

Bill No 10**Explanatory Memorandum**

As indicated in the Report to General Synod of 2012 a working group entitled the Solvency Working Group (SWG) established by the RCB Executive Committee was set up to identify ways in which to restore the solvency of the Clergy Pensions Fund. Subsequent to the General Synod of 2012 *An Bord Pinsean* published, in June 2012, revised legislation in relation to its rules governing the measurement of the solvency of defined benefit pension plans, i.e. the Minimum Funding Standard (MFS). The legislation confirmed the previous MFS and further strengthened the standard with the introduction of a Risk Reserve.

The SWG in conjunction with the Representative Church Body as sponsor, the Clergy Pensions Fund Trustee and the Church of Ireland Pensions Board, having received actuarial advice, considered amendments to Chapter XIV. It is anticipated that the amendments together with special contributions from the RCB General Fund will restore the solvency of the Fund over a ten year period. *An Bord Pinsean* has stipulated that pension schemes in deficit must submit a funding proposal to them on or before 30th June 2013.

A detailed report on the solvency of the Clergy Pensions Fund and the provision of future pension benefits for clergy may be found on page 34 of the General Synod book of reports.

Clause 2 seeks to insert a new section 1A into Chapter XIV which, in subsection (i) would close the Clergy Pensions Fund for future accruals for all members with effect from 1st June 2013 and establish a Church of Ireland Clergy Defined Contribution Pension Scheme from that date.

Subsection (ii) in conjunction with subsection (i) sets out the procedure for the making of amendments to the new scheme from time to time.

Subsection (iii) defines the clergy who shall be enrolled as members of the Church of Ireland Clergy Defined Contribution Pension Scheme on 1st June 2013.

Subsections (iv), (v) and (vi) define the pension scheme into which clergy entering or re-entering the service of the Church of Ireland shall be enrolled or from which they may opt out if they so wish.

Section (vii) sets out the means of calculating the pension of a member at Normal Retirement Age who becomes an archbishop or bishop after 31st May 2013.

Section (viii) sets out the means of calculating the pension as at 31st May 2013 for an archbishop or bishop reaching Normal Retirement Age after 31st May 2013.

Section (ix) discontinues the provision to purchase additional service in the Fund after 31st May 2013.

Section (x) stipulates that benefits in the Fund shall be in respect of accrued service to 31st May 2013 subject to any change in Pensionable Stipend or Pensionable Episcopal Stipend.

Clause 3 seeks to substitute a new section 2 for section 2 of Chapter XIV. In accordance with the provision of clause 1A(iii) a definition of a contributing member is indicated. The definition of those not classified as a "Member of the Clergy" for the purpose of Chapter XIV has been amended to include an intern deacon.

Following actuarial advice and as part of the funding proposal to be submitted to *An Bord Pinsean* it is necessary to revise the normal retirement age for clergy. The revised Normal Retirement Age is set out in tabular form. It is not proposed to change the normal retirement age (of 65 or 67) for clergy who are aged 64 and over as at 31st May 2013.

A further element to be employed in securing members' benefits accrued to 31st May 2013 will take the form of a levy. Clause 4 seeks to substitute a new section 34 for section 34 of Chapter XIV which replaces the annual contribution to the Fund in respect of every member with a levy on each cure in a diocese and on any other member of the clergy in that diocese as defined in the new section 34.

Clause 5 seeks to substitute a new section 39 for existing section 39, which, similar to clause 4, is in respect of a levy for any member of the Fund where the responsibility for the payment of the former pension contribution lay with a Council, Society, Institution or Organisation.

Clause 6, by substituting a new section 51 for the existing section 51, seeks to ensure that a contributing member of the Fund as at 31st May 2013, who has not yet reached his or her normal retirement age and, for whatever reason, has not been accepted by the provider for an insured death in service lump sum on 1st June 2013, continues to be covered for such benefit from the Clergy Pensions Fund.

It is recognised that in certain cases a surviving spouse's pension, based on a member's accrued service to 31st May 2013, may be greater than what is provided by the insured benefits should the member die in service before reaching that member's normal retirement age. Clause 7 seeks to replace the existing section 53 with a revised section 53 thus ensuring that should such a situation arise the amount greater than the insured surviving spouse's pension benefit will be paid out of the Clergy Pensions Fund.

