

CHURCH OF IRELAND

CLERGY PENSIONS FUND

EXPLANATORY BOOKLET

(APRIL 2012)

**This booklet replaces the previous booklet
issued in May 2011**

1. INTRODUCTION

This booklet is designed to explain the benefits of the pension fund in a clear and concise manner. However it is only a guide and the formal rules of the Fund will always determine the benefits except insofar as they are over-ridden by legislation. The formal rules are contained in Chapter XIV of the Constitution of the Church of Ireland as amended from time to time. Members who require a copy of Chapter XIV should apply to the Pensions Administration Manager at Church of Ireland House, Church Avenue, Rathmines, Dublin 6, who, together with the staff, is available to help with any enquiries.

2. DEFINITIONS

The following terms are used throughout this booklet:

the “Board” – shall mean the Church of Ireland Pensions Board.

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

“Normal Retirement Age” (NRA)

- for those members of the Fund as at 31 December 2008, is 65.
- for clergy who join the Fund, on or after 1 January 2009, NRA is 67. (An NRA of 67 also applies to those who have left the Fund with rights to a deferred pension and subsequently rejoin, on or after 1 January 2009, as a contributing member.)

“Normal Retirement Date” (NRD)

- members who joined the Fund pre 1 January 2009 may retire at their NRA of 65, or on completion of 40 years service, whichever occurs first, without any actuarial reduction,
- members who join the Fund on or after 1 January 2009, (or who re-join after that date) may retire at their NRA of 67, or on completion of 42 years service, whichever occurs first, without actuarial reduction.

“Minimum Approved Stipend” (MAS) is fixed each year by the Standing Committee, on behalf of the General Synod, in accordance with the provisions of Section 51 (1) of Chapter IV of the Constitution.

“Pensionable Service” is the number of completed years and days of service and relates only to (a) that period of service during which contributions have been paid to the Fund plus (b) any period of service credited following a transfer from another fund of which the member was a member prior to entering the service of the Church of Ireland (see paragraph 3.3) plus (c) any period of service being purchased by a member making Additional Personal Contributions (See paragraph 4.2).

“Pensionable Stipend” is 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. This figure shall not be a figure lower than that for the previous year.

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

“Surviving Spouse” – the pension entitlement of a member’s registered civil partner will be the same as that of a surviving spouse and should be read as such throughout this booklet.

3. MEMBERSHIP REQUIREMENTS

All stipendiary clergy in the full or part-time service of the Church of Ireland are required to become members of the Fund unless exemption is granted by the Trustee. (Exemption is only given in exceptional circumstances and if the Trustee is satisfied that alternative adequate pension arrangements have been made and if the person concerned is legally entitled to exemption under State legislation.) Anyone thinking of seeking exemption is strongly advised to contact the Pensions Administration Manager before doing so and also to seek independent expert advice.

3.1 Medical evidence

Prior to becoming members of the Fund, clergy are required to submit to a medical examination carried out by a doctor on the Fund’s Medical Panel. If an unsatisfactory medical report is returned by the doctor, then, on the advice of the actuary, special terms and benefits may be imposed.

3.2 Proof of age/marital status

On joining the Fund members are required to provide the Trustee with proof of age and marital status. Any subsequent change of marital status should be notified to the Pensions Administration Manager. No pension or death benefit can be paid until satisfactory evidence of age and marital status has been produced.

3.3 Transfer of benefits from a previous scheme

Members may transfer benefits from a previous pension scheme provided the rules of that scheme permit such a transfer. Members wishing to effect such a transfer should contact the Pensions Administration Manager who will make the necessary enquiries and advise what additional benefits such a transfer to the Fund would secure.

4. FINANCING YOUR PENSION BENEFITS

4.1 Contributions

From 1 January 2011 the standard contribution to the Fund in respect of each member is at the rate of 30% of Pensionable Stipend. This is payable by diocesan councils etc who may deduct not more than 9% from the stipend of each member. Member contributions are tax-allowable. No contributions are payable after reaching NRA, or following retirement, whichever is the earlier.

