



To all members of the
Church of England Funded Pensions Scheme

Ministry Division
The Rt Revd John Packer
Bishop of Ripon & Leeds

12 March 2007

Dear Member,

**The Church of England Funded Pensions Scheme
Consultation with members on Proposed Scheme Changes**

For some time now there has been widespread debate about pensions and the funding difficulties many pension schemes are facing. Many organisations have decided to reduce the level of benefits, whilst others have closed their final salary schemes altogether. Inevitably our own scheme has come under scrutiny. I know that uncertainty causes anxiety and so I am pleased to be able to bring you up to date with our proposals.

Pressure on the funding of pension schemes has increased for all employers over recent years. Improved life expectancy, anticipated lower investment returns and mounting regulation have all served to increase the cost of providing a pension. We have now undertaken an extensive review of the clergy pension scheme and assessed the options open to us. These are outlined in the enclosed consultation document.

The Clergy Pension Scheme has a valued place in our remuneration arrangements and provides important benefits. But the pressures on the scheme mean that for it to be secure now and sustainable for the future we have to make changes both to its benefits and to the level at which it is funded by the dioceses. Doing nothing is not an option.

In February the General Synod made the important decision that the existing, defined benefit, non-contributory pension scheme should remain open but approved in principle a number of changes to secure the future affordability of the scheme. Before these changes to the scheme are made we want to consult with you.

The changes are described in detail in the enclosed consultation document and affect different people in different ways. In outline they are as follows.

- **Dioceses will pay an increased pension contribution for all their current clergy of around 40% of stipends (up from the 2006 level of 33.8%).**

- **If you have already retired or have left the ministry but have deferred pension entitlements:**
 - annual increases to pensions in payment will be in line with increases in the Retail Prices Index (RPI) up to a maximum of 5% in any one year, not in line with stipends.

- **If you are still in active service and receiving a stipend:**
 - pension entitlement earned after 1 January 2008 will be on the basis of working 40 years to earn a full pension. All service up to that date remains on the basis of a 37 year accrual period.
 - pension entitlement earned after 1 January 2008 will attract annual increases in line with increases in RPI up to a maximum of 3.5%. Annual increases in pension accrued up to that date will be in line with increases in RPI up to a maximum of 5%.

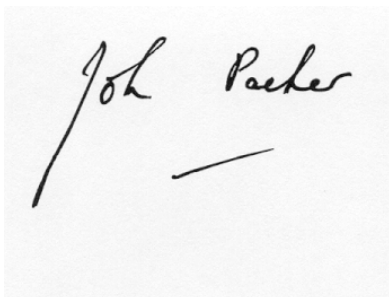
In addition Synod approved an urgent review of the adequacy of support for the provision of housing in retirement and a review of wider issues of clergy numbers and deployment.

I believe that these proposals both secure the continuation of the Pension Scheme and strike a fair balance between increasing the contribution made by the parishes and dioceses and reducing the benefits of the scheme, and I commend them to you.

A period of consultation starts today, with a view to General Synod making the proposed changes to the scheme this July which will take effect from 1 January 2008. Please take the opportunity to share any views you have on these proposals with us by submitting comments on the enclosed response sheet **before the consultation closes on 31 May 2007**, to the following address:

The Secretary to the Deployment Remuneration and Conditions of Service
Committee
Church House
Great Smith Street
London SW1P 3AZ

Yours sincerely,

A handwritten signature in black ink, appearing to read 'John Ripon', with a horizontal line underneath.

✉ John Ripon and Leeds
Chairman of the Deployment, Remuneration and Conditions of Service Committee

For general enquiries on pensions, please ring 020 7898 1802
or email pensionenquiries@c-of-e.org.uk