APPENDIX G

THE CHURCH OF IRELAND

CLERGY PENSIONS TRUSTEE LIMITED

REPORT ON THE CLERGY PENSIONS FUND

FOR THE

YEAR ENDED 31 DECEMBER 2013

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 Terence Forsyth Mr Geoffrey Perrin Mr John Wallace (Chairman) *Nominated by the Church of Ireland Pensions Board* Rt Rev Paul Colton Mr Bruce Maxwell
Company Secretary	Mr Adrian Clements, 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.

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* Until 31 December 2013 (replaced by Mr Liam Quigley from 1 January 2014)

† Renamed The Pensions Authority *(An tÚdarás Pinsean)* with effect from 7 March 2014

INTRODUCTION

The Trustee presents the annual report on the operation of the Clergy Pensions Fund for the year ended 31 December 2013. 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.

MAIN POINTS

This report relates to the Church of Ireland Clergy Pensions Fund for the year ended 31 December 2013 and its purpose is to set out essential information on the financial position of the Fund, its investment performance over the year and other relevant matters that occurred during the year.

Changes to the Fund - Changes to the Fund proposed by the Sponsor of the Fund, the Representative Church Body, were set out in the report of the Trustee for the year 2012. The Sponsor sought the changes as a consequence of its view that the increasing financial uncertainty involved in continuing to operate a defined benefit pension arrangement exposed the Church to an unsustainable degree of risk. These proposals were brought by the Sponsor to General Synod in 2013 where they were adopted and subsequently implemented. A summary of the proposals as approved by the General Synod 2013 is set out in Appendix F to the Report of the Representative Body (page 117).

These changes involved the closure of the Fund to new members and to future accruals of service as at 31 May 2013, and the introduction of a gradual increase in Normal Retirement Age to 68 years. In addition, no increase in Pensionable Stipend or discretionary increase in pensions in payment by the Fund is to be made unless it can be confirmed by the Actuary that such increase will not compromise the progression of the plans to restore the solvency of the Fund.

The detail of the changes was set out for members and pensioners in correspondence from the Trustee and from the Sponsor prior to and following General Synod.

In June 2013 the Trustee, via the Scheme Actuary, submitted a Funding Proposal to the regulator, *An Bord Pinsean*. The Funding Proposal set out plans to bring the Fund back to full solvency over the 10 year period to 2023, and included the changes as adopted by General Synod. The Funding Proposal also included revenue to be raised through the introduction of a levy of 13% of Minimum Approved Stipend, to be collected through the dioceses, based on numbers of cures and approved offices. This, together with the completion of an undertaking by the RCB to transfer capital assets to the value of €25m to the Fund, was calculated by the Actuary to be capable of bringing the Fund back to solvency over the 10 year period.

The Funding Proposal was accepted by the Regulator and approved as being robust and credible. The Trustee will continue its responsibility to ensure that the pensions in payment and accrued benefits of members will be administered according to the rules of Chapter XIV (as amended by General Synod from time to time) and applicable pensions and other legislation.

Pension benefits relating to future clergy service, as from 1 June 2013, will be provided through defined contribution schemes established in Northern Ireland and in the Republic of Ireland. Independent professional trustees have been appointed to safeguard the interests of the members of these new schemes.

The performance of the Fund in 2013 - In the year the invested assets of the Fund grew by €13.5m to a value of €140.7m at 31 December 2013. Part of this growth was due to an additional special contribution of €5m which was added to the capital of the Fund by the Representative Church Body as Sponsor, such capital injections amounting to €20m in the years 2010 to 2013. In the year there was a positive return on assets, before withdrawals and capital injections, of 10.2%.

The Fund investment report is set out on page 127.

The contributions received into the Fund are reduced by €2.0m year on year as they reflect the redirection of clergy pension deductions and a portion of diocesan and parochial contributions into the new Defined Contribution schemes as from 1 June 2013.

In 2013 the benefits payable and expenses of the Clergy Pensions Fund (at €8.0m) exceeded contributions from members and parishes (€3.2m) by €4.8m.

Investment strategy - The Trustee, in consultation with the Sponsor, is responsible for the development of an appropriate investment strategy for the Fund. The investment strategy now in place takes into account the status of the Fund as closed to new members and to future accruals of service. The strategy enables a gradual and managed movement towards close matching of the liabilities of the Fund with appropriate invested assets, thus reducing exposure to volatility. The strategy, as submitted in the Funding Proposal, and its implementation, are monitored by the Trustee and by *An Bord Pinsean*.

Government levy on pensions (Republic of Ireland) - A levy, or tax, on the assets of pension funds was introduced in 2011 by the Irish Government, and was to be in place for the four years to 2014. The levy was set at 0.6% of relevant asset value. The charges for 2011 and 2012 were paid from the assets of the Fund, and amounted to €320,000 and €342,000 respectively.

