APPENDIX F

THE CHURCH OF IRELAND

CLERGY PENSIONS TRUSTEE DAC

REPORT ON THE CLERGY PENSIONS FUND

FOR THE

YEAR ENDED 31 DECEMBER 2022

CONTENTS

ANNEXES

THE TRUSTEE AND ITS ADVISORS

Trustee	The Church of Ireland Clergy Pensions Trustee Designated Activity Company
Registered Office	Church of Ireland House, Church Avenue, Rathmines, Dublin 6 Tel 01-4978422 Email <pensionstrustee@rcbdub.org> Web <www.ireland.anglican.org/clergypensions> Company Registered in Ireland No 492302 The Representative Church Body is the sole member of the Company.
Trustee Directors	*Nominated by the RB Executive Committee* Ven Barry Forde Mr Alan Hood Ms Hilary Prentice* *Nominated by the Church of Ireland Pensions Board* Mr Robert Neill Mr Adrian Robinson (Chair)
Company Secretary	Mr David Ritchie, 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	The Representative Church Body *(address as above)* Irish Life Investment Managers, Beresford Court, Dublin 1
Investment Custodians	RCB – Northern Trust, Canary Wharf, London E14 5NT ILIM – Citibank, 1 North Wall Quay, Dublin 1
Scheme Actuary	Mr Liam Quigley, 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 DAC, Church of Ireland House, Church Avenue, Rathmines, Dublin 6

The Clergy Pensions Fund is Pensions Authority Scheme no PB1667.

* appointed 20 September 2022 in place of Mr Henry Algeo (retired 4 October 2021)

INTRODUCTION

The Trustee presents its annual report on the operation of the Clergy Pensions Fund for the year ended 31 December 2022. 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.

OPERATIONAL REPORT 2022

Financial position of the Fund

Year on year there was a decrease in the Fund assets of €20.2m with a closing value of €191.8m, having met benefit payments of €6.9m together with administrative and other costs of €0.3m.

Contributions to the Fund in the year were €2.5m, being the total value of diocesan pension levies and a contribution from the RCB. Investment return, including income and realised and unrealised investment gains, totalled -€15.4m net of investment management expenses. The Fund is managed with the objective of meeting the cost of future liabilities from a combination of contributions, income and growth in investment value.

The return on the Fund's assets in the year was -6.8% against a benchmark return of -13.6%. The benchmark is currently under review.

The development of the Fund is monitored by the Actuary and a full Actuarial Valuation is carried out at intervals of not more than three years and the final results presented to the Trustee. The most recent triennial valuation was as at 30 September 2021. This was the third full valuation since a Funding Proposal was agreed with the Pensions Authority in 2013, in response to the result of the 2012 triennial valuation which had shown that the Fund did not satisfy the Minimum Funding Standard under Section 44 of the Pensions Act at that date. The overall objective of the Funding Proposal is to restore the solvency of the Fund by 31 December 2023 through the implementation of a series of funding and cost saving initiatives. A summary of the key elements of the Funding Proposal is contained in Annex 2 to this report (page 134).

Interest rates increased significantly during 2022, reducing the calculated value of the future liabilities of the Fund. The liabilities of the Fund are represented by the capitalised value of the benefits payable to members now and in the future. They are calculated by reference to the yield available on highly rated bonds of a similar duration to the liabilities of the Fund. Yields rose during the year, effectively reducing the cost of purchasing such bonds, and thus reducing the actuarially calculated liability.

In the 2021 triennial valuation the Actuary confirmed that the financial position of the Fund had improved since the previous valuation and that the Scheme satisfied the Funding Standard and Funding Standard Reserve at the valuation date, 30 September 2021.

The Actuary is also required to undertake an annual assessment of the Fund. The Actuary's annual assessment as at 31 December 2022 indicated that, based on the assumptions employed, the Scheme's assets were projected to exceed the projected Funding Standard Liability and Funding Standard Reserve at 31 December 2023. Accordingly, the Actuary confirmed that he was reasonably satisfied that, as at 31 December 2022, the Funding Proposal remained on track to achieve its objective.

The Trustee has agreed that the range of initiatives contained in the Funding Proposal remain appropriate and no adjustment should be made to them at this time. The funding position will continue to be monitored during the remainder of the Funding Proposal period.

Copies of the Actuarial Funding Certificate and Funding Standard Reserve Certificate as submitted to the Pensions Authority following the most recent triennial valuation are included as Annex 3 to this report (page 135).

A copy of the Actuary's Statement as at 31 December 2022 is included as Annex 4 (page 138).

During 2022, the RCB (as Sponsor) agreed to provide the Fund with a contingent secured loan for €20m to enable the Trustee to pursue a growth strategy to maximise future benefits and the ability of the scheme to provide pension increases.

Administrative duties

The Trustee is pleased to report that the Fund has been administered in accordance with regulatory requirements during the year. Various duties in relation to the operation of the Fund were carried out during 2022 by the RCB Pension Administration department, the Church of Ireland Pensions Board and the RB Investment Committee. The Trustee wishes to thank each of these for their assistance and support in its management of the Fund.

Membership

Details on the membership of the Fund are reported by the Church of Ireland Pensions Board in Annex 1 to this report (see page 129). The Fund was closed to new members and to future accruals of pensionable service on 31 May 2013.

