

Bill No.9

Proposer: Mr Robert Neill

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In proposing this bill in relation to the additional voluntary contribution schemes attaching to the Clergy Pensions Fund, I would like to give you the context, the reasons for the bill and the impact for clergy.

Firstly, the context. In 2013, the Church of Ireland Clergy Pensions Fund was closed to new members and to future accruals and since then, clergy pension benefits accrue in one of the Clergy Defined Contribution Pension Schemes depending on whether that service is accruing in Northern Ireland or the Republic of Ireland. Clergy who are members of these defined contribution pension schemes are entitled to make additional voluntary contributions, called AVCs, to their defined contribution scheme.

A small number of clergy, who were members of the former Clergy Defined Benefit Pension scheme, have continued to pay additional contributions to the former AVC scheme associated with the defined benefit pension scheme. Other clergy have subscribed to AVCs under the newer defined contribution schemes. Both schemes have accrued benefits on the same basis.

The reasons for the bill arise from the introduction of the Code of Practice by the Irish Pensions Authority in 2021, increasing the costs of administering the Clergy Pensions Fund AVC schemes significantly. Furthermore, the member fund management fees payable are higher than those that members would pay if their AVCs accrued in either of the current Clergy Defined Contribution Pension schemes or under the proposed Master Trusts that will be discussed later at Synod. Therefore, the trustee of the Clergy Pensions Fund has proposed, and the Representative Body is recommending, the closure of the former Clergy Pensions Fund AVC schemes and the transfer of member funds to the AVC schemes associated with the Clergy Defined Contribution Pensions Fund.

Let me be clear that the closure of the AVC schemes provided for in this bill only relates to the schemes already operating before June 2013. The separate AVC schemes that operate under the Defined Contribution Pension schemes will continue to do so, unaffected by this bill.

Moreover, the closure will be effected by a seamless transfer of the old AVC schemes to the Defined Contribution Pension schemes and in early course on to the new Master Trusts. Subscribers may continue contributions as before and will benefit as before. The funds will be invested with Mercer in the same format as before. The fees payable will be less than they would have paid in the former AVC scheme which should result in better fund returns and they will be able to continue to make contributions into the future.

Therefore, the implementation of this legislation is considered to be in the best interest of members of the Clergy Pensions Fund, and I propose this bill.