As notified in correspondence to members and pensioners, the view of the Sponsor was that the cost of the tax for 2013 and 2014 should be borne by the members based in the Republic of Ireland, and this was agreed by the Trustee. In 2013 the impact on benefit is a reduction of 0.49%, and that reduction was effected as at 1 January 2014. The impact on benefit of the tax due in 2014 will be calculated as at 1 July 2014.

In October 2013, the Government in the Republic of Ireland announced a new levy on pension assets at a rate of 0.15%. This is to be introduced in 2014, when it will run concurrently with the final year of the previous 0.6% levy, and is set to continue into 2015. No advice is currently available as to its future after 2015. The Trustee will consult with the Sponsor about the treatment of such a levy when the detail of its purpose and future longevity is clarified.

AVC Fund - The report on the AVC Fund for 2013 is contained in the report from the Church of Ireland Pensions Board, set out in Annex 1 to this report (see page 149).

Duties - The Trustee is pleased to report that the Fund has been administered in accordance with all regulatory requirements during the year. Under the structures established in 2011 various duties in relation to the operation of the Fund were carried out during 2013 by the RCB administration department, the Church of Ireland Pensions Board and the RCB Investment Committee. We wish to thank each of these for their assistance and support to the Trustee in its management of the Fund.

Finally we take this opportunity to thank the staff in Church House for their dedication and hard work on behalf of the Trustee and the Fund during the past year.

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 Chapter XIV, the Church of Ireland Clergy Pensions Trustee Limited has acted as Trustee of the Clergy Pensions Fund since 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 Directors' term of office was renewed for a further three years in December 2013. 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 by the Fund 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 2013 there were 436 active members (2012: 464) and 280 pensioners (2012: 271). In addition there were 205 surviving spouses on pension (2012: 206) and 97 members with entitlement to deferred benefits (2012: 89).

The age profile of contributing members shows 11% under age 40 years and 60% over age 50 years.

The Fund was closed to new members and to future accruals of pensionable service on 31 May 2013.

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 €6.9m was paid out in pension benefits (2012: €6.9m). 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 148).

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 2014.

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 2013 was 2.7%; accordingly, on 1 January 2014 under (i) above a 2.7% 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 re-valued 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.

Pensionable Stipend is used to calculate the value of pension benefits payable.

It was agreed by the Standing Committee in September 2013 on the recommendation of the RCB and the Trustee that Pensionable Stipend levels with effect from 1 January 2014 should remain unchanged from 2013 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 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 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 and the Church to meet this commitment.

The full risk statement can be found in Annex 2 to this report (page 153).

FINANCIAL POSITION OF THE FUND

The Fund increased in value by €13.5m, 10.6%, to €140.6m in the year ended 31 December 2013, having met all benefits and accounted for contributions received. This result was achieved by a combination of investment performance, in which assets grew by 10.2% (2012: 15.5%), and a further capital injection by the Sponsor of €5m in the year, bringing to €20m the value of such capital introduced in the four years 2010 to 2013. The balance of outlays from benefit payments and expenses over inflows from contributions reduced the Fund by €4.76m.

The development of the Fund is monitored by the Actuary and a full valuation is carried out at intervals of not more than three years. The last completed Triennial Valuation was as at 30 September 2012.

The Triennial Valuation as at 30 September 2012 was completed prior to 30 June 2013 and took due account of decisions taken at General Synod 2013 in relation to the proposals for changes to the Fund brought forward by the Sponsor. The results of the Valuation showed that the Fund did not satisfy the statutory Minimum Funding Standard under Section 44 of the Pensions Act. Accordingly, the Actuarial Certificate as at 31 December 2013 states that the Actuary is not satisfied that the Fund would have met the Minimum Funding Standard as set out under Section 44 of the Act, as at that date.

This situation applies nowadays to most defined benefit pension schemes. As required by the regulations, the Funding Proposal required to meet the Minimum Funding Standard was lodged with *An Bord Pinsean* before the end of June 2013, and was subsequently accepted by the regulator.

A copy of the Actuarial Funding Certificate and Funding Standard Reserve Certificate as submitted to *An Bord Pinsean* is included as Annex 3 to this report (page 155) and a copy of the Actuarial Certificate as at 31 December 2013 is included as Annex 4 (page 158).

INVESTMENT APPROACH

The investment objectives of the Fund are to optimise returns through diversified portfolios of fixed interest, equity, property and cash holdings, having regard to liability constraints, cash flow needs and interest rate and currency movements. The Trustee reviews investment objectives to ensure that they remain appropriate to the profile of the Fund.

The investment policy for the management of the assets of the Fund is set out in a Statement of Investment Policy Principles (SIPP) and this can be found at Annex 5 (page

159). Following the closure of the Fund to new members and to future benefit accrual agreed at General Synod 2013 a revised investment strategy was adopted by the Trustee in consultation with the Sponsor and having taken expert investment and actuarial advice.

