

**THE NEW ZEALAND  
ANGLICAN CHURCH  
PENSION FUND**

**Annual  
Report  
2017**



# Message from the Board

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Dear Friends

The New Zealand Anglican Church Pension Board (the Board), as Manager and Trustee, is pleased to present the Annual Report of The New Zealand Anglican Church Pension Fund for the year ended 31 March 2017.

It was another good year for members. While there were several major ups and downs in the world markets, many of which were driven by political events, and with it continued uncertainty, investment returns for the full year were pleasing. The Pension Fund's investments in Growth Assets (being NZ and overseas equities, and alternative assets) were particularly strong. The return before expenses for the year was 10.5%.

The net assets of the Pension Fund at year end were \$113.027m, an increase of \$5.066m from 31 March 2016.

The sound financial position of the Pension Fund enabled us to provide a 2% increase to retirement benefits from 1 October 2016.

A major piece of work came to its conclusion when the Pension Fund transitioned to the Financial Markets Conduct regime on 12 September 2016. This was the culmination of over two years work. One of the outcomes of operating in the new regime is reporting to members has changed. This annual report is required to include content prescribed in the Financial Markets Conduct legislation.

A requirement of the Financial Markets Conduct regime is that the Pension Fund must have a Licensed Independent Trustee. This initiated a change to the Trustee structure. At the 2016 General Synod / te Hīnota Whānui the Board's Canon was amended to increase the number of Board members from seven to eight to include a Licensed Independent Trustee. Helen McKenzie was appointed as the Licensed Independent Trustee for the Pension Fund and joined as a Board member on 12 September 2016.

Helen McKenzie resigned from the Board on 31 March 2017. Brendan O'Donovan was appointed as the new Licensed Independent Trustee for the Pension Fund and joined the Board on 1 April 2017. Brendan brings financial industry experience to the Board as a former Chief Economist of Westpac Bank and before that the National Bank. He is currently a Specialist Advisor to Parliament's Finance & Expenditure Committee. He is also a Director of The Co-operative Bank and is a Trustee of the Medical Assurance Society's Retirement Savings Plan and their KiwiSaver Plan.

In May 2016 Archbishop Philip Richardson and Charles Hemana retired from the Board. They were replaced by The Reverend Vicki Sykes and The Venerable Don Rangi respectively.

We thank Philip, Charles and Helen for their contribution over the years to the Board and the Pension Fund, and welcome the new Board members.

Yours in Christ

  
The Very Reverend Lawrence Kimberley  
Chairperson

  
Brendan O'Donovan  
Licensed Independent Trustee

# THE PENSION FUND

## ~ YOUR MONEY ~

**4.7%**

increase in Net Assets  
for the past  
financial year

### Increase in Pensions

from 1 October 2016

Priests, widows,  
widowers & children

**2.0 %**

### Priest's pension increase over the past five years

2016	2.0%
2015	3.0%
2014	4.0%
2013	1.5%
2012	1.0%

Pension increases occur on  
1 October each year

Total Net Assets	\$113.0 million
Contributions	\$2.2 million
Pension payments	\$5.8 million
Lump sum payments	\$0.9 million

## ~ YOUR PEOPLE ~

The average age of clergy who retired during the year was **66.8 years.**

During the year there were

**32** new subscribers

**19** new clergy pensioners

**14** new widow pensioners



The Pension Fund's oldest member turned

**100**

in February 2017



Membership summary

**1,057**

**Members**

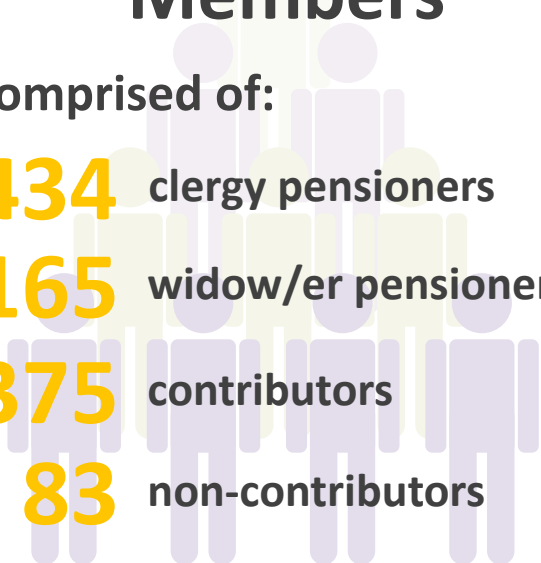
Comprised of:

**434** clergy pensioners

**165** widow/er pensioners

**375** contributors

**83** non-contributors



# The New Zealand Anglican Church Pension Fund Annual Report 2017

For the period 1 April 2016 to 31 March 2017

## Details of Scheme

The scheme name is The New Zealand Anglican Church Pension Fund (the Fund). It is an employer related restricted workplace savings scheme. It has two sections, the Defined Benefit Section and the Complying Fund Section. The Manager is The New Zealand Anglican Church Pension Board. As it is a restricted scheme, the Supervisor is the Financial Markets Authority. The Product Disclosure Statement is dated 2 September 2016 and is open for applicants. The fund update for the year ended 31 March 2017 was issued on 30 June 2017.