4.2 Additional Personal Contributions (APCs)

Members who are unable to complete 40 years of service before reaching their appropriate NRA may make Additional Personal Contributions (APCs) to purchase additional service up to a maximum of 40 years. These contributions are expressed as a percentage of Pensionable Stipend and are related to the age of the member at the time of commencement of payment. Details of the APC Scheme and its governing Regulations are available on request.

4.3 Additional Voluntary Contributions (AVCs)

Members may also contribute to a separate Voluntary Contributions Pension Scheme, which is a defined contribution scheme, in order to provide additional funds at retirement which they can use to increase their pension benefits (subject to Revenue limits). Details of this Scheme are available on request from the Pensions Administration Manager.

5. BENEFITS AT RETIREMENT

5.1 Normal Retirement Pension

Members of the Fund may retire at their Normal Retirement Date (NRD) without actuarial reduction.

A member's annual pension is calculated as $1/60^{\text{th}}$ of the Pensionable Stipend at the date of retirement for each complete year and pro rata for days of Pensionable Service, subject to a maximum of 40 years.

Pensions are paid monthly in arrears.

5.2 State Retirement Benefits

Under present legislation, members will receive State Retirement Benefits in addition to their pension from the Clergy Pensions Fund. Members seeking more information on such Social Welfare Benefits should contact their local Social Welfare / Social Security office.

5.3 Early Retirement Pension

A member who has completed at least two years of actual service and who has reached the age of 60 may elect to receive a pension, as approved by the Trustee, on retirement from the ministry. In this event the pension is calculated based on 1/60th of the Pensionable Stipend at the date of retirement for each complete year and pro rata for days of Pensionable Service and then reduced to the percentage rate as set out below:-

Years before Normal Retirement Age	Percentage
7*	67*
6*	71*
5	75
4	79
3	84
2	89
1	94

* These factors only apply to members with an NRA of 67 years

5.4 Ill-health Retirement Pension

A member who has to retire on the grounds of ill-health, having served for at least ten years, is entitled to a pension calculated as for a Normal Retirement Pension, but based on actual years and days of service completed and then reduced to 90%.

The above restriction to 90% does not apply where a member has been shown to be unable to carry out their duties for at least six months immediately prior to retirement. In any particular case this period of six months can be reduced at the discretion of the Trustee to not less than three months.

The pension paid to a member retiring due to ill-health is subject to a minimum of 15% of Pensionable Stipend (subject to Revenue limitations).

5.5 Late Retirement Pension

While the NRD for members is set out in the definitions in paragraph 2, members do not have to retire at this date, but may remain in the ministry and continue to receive their stipend.

All clergy must retire by the end of the quarter in which they reach age 75.

Members who stay on beyond their NRD do not accrue any additional Pensionable Service¹.

The pension payable to members who retire later than their NRA is that pension which would have applied as at their NRA, multiplied by the percentage set out below :-

Years after Normal Retirement Date	Percentage
1	106
2	113
3	121
4	129
5	138
6	147
7	157
8	169
9 *	181 *
10 *	194 *

* Note – these percentages only apply to members with an NRA of 65 years

6. PENSION INCREASES

While pension increases are not guaranteed by the Fund, each year the Trustee considers, for possible increase, the level of pensions in payment. The amount of any such increase will be the percentage required by law, or such greater percentage, up to a maximum of 5%, as the Trustee, on the advice of the actuary and with the approval of the Representative Church Body, may determine.

All such increases approved are applied to pensions in payment with effect from 1 January each year.

¹ Except in the case of Members who reached NRA but who had not achieved 40 years service prior to 31 December 2008 when the method of calculating pension based on years and days gives a higher rate of pension at 31 December 2008.

