APPENDIX F

THE CHURCH OF IRELAND
CLERGY PENSIONS TRUSTEE LIMITED

REPORT ON THE CLERGY PENSIONS FUND
FOR THE
YEAR ENDED 31 DECEMBER 2011

CONTENTS

ANNEXES

THE TRUSTEE AND ITS ADVISORS

Trustee	The Church of Ireland Clergy Pensions Trustee Limited
Registered Office	Church of Ireland House, Church Avenue, Rathmines, Dublin 6 Tel 01-4978422 Fax 01-4978821 Email pensionstrustee@rcbdub.org Web www.ireland.anglican.org/clergypensions Company Registered in Ireland No 492302
Trustee Directors	*Nominated by the RCB Executive Committee* Mr Geoffrey Perrin Mr Terence Forsyth Mr John Wallace *Nominated by the Church of Ireland Pensions Board* Rt Rev Paul Colton Mr Bruce Maxwell (Chairman)
Company Secretary	Mr Denis Reardon, 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	Irish Life Investment Managers, Beresford Court, Dublin 1
Investment Custodians	Citibank, 1 North Wall Quay, Dublin 1
Scheme Actuary	Mr Paul McMahon FSAI, 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 Limited, Church of Ireland House, Church Avenue, Rathmines, Dublin 6

The Clergy Pensions Fund is *An Bord Pinsean* Scheme no PB1667.

CHAIRMAN'S STATEMENT

This report relates to the Church of Ireland Clergy Pensions Fund for the year ended 31 December 2011 and is intended to give all the essential information on the financial position of the Fund, its investment performance over the year and other relevant matters that occurred during the year.

The new Trustee Company - A new Trustee company was formed during 2010 to act as Trustee to the Fund with effect from 1 January 2011. The Directors of the Trustee Company were nominated by the RCB Executive Committee and the Church of Ireland Pensions Board. My fellow Directors elected me as Chairman of the Board, a role which I aim to fulfil to the best of my abilities.

Individual trustees are required to undergo training for their role and each Director duly completed the training within months of being appointed. Following this, we spent some time identifying which Trustee duties are best handled by the bodies already in situ within the RCB structures, and which matters have to be handled by the Trustee Company itself. We identified the duties which will be best managed by the RCB administration department, the Church of Ireland Pensions Board and the RCB Investment Committee. I am pleased to report that each of these bodies willingly accepted the duties delegated to them and each is establishing the appropriate method to report to the Trustee on their duties. The ultimate responsibility for all of the delegated duties rests with the Trustee. A report to the Trustee from the Church of Ireland Pensions Board (the "Board") which covers the duties taken on by the Board can be found in Annex 1 to this report (page 145). The relationship between the Trustee and the Board is a very positive one and I am confident that the Fund will continue to be administered efficiently and effectively. I wish to thank the Board, the Investment Committee and the RCB administration department for their work on behalf of the Fund during the past year.

The performance of the Fund in 2011 - During the year the total Fund assets increased by €0.4m to €108.2m at 31 December 2011. There was a negative return on assets of -2.0% but this was offset by the additional tranche of €5m injected into the Fund by the Representative Church Body in its capacity as Sponsor, as agreed by Synod 2010. Further details on the Fund investment performance are set out in the report (page 127).

Investment Strategy - During 2012 the Trustee intends to review with the Sponsor the current investment strategy being pursued by the Fund, taking particular note of the ageing profile of the members and the large numbers of pensioners relative to active members. The membership details for the Fund are shown in the report on page 147.

The Pensions Levy - The Fund was hit by the new levy on the assets of Defined Benefit pension plans introduced by the Irish government in 2011. This levy, calculated as 0.6% of Fund assets, was applied to the value of the assets of the Fund attributable to Republic of Ireland members. The Trustee and the Sponsor are monitoring the impact the levy is having on the Fund. This issue will be addressed in the context of the funding strategy to be adopted for the Fund, both for minimum funding standard purposes and the on-going regular funding valuation.

The Solvency of the Fund - The Fund has been in a difficult financial position for some years now and previous reports have outlined the continuing efforts made to address the deficit in the Fund. New proposals to address the funding situation were being developed by the Sponsor in 2010 and 2011, and certain proposals were implemented following General Synod 2010. However, a Funding Proposal has yet to be submitted to *An Bord Pinsean* as the new regulations on minimum funding standards for defined benefit schemes have not yet been issued. The Fund Sponsor is continuing to explore various possibilities to address the problem and the Trustee has been kept informed about this work.

The Trustee met with representatives of the Sponsor and the Actuary in January 2012, where lengthy discussions took place on the financial position of the Fund. The Trustee understands that that the Sponsor is seeking to maintain the defined benefit scheme, at least for current members, while recognising that this has to be affordable to all the contributors, including the members. The Trustee will continue its liaison with the Sponsor and the Actuary during the coming year, to enable the Trustee to consider the changes in benefits being proposed in the context of the members' interests and the interest of the long-term sustainability of the Fund. The Trustee will be involved with the Sponsor and Actuary when the new rules for the minimum funding standard are eventually published, as at that stage, a Funding Proposal identifying how the solvency of the Fund will be restored will have to be developed and submitted to *An Bord Pinsean*. The Trustee will also play its part in the regular triennial actuarial review of the Fund, due to be prepared as of 30 September 2012.

I take this opportunity to thank my fellow Director trustees and the Secretary of the Fund and the staff in Church House for their dedication and hard work during the past year.

BN Maxwell
Chairman
12 March 2012

INTRODUCTION

The Trustee presents the annual report on the operation of the Clergy Pensions Fund for the year ended 31 December 2011. The purpose of this report is to communicate with members of the Fund on the operation of the Fund and its financial position, to report to the Representative Church Body in its capacity as sole member of the Trustee, and to report to the General Synod in accordance with Section 12 (1) (o) of Chapter XIV of the *Constitution of the Church of Ireland*. 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.

CONSTITUTION OF THE FUND

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. In accordance with the latest revision of Chapter XIV, which was carried out in 2010, the Church of Ireland Clergy Pensions Trustee Limited assumed responsibility for acting as Trustee of the Clergy Pensions Fund with effect from 1 January 2011. The Representative Church Body is the sole member of the Church of Ireland Clergy Pensions Trustee Limited.

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 Limited 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 133.

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. The Trustee Directors and the administrators have access to a copy of the Trustee Handbook and Guidance notes issued by *An Bord Pinsean*. The Trustee Directors have completed appropriate training for their duties and responsibilities, however no costs or expenses were incurred in respect of Trustee Director training during the year.

MEMBERSHIP

The Fund is relatively mature in relation to the composition of active (contributing) members and pensioners. At 31 December 2011 there were 457 active members (2010: 477) and 267 pensioners (2010: 250). In addition there were 208 surviving spouses on pension (2010: 212) and 105 members with entitlement to deferred benefits (2010: 98).

The age profile of contributing members shows 13% under age 40 years and 28% over age 50 years.

The Fund is open to new members.

Detailed figures on the membership of the Fund are reported by the Church of Ireland Pensions Board in Annex 1 to this report (see page 147).

BENEFITS

During the year €6.7m was paid out in pension benefits, compared with €6.5m the previous year. A breakdown of these figures is included in the report of the Church of Ireland Pensions Board in Annex 1 to this report (see page 145).

Discretionary increases to 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. Due to the financial state of the Fund no discretionary increases in pensions in payment have been applied since 2009 and this remains the position for 2012.

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 2011 was 5.6%; accordingly, on 1 January 2012 under (i) above a 5% increase was applied and under (ii) a 2.5% increase was applied. These increases relate to the service periods outlined at (i) and (ii) in the previous paragraph.