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. In view of the solvency position of the Fund and in accordance with the current Funding Proposal it was agreed during 2022 that no discretionary increases in pensions in payment be applied in 2023.

Pensionable Stipend

Pensionable Stipend is used to calculate the value of pension benefits payable. 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 of General Synod on the recommendation of the Representative Church Body (RCB) and the Trustee.

In accordance with the Funding Proposal for the Fund, it was agreed by the Standing Committee in September 2022, on the recommendation of the RCB and the Trustee, that Pensionable Stipend levels with effect from 1 January 2023 should remain unchanged from 2022 at £25,498 per annum in Northern Ireland and €36,219 per annum in the Republic of Ireland.

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 2022 was 9.4%, therefore increases were applied on 1 January 2023 to the service periods outlined under both (i) and (ii) in the previous paragraphs.

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

Deferred pensions

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

Additional Voluntary Contributions (AVC) Fund

The report on the AVC Fund for 2022 is contained in the report from the Church of Ireland Pensions Board, set out in Annex 1 to this report (see page 131).

CONSTITUTION AND GOVERNANCE OF THE FUND

The Clergy Pensions Fund is a defined benefit scheme and 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.

The Trustee

The Church of Ireland Clergy Pensions Trustee Designated Activity Company 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 115.

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.

Ms Hilary Prentice was appointed a Director of the Trustee in September 2022 in place of Mr Henry Algeo who retired from office in October 2021.

The Trustee Directors and the administrators have access to a copy of the Trustee Handbook and Guidance notes issued by the Pensions Authority. The Trustee Directors have completed appropriate training for their duties and responsibilities. No costs or expenses were incurred by the Fund in respect of Trustee Director training during the year.

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 128).

Actuarial advice is provided by Mercer Actuarial Services, Dublin.

The RB Investment Committee, in conjunction with the RCB in-house investment team, take overall responsibility for investment management in furtherance of the investment objectives and strategy for the Fund, using Irish Life Investment Managers (ILIM) for the passive management of a proportion of the Fund (55% at year end 2022 compared to 57% at the end of 2021). 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.

During the year ended 31 December 2022 Northern Trust was the custodian of most of the funds managed by the RCB for the Fund, and Citibank was the custodian of the unit-linked funds held by Irish Life Investment Managers (ILIM) for the Fund. In addition to the records maintained by the custodians, ILIM maintains its own records of securities, and these securities are held beneficially in the name of Irish Life Assurance plc on behalf of the Trustee of 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, which was last updated in 2015 and is reviewed annually, can be found in Annex 5 to this report (page 139).

Investment policy

The overall investment objective of the Fund is to seek to maximise the total return on the assets under management over the longer term, while seeking to ensure that, as at 31 December 2023 the CPF is, at a minimum, fully solvent (in terms of both the Funding Standard and the Funding Standard Reserve) and that the Fund is appropriately de-risked.

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) which is reviewed annually. A revised SIPP, taking into account the provision of a contingent secured loan by the Sponsor, was agreed in 2022 and can be found at Annex 6 (page 141). A review of investment objectives and strategy is currently underway in consultation with the Sponsor and the RB Investment Committee, with the advice of the Actuary.

A proportion of the equity and fixed interest elements of the Clergy Pensions Fund is managed by Irish Life Investment Managers on an indexed (passive) basis replicating the performance of particular indices. The balance of the Fund is managed by the RCB's in-house investment team in accordance with the investment strategy adopted by the Trustee. Certain equities are excluded in accordance with the RCB's Environmental, Social and Governance Policy.

Internal Dispute Resolution

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

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 was last updated in 2022 and is reviewed annually. The Procedure is available at <www.ireland.anglican.org/clergypensions> or from the Pensions Administration Manager.

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 31 May 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 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 2022

CONTENTS

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

Trustee
The Church of Ireland Clergy Pensions Trustee DAC
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
The Representative Church Body
Church of Ireland House
Church Avenue
Rathmines
Dublin 6

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 (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", of the financial transactions for the scheme year and the assets 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 December 2014) (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 Pension Fund

Report on the audit of the financial statements

Opinion

In our opinion, the Church of Ireland Clergy Pension Fund Financial Statements financial statements:

- give a true and fair view of the financial transactions of the scheme during the year ended 31 December 2022 and of the amount and disposition of the assets and liabilities (other than liabilities to pay pensions and other benefits in the future) at that date; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Irish law).

We have audited the financial statements, which comprise:

- the statement of net assets as at 31 December 2022;
- the fund account for the year then ended;
- the accounting policies; and
- the notes to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law.

Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the scheme's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

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Reporting on other information

The other information comprises all of the information in the Financial Statements other than the financial statements and our auditors' report thereon. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the trustee for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The trustee is also responsible for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The trustee is also responsible for ensuring that contributions are made to the scheme in accordance with the scheme's rules.

In preparing the financial statements, the trustee is responsible for assessing the scheme's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to wind up the scheme or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the trustee as a body in accordance with section 56 of the Pensions Act 1990, as amended 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.

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Other required reporting

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 2022 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
22 March 2023

THE CHURCH OF IRELAND CLERGY PENSIONS FUND
ACCOUNTING POLICIES **PAGE 8**

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

(i) Basis of preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 December 2014).

(ii) Investments

A proportion of the invested assets is managed by Irish Life Investment Managers and is held in unitised funds. 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 are managed by the Representative Church Body. The split of the invested assets is shown in Note 6 to these accounts.