Investment management of the equity and fixed interest elements of the Clergy Pensions Fund was entrusted to Irish Life Investment Managers with effect from 24 January 2008. Property and other investments are managed by other managers. The asset distribution as at 31 December 2013 is shown overleaf.

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 2013 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 2013, 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 2014*, page 94).

INVESTMENT REPORT

Investment Performance

A report from Irish Life Investment Managers (ILIM), including a review of investment markets in 2013 and expectations for 2014, is included in Annex 6 to this report (page 164). The equities and fixed interest bonds in the Fund are managed by ILIM on an indexed (passive) basis replicating the performance of particular indices. Certain equities are excluded on socially responsible investing (SRI) grounds.

The composite return for the Fund for the 12 months to 31 December 2013 was 10.2% (2012: 15.5%).

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

Asset Valuation	**31 Dec 2013 €'000**	**31 Dec 2012 €'000**
ILIM Irish Fund	63,199	57,887
ILIM UK Fund	62,919	58,456
Property	11,016	171
10% Bank of Ireland 30/07/2016	2,226	-
Cash	1,229	10,375
	140,589	**126,889**

Asset Distribution	Country	31 Dec 2013	31 Dec 2012
		%	%
Equity	Europe	15.7	19.7
	UK	14.9	18.2
	US / Rest of World	19.9	18.8
Equity Total		**50.5**	**56.7**
Fixed Interest	Europe	19.8	17.5
	UK	19.4	17.5
Fixed Interest Total		**39.2**	**35.0**
Property Total		**7.8**	**0.1**
10% Bank of Ireland 30/07/2016		**1.6**	**-**
Cash		**0.9**	**8.2**
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 2013. 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 166).

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.

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.

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 2013

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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
One Spencer Dock
North Wall Quay
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 the 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 Trustee of the Church of Ireland Clergy Pensions Fund

We have audited the financial statements of the Church of Ireland Clergy Pensions Fund for the year ended 31 December 2013 which comprise the Fund Account, The Statement of Net Assets, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is Irish pension law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Respective responsibilities of trustee and auditors
As explained more fully in the Statement of Trustee's Responsibilities set out on page 4, the trustee is responsible for the preparation of the financial statements showing a true and fair view, and for ensuring that contributions are made to the scheme in accordance with the scheme's rules and the recommendation of the actuary. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish pension law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 these 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.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the scheme's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 2013 and of the amount and disposition of its assets and liabilities (other than liabilities to pay pensions and other benefits in the future) at that date; and
- have been prepared in accordance with Generally Accepted Accounting Practice in Ireland.

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

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
INDEPENDENT AUDITORS' REPORT PAGE 6

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Opinions on other matters prescribed by the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006

In our opinion:

- the financial statements include the information specified in Schedule A to the Occupational Pension Schemes (Disclosure of Information) Regulations, 2006 which is applicable and material to the scheme;
- the contributions payable to the scheme during the year ended 31 December 2013 have been received by the trustee within thirty days of the end of the scheme year; and
- such contributions have been paid in accordance with the rules of the scheme and the recommendation of the actuary.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

18 March 2014

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
ACCOUNTING POLICIES PAGE 7

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. (2013 €1 = £0.8302; 2012 €1 = £0.8161).

(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.

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
ACCOUNTING POLICIES (CONTINUED) PAGE 8

(vii) Contributions

Normal contributions, both from the members and from the dioceses/parishes, are accounted for on an accruals basis in the month employee contributions are deducted from the payroll. 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.

(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 2013**

FINANCIAL STATEMENTS **PAGE 9**

CONSOLIDATED FUND

	Notes	2013 €'000	2012 €'000
CONTRIBUTIONS AND OTHER RECEIPTS			
Contributions receivable	3	3,204	5,207
Special contribution	4	5,000	5,000
		8,204	10,207
BENEFITS AND OTHER PAYMENTS			
Benefits payable	5	7,445	7,434
Administrative expenses		138	177
Pension Levy		384	342
		7,967	7,953
NET ADDITIONS		237	2,254
RETURNS ON INVESTMENTS			
Investment Income	6	577	95
Realised and unrealised investment gains		12,768	16,602
Currency translation adjustment		62	(8)
Investment management expenses		(111)	(96)
NET RETURNS ON INVESTMENTS		13,296	16,593
NET INCREASE IN FUND IN THE YEAR		13,533	18,847
BALANCE 1 JANUARY		127,130	108,283
BALANCE 31 DECEMBER		140,663	127,130