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

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

PENSIONABLE STIPEND

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 on the recommendation of the Representative Church Body and the Trustee.

It was agreed by the Standing Committee in September 2011 that Pensionable Stipend levels with effect from 1 January 2012 should remain unchanged from 2011 at £25,498 per annum in Northern Ireland and €36,219 per annum in the Republic of Ireland.

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 145).

Actuarial advice is provided by Mercer Actuarial Services, Dublin. Investment management is undertaken by external 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.

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 full risk statement can be found in Annex 2 to this report (page 152).

The Fund operates on a "defined benefit" basis. 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 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 set out in the full document.

Another risk is that the Sponsor may for some reason decide to cease its liability to contribute to the Fund. In this event, the Fund may be wound up, future accrual of benefits may cease 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 10 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. Professional investment managers have been appointed to manage the 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. If the Fund is found to be insolvent on this basis, the Trustee and the Sponsor are required to complete a funding proposal for submission to *An Bord Pinsean*, with the objective of returning the Fund to solvency.

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 to meet this commitment.

FINANCIAL POSITION OF THE FUND

Having allowed for benefits paid and contributions received, the Fund increased in value by 0.4% in the year to 31 December 2011, growing from €107.8m to €108.2m. The increase was due to the extra contributions made, as investment performance was a loss of €2.0m.

The development of the Fund is monitored by the Actuary by means of an actuarial valuation which is carried out at intervals of not more than three years. The last actuarial valuation of the Fund was carried out as at 30 September 2009. Based on the valuation, the Actuary reported that, in common with many defined benefit schemes at this time, the Fund did not satisfy the statutory Minimum Funding Standard under Section 44 of the Pensions Act.

The Actuary is required annually to produce a certificate commenting on the status of the funding of the Fund. The Actuarial Certificate at 31 December 2011 states that the Actuary is not satisfied that as at 31 December 2011 the Fund would have met the Minimum Funding Standard under Section 44 of the Pensions Act.

A copy of the Actuarial Funding Certificate as submitted to *An Bord Pinsean* is included as Annex 3 to this report (page 154) and a copy of the Actuarial Certificate as at 31 December 2011 is included as Annex 4 (page 156).

As mentioned in the Chairman's Statement, the Sponsor is developing proposals to address the deficit in the Fund. The Trustee will liaise with the Sponsor in this regard during 2012.

GOVERNMENT LEVY ON PENSION SCHEMES (REPUBLIC OF IRELAND)

The Trustee in late 2011 received correspondence from the RCB Executive Committee indicating that the Executive had considered the funding of the four year government levy on pension schemes in the Republic of Ireland and had agreed that no funding decision be taken specific to the impact of the levy, but that such impact be considered together with all of the other influences on funding, including the resolution of the current Minimum Funding Standard deficit. The Sponsor confirmed that this proposed course of action had been discussed with the Actuary, who had stated that he did not have a difficulty with the proposal. The Sponsor intended that the levy charge in respect of the year 2011 should be absorbed by the Clergy Pensions Fund but no similar commitment was made in relation to any subsequent years.

The Trustee is monitoring the situation to assess the implications of the reduction in the Fund's assets due to the levy, in the context of proposals being prepared by the Sponsor to address the overall deficit in the Fund.

INVESTMENT APPROACH

The investment objectives for the Fund are to maximise total returns through diversified portfolios of equity, fixed interest, property and cash investments having regard to liability restraints, cash flow, interest rate and currency movements. The Trustee reviews investment objectives to ensure that these are appropriate to the profile of the Fund.

A Statement of Investment Policy Principles (SIPP) sets out the investment policy for the management of the assets of the Fund. A copy of the existing SIPP, as adopted by the Representative Church Body prior to the change in trusteeship, is included as Annex 5 to this report (page 157). The existing Statement has been formally noted by the Trustee and will be reviewed in 2012 with particular focus on the strategic asset allocation. As part of the review the Trustee will take expert investment and actuarial advice and consult the Sponsor.

Investment management of the equity and fixed interest elements of the Clergy Pensions Fund was transferred to Irish Life Investment Managers with effect from 24 January 2008. Property and Venture Capital investments continue to be managed by other managers. The asset distribution at 31 December 2011 is shown on page 128.

SOCIALLY RESPONSIBLE INVESTMENT (SRI)

The RCB Investment Committee annually reviews social, environmental and ethical issues with the investment manager(s) for the selection, retention and realisation of all the investments of the Representative Church Body. In 2011 the RCB Investment Committee monitored and carried out its annual SRI assessment of individual stock holdings within the various portfolios and excluded stocks where it was deemed appropriate.

In December 2011 the Investment Committee reported to the Representative Church Body that it was satisfied that the investment managers are sensitive to the Church's concerns and expectations with regard to ethical and socially responsible investment. The report is included as Appendix C to the report of the Representative Church Body (*Church of Ireland General Synod Reports 2012*, page 91).

INVESTMENT REPORT

Investment Performance

A report from the Investment Manager, including a review of investment markets in 2011 and expectations for 2012, is included in Annex 6 to this report (page 162). The equities and fixed interest bonds in the Fund are managed by Irish Life Investment Managers on an indexed (passive) basis replicating the performance of a particular index. Certain equities are excluded on socially responsible investing (SRI) grounds.

The composite return for the equity and bonds funds for the 12 months to 31 December 2011 was -2.0% (2010: +11.4%, 2009: +26.1%). The 2011 return compared with a benchmark return of -1.4%. The investment return needs to be in the region of +5.25% to meet the assumptions made in the actuarial valuation basis that determines the long term funding rate.

The asset valuation and distribution of the Fund are set out in the following tables.

Asset Valuation	**31 Dec 2011**	**31 Dec 2010**
	€'000	€'000
ILIM Irish Fund	50,273	51,901
ILIM UK Fund	49,831	52,764
Property / Venture Capital	3,071	3,084
Cash	5,053	-
	108,228	**107,749**

Asset Distribution	**Country**	**31 Dec 2011**	**31 Dec 2010**
		%	%
Equity	Europe	32.0	37.2
	UK	31.7	33.3
	US / Rest of World	11.4	11.3
Equity Total		**75.1**	**81.8**
Fixed Interest	Europe	8.4	8.2
	UK	9.1	7.2
Fixed Interest Total		**17.4**	**15.4**
Property Total		**2.7**	**2.7**
Venture Capital Total		**0.2**	**0.1**
Cash		**4.6**	**0.0**
Grand Total		**100.0%**	**100.0%**

Custody of Investment Assets

Citibank was the custodian of the unit-linked funds held by Irish Life Investment Managers (ILIM) for the Clergy Pensions Fund for the year ended 31 December 2011. In addition to the records maintained by the custodians, ILIM maintains its own records of securities. Both sets of records are reconciled regularly. The custodian has produced a report on its internal controls in accordance with SAS 70. The securities are held beneficially in the name of Irish Life Assurance plc on behalf of the Trustee of the Fund.

INTERNAL DISPUTE RESOLUTION

Under Irish pensions legislation all pension schemes are required to have an Internal Dispute Resolution (IDR) Procedure. As a result all 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.

Accordingly, 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 must be followed before an issue can be brought to the Pensions Ombudsman.

A copy of the IDR Procedure is included as Annex 7 to this report (page 165).

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.

The latest revision in May 2011 incorporates recent changes in pensions legislation and regulations together with 'best practice' and has been forwarded to every member.

Benefit Statements as at 30 June 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 online at www.ireland.anglican.org/clergypensions or from the Pensions Administration Manager.

On behalf of the Trustee

BN Maxwell
Chairman
The Church of Ireland Clergy Pensions Trustee Limited
12 March 2012

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 2011

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

Trustee
The Church of Ireland Clergy Pensions Trustee Limited
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
Spencer Dock
Dublin 1

Investment Managers
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, of the financial transactions for the scheme year and the asset 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 Statement of Recommended Practice - Financial Reports of Pension Schemes (revised May 2007) (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.