(iii) Investment Income

The invested assets managed by Irish Life Investment Managers are held in unitised funds. The income is attributed to the funds as it arises and is not separately reported. Income from directly held assets under Representative Church Body management is paid to the Fund and accounted for in the period.

(iv) Going concern

The financial statements have been prepared on a going concern basis which is considered appropriate by the Trustee.

(v) 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.

(vi) Foreign Currencies

Balances and transactions denominated in foreign currencies have been translated into euro at the rate of exchange ruling at the year end (2022 €1 = £0.8853; 2021 €1 = £0.8413).

(vii) 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.

(viii) Contributions

Contributions represent a levy on dioceses in accordance with section 36 of Chapter XIV of the *Constitution of the Church of Ireland*.

The levy was imposed from 1 June 2013 and represents 13% of Minimum Approved Stipend.

(ix) 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

FINANCIAL STATEMENTS

FUND ACCOUNT **PAGE 10**

	Notes	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
CONTRIBUTIONS AND OTHER RECEIPTS			
Contributions	3	2,478	2,498
		2,478	2,498
BENEFITS AND OTHER PAYMENTS			
Benefits paid	4	6,938	6,786
Administrative expenses	9	284	253
		7,222	7,039
NET WITHDRAWALS		(4,744)	(4,541)
RETURNS ON INVESTMENTS			
Investment Income	5	1,111	2,103
Realised and unrealised investment (losses)/gains		(16,329)	27,751
Currency (loss)/gain		(121)	36
Investment management and professional expenses		(77)	(68)
NET RETURNS ON INVESTMENTS		(15,416)	29,822
NET (DECREASE)/INCREASE IN FUND IN THE YEAR		(20,160)	25,281
BALANCE 1 JANUARY		211,983	186,702
BALANCE 31 DECEMBER		191,823	211,983

Signed on behalf of the Trustee: *A Robinson*
RS Neill

Date: *14 March 2023*

THE CHURCH OF IRELAND CLERGY PENSIONS FUND

FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS **PAGE 11**

	Notes	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
INVESTMENT ASSETS	6	191,198	211,519
CURRENT ASSETS			
Debtors		625	464
CURRENT LIABILITIES			
Creditors		-	-
NET CURRENT ASSETS		625	464
NET ASSETS	11	191,823	211,983

Signed on behalf of the Trustee: *A Robinson*
RS Neill

Date: *14 March 2023*

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.

The Fund closed to new entrants and to future accruals as at 31 May 2013. A Funding Proposal to bring the Fund back to full solvency was submitted to and accepted by the Pensions Authority in 2013. The Funding Proposal included revenue to be raised through the introduction of a levy of 13% of Minimum Approved Stipend, to be collected through the dioceses.

2 FORMAT OF THE FINANCIAL STATEMENTS

The financial statements summarise the transactions and net assets of the Fund. 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 overall scheme, which takes account of such obligations, is dealt within the appendix titled "The Church of Ireland Clergy Pensions Trustee DAC – report on the Clergy Pensions Fund" in annual Book of Reports presented to the General Synod, along with the actuarial funding certificate and the actuary's annual certificate.

3 SUMMARY OF CONTRIBUTIONS

	2022 €'000	2021 €'000
Diocesan levies	2,378	2,393
Representative Church Body	99	104
Sundry	1	1
Total	2,478	2,498

The value of Northern Ireland contributions in sterling is £1.13m (2021: £1.08m) and was translated to euro at the year end rate of 0.8853 (2021: 0.8413).

The value of Republic of Ireland contributions is €1.1m (2021: €1.11m).

4 BENEFITS PAID

	2022 €'000	2021 €'000
Pensions to retired bishops and clergy	4,643	4,730
Pensions to surviving spouses and orphans	1,837	1,946
Commutation of pensions	458	47
Death Benefits	-	63
Total	6,938	6,786

The cost of Northern Ireland benefits in sterling is £3.4m (2021: £3.14m). This cost excludes administration charges.

The cost of Republic of Ireland benefits in euro is €3.13m (2021: €3.05m). This cost excludes administration charges.

5 ANALYSIS OF INVESTMENT INCOME

	2022 €'000	2021 €'000
Investment income	875	2,096
Interest	235	2
Miscellaneous trust income	1	1
Securities Lending	-	4
Total	1,111	2,103

The investment income above relates to the income paid to the Clergy Pensions Fund by investments managed by the Representative Church Body (RCB). The balance of the funds is held in a unitised fund passively managed by Irish Life Investment Managers (ILIM). The income on these funds is reinvested in the fund and is not separately reported.

	2022 Market Value €'000	2022 % of Fund	2021 Market Value €'000	2021 % of Fund
6 INVESTED ASSETS				
ILIM managed				
Equities				
UK	40,534	21.2%	41,175	19.5%
Europe ex UK	38,640	20.2%	46,531	22.0%
Bonds				
European	13,634	7.1%	15,237	7.2%
UK	12,392	6.5%	17,416	8.2%
	105,200	55.0%	120,359	56.9%
RCB in-house managed				
Property	5,430	2.8%	7,926	3.7%
Bonds and Bond Substitutes	10,860	5.7%	13,763	6.5%
Other	14,442	7.6%	22,889	10.8%
Cash on deposit	55,266	28.9%	46,582	22.0%
	85,998	45.0%	91,160	43.1%
	191,198	100.0%	211,519	100.0%

Cash on deposit included in the above schedule pertains to un-invested cash held by Representative Church Body for future investments. This is separate from Cash due from the Representative Church Body on the Statement of Net Assets.