Clause 8 seeks to make consequential amendments to section 75 which will result from the repeal of section 72(1) under the provisions of clause 11.

Clause 9, for similar reasons to those in clause 7 but in relation to the pension of the surviving spouse of an archbishop or bishop who entered episcopal service on or before 31st December 2010, seeks to replace the existing section 78(1) with a revised section 78(1).

Clause 10, like clause 9, but in relation to the pension of the surviving spouse of an archbishop or bishop who entered episcopal service on or after 1st January 2011, seeks to replace the existing section 92(1) with a revised section 92(1).

Clause 11 lists sections of Chapter XIV which, in consequence of closing the Clergy Pensions Fund to future accruals from 31st May 2013, may be repealed. These sections are primarily concerned with membership of the Fund and contributions to the Fund.

MR ROBERT NEILL
THE BISHOP OF CORK, CLOYNE AND ROSS

(on behalf of the Representative Church Body)

BILL

To amend Chapter XIV of the Constitution

WHEREAS, in order to restore the solvency of the Church of Ireland Clergy Pensions Fund, it has become necessary to close the said Fund to new membership and to the accrual of future service of existing members and to amend the normal retirement age of contributing members who have not reached the age of 64 years;

AND WHEREAS it is desirable to establish a Church of Ireland Clergy Defined Contribution Pension Scheme for all contributing members of the Fund who have not reached normal retirement age and for all members of the clergy entering the service of the Church of Ireland on or after 1st June 2013;

AND WHEREAS for such purposes it is necessary to amend Chapter XIV of the Constitution;

AND WHEREAS the Actuary has certified that the solvency position of the Fund will not be adversely affected to a material extent on the enactment of this Statute;

BE IT ENACTED by the Archbishop and Bishops and the clergy and laity of the Church of Ireland, in General Synod assembled in Armagh in the year 2013 and by the authority of the same as follows:

1. In this Statute 'Chapter XIV' means Chapter XIV of the Constitution of the Church of Ireland.
2. Immediately after section 1 of Chapter XIV the following shall be inserted;
 - 1A. (i) With effect from 1st June 2013 the Fund shall be closed for future accrual of service in respect of all members and there shall be established a Church of Ireland Clergy Defined Contribution Pension Scheme which shall be regulated by Rules made under this section by the Representative Church Body subject to the approval of General Synod and hereinafter referred to as the Clergy Defined Contribution Rules.
 - (ii) Any amendments which may be made to the Church of Ireland Clergy Defined Contribution Pension Scheme Rules, made under subsection (i) subject to the approval of General Synod, may be approved by the Standing Committee provided that they are reported to the next following General Synod.
 - (iii) All contributing members of the Fund who have not reached their Normal Retirement Age on 31st May 2013 will be deemed to be members of the Church of Ireland Clergy Defined Contribution Pension Scheme.
 - (iv) Each member of the clergy entering the service of the Church of Ireland on, or after, 1st June 2013 shall be deemed to be a member of the Church of Ireland Clergy Defined Contribution Pension Scheme subject to the provisions of the Clergy Defined Contribution Pension Scheme Rules and the relevant provisions of this Chapter.
 - (v) The Trustee may, upon application having been made in writing, exempt from membership any person otherwise required to become a member.

- (vi) A member of the clergy who re-enters the service of Church of Ireland on or after 1st June 2013 shall become a member of the Church of Ireland Clergy Defined Contribution Pension Scheme subject to the provisions of the Clergy Defined Contribution Rules and the relevant provisions of this Chapter.
- (vii) A contributing member of the Fund on 31st May 2013, who is neither an archbishop nor a bishop or who does not become an archbishop or bishop until after 31st May 2013 shall, upon reaching his or her Normal Retirement Age, receive such benefit from the Fund based on applicable Pensionable Stipend at that time and his or her accrued service to 31st May 2013. The pension shall be calculated in accordance with either section 42 or 43 as the case may be.
- (viii) A contributing member of the Fund, who is either an archbishop or bishop on 31st May 2013 shall, upon reaching his or her Normal Retirement Age, receive such benefit from the Fund based on applicable Pensionable Episcopal Stipend at that time and that member's accrued service to 31st May 2013;
 - (a) For an archbishop or bishop who entered episcopal service on or before 31st December 2010, to whom section 72(2) applies, accrued service shall be calculated pro-rata in proportion of actual episcopal service to 31st May 2013 to expected episcopal service to a Normal Retirement Age of 65.
 - (b) For an archbishop or bishop who entered episcopal service on or after 1st January 2011, to whom section 84(1) applies, accrued service shall be calculated to 31st May 2013.
- (ix) With effect from 1st June 2013 no further contributions shall be paid into the Fund under the provisions of Sections 48 and 88.
- (x) With effect from 1st June 2013 all other relevant sections of this Chapter shall apply as if a contributing member as at 31st May 2013, upon reaching his or her Normal Retirement Age, commenced on a pension payable out of the Fund on 1st June 2013, subject to any change in Pensionable Stipend or Pensionable Episcopal Stipend in the interim period.

