

Bill No. 1

EXPLANATORY MEMORANDUM

Under Section 33 of the Pensions Act 1990, defined benefit pension schemes in the Republic of Ireland are required annually to revalue the preserved benefits of deferred members by the rate prescribed annually by the Minister for Social Protection.

Each year the Minister for Social Protection issues a regulation in relation to the rate of revaluation of preserved benefits of deferred members, being the lesser of the rate of inflation as calculated by the Minister, and 4%. The ‘Occupational Pension Schemes (Revaluation) Regulations 2016’ specified a 0.3% revaluation of preserved benefits for 2015 in respect of deferred member pensions. This was the first occasion on which a negative revaluation rate had been prescribed.

There are currently 54 deferred members of the Clergy Pensions Fund (CPF) who have preserved benefits under the CPF related to service in the Republic of Ireland. These are members who have left service prior to reaching their normal retirement age.

The Church of Ireland Clergy Pensions Trustee DAC (the Trustee) considered the implications of the 2016 Regulations in relation to the CPF and received actuarial advice indicating that, as Section 39(2) of Chapter XIV of the Constitution refers only to pensions being “increased”, an amendment to the wording is required to allow any downwards revaluation of preserved benefits of deferred Republic of Ireland members. The Trustee also considered the fact that Section 39(2) of Chapter XIV requires that increases in preserved benefits be applied “by the same percentage as that applied to pensions in course of payment, as provided by Section 61 of this Chapter” (which relates to increases in pensions already in payment).

The Trustee considered that, in future, the preserved benefits of deferred members ought to be treated in the manner prescribed by Ministerial regulation. Accordingly the Trustee recommended to the Representative Body that proposals be brought to General Synod to amend Chapter XIV of the Constitution to provide that future revaluations of deferred pensions be applied in accordance with the relevant statutory provision, rather than by applying the same percentage increase as is applied to pensions in payment.

The Representative Body agreed with the recommendations of the Trustee and accordingly proposes the attached Bill to General Synod. The proposed changes would take effect from 1 June 2017.

Northern Ireland position (for information)

Under UK pension regulations, the rates of revaluation of a deferred member’s pension are based on the member’s date of leaving service and the date from which his/her service was earned. The rates of revaluation of such preserved benefits are prescribed by statute.

MR GEOFFREY PERRIN
THE BISHOP OF CLOGHER

(At the request of the Representative Church Body)

BILL

To amend Chapter XIV of the Constitution

WHEREAS it is desirable that preserved pension benefits in the Church of Ireland Clergy Pensions Fund, relating to deferred members of the Fund, be revalued in accordance with the relevant statutory provision;

AND WHEREAS for such purposes it is necessary to amend Chapter XIV of the Constitution of the Church of Ireland;

BE IT ENACTED by the Archbishops and Bishops and the clergy and laity of the Church of Ireland in General Synod assembled in Limerick in the year 2017 and by the authority of the same as follows:

1. In this Statute 'Chapter XIV' means Chapter XIV of the Constitution of the Church of Ireland.
2. With effect from 1st June 2017 for Section 39 (2) of Chapter XIV there shall be substituted:

'39 (2) When a member ceased on or after 1st January 1977 to be a contributing member and has not received a withdrawal benefit or a transfer in pursuance of sub-section (1)(b) of this Section, the portion of that member's accrued pension accumulation attributable to the contributions paid on or after 1st January 1976 (or if that member was enrolled after 1st January 1976 the accrued pension accumulation) subsisting on 31st December 1998 and each subsequent year shall be revalued with effect on and from 1st January of the following year in accordance with the relevant statutory provision.'