The financial statements of the Fund for the year ended 31 March 2017, and the auditor's report on those financial statements, have been lodged with the Registrar and are available electronically by visiting [companiesoffice.govt.nz/disclose](http://companiesoffice.govt.nz/disclose), selecting Search schemes and entering Scheme name.

## Information on contributions and scheme participants

### Numerical changes in membership

The Fund's membership increased by 11 members from 1,046 to 1,057 during the Fund year.

### Defined Benefit Section (DBS)

	Subscribers	Leave of Absence	Retained Interests	Clergy Pensioners	Widow/ers Pensioners	Total
<b>1 April 2016</b>	<b>195</b>	<b>5</b>	<b>44</b>	<b>419</b>	<b>163</b>	<b>826</b>
New entrants	5	-	-	-	-	5
New pensioners	-	-	-	16	13	29
Retirements	-14	-	-2	-	-	-16
Deaths	-1	-	-	-13	-14	-28
Resignations	-	-	-1	-	-	-1
Transfer to CFS	-1	-	-	-	-	-1
Transfer between categories						
• Into	4	1	5	-	-	10
• Out of	-6	-2	-2	-	-	-10
<b>31 March 2017</b>	<b>182</b>	<b>4</b>	<b>44</b>	<b>422</b>	<b>162</b>	<b>814</b>

## Complying Fund Section (CFS)

	Subscribers	Leave of Absence	Retained interests	Locked-in only <sup>1</sup>	Clergy Pensioners	Widow/ers Pensioners	Total
<b>1 April 2016</b>	<b>171</b>	<b>3</b>	<b>18</b>	<b>17</b>	<b>9</b>	<b>2</b>	<b>220</b>
New Entrants	27	-	-	-	-	-	27
Transfer from DBS	1	-	-	-	-	-	1
New pensioners	-	-	-	-	3	1	4
Retirements	-2	-	-1	-	-	-	-3
Deaths	-1	-	-	-	-	-	-1
Resignations	-1	-	-2	-2	-	-	-5
Transfer between categories							
• Into	4	0	5	3	-	-	12
• Out of	-6	-3	-3	0	-	-	-12
<b>31 March 2017</b>	<b>193</b>	<b>0</b>	<b>17</b>	<b>18</b>	<b>12</b>	<b>3</b>	<b>243</b>

There are 375 contributing members and 83 non-contributing members. There are 599 members receiving a pension.

As at 1 April 2016, the Complying Fund Section held total accumulated funds of \$2,970,115 on behalf of 212 members. As at 31 March 2017, the total accumulated funds totalled \$3,679,565 on behalf of 232 members.

Contribution type	Number of members	\$
Member contributions	390	\$1,012,546
Employer contributions	383	\$1,022,407
Member voluntary additional contributions	43	\$129,148

## Changes relating to the Scheme

The Fund transitioned to the Financial Markets Conduct Act 2013 (FMCA) on 12 September 2016. Following transition the Fund ceased to be a superannuation scheme registered under the Superannuation Schemes Act 1989 and instead became a restricted workplace savings scheme registered under the FMCA.

### Trust Deed

As part of the FMCA transition the trust deed was amended on 10 August 2016. The amendment to the trust deed is a consolidated deed incorporating all provisions into the one document. At the same time the Fund's provisions were reviewed and updated.

The changes to the trust deed were:

1. Technical amendments to comply with the FMCA
  - Updating terminology and definitions;
  - Updating indemnity provisions and delegation powers;

- Updating the appointment of trustee provisions to provide for one corporate trustee whose members must include a Licenced Independent Trustee, with the General Synod retaining the power to appoint and remove the trustee; and
  - Adding or updating provisions setting out the Board's core obligations under the FMCA regarding financial reporting, member statements, annual reports, record-keeping, material error corrections, related party transactions, audits and reports to the FMA.
2. Updating the following provisions:
- Deleting the requirement to circulate Pension Committees for comment on rule changes prior to the Trustee's passing a confirming resolution;
  - Deleting the provisions for Mortgage Assistance for Subscribers/Annuitants as these provisions were descriptive and not operative;
  - Deleting provisions referring to the Welfare Fund as these provisions were descriptive and not operative (the Welfare Fund is a separate fund);
  - Adding provisions setting out the calculation of pension, lump sum and allowances as the table of rates previously set out in Appendices I and II as the Appendices were deleted;
  - Adding new provisions to provide CFS members with commutation options, a design feature overlooked at the time the CFS provisions were added in 2008; and
  - Changing the CFS's Involuntary Transfer provision so that the Board may require a Locked-in only member to transfer their Locked-in Balance to a KiwiSaver Scheme.

## **SIPO**

Following the sale of Hapua Forest cutting rights, the Statement of Investment Policy and Objectives (SIPO) allocation to Alternative Growth assets was reduced by 4.5% from 11% to 6.5%, and the allocation to Equities increased by 4.5% from 49% to 53.5%.