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Independent Auditors' Report to the members of Church of Ireland Clergy Pensions Trustee Limited

We have audited the financial statements on pages 6 to 14. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on page 6 and 7.

Respective responsibilities of trustee and auditors
As described in the statement of the trustee's responsibilities on page 4, the trustee is responsible for making available the audited financial statements prepared in accordance with applicable Irish pension law and accounting standards issued by the Accounting Standards Board and published by The Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinions, has been prepared for and only for the scheme's trustee as a body in accordance with Section 56 of the Pensions Act 1990 and for no other purpose. We do not, in giving this report including the 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.

We report to you our opinion as to whether the financial statements show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the financial transactions of the scheme during the scheme year and of the amount and disposition of its assets and liabilities, other than liabilities to pay benefits in the future, and whether the financial statements contain the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006. We also report to you whether in our opinion the contributions payable to the scheme have been received by the trustee within 30 days of the scheme year end and, in our opinion, have been paid in accordance with the scheme rules and the recommendation of the actuary.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the trustee's report, the investment manager's report, the actuarial funding certificate, and the actuary's further statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by or on behalf of the trustee in the preparation of the financial statements, and of whether the accounting policies are appropriate to the scheme's circumstances, consistently applied and adequately disclosed. Our work also included examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments.

PricewaterhouseCoopers, One Spencer Dock, North Wall Quay, Dublin 1, Ireland. I.D.E. Box No. 137
T: +353 (0) 1 792 6000, F: +353 (0) 1 792 6200, www.pwc.com/ie

Chartered Accountants

Independent Auditors' Report to the members of Church of Ireland Clergy Pensions Trustee Limited - continued

Basis of opinion - continued
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error, and that contributions have been paid in accordance with the scheme rules and the recommendation of the actuary and received within 30 days of the scheme year end. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion, the financial statements show a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the financial transactions of the scheme during the year ended 31 December 2011, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay benefits in the future, and contain the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006.

In our opinion the contributions payable to the scheme during the year ended 31 December 2011 have been received by the trustee within 30 days of the end of the scheme year and, in our opinion, such contributions have been paid in accordance with the scheme rules and the recommendation of the actuary.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

13 March 2012

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
ACCOUNTING POLICIES PAGE 6

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

(i) Basis of preparation

The financial statements have been prepared in accordance with 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 May 2007).

(ii) Investments

Invested assets are held in unitised funds, most of the value of which is managed by Irish Life Investment Managers. 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 is shown in Note 7 of these accounts

(iii) Investment Income

Most of the invested assets are held in unitised funds and income is attributed to the funds as it arises and is not separately reported. Income from any pooled investment vehicle which distributes income is accounted for in the period.

(iv) 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.

(v) Foreign Currencies

Balances and transactions denominated in foreign currencies have been translated into Euro at the rate of exchange ruling at the year end. (2011 €1 = £0.8353; 2010 €1 = £0.8607).

(vi) 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 for.

(vii) Contributions

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis in the month employee contributions are deducted from the payroll. Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid, or in the absence of such an agreement, when received.

Employers' deficit funding contributions are accounted for in accordance with the agreement under which they are being paid or, in the absence of an agreement, on a receipt basis.

(viii) 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
FUND ACCOUNT **YEAR ENDED 31 DECEMBER 2011**
FINANCIAL STATEMENTS **PAGE 8**

CONSOLIDATED FUND

	Notes	2011 €'000	2010 €'000
CONTRIBUTIONS AND OTHER RECEIPTS			
Contributions receivable	3	5,390	5,221
Special contribution	4	5,000	5,000
		10,390	10,221
BENEFITS AND OTHER PAYMENTS			
Benefits payable	5	7,433	6,887
Administrative expenses		158	154
Pension Levy		320	-
		7,911	7,041
NET ADDITIONS		2,479	3,180
RETURNS ON INVESTMENTS			
Investment income	6	51	27
Realised and unrealised investment (losses)/gains		(2,040)	10,719
Currency translation adjustment		47	(32)
Investment management expenses		(71)	(66)
NET RETURNS ON INVESTMENTS		(2,013)	10,648
NET INCREASE IN FUND FOR YEAR		466	13,828
BALANCE 1 JANUARY		107,817	93,989
BALANCE 31 DECEMBER		108,283	107,817

The Fund has no recognised gains or losses other than those dealt with in the Fund Account.

Signed on behalf of the Trustee: *BN Maxwell*
DG Perrin

Date: *12 March 2012*

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
STATEMENT OF NET ASSETS YEAR ENDED 31 DECEMBER 2011
FINANCIAL STATEMENTS PAGE 9

CONSOLIDATED FUND

	Notes	2011	2010
		€'000	€'000
INVESTMENT ASSETS	7	108,228	107,749
CURRENT ASSETS			
Amounts due from the Representative Church Body		68	152
CURRENT LIABILITIES			
Creditors		(13)	(84)
NET CURRENT ASSETS		55	68
NET ASSETS		108,283	107,817

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and other benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which does take account of such obligations, is dealt with in the Trustee's report, the actuarial funding certificate and the actuary's annual certificate within this report, and these accounts should be read in conjunction with them.

Signed on behalf of the Trustee: *BN Maxwell*
DG Perrin

Date: *12 March 2012*

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.

2. FORMAT OF THE FINANCIAL STATEMENTS

The statements summarise the transactions and net assets of the scheme. 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 Fund, which does take account of such obligations, is dealt with in the Trustee's report, the actuarial funding certificate and the actuary's annual certificate within this report, and these accounts should be read in conjunction with them.

3. SUMMARY OF CONTRIBUTIONS RECEIVABLE

		2011 €'000	2010 €'000
Members	– normal	1,239	1,069
	– additional personal	181	226
Dioceses		3,080	2,764
Representative Church Body		890	1,155
Transfers from other funds		-	7
Total		5,390	5,221

The value of Northern Ireland contributions in Sterling is £2.387m (2010: £2.187m) and translated to Euro at the year end rate of 0.8353 (2010: 0.8607).

The value of Republic of Ireland contributions is €2.532m (2010: €2.680m).

4. SPECIAL CONTRIBUTION

As part of a funding proposal which was presented to General Synod in 2010 the Representative Church Body during 2011 made a second capital transfer of €5m to the Clergy Pensions Fund.

5. BENEFITS PAYABLE

	2011 €'000	2010 €'000
Pensions to retired bishops and clergy	4,092	3,958
Pensions to surviving spouses and orphans	2,622	2,579
Commutation of pensions	541	205
Death benefits	178	145
Total	7,433	6,887

The cost of Northern Ireland benefits in Sterling is £3.375m (2010: £3.193m) and translated to Euro at the year end rate of 0.8353 (2010: 0.8607).

The cost of Republic of Ireland benefits in Euro is €3.393m (2010: €3.177m). This cost excludes administration charge and the pension levy.

6. ANALYSIS OF INVESTMENT INCOME

	2011 €'000	2010 €'000
Miscellaneous trust income	36	18
Interest	15	9
	51	27

Most of the invested assets are held in unitised funds and income is attributed to the funds as it arises and is not separately reported.

7. (a) INVESTMENT ASSETS

	Market Value 2011 €'000	Market Value 2010 €'000
Equities		
UK	34,266	35,852
Europe ex UK	34,676	40,098
Global	12,283	12,160
Bonds		
European	9,080	8,801
UK	9,800	7,754
	100,105	104,665
Other		
Irish Property Unit Trust	177	202
New Ireland Pension Property Series 1	2,715	2,706
New Ireland Venture Capital	178	176
Cash on Deposit	5,053	-
	8,123	3,084
TOTAL	108,228	107,749

(b) The fund tracks various published indices on a passively managed basis.