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

Signed on behalf of the Trustee: *JW Wallace*
DG Perrin
Date: *10 March 2014*

THE CHURCH OF IRELAND CLERGY PENSIONS FUND

STATEMENT OF NET ASSETS **YEAR ENDED 31 DECEMBER 2013**

FINANCIAL STATEMENTS **PAGE 10**

CONSOLIDATED FUND

	Notes	2013 €'000	2012 €'000
INVESTMENT ASSETS	7	140,589	126,889
CURRENT ASSETS			
Amounts due from the Representative Church Body		74	241
CURRENT LIABILITIES			
Creditors		-	-
NET CURRENT ASSETS		74	241
NET ASSETS		140,663	127,130

Signed on behalf of the Trustee: *JW Wallace*
DG Perrin

Date: *10 March 2014*

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 financial 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 takes account of such obligations, is dealt with in the Trustee's report, the actuarial funding certificate and the actuary's annual certifiate within this report, and these financial statements should be read in conjunction with them.

3 SUMMARY OF CONTRIBUTIONS RECEIVABLE

	2013 €'000	2012 €'000
Members - normal	534	1,245
Members - additional personal	59	156
Dioceses	1,298	3,132
Diocesan levies	867	-
Representative Church Body	446	674
Total	3,204	5,207

The value of Northern Ireland contributions in sterling is £1.403m (2012: £2.170m) and was translated to Euro at the year end rate of 0.8302 (2012: 0.8161).

The value of Republic of Ireland contributions is €1.514m (2012: €2.549m).

4 SPECIAL CONTRIBUTION

The Representative Church Body during 2013 made a capital contribution of €5m to the Clergy Pensions Fund.

5 BENEFITS PAYABLE

	2013 €'000	2012 €'000
Pensions to retired bishops and clergy	4,364	4,289
Pensions to surviving spouses and orphans	2,515	2,585
Commutation of pensions	297	398
Death benefits	269	162
Total	7,445	7,434

The cost of Northern Ireland benefits in Sterling is £3.424m (2012: £3.531m) and was translated to Euro at the year end rate of 0.8302 (2012: 0.8161).

The cost of Republic of Ireland benefits in Euro is €3.321m (2012: €3.108m). This cost excludes administration charges and the pension levy.

6 ANALYSIS OF INVESTMENT INCOME

	2013 €'000	2012 €'000
Investment income	538	63
Interest	38	31
Miscellaneous trust income	1	1
Total	577	95

The investment income above is the dividend paid directly to the Clergy Pensions Fund by the Irish Property Unit Trust (IPUT). The balance of the funds is mostly held in a unitised fund passively managed by ILIM. The income on these funds is reinvested in the fund and is not separately reported.

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FINANCIAL STATEMENTS **PAGE 13**

		Market Value 2013 €'000	Market Value 2012 €'000
7 (a)	**INVESTED ASSETS**		
	Equities		
	UK	20,965	23,136
	Europe ex UK	22,048	24,987
	Global	27,915	23,860
	Bonds		
	European	27,878	22,223
	UK	27,312	22,127
	Cash with Fund Managers	-	2,374
		126,118	118,707
	Other		
	Irish Property Unit Trust	11,016	171
	Bank of Ireland 10% 30/07/2016	2,226	-
	Cash on deposit	1,229	8,001
		14,471	8,172
		140,589	126,879

(b) The portion of the fund managed by ILIM (€126,118 or 90%) tracks various published indices on a passively managed basis. As at 31 December 2013, the allocation over the ILIM indices is as follows:

	Weighting 2013	Weighting 2012
FTSE All World Series Developed Europe Ex UK	22.8%	27.4%
FTSE All World Series UK	20.1%	23.5%
S & P Global 100	12.6%	11.5%
Merrill Lynch EMU Govt > 10 Year	31.8%	27.1%
Non Gilt A Rated Broad Index	11.2%	9.9%
Fixed Interest - Rest of World	1.5%	0.6%

8 CONTINGENT LIABILITIES

As stated in the accounting policies on page 7 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 2013.

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 Sponsor.

10 RELATED PARTY TRANSACTION

(a) The Trustee: The Trustee of the Fund is as 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. 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 most of 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.

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FINANCIAL STATEMENTS **PAGE 15**

	2013 €'000	2012 €'000
11 SUB DIVISIONS		
REPUBLIC OF IRELAND		
Contributions	1,514	2,549
Special contribution	2,485	2,485
Net benefits and other payments	(3,839)	(3,625)
Net transfer between sub divisions	238	(998)
Net additions	398	411
Net returns on investments	6,770	8,475
Balance 1 January	63,266	54,380
	70,434	63,266
NORTHERN IRELAND		
Contributions	1,690	2,658
Special contribution	2,515	2,515
Net benefits and other payments	(4,128)	(4,328)
Net transfer between sub divisions	(238)	998
Net additions	(161)	1,843
Net returns on investments	6,526	8,118
Balance 1 January	63,864	53,903
	70,229	63,864
CONSOLIDATED FUND		
Contributions	3,204	5,207
Special contribution	5,000	5,000
Net benefits and other payments	(7,967)	(7,953)
Net additions	237	2,254
Net returns on investments	13,296	16,593
Balance 1 January	127,130	108,283
	140,663	127,130

12 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee on 10 March 2014.

