

## **GENERAL SYNOD 2010**

### **REPORT OF THE CLERGY PENSIONS BOARD**

**Proposed by Canon Lady Brenda Sheil, Diocese of Down**

**EMBARGOED UNTIL DELIVERY**

**CHECK AGAINST DELIVERY**

The last year has presented many challenges and real concerns for everyone involved with the management and administration of Pension Funds and for those of us who are members of the Clergy Pensions Board, tasked with the administration of the Clergy Pensions Fund, it has been no exception. We have faced a triennial valuation of the Fund as at 30<sup>th</sup> September 2009 showing an actuarial deficit under the Minimum Funding Standard of €13 million.

In our report to last year's General Synod we highlighted two principal challenges and objectives with which the Clergy Pensions Fund was faced. The first was the need for the R.C.B., as Trustee of the Fund, to develop a new Funding Proposal to be put to An Bord Pinsean before the end of 2010, to fulfil the requirement that the solvency of the Clergy Pensions Fund be restored, the second was the requirement that the governance structure of the Clergy Pensions Fund be amended to ensure compliance with the civil law. As recommended by a Joint Working Group of some members of the RCB Executive and of the Clergy Pensions Board, the necessary amendments would include the establishment of a special purpose corporate trustee. We undertook to bring the necessary draft legislation to this year's General Synod together with a detailed report of progress towards the attainment of these objectives. I am pleased to report that this has been done. I refer to this year's Clergy Pensions Bill brought in the names of the R.C.B. and the Clergy Pensions Board and to the Reports of the R.C.B. and of this Board as set out in this year's *Book of Reports*.

With regard to the need to amend the governance structure of the Clergy Pensions Fund you have already been told, in the context of the debate upon the Pensions Bill and the Report of the R.C.B., of the proposed establishment of a new Trustee Body, the Church

of Ireland Clergy Pensions Trustee Ltd. This will be a limited company having the R.C.B. as its sole shareholder and its sole function will be the trusteeship of the Clergy Pensions Fund. Of the 5 persons to be appointed by the R.C.B. as Directors of the new body, three will be nominated by the R.B. Executive and two by this Board. All five will be required to sign a declaration that they submit themselves to the powers of the General Synod and the laws of the Church of Ireland as they relate to their responsibilities as Trustees as set out in the Trust Deed and Rules of the Fund. May I remind you that the revised Chapter XIV as set out in Schedule I to this year's Bill will, with effect from 1<sup>st</sup> January, 2011 be that Trust Deed and Rules of the Fund.

Any future changes to the Memorandum and Articles of the new body will require the approval of General Synod. Members of the Fund may be assured therefore that the new Trustee body and the procedure governing its work, while compliant with the requirements of the civil law, will also remain very much identified with the Church of Ireland and, indeed, the Bill provides for the delegation of many of the duties of the new Trustee to this Board. So, also, it is envisaged that the work of payment of clergy pensions and the collection of contributions will continue to be dealt with by the staff of Church House.

Of the other main changes proposed by the Working Group on legal issues and referred to in our Report the detailed Tables of Early and Late Retirement Rates will no longer be set out in Chapter XIV but will be published in the Explanatory Booklet which is sent to all members of the Fund and General Synod will be advised of any alterations in the figures resulting from changes in the actuarial calculations.

A further change proposed by the Working Group is that, in respect of Bishops appointed on or after 1<sup>st</sup> January 2011, their pensions will be based on actual service to credit in the Fund and pensionable episcopal stipend on reaching normal retirement age. Again, from 1<sup>st</sup> January 2011 calculation for episcopal contributions for all Bishops will be based on the appropriate pensionable episcopal stipend.

As you will already have been advised in the Second Reading Debate on this year's Pensions Bill, two further changes necessitated by the Funding Proposal of the R.B. to restore the solvency of the Fund are that pensions will be calculated on pensionable stipend rather than on Minimum Approved Stipend and there are proposed increases in the rates of contribution to be made to the Fund by members and by Dioceses with effect from 1<sup>st</sup> January 2011 with the possibility of further increases on 1<sup>st</sup> January 2015. Much has already been said about Pensionable Stipend in the context of the Bill and of the RCB Report but at this stage I would simply emphasise that this is an essential part of the Funding Proposal to secure the viability of the Fund by 2019. It is important to remember also that the annual figure, when reached, cannot, by virtue of the provisions of the revised Chapter XIV, be lower than that for the previous year. I would stress, also, that while it is necessary to include in this year's Bill provisions for a possible further increase from 30% to 34% of the contribution to be made to the Fund, this provision cannot become effective until 1<sup>st</sup> January 2015 which means that there will be ample time for further consideration by the Trustee, the R.C.B. and by this Board of alternatives to a further increase in the contribution rate and indeed it is always possible that the overall financial state of the Fund may improve by 2014 obviating the need for such a substantial increase in the rate of contribution to the Fund in 2015.

As I said at the beginning of the speech, the past year and the changes needed to restore the solvency of the Pensions Fund and to ensure compliance of our Clergy Pensions Scheme with the requirements of civil law have been difficult.

However, these, together with the substantial capital injections by the R.C.B. from central funds over the next few years, should ensure that we will retain our Defined Benefit Scheme for members of the Clergy Pensions Fund and that we will not need to close our Scheme to new entrants. At a time of such financial uncertainty this must surely bring some reassurance to those who have given so much to the work and mission of the Church of Ireland - the members of the Church of Ireland Clergy Pensions Fund.