As at 31 December 2011, the indices and the percentage of the fund, excluding property unit trusts and cash, invested in these was as follows:

Indices	Weighting 2011	Weighting 2010
FTSE All World Series Developed Europe Ex UK	34.6%	38.3%
FTSE All World Series UK	34.2%	34.2%
S&P Global 100	12.3%	11.7%
Merrill Lynch EMU Govt > 10 Year	9.1%	8.4%
Merrill Lynch UK Govt > 10 Year	9.8%	7.4%

8. CONTINGENT LIABILITIES

As stated in the accounting policies on page 6 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 2011.

9. 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 Trustee.

10. RELATED PARTY TRANSACTIONS

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

(b) Remuneration of the Trustee: The Trustee does not receive and is not due any remuneration from the Fund in connection with its responsibilities as Trustee.

(c) Sponsor: The Representative Church Body acts as the Sponsor for the Clergy Pensions Fund and sponsor contributions to the scheme are made in accordance with funding proposals agreed with the Actuary from time to time.

(d) The Administrator: The Representative Church Body is the Registered Administrator of the scheme and is remunerated on a fee basis.

(e) The Investment Manager: Irish Life Investment Managers was appointed by the Trustee to manage the Fund's assets. The Manager is remunerated on a fee basis calculated as a percentage of the assets under management. These fees are reflected in unit prices and borne by the Fund.

11. SUB DIVISIONS

REPUBLIC OF IRELAND	2011 €'000	2010 €'000
Contributions	2,532	2,680
Special contribution	2,485	2,484
Net benefits and other payments	(3,871)	(3,330)
Net transfer between sub divisions	489	(430)
Net additions	1,635	1,404
Net returns on investments	(819)	5,321
Balance 1 January	53,564	46,839
	54,380	53,564

NORTHERN IRELAND		
Contributions	2,858	2,541
Special contribution	2,515	2,516
Net benefits and other payments	(4,040)	(3,711)
Net transfer between sub divisions	(489)	430
Net additions	844	1,776
Net returns on investments	(1,194)	5,327
Balance 1 January	54,253	47,150
	53,903	54,253

CONSOLIDATED FUND		
Contributions	5,390	5,221
Special contribution	5,000	5,000
Net benefits and other payments	(7,911)	(7,041)
Net additions	2,479	3,180
Net returns on investments	(2,013)	10,648
Balance 1 January	107,817	93,989
	108,283	107,817

12. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee on 12 March 2012.

ANNEX 1

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

Members/Meetings of the Board

There were six meetings of the Board in 2011.

Elected by the House of Bishops

Most Revd Dr John Neill (retired 31 January 2011)	(1)
Right Revd Paul Colton	(5)
Right Revd John McDowell (elected by House of Bishops November 2011)	(1)

Elected by the General Synod

Ven Donald McLean	(5)
Canon Lady Sheil	(6)
Revd Ted Woods	(6)
Mr William Oliver	(4)
Mrs Cynthia Cherry (elected January 2011)	(3)

Elected by The Representative Church Body

Mrs Judith Peters	(3)
Mr Robert Willis (retired November 2011)	(4)
Mr Terence Forsyth	(4)
Mr Geoffrey Perrin	(5)
Revd John McDowell (elected by House of Bishops November 2011)	(4)

Chairperson – Canon Lady Sheil

Vice-Chairperson – Mr Terence Forsyth

Honorary Secretary – Ven Donald McLean

Honorary Consultant – Canon Barry Deane

Assistant Secretary – Mr Philip Talbot (retired 31 August 2011)

Pensions Administration Manager – Mr Peter Connor

Grants Committee

Canon Lady Sheil Ven Donald McLean Mrs Judith Peters

Office: Church of Ireland House
Church Avenue
Rathmines
Dublin 6

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

1. INTRODUCTION

In accordance with section 12(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 12(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 G to the Report of the RCB (*Church of Ireland General Synod Reports 2012*, page 169).

2. MEMBERSHIP OF THE BOARD

The Board continues to be elected triennially in accordance with Section 15 of Chapter XIV.

The Standing Committee, at its meeting on 25 January 2011, elected Mrs Cynthia Cherry as a member of the Board.

The Right Rev John McDowell was elected as a representative of the House of Bishops on the Board in September 2011 having previously been elected as a member of the Board by the Representative Church Body.

Mr Robert Willis retired from the Board in November. The Board expresses sincere thanks to Mr Willis for his substantial contribution to the work of the Board since his election in 1990.

3. MEMBERSHIP OF THE FUND

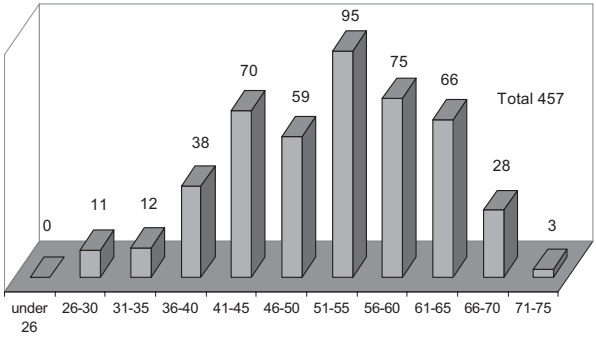
The table on the following page shows the movement during the year across the various membership categories. The accompanying graph shows the age profile of the active members.

It should be noted that the number of 'active' clergy who retired on pension in 2011 (25) is more than double the total of those who retired the previous year (10 in 2010; 13 in 2009).

	Active members	Deferred members	Pensioners	Spouses on pension
At 1 January 2011	477	98	250	212
New entrants	17			
Leavers with deferred benefits	(11)	11		
Leavers taking benefits elsewhere	(0)	(0)		
Deaths before retirement	(1)	(0)		
Retirements on pension	(25)	(4)	29	
Deaths on pensions			(12)	(11)
New spouses pensions				7
At 31 December 2011	457	105	267	208[1]

In addition there were 8 child dependency allowances in payment at 31 December 2011 (7 at 31 December 2010).

Age distribution of active members



Age	under 26	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	71-75	Total
Clergy	0	11	12	38	70	59	95	75	66	28	3	457

There are seven clergy in the full-time stipendiary ministry who are not members of the Fund having sought and been granted exemption on entering service and there is one who elected to leave the Fund and make independent pension arrangements.

[1] The total of 208 includes 14 widows of members who either retired or died before 1976 and 11 widows of voluntary members.

4. PENSIONS IN PAYMENT

The annual rates of pensions etc in payment at 1 January 2012 are:

	€		£
Clergy	1,636,076	and	2,105,951
Surviving spouses and orphans	1,320,256	and	1,025,916
	2,956,332	and	3,131,867

The total annual rate of pensions in payment translated to euro at the year end exchange rate of 0.8353 is €6,705,724.

5. CONTRIBUTIONS

Contribution Rate – the Members and Dioceses/Parishes annual total contribution rate (which is made up of a contribution to meet the deficit in respect of past service and to meet future service funding) was increased from 26% to 30% of the Pensionable Stipends with effect from 1 January 2011. This figure is made up of:

Rate	Source	€	£
9%	Members	3,260	2,295
21%	Dioceses/Parishes	7,606	5,355
30%	Total	10,866	7,650

Contribution from central funds for 2011 – a second transfer by the Representative Church Body of €5m took place in 2011 in accordance with the draft Funding Proposal reported to General Synod in 2010. In addition a contribution from central funds amounting to €890,000 was made during the year in accordance with Section 38 of Chapter XIV of the *Constitution*.