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 five meetings of the Board in 2013.

Elected by the House of Bishops

Right Rev Paul Colton	(2)
Right Rev John McDowell	(2)

Elected by the General Synod

Canon Lady Sheil	(4)
Rev Ted Woods	(4)
Mr William Oliver	(3)
Mrs Cynthia Cherry	(2)
Ven Philip Patterson (died 5 May 2013)	(0)
Mrs Brigid Barrett (elected November 2013)	(0)

Elected by The Representative Church Body

Mrs Judith Peters	(5)
Mr Terence Forsyth	(4)
Mr Geoffrey Perrin	(4)
Rev Chris Matchett	(4)
Mr Owen Driver	(2)

Chairperson – Canon Lady Sheil

Vice-Chairperson – Mr Terence Forsyth

Honorary Secretary – Rt Rev John McDowell

Pensions Administration Manager – Mr Peter Connor

Grants Committee

Canon Lady Sheil
Mrs Judith Peters
Rev Ted Woods

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 H to the Report of the RCB (*Church of Ireland General Synod Reports 2014*, page 170).

2. CHANGES TO THE FUND IMPLEMENTED IN 2013

While fully recognising the need for the major changes made in respect of the Fund by General Synod, on the proposal of the Representative Church Body, in 2013 the Board greatly regretted the need to close the Fund to future service as at 31 May 2013. The introduction of the gradual increase in Normal Retirement Age to 68 years is in keeping with changes being made in many pension schemes at this time and is an essential element of the Funding Proposal approved by *An Bord Pinsean*.

Further details of the Funding Proposal may be found in the report of the Trustee.

3. MEMBERSHIP OF THE BOARD

The Board is elected triennially in accordance with Section 15 of Chapter XIV.

The Board expressed its deep regret at the death of Archdeacon Philip Patterson, who died in May following an illness. The Archdeacon was elected to the Board in November 2012.

The Standing Committee on 19 November 2013 elected Mrs Brigid Barrett as a member of the Board.

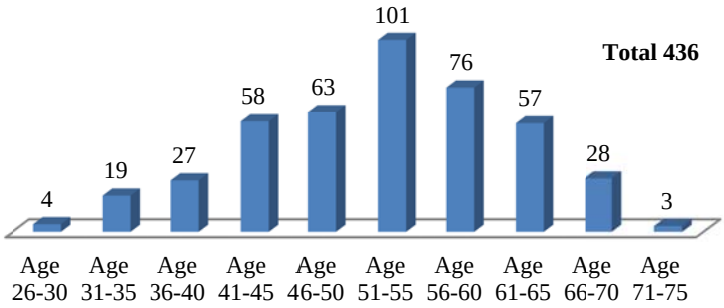
4. MEMBERSHIP OF THE FUND

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

	Active members	Deferred members	Pensioners	Spouses on pension
At 1 January 2013	464	89[1]	271	206
New entrants (up to 31 May 2013)	2	9		
Leavers with deferred benefits	(9)	0		
Leavers taking benefits elsewhere	0	0		
Deaths before retirement	(3)			
Retirements on pension	(18)	(1)	19	
Deaths on pension			(10)	(10)
New spouses' pensions				9
At 31 December 2013	436	97	280	205[2]

In addition there were 11 child dependency allowances in payment at 31 December 2013 (11 at 31 December 2012).

Age distribution of active members



There are five 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.

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[1] The total of 89 at 1 January 2013 is an adjusted figure as the number of deferred members in previous years' tables included deferred clergy whose pension subsequently became payable.

[2] The total of 205 includes 10 widows of members who either retired or died before 1976 and 12 widows of voluntary members.

5. RETIREMENT AGE

The revised Normal Retirement Age (NRA) from 1 June 2013 (for contributing members of the Fund as at 31 May 2013) is in accordance with the following table:

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

Members who have a date of birth before 1 June 1949 retain an NRA of 65.

Members who joined/rejoined the CPF on or after 1 January 2009 have an NRA of not less than 67.

Under statutory pension regulations Deferred Members will retain the NRA applicable at their date of leaving the service of the Church of Ireland.

6. PENSIONS IN PAYMENT

The annualised pensions etc in payment at 1 January 2014 are:

	€		£
Clergy	1,866,906	and	2,173,188
Surviving spouses and orphans	1,256,733	and	1,018,140
	3,123,639	and	3,191,328

The total annualised pensions in payment translated to euro at the year end exchange rate of 0.8302 are €6,967,686.