The Fund's SIPO was replaced on 10 August 2016 for compliance with the FMCA.

## **Related Party Transactions**

The Board signed two certificates in respect of transactions giving related party benefits during the year ending 31 March 2017.

The first certificate signed on 24 November 2016 related to:

- The investment of the Scheme's assets in The New Zealand Anglican Church Pension Board Investment Trust (ACPB Trust). The benefits accruing to the Board are limited to the recovery of the expenses of the ACPB Trust; and
- The payment of fees to the Board member who is the Licensed Independent Trustee.

The second certificate signed on 31 March 2017 followed a change in the Licensed Independent Trustee and relates to the payment of fees to that Board member.

In respect of the investment of the Fund's assets in ACPB Trust, related party benefits are provided on terms which are less favourable to the related party than terms that would be reasonable in the circumstances as contemplated by FMCA section 174(a)(ii).

In respect of fees payable to the Licensed Independent Trustee, all transactions giving related party benefits during the year ending 31 March 2017 were provided on arm's length terms as contemplated by FMCA section 174(a)(i).



## Other information for particular types of managed funds

The following withdrawals occurred which were permitted under the FMCA and the Trust Deed.

Withdrawal type	Number of members
Retirement	18
Resignation	6
Death	2
Transfer to a KiwiSaver Scheme	2

The rates of Church and member contributions paid to the Fund are in accordance with the recommendations contained in the triennial actuarial report prepared as at 31 March 2014 and the Actuary had not recommended any change which would increase these rates. The review showed that the actuarial value of the assets of the Fund at 31 March 2014 exceeded the accrued liabilities by \$8.778m.

The Complying Fund Section of the scheme includes an accumulation account for each member of the Complying Fund Section. Net earnings are credited quarterly. The earning rate (after expenses) for each quarter were as follows:

Quarter ending	Earning rate
30 June 2016	0.93%
30 September 2016	2.49%
31 December 2016	2.41%
31 March 2017	2.89%

Where earnings need to be allocated between quarters (e.g. a benefit becomes payable) then the interim rate applied is 50% of the declared earnings rate for the previous quarter.

The market value of assets subject to complying superannuation fund rules was \$3,679,565. This relates to 232 members. The total value of withdrawals subject to complying superannuation fund rules was \$83,240.

The Board, as Manager of the Fund, states that:

- All contributions required to be made to the Fund in accordance with the terms of the Trust Deed have been made;
- All benefits required to be paid from the Fund in accordance with the terms of the Trust Deed have been paid;
- The market value of the property of the Fund as at 31 March 2017 exceeded the total value of benefits that would have been payable had all members of the Fund ceased to be members at that date and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at 31 March 2017.

## Changes to persons involved in the scheme

In May 2016 The Venerable Don Rangi QSM replaced Charles Hemana and The Reverend Vicki Sykes replaced The Most Reverend Philip Richardson on the Board.

On 12 September 2016, Helen McKenzie was appointed as the Licensed Independent Trustee on the Board. This was a new position. Helen resigned on 31 March 2017 and was replaced by Brendan O'Donovan.

## How to find further information

You can obtain a copy of the Trust Deed, the Fund's latest audited financial statements or the Statement of Investment Policy and Objectives, electronically (and free of charge), by visiting [companiesoffice.govt.nz/disclose](https://companiesoffice.govt.nz/disclose), selecting Search schemes and entering the Fund's name.

You can obtain a copy of those documents (or an estimate of your benefits) free of charge by writing to the Manager as follows:

Funds Administrator  
The New Zealand Anglican Church Pension Board  
P O Box 12 287  
WELLINGTON 6144

You can also obtain free of charge, by writing to the Manager at the above address, a copy of the latest three-yearly actuarial report on the Fund (or a statement of the specific interest, mortality and other assumptions and bases of calculation applied in determining the value of the Fund's assets and liabilities for the purposes of this report).

## Contact details and complaints

If you have an enquiry, you can contact the Manager as follows:

Write to: Funds Administrator  
The New Zealand Anglican Church Pension Board  
PO Box 12 287  
Wellington 6144

Phone: 04 473 9369

Email: [office@acpb.org.nz](mailto:office@acpb.org.nz)

If you have a complaint about the operation of the Fund, please contact us (as above). If we cannot resolve your concerns then you can make a formal written complaint.

Write to: Chairperson of the Board (Confidential)  
PO Box 12 287  
Wellington 6144

If you are not satisfied with our response to your complaint you can refer your concerns to the independent approved dispute resolution scheme:

Write to: Financial Services Complaints Limited  
PO Box 5967  
Lambton Quay  
Wellington 6145

Phone: 0800 347 257

Web: [www.fscl.org.nz](http://www.fscl.org.nz)

Email: [info@fscl.org.nz](mailto:info@fscl.org.nz)

Neither we nor Financial Services Complaints Limited will charge you a fee to investigate or resolve a complaint. You can also contact the Supervisor with an enquiry or complaint:

Write to: Financial Markets Authority  
PO Box 106 672  
Auckland 1143

Phone: 0800 434 566

Please note there is no statutory ombudsman for this Fund.