7 CONTINGENT LIABILITIES

As stated in the accounting policies on pages 8 and 9 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 2022.

8 CONTINGENT ASSET

The Representative Body has provided a contingent asset for up to €20m to support the solvency of the Clergy Pensions Fund ("the Fund"). The contingent asset would be available to the Fund under certain circumstances, and will allow the Trustee of the Fund to maximise the return on invested assets for the Fund into the future. The contingent asset is available to the Fund to the end of the current Funding Proposal.

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 TRANSACTIONS

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

The Trustee does not receive and is not due any remuneration from the Fund in connection with its responsibilities as Trustee.

(b) The Representative Church Body acts as the Sponsor and Registered Administrator for the Clergy Pensions Fund. Contributions to the scheme are made in accordance with funding arrangements agreed with the Actuary from time to time.

The Registered Administrator of the scheme is remunerated on a fee basis.

THE CHURCH OF IRELAND CLERGY PENSIONS FUND

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

	2022 €'000	2021 €'000
11 NET ASSETS		
REPUBLIC OF IRELAND		
Contributions	1,151	1,164
Net benefits and other payments	(3,411)	(3,307)
Net transfer between sub divisions	(1,592)	(60)
Net withdrawals	(3,852)	(2,203)
Net returns on investments	(7,682)	14,848
Balance 1 January	105,154	92,509
Balance 31 December	93,620	105,154
NORTHERN IRELAND		
Contributions	1,327	1,334
Net benefits and other payments	(3,811)	(3,732)
Net transfer between sub divisions	1,592	60
Net withdrawals	(892)	(2,338)
Net returns on investments	(7,734)	14,974
Balance 1 January	106,829	94,193
Balance 31 December	98,203	106,829
CONSOLIDATED FUND		
Contributions	2,478	2,498
Net benefits and other payments	(7,222)	(7,039)
Net withdrawals	(4,744)	(4,541)
Net returns on investments	(15,416)	29,822
Balance 1 January	211,983	186,702
Balance 31 December	191,823	211,983

12 POST BALANCE SHEET EVENTS

No significant events affecting the Financial Statements have occurred since the Balance Sheet date.

13 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Trustee on 14 March 2023.

ANNEX 1

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

Members/Meetings of the Board

There were five meetings of the Board in 2022.

Elected by the House of Bishops

The Rt Rev AJ Forster	(4)

Elected by the General Synod

Rev Canon John Auchmuty	(3)
Mrs Cynthia Cherry (resigned 15 November 2022)	(2)
Mr Michael Johnston (elected 8 March 2022)	(3)

Elected by the Representative Church Body

Rev Canon Henry Gilmore	(4)
Mrs Judith Peters	(5)
Mrs Heather Pope	(5)

Chairperson – Mrs Judith Peters

Vice-Chairperson – Rev Canon John Auchmuty

Honorary Secretary – Mrs Heather Pope

Pensions Administration Manager – Ms Julie Bond

Grants Committee

Mrs Judith Peters
Rev Canon John Auchmuty

Mrs Heather Pope

Office: Church of Ireland House
Church Avenue
Rathmines
Dublin 6

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

1. INTRODUCTION

Under section 22(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 22(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 2023*, page 147).

2. MEMBERSHIP OF THE BOARD

The Board consists of seven members who are elected triennially in accordance with Section 25 of Chapter XIV of the *Constitution*.

3. 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 2022	282	119	305	166
Leavers with deferred benefits	(3)	3	-	-
Leavers taking benefits elsewhere	-	(1)	-	-
Deaths before retirement	(1)	(1)	-	-
New pension arising from PAO	-	3	-	-
Retirements on pension	(10)	(12)	17	-
Returned to active service	-	-	-	
Deaths on pension	-	-	(15)	(16)
New spouses' pensions	-	-	-	11
At 31 December 2022	268	111	307	161

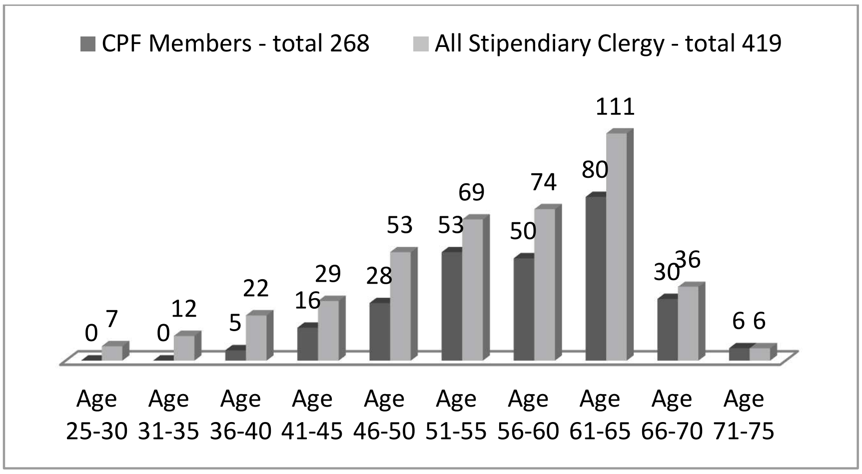
Notes: The following adjustments were made to the reconciliation:

- Duplicates were identified in the 'active' and 'deferred' lists. Actual retirements by active members during the period was 7; actual deferred retirements in the period was 11.
- A duplicate was identified in the 'Pensioners' list. Actual new pensioners during the period was 18.