7. CONTRIBUTIONS

Contribution Rate – the Members and Dioceses/Parishes contribution rate to 31 May 2013 (which is made up of a contribution to meet the deficit in respect of past service and to meet future service funding) was based on an annual rate of 30% of the Pensionable Stipends. The contributions on an annual basis were as follows:

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 2013 – a fourth transfer by the Representative Church Body of €5m took place in 2013. In addition a contribution from central funds amounting to €446,000 was made during the year in accordance with Section 38 of Chapter XIV of the *Constitution of the Church of Ireland*.

8. 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 (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;

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 2013 lump sums totalling €305,188 and £215,478 became payable under the above headings in respect of 10 members as follows:

Died in service (2); died within 5 years following retirement (0); paid at NRA (0); paid on retirement (7); deferred pension (1).

9. 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).

10. ADDITIONAL PERSONAL CONTRIBUTIONS (APCS)

With the closing of the Clergy Pensions Fund to future accruals on 31 May 2013 the additional service members were purchasing, to give up to a maximum of 40 years' service at normal retirement age, was re-calculated to reflect the service purchased to 31 May 2013.

As at present 93 members have secured service to credit from purchasing additional service to 31 May 2013.

11. 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.

AVCs are unaffected by the closure of the Clergy Pensions Fund to future accruals.

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 2013

	Membership 31/12/12	New Contributors	Death in Service	Fund Transfers	Retired	Membership 31/12/13
RI	26	0	0	0	3	23
NI	5	0	0	0	0	5
Total	31	0	0	0	3	28
Previous Year	32	2	0	0	3	31

Standard Life is the provider of the AVC facility. Contributions may be invested with them 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

	2013 €'000	2012 €'000
Contributions received	48	89
Less paid on retirement or death	(149)	(47)
Less commuted to pension	-	-
	(101)	42
Balance 1 January	770	726
Currency Translation Adjustment	1	2
Balance 31 December	670	770

NOTES

1. A resolution adopted by the General Synod on 12 May 2012 transferred the role of trustee from the Representative Body to The Church of Ireland Clergy Pensions Trustee Limited.

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 2013 €1 = £0.8302 (2012 €1 = £0.8161).

pwc

CHARTERED ACCOUNTANTS' REPORT ON THE UNAUDITED FINANCIAL INFORMATION OF THE CHURCH OF IRELAND AVC FUND

In accordance with our engagement letter dated 4 November 2013 we have compiled the entity's financial information, which comprises the Income and Expenditure Account from the accounting records and information and explanations you have given us.

This report is made to you in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial information that we have been engaged to compile to meet your governance requirements. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you for our work or for this report.

We have carried out this engagement in accordance with technical guidance in M48 'Chartered Accountants' Reports on the Compilation of Historical Financial Information of Unincorporated Entities' issued by the Institute of Chartered Accountants in Ireland (ICAI) and have complied with the ethical guidance laid down by the ICAI relating to members undertaking the compilation of historical financial information.

You have approved the financial information for the year ended 31 December 2013 and have acknowledged your responsibility for it, including the creation and maintenance of all accounting and other records supporting it and the appropriateness of the accounting basis on which it has been compiled, and for providing us with all information and explanations necessary for its compilation.

We have not been instructed to carry out an audit of the financial information. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations given to us by you and we do not, therefore, express any opinion on the financial information.

PricewaterhouseCoopers
Chartered Accountants
Dublin

13 March 2014

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.ie

Chartered Accountants

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 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 Clergy Pensions 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.

February 2014

ANNEX 3

ACTUARIAL FUNDING CERTIFICATE

Article 4

THIS CERTIFICATE HAS BEEN PREPARED UNDER THE PROVISIONS OF SECTION 42(1) 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: 1 January 1976

PENSIONS BOARD REFERENCE NO. PB 1667

EFFECTIVE DATE OF THIS CERTIFICATE: 30 September 2012

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY) 30 September 2009

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:-

(1) the resources of the scheme, which are calculated for the purposes of section 44(1) of the Act to be €119,362,000, ~~*would~~/*~~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(1) of the Act which, including the estimated expenses of administering the winding up of the scheme, amount to €164,450,000, and

(2) €0 of the resources of the scheme referred to in paragraph (1) comprise contingent assets, in accordance with and within the meaning of the guidance issued by the Board and prescribed under section 47 of the Act.