7. LUMP SUM IN EXCHANGE FOR PART OF PENSION

All Members may decide to commute, i.e. exchange, up to 25% of their pension for an immediate cash lump sum.

Republic of Ireland members, on reaching their appropriate NRA, may decide to commute part of their pension on reaching their relevant NRA, whether or not they retire at that time. A member who intends to remain in service after reaching their NRA may defer making this decision until their actual date of retirement.

United Kingdom members, under UK pension legislation, may only commute a part of their pension on the date of their retirement and that date must be on or before their 75th birthday.

Under current legislation in both jurisdictions, such cash lump sums are not subject to income tax.

The maximum amount of pension which can be commuted is one fourth of pension entitlement at NRA, or at the date of retirement, as appropriate. For each £1/€1 per annum of pension commuted a cash sum of £9/€9 is payable.

The exchange of part of pension for a cash sum has the effect of reducing a member's pension in payment.

A decision to take a commutation cash sum does not reduce the pension to which a surviving spouse may subsequently become entitled as such pension is based on the member's pension entitlement prior to any exchange being made.

Members who retire because of ill-health, or having reached 60 years of age and who elect to retire voluntarily before reaching their NRA, also have an option to exchange part of their pension for a tax free cash sum at the time of retirement.

8. DEATH BENEFITS

8.1 Cash Lump Sum Benefits payable on Death

The cash lump sum benefits payable on death of a member depend on whether the member is in service or already retired at the date of death.

(a) Death in Service before NRA

A lump sum of four times Pensionable Stipend at date of death is payable to the late member's legal personal representatives whether they are survived by a spouse or not. In addition, if applicable, a surviving spouse's pension equal to two thirds of the member's expected pension (based on Pensionable Stipend at date of death and prospective years and days of Pensionable Service, as if they had lived to their NRA) is payable.

(b) **Death in Service at, or after NRA**

An amount equivalent to five years' pension is payable to the late member's legal personal representatives, where pension is the amount calculated as if the member had retired on their date of death. In addition, if applicable, a surviving spouse's pension equal to two thirds of the member's pension entitlement at their date of death is payable. Such pension is based on the level of their deceased spouse's pension in payment prior to any reduction as a result of a decision to commute a part of that pension.

(c) **Death after retirement**

If a member dies within five years of retirement, a cash lump sum is payable to the legal personal representatives equal to the balance of pension payable to the member up to the fifth anniversary of the date of retirement.

8.2 Surviving Spouse's Pension

In addition to the above cash lump sum benefits, a surviving spouse's pension, if applicable, is payable as follows:-

- (a) **Where the member's pension commenced before 18th May 1989**
a spouse's pension equal to eight ninths of the member's pension as at date of death.

(Note - Prior to 18th May 1989, no part of a member's pension could be commuted as different regulations existed at that time. The regulations controlling surviving spouses' pensions were changed as at that date so that all surviving spouses would be treated equitably, having regard to the commutation rules.)

- (b) **Where the member's pension commences on or after 18th May, 1989**
a spouse's pension is payable equal to two thirds of the member's pension as at date of death, but before any commutation (See also paragraph 8.1 (c))

(Note – if the member's pension commenced on or after 18th May 1989 and they had reached 70 years of age on that date, then a spouse's pension equal to eight ninths of the member's pension as at date of death is payable instead of the amount above.)

A surviving spouse's pension, having commenced, is payable for life and does not cease on re-marriage where the marriage occurred, or occurs after 17th June 1991.

A surviving spouse's pension is not payable if the member of the clergy married after retirement.

A reduced pension is payable to a surviving spouse if the spouse is more than 10 years younger than the deceased member and the marriage took place within two years of the member's death. (The reduction will be certified by the actuary).

8.3 Dependent Child's Pension

Additional pension is provided in respect of each dependent child, normally at the rate of 1/3rd of the surviving spouse's pension. However the total of surviving spouse's and children's pensions may not exceed 2/3rds of the Pensionable Stipend.

