An actuarial valuation of the Fund is carried out at least every three years to assess the financial condition of the Fund and determine the rate of contributions required to meet the future liabilities of the Fund. In addition, an annual review of the solvency position of the Fund is carried out on the assumption that it is wound up at that time.

The Trustee is satisfied that it is taking all reasonable steps, including the appointment of experienced professional advisers and administrators, to protect the members of the Fund from the effects of these risks. However, it is not possible to guard against every eventuality, and it is necessary to take some investment risk and other risks in order to manage the affordability of the Plan benefits and the capacity of the employer/sponsor to meet this commitment.

Last updated September 2015
Reviewed September 2021

ANNEX 6

CHURCH OF IRELAND CLERGY PENSIONS FUND

STATEMENT OF INVESTMENT POLICY PRINCIPLES

1. Introduction

The Church of Ireland Clergy Pensions Trustee DAC (the "Trustee") of the Church of Ireland Clergy Pensions Fund (the "Fund") has prepared this Statement of Investment Policy Principles (the "Statement") to document the policies and guidelines that govern the management of the assets of the Fund. The Statement complies with the requirements of Section 59 (1B) of the 1990 Pensions Act (the "Act") and the Occupational Pensions Schemes (Investment) Regulations 2006 and 2007 (the "Regulations"). The Trustee, which is a designated activity company, has as its sole member the Representative Church Body (the "RCB").

The Fund provides defined benefit pension arrangements for members who were in service, or already retired and in receipt of benefit, on 31 May 2013 when the Fund was closed to new entrants and future accrual of service. The Trustee takes the nature of the Fund into account when setting the investment objectives and when agreeing the investment strategy required to achieve the objectives with the Sponsor of the Fund.

2. Investment Objectives

The overall investment objective of the Trustee is to maximise the level of investment return at an acceptable level of risk, consistent with the Funding Proposal agreed with the Pensions Authority and the Fund Sponsor, through adopting a prudent, carefully funded and well-executed investment policy. This will in turn assist the Trustee in providing sufficient assets to meet the Fund's long-term commitment to provide pensions and other benefits for fund members and their dependants. To achieve the objectives, the Trustee has set out an investment strategy which has been agreed with both the Sponsor and the investment managers chosen to manage the Fund assets on a daily basis.

3. Investment Strategy

In order to meet the investment objectives the Trustee has adopted an asset allocation strategy designed to maintain a prudent approach to meeting the Fund's liabilities, taking account of the nature and duration of the liabilities, the Sponsor's willingness to adopt such a strategy, and the requirements of the Pensions Authority in working towards a successful attainment of the targets laid out in the Funding Proposal.

When choosing the asset allocation strategy for the Fund's assets, the Trustee policy is to consider

- A full range of asset classes
- The risk and reward of a range of alternative asset strategies

- The suitability of each asset class
- The need for appropriate asset diversification
- The views of the actuary in setting the liability valuation basis
- The requirements of the Pensions Authority for certain minimum proportions of assets to be held in fixed-interest type assets over time
- The requirements of the Sponsor to maintain contributions to the fund at an appropriate level

4. Investment Management

The RCB is deemed to be the Sponsor of the Fund. The Trustee has delegated the investment management of the Fund's assets to the Investment Committee of the RCB. The management of the assets takes place within the framework of the investment strategy, including the asset allocation guidelines, agreed from time to time by the Trustee with the Investment Committee on behalf of the Sponsor.

The Investment Committee of the RCB has delegated the day to day investment management of distinct elements of the Fund's assets internal and external investment managers. The Investment Committee oversees and monitors the performance of the Fund's investments against pre-agreed performance benchmarks.

The Sponsor employs an in-house investment management team. This in-house investment manager and one or more external investment managers may be appointed by the Trustee on the recommendation of the Investment Committee to act on behalf of the Trustee. The appointment(s) may be made on a passive or active mandate basis (or a combination of the two).

Subject to such guidelines and restrictions imposed by the Investment Committee, which have been pre-agreed by the Trustee, the investment manager(s) with an active mandate will be responsible for making all investment decisions on a discretionary basis and will be evaluated on their ability to achieve the performance objectives set for them as pre-agreed by the Trustee.

Subject to such guidelines and restrictions imposed by the Investment Committee, which have been pre-agreed by the Trustee, the investment manager(s) with a passive mandate will be responsible for adopting the percentages and relevant indices agreed from time to time by the Investment Committee on behalf of the Trustee, will make all investment decisions in order to track efficiently the agreed index/indices, and will be evaluated on their ability to achieve the performance objectives set for them with minimal tracking error.

All investment managers of the Fund are appointed by the Investment Committee on behalf of the Trustee and are subject to termination at any time. The Trustee expects the fund managers to manage the assets delegated to them under the terms of their respective contracts and within the principles set out in this Statement so far as is reasonably practical.

The Trustee has appointed Northern Trust as the custodian of the Fund. The custodian provides safekeeping for all the Fund's assets and performs the associated administrative duties, such as the collection of interest and dividends and dealing with corporate actions. These duties are documented under separate contractual agreements with the custodian.

5. Risk Management

Risk management forms an integral part of the Investment Strategy that is agreed by the Trustee with the Investment Committee. The Trustee sets risk parameters on the recommendation of the Investment Committee and in-house investment team. These include various limits and restrictions with regard to each asset class and the proposed implementation of investment strategy. The parameters are formally reviewed and agreed on an annual basis by the Trustee while the Investment Committee oversees, monitors and when necessary, recommends change to the Trustee.

With direction from the Trustee with regard to the various constraints on overall risk tolerance, the Investment Committee seek to recommend a prudent, diversified and balanced approach to achieve the Trustee's objectives. The risks in the Fund are monitored by the Trustee through regular, at least twice yearly, reports received from the Investment Committee. The regular review of the Investment Strategy and the production of the bi-annual reports are essential inputs for the Trustee in its oversight of the implementation of the principles in this Statement.

6. Review

This Statement will be reviewed by the Trustee with the Investment Committee, at least every three years and also following any change in investment policy which impacts on the content of the Statement.

Last updated September 2015
Reviewed September 2021