6. LUMP SUM BENEFITS

Under the provisions of the Fund a cash lump sum is payable in a number of eventualities. The following is a summary:

On death in service or within 5 years following retirement;

On retirement before reaching Normal Retirement Age[1] (NRA), individual members may elect to commute part of their pension;

On reaching NRA individual members, who are serving in the Republic of Ireland at that time, may elect to commute part of their pension whether or not they actually retire;

[1] Those members who were in the Fund on or before 31 December 2008 have a normal retirement age of 65. Normal retirement age for members, including deferred members who re-entered the Fund, on or after 1 January 2009, is 67.

On retirement after reaching NRA, individual members may elect to commute part of their pension if, on reaching NRA, they had decided to defer a decision until their actual retirement;

On deferred pension entitlement becoming payable.

During 2011 lump sums totalling €418,896 and £280,830 became payable under the above headings in respect of 20 members as follows:

Died in service (1); died within 5 years following retirement (2); paid before NRA (0); paid at NRA (0); paid on retirement (16); deferred pension (1).

7. EXTERNAL CONTACTS FOR INFORMATION AND SUPPORT

The Board has compiled a guide towards external sources of information and help 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).

8. ADDITIONAL PERSONAL CONTRIBUTIONS (APCs)

Members who will not have completed 40 years of service on reaching 65 or 67 years of age, as the case may, will not qualify for a full pension. However, subject to limitations contained in civil legislation, such members may purchase additional service by making APCs either by monthly deduction, or by the payment of a lump sum, or by a combination of the two. These contributions qualify for income tax relief.

At present 103 members have made, or are making, contributions to the APC Scheme.

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

9. 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.

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 2011

	Membership 31/12/10	New Contributors	Death in Service	Fund Transfers	Retired	Membership 31/12/11
RI	29	0	0	0	3	26
NI	6	0	0	0	0	6
Total	35	0	0	0	3	32
Previous Year	36	0	0	0	1	35

Three members ceased making contributions. The average annual contribution at the end of 2011 was (RI) €3,963 and (NI) £630. Standard Life, provider of the AVC facility, has closed the "Cash Pension Fund" for new contributors. Contributions may be invested with Standard Life in the "Managed Pension Fund", the "With Profits Pension Fund", the "Euro Global Liquidity Fund" or the "Pension Fixed Interest Fund", as appropriate, of 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

	2011 €'000	2010 €'000
Contributions received	100	105
Less paid on retirement or death	(47)	(5)
Less commuted to pension	-	-
	53	100
Balance 1 January	670	567
Currency Translation Adjustment	3	3
Balance 31 December	726	670

NOTES

1. The Representative Church Body is Trustee of the Scheme which is administered by the Church of Ireland Pensions Board under the authority of a resolution adopted by the General Synod on 21 May 1985.

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 year end 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. Sterling balances and transactions have been translated to Euro at the rate of exchange ruling at 31 December 2011 €1 = £0.8353 (2010 €1 = £0.8607)

ACCOUNTANTS' REPORT

The Representative Church Body is responsible for preparing the Fund Statement for the year ended 31 December 2011. We have examined the above and have compared it with the books and records of the Fund. We have not performed an Audit and accordingly do not express an audit opinion on the above statement. In our opinion the above statement is in accordance with the books and records of the Fund.

PricewaterhouseCoopers
Chartered Accountants
Dublin

March 2012

10. ASSISTANT SECRETARY TO THE BOARD

Mr Philip Talbot retired from the staff of the Representative Church Body after forty-four years service, eight of which included the role of Assistant Secretary to the Board. The Board wishes to record its thanks and appreciation to Mr Talbot for his diligent work and guidance as Assistant to the Board since his appointment in 2003.

Mr Peter Connor has assumed the role of Pensions Administration Manager under which one of his duties will be to act as Assistant Secretary to the Board.

ANNEX 2

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. 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.

- 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, future accrual of benefits may cease 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 10 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. If assets are insufficient to meet benefits due, the law specifies that pensioners have first call on the assets of the pension fund before benefits can be paid to those who have yet to reach normal retirement age.

Various actions have been taken by the Trustee to mitigate the risks. Professional investment managers have been appointed to manage the Clergy Pension 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. If the Fund is found to be insolvent on this basis, the Trustee and the employer/sponsor are required to complete a funding proposal for submission to the Irish Pensions Board, with the objective of returning the Fund to solvency.

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.

ANNEX 3

ACTUARIAL FUNDING CERTIFICATE

An Bord Pinsean -
The Pensions Board

SCHEDULE BC

Article 4

ACTUARIAL FUNDING CERTIFICATE

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

SCHEME NAME: The Church of Ireland Clergy Pension Fund

SCHEME COMMENCEMENT DATE: 1st January 1976

PENSIONS BOARD REFERENCE NO.: PB 1667

EFFECTIVE DATE OF

THIS CERTIFICATE: 30th September 2009

PREVIOUS CERTIFICATE: 30th September 2006

On the basis of information supplied to me and having regard to such financial and other assumptions as I consider to be appropriate:-

(1) I am of the opinion that at the effective date of this certificate the resources of the scheme, which are calculated for the purposes of section 44 of the Act to be €90,876,000 ***would/*would not** 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 of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €134,152,000

(2) I am of the opinion that at the effective date of this certificate the resources of the scheme, calculated for the purposes of section 44 of the Act, would have been sufficient, after allowance for the estimated expenses of administering the winding up of the scheme, to provide for the discharge of the liabilities of the scheme determined in accordance with section 44 of the Act as follows:

(a) **100%** of the benefits as set out in section 44(a)(i) of the Act
(b) **100%** of the benefits as set out in section 44(a)(ii) of the Act
(c) **2.9%** of the benefits as set out in sections 44(a)(iii) and 44(a)(iv) of the Act
(d) **0%** of the benefits, other than those referred to in subparagraphs (a) to (c) of this paragraph, to which paragraph 5 of the Third Schedule of the Act relates.

(3) ***I hereby state the specified percentage for the above scheme for the purpose of section 44 of the Act to be 0%.**

~~***I hereby state that the specified percentage for the above scheme for the purposes of section 44 of the Act is not applicable as there are no benefits which are described in paragraph 5 of the Third Schedule.***~~

I therefore certify that as at the effective date of this certificate the scheme ~~***satisfies/***~~***does not satisfy*** the funding standard provided for in section 44 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: James R. Kehoe *Date:* December 17, 2009

Name: James R Kehoe *Qualification:* F.S.A.I

Name of Actuary's Employer/Firm: Mercer *Scheme Actuary Certificate No.:* P038

**** Please delete whichever is not applicable.***

EXPLANATORY NOTE – PROVIDED FOR INFORMATION ONLY AND NOT FORMING PART OF THE CERTIFICATE

This note is intended to provide clarification of the benefits that the actuary has valued in establishing the liabilities for the purposes of the certificate and assumes that the effective date of the certificate is after 22 September 2005. Section 44 of the Pensions Act, 1990, as amended, and the Third Schedule set out in detail the benefits valued.

If the scheme satisfies the funding standard, the actuary is of the opinion that the scheme would have had sufficient assets to meet specified benefits and expenses if it had been wound up. The opinion is based on the position at the effective date of the certificate.

The benefits can be summarised as follows:

(1) *In respect of current pensioners -*

all future benefit entitlements under rules of the scheme

(2) *In respect of members not currently receiving pensions -*

(a) all benefits secured by additional voluntary contributions or granted under the scheme by way of transfer of rights from another scheme, and

(b) the scheme benefits that are required by the Act to be preserved – this relates to all benefits accrued up to the effective date of the certificate and includes revaluation of benefits accrued from 1991, and

(c) the certified percentage of the additional benefits described in paragraph 5 of the Third Schedule. This normally relates to revaluation of benefits accrued before 1 January 1991.