3. For Section 2 of Chapter XIV there shall be substituted the following;

2. For the purpose of this Chapter and of any regulations made thereunder, except so far as is otherwise provided or the context otherwise requires:

“accrued pension accumulation” in respect of a Member of the Clergy who ceases to be a contributing member shall be the benefits to which the member would have been entitled on reaching Normal Retirement Age calculated in accordance with the provisions of this Chapter (but based upon the Pensionable Stipend prevailing at the date on which the member ceased to be a contributing member) reduced by applying to such benefits the ratio of such person's accrued service to total prospective service.

“accrued service” shall mean the number of years' service which a member has completed and in the event of the final year of service being incomplete shall include such part of that year as was completed in terms of days.

“benefits” shall include

- (a) retirement pension or retirement annuity payable to a Member of the Clergy;
- (b) pension or annuity payable to a surviving spouse;
- (c) child dependency allowances;

(d) a lump sum payable either to a member or to such member's legal personal representatives.

the **“Board”** means the Church of Ireland Pensions Board established and constituted in accordance with this Chapter.

“contribution” shall mean a contribution payable under this Chapter together with any interest charged thereon.

“contributing member” shall mean a member of the Fund who has not reached Normal Retirement Age on or before 31st May 2013.

“episcopal service” shall mean service as a member of the House of Bishops of the Church of Ireland.

“Episcopal Stipend” shall mean the relevant multiple of the Minimum Approved Stipend as determined by the Representative Body from time to time in relation to each member of the House of Bishops of the Church of Ireland.

“Fund” shall mean the Church of Ireland Clergy Pensions Fund.

“Member of the Clergy” shall include an archbishop and bishop, but shall not include an auxiliary deacon, a deacon intern or an auxiliary priest licensed as such under the rules drawn up by the House of Bishops and approved by the General Synod.

“Minimum Approved Stipend” shall mean the minimum stipend determined by the General Synod in accordance with the provisions of section 51(1) of Chapter IV.

“Normal Retirement Age” from 1st June 2013, in respect of those members of the Fund who are contributing members on or before 31st May 2013, shall be in accordance with the following table:

Date of birth	Age on 31 st May 2013	Normal Retirement Age
On or before 31 st May 1949	64 or older	65
1 st June 1949 to 31 st May 1954	59 to 63	66
1 st June 1954 to 31 st May 1959	54 to 58	67
1 st June 1959 and after	53 or younger	68

Subject to the proviso that those members who have become members of the Fund on or after 1st January 2009 or who have ceased to be contributing members and who re-enter membership of the Fund on or after 1st January 2009 shall have a Normal Retirement Age of not less than 67.

“orphan” or **“child”** as the case may be shall include a stepchild and a child legally adopted by a member of the Fund.

“Pensionable Episcopal Stipend” shall be the same multiples of the Pensionable Stipend as those applied to the Minimum Approved Stipend when determining the Episcopal Stipend.

“Pensionable Stipend” shall mean the figure approved annually by the Standing Committee on behalf of the General Synod on the recommendation of the Trustee and the Representative Body having regard to the financial status of the Fund and having received actuarial advice and shall not be a figure lower than that for the previous year.

“**Pensions Act**” shall mean the Pensions Act 1990 (as amended from time to time).

“**Revenue Authorities**” means, in relation to the Republic of Ireland the Revenue Commissioners and in relation to Northern Ireland the Commissioners of Inland Revenue.

“**Taxes Act**” shall mean the Taxes Consolidation Act 1997 (as amended from time to time).