In addition there were 7 child dependency allowances in payment at 31 December 2022 (12 at 31 December 2021).

There are two clergy who commenced in the stipendiary ministry before 31 May 2013 who elected to leave the Fund and make independent pension arrangements. Both sought and were granted exemption.

Age distribution of stipendiary clergy



4. RETIREMENT AGE

The revised Normal Retirement Age (NRA) from 1 June 2013 (for contributing members of the Fund as at 31 May 2013) is set out the table below:

Date of birth	Normal Retirement Age	Number of members in each retirement age category at 31 December 2022
31 May 1949 and before	65	0
1 June 1949 to 31 May 1954	66	11
1 June 1954 to 31 May 1959	67	55
1 June 1959 and after	68	202

Members who joined/re-joined the Fund 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.

5. PENSIONS IN PAYMENT

The annualised pensions etc in payment at 1 January 2023 are:

	€		£
Clergy	2,040,634	and	2,275,710
Surviving spouses and orphans	859,453	and	849,650
	2,900,087	and	3,125,360

The total annualised pensions in payment translated to euro at the year-end exchange rate of 0.8853 are €6,430,371.

6. CONTRIBUTIONS

A contribution from central funds amounting to €98,571 was made during the year in accordance with Section 37 of Chapter XIV of the *Constitution of the Church of Ireland*.

7. LUMP SUM BENEFITS

Under the provisions of the Fund a cash lump sum is payable in a number of eventualities. During 2022, lump sums totalling €187,452 and £240,065 became payable in respect of 15 members as follows:

Died in service (0); died within five years following retirement (3); paid on retirement (4); deferred pension (8).

8. EXTERNAL CONTACTS FOR INFORMATION AND SUPPORT

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

9. ADDITIONAL PERSONAL CONTRIBUTIONS (APCs)

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

There remain 53 members in active service who purchased additional service to 31 May 2013.

10. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

Members of the Church of Ireland Clergy Pensions Fund are permitted to make Additional Voluntary Contributions (AVCs) 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. Funds held in Standard Life at 31 December 2022 amounted to €0.20m.

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 2022

	Membership 31/12/21	New Contributors	Death in Service	Fund Transfers	Retired	Membership 31/12/22
RI	4	0	0	0	0	4
NI	2	0	0	0	1	1
Total	6	0	0	0	1	5
Previous Year	7	0	0	0	1	6

Standard Life is the provider of the AVC facility. Contributions may be invested with them in a range of Funds as provided by 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

	2022 €'000	2021 €'000
Contributions received	8	8
Less paid on retirement or death	(6)	(74)
Less transfers to Clergy DC Scheme	(0)	(0)
Realised Gain on retirement and transfers to the Clergy DC Scheme	6	33
	8	(33)
Balance 1 January	193	225
Currency Translation Adjustment	(1)	1
Balance 31 December	200	193

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 DAC.

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 yearend 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. An accountants' report has not been provided for these financial statements, as the balance of €199,968 is included within the scope of the Representative Church Body's audit.

4. Sterling balances and transactions have been translated to euro at the rate of exchange ruling at 31 December 2022 €1 = £0.8853 (2021 €1 = £0.8413).

ANNEX 2

CLERGY PENSIONS FUND - SUMMARY OF FUNDING PROPOSAL AS AGREED BY THE PENSIONS AUTHORITY

In June 2013 a Funding Proposal designed to bring the Clergy Pensions Fund ('the Fund') back to solvency over a ten-year period was submitted to and agreed by the Pensions Authority (then *An Bord Pinsean*).

The main requirements of the Funding Proposal are set out below. Progress is monitored annually and the Fund is subject to triennial valuation. Any significant variations from progress towards solvency would result in a further Funding Proposal having to be submitted.

To return the Fund to solvency by the end of 2023 the following provisions have been put in place:

- The Fund has been closed to new entrants and to future accrual of benefits as from 31 May 2013.

- The Normal Retirement Age will gradually increase to a current maximum of 68 years for those aged 53 years or younger as at 31 May 2013, with staged increases for those aged above 53 years on that date.

- There will be no discretionary increases to pensions in payment or Pensionable Stipend during the Funding Proposal period unless the Actuary is satisfied that such increases would not jeopardise the Funding Proposal.

- As the funding of the Clergy Pensions Fund is a responsibility of the whole Church, an annual levy to contribute towards solvency is being raised from dioceses in respect of cures and other recognised offices at a rate of 13% of Minimum Approved Stipend.

- The Representative Church Body in 2014 completed the transfer of the last of five tranches of €5m from General Funds in the form of special funding and will further provide an amount of €0.1m per annum over the life of the Funding Proposal.