A pension is payable in respect of each dependent child up to the age of 18 years (or date of marriage, if earlier). The pension will be continued beyond age 18 to 23 if the dependent child is in full-time education. Where the member dies in service such a pension may be further continued, without the limitation of age, in cases where a medical panel certifies that the child is incapable of supporting himself/herself by reason of physical or mental handicap.

A dependent child includes a stepchild and a child legally adopted.

9. BENEFIT ON WITHDRAWAL OR ON LEAVING SERVICE

On withdrawal from the Fund having completed two years Pensionable Service members will be entitled to either :-

(a) A Preserved Pension

The preserved pension is calculated as the pension the member had accrued up to the date of leaving based on the Pensionable Stipend² and the member's Pensionable Service at that date. A preserved pension, on the approval of the Trustee, may be taken at any time after age 60 as for a current member of the Fund.

or

(b) A Transfer Value

The member may elect instead to transfer the value of their preserved pension to a Revenue approved (a) pension scheme of their new employer

² For those members who left the Fund before 1 January 2011 the preserved pension is calculated as the pension the member accrued up to the date of leaving based on MAS and the member's Pensionable Service at the date of leaving.

or (b) individual buy out contract. The transfer value represents the actuarial value of the preserved pension.

Increases in the value of preserved pensions – Preserved pensions are increased annually before they come into payment as prescribed in the relevant jurisdiction.

If a member dies prior to the commencement of payment of a preserved pension a surviving spouse's pension is payable.

On withdrawal from the Fund having completed less than two years' Pensionable Service, members will be entitled to a return of the contributions paid by the member increased by 3% per annum compound interest, less tax. (At the discretion of the Trustee a deferred, preserved pension may be taken at NRA based upon completed service and Pensionable Stipend at the date of leaving – see above).

10. RETURN TO SERVICE

Where members who have previous Pensionable Service to their credit in respect of which they did not receive a refund of contributions, or have not effected a transfer value in relation to such service to another Fund, subsequently return to service in the Church of Ireland, their previous Pensionable Service will be added to their subsequent service for pension purposes, provided they satisfy the conditions for re-admission to the Clergy Pensions Fund. Members who re-enter service after 1 January 2009 will have an NRA of 67.

11. PART-TIME DEPLOYMENT IN THE STIPENDIARY MINISTRY

Clergy in part-time deployment are required to become members of the Fund in accordance with the regulations agreed by the Trustee and the Representative Body.

A member who is in part-time deployment will accrue Pensionable Service proportionate to the contractual hours that the member works relative to a member in the full time ministry.

Copies of the Pensions Regulations for part-time deployment in Stipendiary Ministry are available from the Pensions Administration Manager.

12. ARCHBISHOPS AND BISHOPS

A separate booklet describes the pension benefits applicable to Archbishops and Bishops.

13. ADDITIONAL INFORMATION

13.1 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, exclusive of the part relating to the Republic of Ireland, 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. The Fund’s registration numbers are as follows:

Republic of Ireland	SF/3946
United Kingdom	SF3/24795

13.2 The rules of the Fund are governed by legislation and the Constitution of the Church of Ireland, Chapter XIV. Amendments to the Constitution may only be agreed at the General Synod of the Church of Ireland by a voting majority of the General Synod members present.

13.3 With effect from 1 January 2011 The Church of Ireland Clergy Pensions Trustee Limited is the Trustee of the Fund. The Fund is administered by the Trustee with the assistance of the Board, to which it has delegated certain of its duties, in accordance with the provisions of Chapter XIV.

13.4 The Fund is a ‘defined benefit scheme’ for the purposes of the Pensions Act, 1990.

13.5 Pension Adjustment Orders – will be implemented when made by a Civil Court.

13.6 Internal Dispute Resolution Procedure – a copy of this procedure is available from the Pensions Administration Manager.