Note to the Trustees

Under the Pensions Act, 1990, as amended, the trustees of a defined benefit scheme must arrange to have an actuarial valuation of the scheme carried out periodically and must obtain an Actuarial Funding Certificate.

Certificates must have an effective date of not more than 3 years after the scheme's inception or the date of the previous certificate or, where the previous certificate has an effective date before 23 September 2005, or where the scheme commenced prior to 23 September 2005 and it is the first certificate for the scheme, it must be prepared not more than 3½ years after the scheme's inception or the date of the previous certificate.

Certificates, completed by an actuary who holds a Scheme Actuary Certificate issued by the Society of Actuaries in Ireland, must be submitted to the Board within 9 months of the effective date, or, where the certificate is required as a result of a negative actuarial statement in the trustee annual report for the scheme, within 12 months of the last day of the period to which the trustee annual report relates. Certificates should be sent to:

The Pensions Board
Verschoyle House
28-30 Lower Mount Street
Dublin 2

Tel: (01) 6131900
www.pensionsboard.ie

ANNEX 4

ACTUARIAL CERTIFICATE

MERCER

Church of Ireland Clergy Pensions Fund

Pensions Board reference number: PB1667

Year ended 31/12/2011

Actuarial Certificate

The most recent actuarial valuation of the Church of Ireland Clergy Pensions Fund was at 30 September 2009. The results of that valuation showed that the Fund did not satisfy the statutory Minimum Funding Standard under Section 44 of the Pensions Act 1990 at the valuation date. The assets of the Fund were sufficient to cover 67% of the liabilities under the Minimum Funding Standard at the valuation date. These liabilities include benefits for the current active members based upon completed service and the Minimum Approved Stipend at the valuation date, pensions in the course of payment to members and their spouses, and deferred pensions in respect of members who have left service. The next valuation of the Fund will be carried out as at 30 September 2012.

Investment markets since the valuation date have been volatile, and this has resulted in lower interest rates which increase the Fund's liabilities. Accordingly, I am not satisfied that as at 31 December 2011 the Church of Ireland Clergy Pensions Fund would have met the Minimum Funding Standard under Section 44 of the Pensions Act.

As a result, the Trustee will have to submit a Funding Proposal to the Irish Pensions Board to eliminate the deficit under the statutory Minimum Funding Standard over a time period to be agreed with the Board. On 28 October 2011, The Pensions Board announced that it expected to publish revised guidelines for defined benefit schemes in deficit and announce new deadlines by which schemes in deficit must submit a recovery plan to the Board. Once these new guidelines and deadlines have been published, the Trustee will consider the options available to eliminate the Minimum Funding Standard deficit in the Fund.

Paul McMahon

Paul McMahon
Fellow of the Society of Actuaries in Ireland

29 February 2012

ANNEX 5

CHURCH OF IRELAND CLERGY PENSIONS FUND

STATEMENT OF INVESTMENT POLICY PRINCIPLES (2010)

1. Introduction

The purpose of this Statement of Investment Policy Principles (the "Statement") is to document the policies and guidelines that govern the management of the assets of the Church of Ireland Clergy Pensions Fund (the Fund). It has been reviewed and adopted by the Trustee of the Fund and the Investment Committee of the RCB.

This Statement outlines the responsibilities of the various parties involved with the Fund, their objectives, policies and risk management processes in order that:

a. There is a clear understanding on the part of the Trustee, the Investment Committee and investment managers (the Managers), as to the objectives and policies.

b. There are clear principles governing the guidelines and restrictions to be presented to the Managers regarding their investment of the Fund's assets.

c. The Investment Committee and the Trustee have a meaningful basis for the evaluation of the investment performance of the Managers, investment performance of the Fund as a whole and the success of overall investment strategy through achievement of defined investment objectives.

d. The Trustee fulfils the requirements of the Occupational Pension Schemes (Investment) Regulations 2005, which stipulate that such a Statement is put in place.

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

2. Management Structure

- **The "Sponsor" of the Clergy Pension Fund**

  For the purposes of pension's legislation the Representative Body is deemed to be the sponsor of the Clergy Pension Fund. The Representative Body, as sponsor, is not responsible for the Fund's investments but has an interest in the Fund's solvency and state of funding.

- **The Trustee**

  The Trustee of the Clergy Pension Fund has a fiduciary responsibility in relation to the operation of the trust deed and rules of the Clergy Pension Fund, including the monitoring of the Fund's investment performance, its overall solvency and its investment strategy.

The Trustee has delegated its on-going oversight responsibilities to the Investment Committee of the RCB.

- **The Investment Committee**

  The Investment Committee of the RCB has been delegated responsibility for overseeing and monitoring the performance of the Fund's investments against pre-agreed performance benchmarks and in turn has delegated the day to day investment management of the Clergy Pension Fund to an external fund manager or managers. The minutes of Investment Committee Meetings as they relate to the oversight and management of the Fund must be furnished to the Trustee on a regular basis.

- **The Investment Manager:**

  One or more 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). The investment manager(s) shall observe the specific guidelines, restrictions and philosophies within this Statement and as expressed in any written agreement furnished by the Investment Committee and pre-agreed with the Trustee.

3. Identification of Investment Responsibilities

The performance benchmark(s) for the Fund are agreed with the Investment Committee by the Trustee and, where appropriate, by the Executive Committee of the RCB.

The specific delegated responsibilities of the Investment Committee include:

(a) Determining the investment objectives of the Clergy Pension Fund.

(b) Identifying the Fund's risk tolerance levels, or appetite for risk.

(c) The establishment of guidelines/operational parameters on investment strategy including asset allocation and deciding suitable benchmarks.

(d) Recommending the criteria for Social and Responsible Investment, securing the RCB's agreement on same and advising the investment managers.

(e) Monitoring and evaluating performance and reporting to the Trustee and Executive as required.

(f) Monitoring of purchases and sales of stocks and trading patterns generally.

(g) Monitoring and if necessary changing the custodians, consultants and others that provide services to the Fund relating to the investment or custody of assets.

(h) Regularly reviewing this Statement, and revising as necessary.

Subject to such guidelines and restrictions imposed by the Investment Committee 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.

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

Other parties with specific duties with regard to investment include the Fund's custodian(s) and consultants. These duties are documented under separate contractual agreements with those parties.

4. Socially Responsible Investment

The Investment Committee on behalf of the Trustee will, on an annual basis, review social, environmental and ethical issues with the investment manager(s) for the selection, retention and realisation of investments.

5. Investment Objectives

The overall investment objective of the Trustee is to maximise the level of investment return at an acceptable level of risk, through adopting a prudent, carefully funded and well-executed investment policy having regard to Socially Responsible Investment. 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.

6. Risk Measurement Methods

In determining the level of risk appropriate to the Fund at any point in time, the Trustee recognises the importance of the nature and duration of the liabilities (i.e. age profile of members), and measures the risk of the chosen investment policy by reference to these liabilities.

In particular, the Investment Committee on behalf of the Trustee considers the following risks:

(a) The risk of achieving an insufficient level of investment return relative to the rate required to match the growth in liabilities over time.

(b) The risk of excessive volatility in the investment returns of the Fund relative to the movement in liabilities over shorter-term periods (e.g. one year). Consideration will be given to this volatility in relation to the liabilities measured under the Minimum Funding Standard basis.

Managing the two risks above in isolation may lead to conflicting investment policies. Therefore, in formulating an appropriate investment policy, the Trustee seeks to arrive at an acceptable balance between these risks in order to meet as best it can its investment objectives. Furthermore, the Trustee will manage a range of other investment risks using the risk management processes outlined in the next section in order to create a prudent, diversified and efficient portfolio.