ANNEX 3

ACTUARIAL FUNDING CERTIFICATE

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BD

Article 4

ACTUARIAL FUNDING CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED UNDER THE PROVISIONS OF SECTION 42(1) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: The Church of Ireland Clergy Pensions Fund

SCHEME COMMENCEMENT DATE: 01/01/1976

SCHEME REFERENCE NO.: PB1667

EFFECTIVE DATE: 30/09/2021

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 30/09/2018

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 €203,422,000.00, would 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 €157,791,000.00, and

(2) €0.00 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 Authority and prescribed under section 47 of the Act.

I, therefore, certify that as at the effective date of this certificate the scheme satisfies 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:	Liam Quigley	**Date:**	08/04/2022
Name:	Mr Liam Quigley	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer (Ireland) Limited	**Scheme Actuary Certificate No.**	P044

Submission Details

Submission Number:	SR2893047	**Submitted Electronically on:**	08/04/2022
Submitted by:	Liam Quigley		

FUNDING STANDARD RESERVE CERTIFICATE

An tÚdarás Pinsean
The Pensions Authority

SCHEDULE BE

Article 4

FUNDING STANDARD RESERVE CERTIFICATE

THIS CERTIFICATE HAS BEEN PREPARED PURSUANT TO SECTION 42(1A) OF THE PENSIONS ACT 1990 (the ACT) FOR SUBMISSION TO THE PENSIONS AUTHORITY BY THE TRUSTEES OF THE SCHEME

SCHEME NAME: The Church of Ireland Clergy Pensions Fund

SCHEME COMMENCEMENT DATE: 01/01/1976

SCHEME REFERENCE NO.: PB1667

EFFECTIVE DATE: 30/09/2021

EFFECTIVE DATE OF PREVIOUS CERTIFICATE (IF ANY): 30/09/2018

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 €157,791,000.00,

(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 €203,422,000.00,

(3) €67,129,000.00 , 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 (Applicable Percentage x ((1) minus (3)) is €9,066,000.00,

(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 €6,921,000.00,

(6) the aggregate of (4) and (5) above amounts to €15,987,000.00, and

(7) the additional resources (as defined in the Act) of the scheme amount to €45,631,000.00, of which, in accordance with and within the meaning of the guidance issued by the Authority and prescribed under section 47 of the Act, €0.00 comprises contingent assets and €0.00 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 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:	Liam Quigley	**Date:**	08/04/2022
Name:	Mr Liam Quigley	**Qualification:**	FSAI
Name of Actuary's: Employer/Firm	Mercer (Ireland) Limited	**Scheme Actuary Certificate No.**	P044

Submission Details

Submission Number:	SR2893048	**Submitted Electronically on:**	08/04/2022
Submitted by:	Liam Quigley		

ANNEX 4

ACTUARY'S STATEMENT

Mercer welcome to brighter

Church of Ireland Pension Fund Annual Statement

Year ended 31 December 2022

Pensions Authority reference number: PB1667

Actuary's Statement

I completed a review of the financial position of the Fund as at 30 September 2021. One of the outcomes of this review was that the scheme satisfied the Funding Standard (Section 44(1) of the Pensions Act, 1990) and the Funding Standard Reserve (Section 44(2) of the Pensions Act, 1990). Certificates confirming this outcome have been completed.

A Funding Proposal is currently in place with the objective of putting the scheme in a position to satisfy the Funding Standard and Funding Standard Reserve by 31 December 2023. This extended date was granted by the Pensions Authority at the request of the Trustees. I have undertaken a review as at 31 December 2022 to consider whether the funding proposal remains on track to achieve its objectives. This assessment was undertaken in accordance with guidance set down by the Society of Actuaries in Ireland. It reflects known developments in relation to the assets and liabilities and assumptions about the future. Based on the assumptions employed, the Scheme's assets are projected to exceed the projected Funding Standard Liability and Funding Standard Reserve at 31 December 2023. Accordingly, I can confirm that I am reasonably satisfied that, as at 31 December 2022, the funding proposal remained on track to achieve its objective.

Liam Quigley

Liam Quigley
Fellow of the Society of Actuaries in Ireland
Certificate number: P044
Date: 29 March 2023

ANNEX 5

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 and has been closed to future service accrual and to new members with effect from 31 May, 2013. The Fund is subject to a Funding Proposal agreed with the Pensions Authority with the intention of returning it to solvency by 2023. 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. Where the scheme is subject to a Funding Proposal and, being closed to future service accrual, has an ageing profile, the requirement to invest in assets to match the future liability leads to a reduction in the opportunity to invest in growth assets.

- 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 20 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. The investment strategy is reviewed regularly to ensure that it is consistent with the needs of the Fund as well as meeting the requirements arising under the Funding Proposal. 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.

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.

Last updated September 2015
Reviewed October 2022

ANNEX 6

CHURCH OF IRELAND CLERGY PENSIONS FUND (“the Scheme”)

STATEMENT OF INVESTMENT POLICY PRINCIPLES

Introduction
The purpose of this Statement of Investment Policy Principles (‘SIPP’) is to outline the policies and guidelines that have been determined by the Trustees to govern the management of the Scheme’s assets. It provides an overview of the Trustees’ investment objectives, investment policies, risk measurement and their risk management processes.

This document has been provided to the RB Investment Committee as the Scheme’s Investment Advisor and has been used to develop detailed guidelines for the investment of the Scheme’s assets by the selected investment managers, which are separately documented.

Investment Objectives
The overall investment objective of the Trustees is to ensure that the benefits of the Scheme continue to be affordable and that ultimately the level of benefits set out in the Trust Deed and Rules can be paid.