“**total prospective service**” shall mean the number of years service which a member would have achieved on reaching normal retirement age having remained a member until that date.

“**Trustee**” shall mean The Church of Ireland Clergy Pensions Trustee Limited.

“**voluntary member**” means a Member of the Clergy who was permitted to continue to be a contributor in accordance with section 22 of Chapter XIV of the Constitution 1972.

“**year of service**” shall mean a year in respect of which a contribution has been paid to the Fund or, in accordance with any reciprocal agreement with another Church, is deemed to have been paid.

4. For section 34 of Chapter XIV there shall be substituted the following:

34. With effect from 1st June 2013 and in order to secure the solvency of the Fund there shall be paid by each Diocese a levy based on the number of cures in that Diocese and a percentage of the Minimum Approved Stipend. In addition to the levy on each cure, in any diocese in which there is a vicar, bishop’s curate, diocesan curate or curate assistant who has preserved benefits in the Clergy Pensions Fund, a levy will also apply based on a percentage of the Minimum Approved Stipend applicable to that member.

The percentage of Minimum Approved Stipend to be applied as the levy will be approved annually by the Standing Committee on behalf of the General Synod on the recommendation of the Trustee and the Representative Body having regard to the financial status of the Fund and having received actuarial advice.

5. For section 39 of Chapter XIV there shall be substituted the following:

39. Any Council, Society, Institution or Organisation which is responsible for the payment of a contribution to the Fund in respect of a member of the Fund as at 31st May 2013 shall pay a levy as prescribed in section 34 of this Chapter in respect of that member.

6. For section 51 of Chapter XIV there shall be substituted the following:

51. Where a member dies while in the service of the Church of Ireland before reaching normal retirement age and in respect of whom a contribution has been paid to the Fund and who was not accepted for insured benefits in the Clergy Defined Contribution Pension Scheme as at 1st June 2013, there shall be paid to such member’s legal personal representatives a lump sum equal to the Pensionable Stipend in force on the date of death of the said member multiplied by four.

7. For section 53(1)(a) of Chapter XIV there shall be substituted the following:

53(1)(a) The surviving spouse of a member who dies before reaching normal retirement age while in the service of the Church of Ireland on or after 17th May 2001 shall receive from the date of death of the deceased member a pension as set out in the provisions of the Clergy Defined Contribution Pension Scheme; in addition if a surviving spouse’s pension at the rate of two-thirds of the member’s pension from the Clergy Pensions Fund at date of death is greater then

- the provision under the Clergy Defined Contribution Pension Scheme the excess over the Clergy Defined Contribution Pension Scheme provision shall be paid from the Clergy Pensions Fund.
8. In section 75 substitute the words 'section 72(1) or (2), as the case may be' with the words 'section 72(2)' wherever it occurs.
 9. For section 78(1) of Chapter XIV there shall be substituted the following:

78(1) The surviving spouse of an archbishop or bishop who dies before reaching normal retirement age while in episcopal service on or after 17th May 2001 shall receive from the date of such archbishop's or bishop's death a pension as set out in the provisions of the Clergy Defined Contribution Pension Scheme; in addition if a surviving spouse's pension at the rate of two-thirds of the archbishop's or bishop's pension from the Clergy Pensions Fund at date of death is greater then the provision under the Clergy Defined Contribution Pension Scheme the excess over the Clergy Defined Contribution Pension Scheme provision shall be paid from the Clergy Pensions Fund.
 10. For section 92(1) of Chapter XIV there shall be substituted the following:

92(1) The surviving spouse of an archbishop or bishop who dies before reaching normal retirement age while in episcopal service shall receive from the date of such archbishop's or bishop's death a pension as set out in the provisions of the Clergy Defined Contribution Pension Scheme; in addition if a surviving spouse's pension at the rate of two-thirds of the archbishop's or bishop's pension from the Clergy Pensions Fund at date of death is greater then the provision under the Clergy Defined Contribution Pension Scheme the excess over the Clergy Defined Contribution Pension Scheme provision shall be paid from the Clergy Pensions Fund.
 11. Sections 25(2), 25(3), 26, 28, 30, 32, 34A, 35, 43(2), 70, 71, 72(1), 76, 78(2), 82, 83, 85, 89, 90 are hereby repealed.