7. Risk Management Processes

The Investment Committee on behalf of the Trustee will ensure, either through direct guidance or through ascertaining the suitability of any commingled (unitised) vehicles that are used, that policies and guidelines are in place for the appointed investment manager(s) and other providers such that:

(a) Investments are predominantly limited to marketable securities traded on recognised/regulated markets.

(b) Prior oral agreement must be obtained from the Investment Committee to use futures, options and contracts for differences. Any such agreements must be minuted. The use of futures, options and other financial derivatives may only be used by the Manager to hedge an existing position or to pre-empt known cash flow. They may not be used to gear the portfolio.

(c) The portfolio is properly diversified in such a way that :

- for an active mandate, no one stock (with the exception of sovereign debt and pooled investments) may be more than 5% of the Fund so as to limit excessive reliance on any particular asset, issuer or group of undertakings and so as to limit accumulations of risk in the portfolio as a whole. However, in the case of significant share price appreciation of an existing holding, while the investment manager may not add to a stock once it exceeds 5% of the portfolio by market value, the stock may continue to be held and permitted to increase to a maximum of 7% of the portfolio value within an agreed time frame.

- for a passive mandate no one stock shall exceed the combined weighting of its exposure to the various indices that are being tracked adjusted for any Socially Responsible Investment modifications.

- Investments in assets issued by the same issuer or by issuers belonging to the same group do not expose the scheme to excessive risk concentration.

(d) the Manager (s) must at all times remain conscious of the Fund's risk tolerance level (as agreed between the Investment Committee and Investment Manager from time to time)

(e) the security, quality and liquidity of the portfolio as a whole is ensured together with an awareness of the currency requirement.

All Managers of the Fund are employed by the Investment Committee on behalf of the Trustee and are subject to termination at any time.

8. Current Investment Policy

The current investment strategy of the Trustee is set out below along with a description of the investment manager arrangements adopted.

Strategic Asset Allocation

- The Trustee has considered the Fund's strategic asset allocation mix and has determined, having considered the views of the actuary, that an overall (i.e. for the combined Irish & UK sub-divisions of the Fund) real asset allocation (equities and property) should be approximately 85% with rebalancing to take place at a frequency determined by the Investment Committee in agreement with the Trustee. Other asset classes, such as fixed interest and cash are also typically held.

- The Trustee is aware of the nature and duration of the expected future retirement benefits but at the same time is conscious that over the longer term equity markets tend to outperform bond markets. Accordingly, the Trustee believes that such a strategy should enable the Fund to achieve its objectives over the longer term, but is aware that it may not always achieve its objectives on a short term basis. However, this strategy is kept under constant review.

- The performance benchmark(s) are developed by the Investment Committee and agreed with the Trustee.

- The Trustee recognises that even though the Fund's investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained.

Manager Structure and Performance Objectives

- The Trustee has chosen to appoint Irish Life Investment Managers (ILIM) (with effect from 24 January 2008) to manage the Fund on a passive (i.e. index-tracking) basis.

- The manager's performance objective is to perform in line with the relevant benchmarks (as agreed with the Trustee).

ANNEX 6

REPORT OF THE INVESTMENT MANAGER
YEAR ENDED 31 DECEMBER 2011

Review of 2011

2011 saw two distinct halves for investors and once being on the right side of the risk on or risk off trade at the appropriate time rewarded investors. Investors with appetite for riskier assets benefited during the first half of the year, but a more cautious approach rewarded investors in the second half. Furthermore the optimism around inflation, economic growth and higher risk asset prices all faded in the second half of the year. Concerns about the indebtedness of the advanced economies dominated and resulted in a flight to quality that saw gold reach record high levels, government bond yields of the safe havens such as Germany, UK and US reach a new low level and equity markets in emerging markets, Europe and Japan fall. Fears of rising inflation and tighter monetary policy stances from the first half of the year were replaced with suspicions of a double dip recession and even looser monetary policy. One other striking outcome of 2011 has been the divergence in performance of US and European equities, which has resulted in a significant valuation differential.

Eurozone Crisis – the continued search for the golden solution

The sovereign crisis in Europe spread into the larger economies, especially after EU leaders asked private sector holders of Eurozone government bonds to take a haircut, first a 20% haircut and then later in the year a 50% haircut. Private sector involvement attached a credit risk to Eurozone government debt (which had previously not been there) and set the yields on Italian and Spanish government bonds to a level where Ireland, Portugal and Greece received a bailout from the IMF/EU. However, as the current bailout system is inadequate to deal with the large financing needs of these countries, markets feared the worst and began pricing in a recession and even the possibility that the Euro may no longer exist in its current form. The ECB stepped up its efforts to help these government bond markets and restarted its SMP bond purchasing programme and managed to keep the 10 year yields of Italy and Spain below 7% and 6% respectively, albeit an unsustainable level for these countries to refinance themselves. In December the ECB announced that it would lend an unlimited amount of money to the banking system at 1% for 3 years in December and again in February 2012, allowing the banking sector to refinance its maturing debt over the next few months which has also resulted in yields of government bonds with a maturity of up to three years to fall. This along with the commitment by EU leaders for closer fiscal integration has reinforced views that policy makers will do whatever necessary to keep monetary union together. The solution to date has not been the "golden solution" that markets have been looking for and therefore has resulted in much higher market volatility. However policy makers are ensuring that individual countries with higher debt and deficit problem adopt the necessary austerity and reform programmes and are just about doing enough to avoid liquidity or funding crises.

The debt crisis has dominated bond markets

In 2011 bond market volatility increased, and a wide dispersion in the performance of Eurozone government bond markets took place. The higher growth outlook and inflationary concerns in the first quarter of 2011, led to a spike in government bond yields, back to what would have been seen as a more normalized range. For example in April the ten year German government bond yield peaked at close to 3.5%. However soon after that risk aversion increased and AAA government bond yields fell as investors sought out much safer assets and the ten year German government bond reached a historical low level of 1.67% in September. Furthermore the divergence between bond markets in Europe also widened during this period as the spread between the Italian and Spanish government bond yield over the Germany government bond yield moved out to historically high levels. Even other AAA government bonds such as France saw increased yields as markets started put an additional credit risk on French bonds. Despite this, the Italian government bond market was the principal underperformer in 2011. Some of these losses in government bond markets were recouped in December, especially after the ECB announced the three year LTRO, or longer term liquidity into the banking system which has led to increased buying of government bonds towards the end of the year.

Equity markets have re-rated significantly in 2011

Global equity markets sold off significantly in the second half of 2011, notably in August when risk aversion peaked. Concerns about a global recession as well as the contagion effects of the Eurozone sovereign crisis has resulted in 10-15% sell off in European, Japanese and Emerging market equities. These market moves have come despite the resilience in earnings expectations for the full year 2011 as earnings grew by 3.6%, 2.5% and 7% respectively. As a result valuation levels have fallen back towards the levels that were seen at the bottom of the market in 2009 for these regions. US equities have also de-rated although to a smaller extent as earnings are expected to increase by 10% and markets increased by just 3%. Currently European and emerging markets equities are trading on 9 times 2011 and 2012 earnings, while US equities are on 13 times. Going into 2012, expectations are that earnings forecasts will be revised down further, although at these valuation levels, a lot is in the price.

Looking towards 2012

Going into 2012, the Eurozone sovereign crisis remains high on the agenda. A key risk for the first quarter of 2012 is how or at what cost Spain, Italy and France will refinance the large amount of debt that is set to mature during the quarter. This issue alone will create volatility for equity and bond markets. However if we muddle through the crisis yields on government bonds in Europe should converge with German yields rising as some risk aversion eases and other Eurozone bond yields falling as the credit risk being attached to these bonds eases.