The overall investment strategy aims to maximise the investment return, net of fees, while managing risk by maintaining a maximum ratio of Growth to De-risked Assets in the investment portfolio. De-
risked Assets are holdings in liability matching asset classes and generally comprise fixed income sovereign bonds, high grade corporate fixed interest bonds and cash. Growth Assets are represented by all other asset classes.

In the short term a key objective is to ensure that the Scheme exits the current Funding Proposal by 31 December 2023. Over the long-term, a core objective is to ensure that the Scheme continues to meet the Funding Standard and Funding Standard Reserve requirements on an ongoing basis. A triennial actuarial valuation is completed by the Scheme’s actuary to assess the Scheme performance against the Funding Standard and the Funding Standard Reserve. The latest triennial valuation was completed as at 30 September 2021.

The investment strategy for the Scheme results from a review undertaken during 2021 carried out with the assistance of the Scheme’s actuary and using membership and actuarial estimates as at 31 December 2020. A summary of this review is detailed below.

Summary of Investment Review 2021
Long term projections indicate that a net total return on the fund’s assets of c1.5% per annum should be sufficient to meet the long term pension liabilities of the Scheme over its remaining life/term. Such a target rate of return would be consistent with a 40:60 split of the Fund’s assets (40% Growth versus 60% De-risked Assets). However, these projections also indicate that while such a rate of return would be adequate over the life of the scheme taken as a whole, it may not be sufficient to meet the discrete annual Funding Standard

Reserve requirements at all times throughout the life of the Scheme, in particular where it is assumed that increases to pensions in payment are awarded in line with inflation post 2023.

Following discussion with the Sponsor the Trustees have determined that, for the current period until 31 December 2023, the target rate of total return to the fund, net of fees, should be 2.6 % per annum, consistent with a 60:40 split of the assets between Growth and De-risked Assets. In determining this, the Trustees have taken into consideration a range of factors including the Sponsor providing the Scheme with a Contingent Asset in the form of security over assets with a market value of €20m.

Formulating Investment Policy
The Trustees have responsibility for setting and monitoring the investment strategy of the Scheme.

Investment Advisor
The Trustees have appointed the RB Investment Committee as the Scheme's Investment Advisor. The Investment Advisor is responsible for appointing suitable investment managers, managing the asset allocation within pre-agreed limits and for recommending any direct investment to the Trustees. The Trustees recognise the need to work with the Investment Advisor in formulating the investment policy. The Investment Advisor is available to meet with the Trustees and to attend any Trustee meeting at the request of the Trustees so as to consider the investment performance and to advise of any changes to the investment objectives.

Environmental, Social and Governance Considerations
The Trustees currently adopt the RCB Environmental, Social and Governance (ESG) policy and the RCB Climate Change policy. The Investment Advisor will consider ESG and climate change as part of any investment decision and will report on ESG considerations annually to the Trustees.

Sponsor
In setting the investment policy, the Trustees recognise that the Sponsor's continued financial support of the Scheme is of utmost importance in serving the best interests of members. Therefore the principles outlined in this Statement are not shaped by the objectives of the Trustees in isolation, but also in collaboration with the Sponsor. This SIPP was presented to the Sponsor and noted at its meeting on 5 April 2022.

Risk Measurement
The ideal risk management strategy for any pension scheme would be to match fund assets and pension liabilities in duration, currency and volatility. However, this hedged strategy would be expected to deliver low long term returns and thus require high contributions. The Scheme therefore needs to hold asset classes with higher expected returns in order to keep funding costs at an acceptable level over the life of the Scheme. Growth Assets will involve higher risk and volatility, particularly over the short term and it is therefore important to conduct regular investment risk assessments.

The key investment risk is that the Scheme's funding level may deteriorate as a result of the investment strategy which would in turn increase the costs of funding and may threaten the viability of possible future discretionary pension increases or even the future sustainability of the Scheme.

The Trustees have therefore considered the following as part of their investment risk analysis:

- **Scenario analysis**: The Trustees have considered projected outcomes for a number of different investment strategies.

- **Hedge ratios:** Hedge ratios assess the extent to which the liability matching portfolio behaves in line with the liabilities. The funding level and duration of the liabilities and the extent and duration of bond investment are key components to this calculation. It is important to consider hedge ratios on both short term (Funding Standard) and long term measures of the liability. Given the current interest rate environment, a key Trustee concern is maintaining/improving the Scheme's Funding Standard position.

- **Duration of the liabilities:** Duration is an assessment of sensitivity to changes in interest rates, and this can vary significantly depending on the liability valuation measure under consideration.

- **Currency:** The currency denomination of the liability has been considered by the Trustees in determining the currency split of the investment portfolio.

- **Contribution impact**: The Trustees and the Sponsor have considered differing contribution rates which would be required for a range of **pension** outcomes.

- **Qualitative risk assessment**: The Trustees have consulted with the Investment Advisor and the Sponsor as part of the investment strategy review process and in relation to the selection of fund managers and direct investments.

The Trustees regularly review the investment strategy and the risks including considering ESG compliance.

Investment Policy and Asset Allocation
The Trustees, with the assistance of their advisers, have devised and adopted an asset allocation framework which takes into consideration:

- The required level of return consistent with the tolerance for risk
- The requirement to satisfy the Funding Standard and associated risk reserve requirements on an ongoing basis
- A de-risking objective over the long term as the funding level improves and as the Scheme matures.

