

BILL NO. 7

SECOND READING SPEECH

As members of General Synod will be aware on 1st June 2013, the Clergy Pensions Fund which had existed since 1976 was, due to financial constraints, closed to new membership and to the accrual of future service of existing members and a new Clergy Defined Contribution Scheme was established by the Clergy Pensions (Defined Contribution) Act 2013. That Act made substantial amendments to Chapter XIV of the Constitution and entailed numerous consequential repeals. In the interests of clarity the time is now opportune to replace Chapter XIV with a revised, amended and consolidated Chapter XIV embodying all the changes and amendments and setting out in two distinct Parts the provisions relating to the Defined Benefit Scheme and those relating to the Defined Contribution Schemes.

Accordingly Part II of the new Chapter XIV details the provisions relating to the Church of Ireland Clergy Defined Contribution Pension Scheme for Northern Ireland and the Church of Ireland Clergy Defined Contribution Pension Scheme for the Republic of Ireland, while Part III of the new Chapter XIV details the provisions relating to the regulation and administration of the Clergy Pensions Fund for those members of the clergy who were members of the Fund at 31st May 2013.

Definitions relating to both Parts II and III and to any regulations made thereunder are contained in Part I.

The Clergy Defined Contribution Scheme has, since its establishment in 2013, been divided into two Sections, one for Northern Ireland and one for the Republic of Ireland, each regulated by Rules made by the Representative Church Body subject to the approval of General Synod. Since 1st June 2013 the two Schemes have, in practice, operated as two distinct Schemes regulated by separate rules made by the RCB and the provisions of Clauses 2, 3 and 4 in Part II of this Bill seek to formalise that practice.

Under the provisions of Clause 6 a member of the clergy who enters service in the Church of Ireland will automatically be enrolled in the relevant Defined Contribution Scheme unless he or she formally elects to opt out of membership of the Scheme. Similarly a member of the clergy who re-enters service in the Church of Ireland will, under the provisions of Clause 7, be enrolled in the relevant Defined Contribution Scheme unless he or she formally elects to opt out of membership of the Scheme. Upon reaching normal retirement age members will receive retirement benefits from the relevant Defined Contribution Scheme and, where applicable, benefits accrued up to 31st May 2013 from the Clergy Pensions Fund, under the provisions of Part III of this Chapter.

Clause 8 details the method of calculation of contributions to be paid and Clause 9 relates to the investment of members' contributions while Clause 10 seeks to provide that, on retirement, benefits will be paid in accordance with the relevant rules of each Pension Scheme. Sub-clause (b) seeks to provide for the payment of benefits, in accordance with the Life Assurance policy for the relevant jurisdiction, where a member dies in service before reaching normal retirement age and sub-clause (c)

relates to the payment of benefits where death in service occurs on or after reaching normal retirement age. Clause 10 (d) states that, on death in retirement benefits will be paid in accordance with the options chosen by the member at retirement.

In Part III Clauses 11-24 effectively restate the provisions of the existing Chapter XIV with the amendments effected by the Clergy Pensions (Defined Contribution) Statute of 2013. Clauses 25-28 seek to make new provision in relation to the composition of the Clergy Pensions Board reducing from 12 to 7 the number of members comprising the Board. A quorum of four members will be required; however, Clause 27 permits attendance by teleconference to count for the purpose of forming a quorum.

Clauses 29-34 contain provisions which are unchanged, while Clause 34 seeks to restrict membership of the Fund to those who were members of the Fund on 31st May 2013. Apart from Clauses 36 and 38, which provide for the payment of a levy by each Diocese and by any organisation responsible for the payment of a contribution to the Fund and which were introduced by the Clergy Pensions (Defined Contribution) Statute of 2013, the provisions of Clauses 35-44 are re-stating existing provisions of Chapter XIV.

Clause 44, however, makes a significant change from the provisions of the existing Section 44 in seeking to provide that the Trustee may decide that payment of the pension may be deferred until the member reaches normal retirement age.

Most of the remaining provisions of Clauses 45-62 simply restate existing provisions of Chapter XIV but the provisions of the old Section 48 of Chapter XIV have been

omitted since it is no longer possible to make additional personal contributions.

Clause 63 is for clarification and states what has been the practice while in Clause 64(3) there is a reduction from 8% to 6% compound interest of a surviving spouse's deferred pension to bring it into line with late retirement pension provisions.

The provisions of Clauses 65,66 and 67 relating to Episcopal Retirement Benefits are the same as those of Sections 67, 68 and 69 of the existing Chapter XIV but Clause 68 differs from Section 72 of the existing Chapter in that an additional change in the calculation of Bishops' Pensions has been made.

Clauses 70-85 mirror existing provisions of Chapter XIV with one exception: as is the case with members of the Clergy, it will no longer be possible for an Archbishop or Bishop to make additional personal contributions to purchase additional service for pension purposes.

The provisions of Clause 86 relating to commutation of pensions are very similar to Section 96 of the existing Chapter XIV except that in Clause 86(3) the requirement to give one month's notice of the decision to commute has been omitted.

The remaining provisions of the Bill are identical to those of Sections 87, 88 and 89 of the existing Chapter XIV and Schedules 1 and 2 to the said Chapter have been omitted since they are no longer required.

This Bill if enacted will substitute for various enactments and numerous amendments a new Chapter XIV of the Constitution and as such I commend it to members of General Synod and beg to move that the Bill be now read a second time.