Aside from this earnings are expected to be downgraded on the back of the slower economic growth outlook. However equity markets in Europe, emerging markets and

Japan have de-rated significantly during 2011 as prices fell by 12-15% even though earnings have increased by 5-10% in these regions. As a result equity market valuation levels are now close to the March 2009 level implying that equities are now pricing in a lot of bad news. In the US the de-rating has not been as aggressive as in Europe although valuations are still well below long term averages levels. Therefore if investors have the risk tolerances to cope with the volatility that may arise as a result of the Eurozone sovereign crisis, equity market are looking more attractive now than they have done in recent history.

Irish Life Investment Managers
8 February 2012

ANNEX 7

CLERGY PENSIONS FUND
INTERNAL DISPUTE RESOLUTION (IDR) PROCEDURE

Under Irish pensions legislation[1] all pension schemes are required to have an Internal Dispute Resolution (IDR) Procedure. As a result all 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.

Accordingly, 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 of the Clergy Pensions Fund has put in place such an IDR Procedure, which must be followed before an issue can be brought to the Pensions Ombudsman.

The Pensions Ombudsman has jurisdiction to investigate specified complaints against, or disputes with, persons responsible for the management of an occupational pension scheme.

The IDR Procedure, as it relates to members of the Clergy Pensions Fund, is described below in the form of a series of "questions" and "answers".

What is IDR?

IDR, or Internal Dispute Resolution, is a procedure that the Trustee has drawn up in order to deal with certain types of complaints that may be made by actual or potential beneficiaries of the Clergy Pensions Fund (CPF).

When should this IDR Procedure be used?

Most queries or complaints in relation to the CPF are easily resolved if raised with the Pensions Administration Manager at Church of Ireland House, Church Avenue, Rathmines, Dublin 6, before invoking the IDR Procedure. Any relevant documents should be brought to the Pensions Administration Manager's attention.

If the query or complaint cannot be resolved satisfactorily by raising the issue with the Pensions Administration Manager then the Honorary Secretary of the Church of Ireland Pensions Board may be written to c/o The Head of Finance at Church of Ireland House. He/she will be able to make an initial assessment of your complaint and advise you of whether it qualifies for IDR.

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[1] Pensions Ombudsman Regulations, 2003 (S.I. 397 of 2003) made pursuant to section 132 of the Pensions Act 1990 as inserted by section 5 of the Pensions (Amendment) Act 2002.

If it does qualify for IDR, the Honorary Secretary can arrange for assistance for you in writing to the Trustee invoking the IDR Procedure and in assembling relevant documentation.

If your complaint does not qualify for IDR, the Honorary Secretary may be able to recommend a resolution to your complaint. *In any event, notice of your complaint will be brought to the attention of the Trustee by the Honorary Secretary*.

What types of complaint can I bring to the IDR Procedure?

Two types of complaint are eligible for IDR. If you are:

- an actual, or potential beneficiary and you allege that you have sustained financial loss due to maladministration by or on behalf of a person responsible for managing the CPF, or

- an actual or potential beneficiary and have a dispute of fact or law in relation to an action taken by a person(s) responsible for managing the CPF.

Do I have the right to bring my complaint directly to the Pensions Ombudsman?

No. The Pensions Ombudsman can only consider complaints that have already been through IDR. You may refer your complaint to the Ombudsman if, having gone through IDR, you are not satisfied with the outcome.

How do I make a complaint using the IDR Procedure?

If your complaint qualifies for IDR, then you must make an application in writing to:

The Company Secretary, The Church of Ireland Clergy Pensions Trustee Limited, Church of Ireland House, Rathmines, Dublin 6.

You must include the following information when you write to the Trustee:

- Your full name and date of birth

- Details of your membership of the Fund if relevant (e.g. serving clergy should include date of joining, retired clergy should include date of retirement, clergy who have left the service of the Church of Ireland should include the date of leaving etc)

- Your home address and the address for correspondence if different

- Your PPS Number, or National Insurance Number as appropriate

- Where you are not a member, details of your relationship to the relevant member, or details as to why you consider you should be a member

- A written statement providing all available details of your complaint or dispute

- A description of the informal steps taken in an attempt to resolve the dispute
- A statement as to why you are aggrieved. If you believe you have suffered a financial loss, details of why you believe this to be the case with supporting calculations if possible
- Copies of all available supporting documentation
- Confirmation that you have not previously referred your complaint to the statutory Pensions Board

How will my complaint be dealt with by the Trustee under IDR?

The Trustee may, on receiving your letter, appoint a nominated person, or persons, to make an initial assessment of your complaint. The nominated person(s) may decide to consult with the Church of Ireland Pensions Board and any other parties involved in the dispute, such as the scheme administrators, if relevant. The nominated person(s) will provide these parties with details of your case and consider their recommendations. The nominated person(s) may also discuss your case with their expert advisors and receive their opinion on the merits of your case.

The nominated person(s) may decide to offer you an oral hearing if it is felt that it would add clarity to the case. If such an oral hearing is offered to you, you may accept or reject it.

If, in the opinion of the nominated person(s), the case is reasonably clear, whether in your favour or otherwise, the nominated person(s) shall issue conclusions to you by way of a 'Notice of Determination'. (See later). However, for more complex cases, the case may be referred by the nominated person(s) to the Executive Committee of the Representative Body for its consideration, before a 'Notice of Determination' is issued by the nominated person(s).

If the facts of the case are unusually complex, the case can be put by the nominated person(s) to an independent person who has not previously been involved in the case. The nominated person(s) shall consider, in respect of each complaint, whether using such an independent person is appropriate. For example, the nominated person(s) may be satisfied that it has already received expert and independent advice. However if it is decided that referring the case to an independent person is likely to be useful, the nominated person(s) will consider who an appropriate independent person might be. (For example he or she might be a pensions solicitor from a firm that does not have any conflict of interest with the case.) You shall be informed of the proposed independent person and if you are not satisfied with the nominated person(s) choice, the nominated person(s) may decide not to refer the case to any independent person, but to proceed instead with issuing their conclusions to you by a 'Notice of Determination'.

If the case is referred to an independent person, such person shall be given supporting documents and asked by the nominated person(s) for a recommendation on your

complaint or dispute. The nominated person(s) will consider any such recommendation before issuing their conclusions to you by way of a 'Notice of Determination'.

If your complaint or dispute relates to a decision made by the Trustee which involved the exercise of its discretion on a particular point, then, if the nominated person(s) remains satisfied with the original decision, the nominated person(s) shall most likely simply confirm the Trustee's decision to you and refer you to the part(s) of the rules of the Fund that confers that discretion.

What form of response to my complaint will I receive from the Trustee?

You will receive a response in writing recording the decision in relation to the complaint or dispute *within three months* of receipt of the required information from you. This response is referred to as a **Notice of Determination**. It shall include:

- a statement of what has been decided (which could be a decision to make a compensating payment, or to reject the claim etc.)
- a reference to any legislation, legal precedent, guidelines of the statutory Pensions Board, ruling or practice of the Revenue authorities, or other material relied upon
- a reference to any parts of the rules of the scheme relied upon
- where a discretion has been exercised, a reference to the parts of the rules of the scheme that confer this discretion
- a statement that the Notice of Determination is not binding on you unless you agree in writing to be bound by it
- a statement that the Pensions Ombudsman may have jurisdiction to investigate the matter and that further information can be obtained from:

  The Pensions Ombudsman
  36 Upper Mount Street
  Dublin 2
  Telephone: 00353 1 6471650
  Email: info@pensionsombudsman.ie

Approved by The Church of Ireland Clergy Pensions Trustee Limited,
Trustee of the Clergy Pensions Fund,
on 22 June 2011