Current strategic asset allocation for the Scheme:

Asset class	**Short term Allocation range (%)**	**Medium term target Allocation (%)**	**Long term target Allocation (%)**
Matching/De-risked assets			
Cash	2.5 – 30.0	2.5 – 30.0	2.5 – 72.5
Bonds	10.00 – 37.5	10.0- 37.5	2.5 - 72.5
Sub-total	**40.0**	**40.0**	**75.0**
Risk assets			
Equities	22.5 – 60.0	22.5 – 60.0	12.5 - 25
Private equities/alternatives	0.0 – 10.0	0.0 – 10.0	0.0 – 5.0
Hedge funds	0.0 – 10.0	0.0 – 10.0	0.0 – 5.0
Credit (high yield) bonds	0.0 – 10.0	0.0 – 10.0	0.0 – 5.0
Property	0.0 – 10.0	0.0 – 10.0	0.0 – 5.0
Gold/Mining stocks	0.0 – 10.0	0.0 – 10.0	0.0 – 5.0
Sub-total	**60.0**	**60.0**	**25.0**
Total	**100.0**	**100.0**	**100.0**

The table shows the short, medium and long term allocations and the ranges within which the Trustees believe that the investment objectives can be achieved. The long term allocation describes the split that the Trustees aim to move toward, over the long term, as the Scheme matures and as Scheme finances and investment conditions permit.

Currency allocation
The Scheme's liabilities are denominated in both Sterling and Euro as the Scheme members are based in both Northern Ireland and the Republic of Ireland. The assets are managed on a basis that recognises the underlying currency denomination and split of the Scheme's liabilities.

Exposure to assets denominated in currencies other than Sterling and Euro, as part of investment decisions and individual stock selection by the Investment Managers, is subject to defined limits set by the Trustees.

Rebalancing and De-risking
The Trustees recognize that even though the Scheme's investments are subject to short-term volatility, it is critical that a long-term investment focus be maintained. The Trustees intend to avoid ad-hoc revisions to their philosophy and policies in reaction to either speculation or short-term market fluctuations.

Rebalancing is considered as part of the annual investment review by the Trustees.

The strategic asset allocation is likely to evolve over the long term to reflect a reduced growth portfolio and an increased sovereign bond allocation.

Risk Management
The Trustees ensure that they understand the performance, risk and other characteristics of all asset classes and funds that the Scheme invests in. Investment guidelines and targets are agreed with external managers to ensure that the assets:

- Are invested in a manner designed to ensure the security, quality and liquidity of the assets as a whole is appropriate having regard to the nature and duration of the expected liabilities of the Scheme.

- Are predominantly invested in regulated markets.

- Are properly diversified in such a way as to avoid excessive reliance on any particular asset, issuer or group of undertakings and so as to avoid accumulations of risk in the portfolio as a whole.

- Include use of derivative instruments only in so far as they contribute to a reduction in investment risks or facilitate efficient portfolio management.

Performance is reviewed by the Trustees at regular intervals based on reports independently collected and calculated by the Investment Advisor. The Fund's performance is also reviewed by the Trustees relative to the long-term required return and benchmark.

The Trustees also receive from the Investment Advisor an assessment of performance, together with an analysis of the factors affecting performance, relative to the Fund's benchmark.

Risk controls
The Trustees use a number of measures to control and reduce the risks associated with making investments including the following:

- **Diversification**: The Trustees aim to invest in a range of asset classes in order to achieve the required real long-term return while limiting the volatility of returns. Where practical, investments are spread geographically, across industry sectors and individual stocks.

- **Manager restrictions**: The Trustees have an Investment Management Agreement (IMA) in place with external investment managers. Each IMA contains restrictions which limit the risk from each individual stock or security held and which prohibit unsuitable investment activity. Compliance with the IMA is monitored.

- **Risk versus the liabilities**: The Trustees have adopted an investment strategy that they believe is capable of achieving the long term target return while being mindful of the Minimum Funding Standard requirements. However, future returns are uncertain, and the long-term risk is that the value of the assets may not increase sufficiently over time to allow the Trustees to provide all of the intended benefits. The Trustees review this risk by monitoring the performance of the assets and the liabilities in the Triennial Actuarial Valuations, funding updates and Interim Valuations from time to time.

- **Custody**: The Trustees ensure the separation of responsibility for the safe-keeping or custody of the Fund's financial assets from its investment managers and the protection of the financial rights attaching to those assets by the employment of an independent global custodian.

The Trustees measure and monitor risk in the portfolio on a regular basis. Investments are regularly considered as part of Trustee meetings. In addition, the Trustees formally review the Scheme's investment strategy in conjunction with actuarial valuations of the Scheme or following any significant change to the Scheme.

The Trustees ensure that the investment of the Scheme's assets adheres to the requirements of the Occupational Pension Schemes (Investment) Regulations 2006.

Review
The assumptions underlying the risk assessment had an effective date of 31 December 2020. Actual experience will differ from the assumptions (perhaps significantly) and consequently, the Trustees will regularly review the investment strategy.

The success of the current strategy will be reviewed on at least an annual basis, with a formal investment strategy review being carried out every 3 years or following any significant change in the circumstances of the Scheme.

Effective Date of this Statement: 17 October 2022