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(1) 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: Paul McMahon *Date:* 20 June 2013

Name: Paul McMahon *Qualification:* FSAI

Name of Actuary's Employer/Firm: Mercer *Actuary Certificate No.* P076

~~***Please delete whichever is not applicable***~~

FUNDING STANDARD RESERVE CERTIFICATE

Article 4

THIS CERTIFICATE HAS BEEN PREPARED PURSUANT TO SECTION 42(1A) 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: 1 January 1976

PENSIONS BOARD REFERENCE NO. PB 1667

EFFECTIVE DATE OF THIS CERTIFICATE: 30 September 2012

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY)

On the basis of information supplied to me, having complied with any guidance prescribed under section 42(4)(b) of the Act and, subject thereto, having regard to such financial and other assumptions as I consider to be appropriate, I am of the opinion that at the effective date of this certificate:

(1) the funding standard liabilities (as defined in the Act) of the scheme amount to €164,450,000,

(2) the resources of the scheme (other than resources which relate to contributions or a transfer of rights to the extent that the benefits provided are directly related to the value of those contributions or amount transferred (**DC resources**)), calculated for the purposes of section 44(1) of the Act amount to €119,662,000,

(3) €47,925,000 of the amount referred to in paragraph (2) (subject to a maximum of an amount equal to the funding standard liabilities) is invested in securities issued under section 54(1) of the Finance Act 1970 (and known as bonds), securities issued under the laws of a Member State (other than the State) that correspond to securities issued under section 54(1) of the Finance Act 1970, cash deposits with one or more credit institutions and such other assets (if any) as are prescribed under section 44(2)(a)(iv) of the Act,

(4) the amount provided for in section 44(2)(a) of the Act (15% x ((1) minus (3)) is €17,479,000,

(5) the amount provided for in section 44(2)(b) of the Act, being the amount by which the funding standard liabilities of the scheme would increase if the interest rate or interest rates assumed for the purposes of determining the funding standard liabilities were one half of one per cent less than the interest rate or interest rates (as appropriate) assumed for the purposes of determining the funding standard liabilities less the amount by which the resources of the scheme (other than DC resources) would increase as a result of the same change in interest rate or interest rates is €4,586,000,

(6) the aggregate of (4) and (5) above amounts to €22,065,000, and

(7) the additional resources (as defined in the Act) of the scheme amount to €0 of which, in accordance with and within the meaning of the guidance issued by the Board and prescribed under section 47 of the Act, €0 comprises contingent assets and €0 of such contingent assets comprise an unsecured undertaking.

I therefore certify that as at the effective date of the funding standard reserve certificate the scheme- ***does/*does not** hold sufficient additional resources to satisfy the funding standard reserve as provided in section 44(2) 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: _____ *Date:* 20 June 2013

Name: Paul McMahon *Qualification:* FSAI

Name of Actuary's Employer/Firm: Mercer *Actuary Certificate No.* P076

Please delete whichever is not applicable

ANNEX 4

ACTUARIAL CERTIFICATE

MERCER

Church of Ireland Clergy Pensions Fund
Year ended 31 December 2013

Pensions Board reference number: PB1667

Actuary's Statement

An Actuarial Funding Certificate was submitted to the Pensions Board with an effective date of 30 September 2012. This certificate confirmed that at the effective date, the Scheme did not satisfy the Minimum Funding Standard set out in Section 44 of the Pensions Act, 1990. A Funding Proposal was prepared with an effective date of 30 September 2012 with the objectve of putting the Plan in a position to satisfy the funding standard as at 31 December 2023. This extended date was granted by the Pensions Board at the request of the Trustees.

I can confirm that I am reasonably satisfied that the current Funding Proposal remains on track to achieve its objective. Taking account of the value of assets and the value of liabilities as at 31 December 2013, which is the last day of the accounting period of the Trustee Annual Report I am reasonably satisfied that the scheme is expected to satisfy the funding standard as at 31 December 2023.

Liam Quigley
Fellow of the Society of Actuaries in Ireland
Certificate number: P044

Date: 25 February 2014

ANNEX 5

CHURCH OF IRELAND CLERGY PENSIONS FUND

STATEMENT OF INVESTMENT POLICY PRINCIPLES

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 Pensions Fund**

  For the purposes of pension's legislation the Representative Body is deemed to be the sponsor of the Clergy Pensions 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 Pensions Fund has a fiduciary responsibility in relation to the operation of the trust deed and rules of the Clergy Pensions 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 Pensions 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 Pensions Fund.

(b) Identifying the Fund's risk tolerance levels, or appetite for risk, consistent with any Funding Proposal agreed with the regulator, *An Bord Pinsean*.

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

(d) Recommending the criteria for Socially 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, consistent with any Funding Proposal agreed with the regulator, *An Bord Pinsean*, 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 in the context of a scheme closed to new members and to future benefit accrual, and in the context of the scheme Funding Proposal submitted to *An Bord Pinsean* by the Trustee and the Sponsor. The proposal has been accepted as credible and robust by *An Bord Pinsean*.

- The Funding Proposal undertakes that, over the period to 2023, the Fund's asset portfolio will move gradually and in a planned way to a position where the disposition of the assets broadly matches the liabilities of the Clergy Pensions Fund. The liabilities of the Fund arise as a result of the nature and duration of the expected future retirement benefits.

- The Trustee, in consultation with the Actuary, will monitor and manage progress towards a balanced and matched strategy over the period of the Funding Proposal. It is expected that, by 2023, 75% of Fund assets will be invested in fixed interest and cash.

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 equity and bond portfolios of the Fund on a passive (i.e. index-tracking) basis.

- The Irish Property Unit Trust (IPUT) has been selected as the vehicle for investment in property.

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

February 2014

ANNEX 6

IRISH LIFE INVESTMENT MANAGERS
REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

2013 was a good year for the global economy and in particular, for developed world economies. Market volatility has fallen over the course of the last year as risk factors have reduced following various policy initiatives from authorities across the globe. In particular, monetary stimulus from global central banks has supported the global economy and financial markets. Investors' confidence has improved as global economic momentum strengthened through 2013, particularly in developed markets. In contrast however, emerging market economies have shown signs of slowing momentum. One of the most notable features over the last year or so has been the strong performance of equities relative to bonds with investors having greater conviction in relation to the improved fundamental and earnings outlook for equities while bonds have offered more modest returns after a number of years of strong performance with core global bond yields having fallen close to historic lows. While global policy initiatives have addressed and dealt with many of the issues which negatively impacted markets through the various crises of recent years, markets do however remain sensitive to news flow on the political, fiscal, economic and monetary policy fronts which continue to be factors which influence market movements.

The last twelve months have been very good for equities. There were no major setbacks to the recovery that started in earnest in March 2009. Throughout the year unemployment statistics, global GDP, consumer confidence and a whole host of other economic indicators suggested we are still moving in the right direction. This was reflected in the performance of global equity indices such as the FTSE 100 share index up over 18%, Euro Stoxx 50 up over 21%, the S&P 500 up over 32% and the ISEQ up over 35%. Impressive as that may sound, the ISEQ was not the best performing major equity index around the world – that award goes to the Japanese Nikkei which was up over 59% in 2013!

At the same time, prices of the highest grade 10 year sovereign debt around the world fell in value with yields moving up across the board. The US bond yield rose from 1.7% to 2.9% over the course of 2013. In Germany, it rose from 1.4% to 1.9%. In the UK it rose from 1.9% to 2.9%, and so on. Conversely, at the riskier end of the sovereign bond offerings, Ireland, Greece, Spain, Portugal and Italy all saw their prices rise and yields fall. Clearly, there was a rotation out of safe haven assets, like deposits and high grade bonds, into riskier assets like lower grade debt (although still investment grade) and equities.

What was behind the move? One of the main drivers was interest rates. In early 2013, they were near or at all-time lows in many economies. The US is a good example. When markets digested the news that the Federal Reserve (Fed) may taper their extensive quantitative easing programme (QE3), investors were encouraged to buy equities and sell bonds. The expectation was that if the Fed felt confident enough to reduce/remove their market support, then a sustained recovery was underway, equities would benefit and

bonds would be relatively less attractive as interest rates rose to more normal levels. This will be done gradually and low interest rates will be maintained to allow governments, corporations and banks to rebuild their balance sheets to facilitate increased borrowing, and lending, respectively. This has already kick-started investment, created employment and, ultimately, should generate increased corporate earnings, which along with rising confidence, drives better equity market performance. The recovery in global stock markets from the low in March 2009 has not been linear but investor confidence is considerably higher now than it was then. In 2013, this was probably best captured by the re-rating of European equity markets when, despite earnings being revised down by 12%, markets rallied to bring the 12 month forward P/E ratio close to its long term average of 13.9x.

However, we are not out of the woods just yet. In Europe, the ECB has remained in firefighting mode with severe divergences in economic performance emerging across the region which are likely to pose challenges in 2014. Specifically, the financial sector will be back under the investor spotlight when the ECB conduct their asset quality review and banking stress tests in the first half of the year. The result of these examinations needs to be credible, which almost by necessity means some banks will fail. The focus then shifts to how many banks will fail, how badly and at what cost?

In the US, the focus through 2014 will be on how the Federal Reserve conditions markets to a reduction in, and the ultimate removal of, their bond repurchase programme of support. They have a tightrope to walk – cut support too soon and markets may lose confidence raising the prospect of a return to recession; don't cut soon enough and risk creating bubbles in the economy fuelled by artificially low interest rates. Inflation is well below target and suggests the flow of monetary support is likely to continue for now, as are low interest rates. Global sovereign debt levels are still high and controlled higher levels of inflation would be welcomed by all. The US has been the best performing global stock market post the 2008 crisis and at this pivotal stage of recovery, once again, all eyes will focus on their economic indicators. 2014 will be the sixth year of a US equity bull market which began in March 2009 and, historically, the sixth year of a bull market has been a strong one. Although interesting, history may not be a good guide to the future in this instance, especially when you consider the S&P 500 finished 2013 at it its all-time high. So, much is expected of the US and the outlook is positive but much has already been achieved.

March 2014

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.

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