

# ARCHDIOCESE OF ST ANDREWS & EDINBURGH

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## Provision for Retired Clergy : Aged & Infirm Clergy Fund

Dear Parishioner,

02 June 2016

The Archdiocese, through the operation of the Aged and Infirm Clergy Fund ("AICF"), provide a modest retirement allowance, accommodation and support to the retired priests of the Archdiocese upon reaching retirement age, which for the Clergy is usually 75 years of age.

The cost of the benefits that we provide to retired priests is currently around £330k per annum, however, we anticipate that this will increase to around £400k per annum over the next five years as the number of retired clergy is expected to increase, and will be higher than this for a period of time thereafter, giving us an obvious funding challenge.

Whilst some of the annual costs of providing these benefits are met from the restricted funds of the AICF itself, the bulk of the costs are met as a transfer of funds from the general unrestricted funds of the Archdiocese together with amounts received from the AICF special collection taken annually and a small levy applied to every parish each year.

The Trustees of the Archdiocese have been for some time considering how best to approach the need to increase funding for the AICF and a special working group has been investigating how best to meet the increased funding requirements, both in the short term and for the long term.

It is apparent that there will be no one measure that will address all of the increase in funds required and the Trustees have settled and agreed on a number of measures to increase the investments used to support the AICF and also to provide additional income to meet the anticipated increase in annual expenditure.

### 1. Increasing Investments and investment income

We have in the past year sold a property the proceeds from which have been invested with one of our investment managers. The annual income derived from these invested funds plus the income from some of the other investments of the Archdiocese will contribute toward the ongoing costs of the AICF as well as the expected increase in AICF costs.

As a consequence of this change we will be reducing the return that the curia pays to those parishes who have made loans to the curia in the past on an interest earning basis.

### 2. Increasing other income

The increase in investment income will not address all of the increase in costs that we anticipate the AICF will incur as a result of the increase in retired clergy numbers. Therefore, we also need to consider other ways in which to increase the annual income of the AICF, not only to contribute toward the cost of providing benefits to retired clergy now and over the next few

years, but also to start building up a new fund which can be invested to improve the funding of the AICF in the long term, over the next 30 to 40 years.

Such a fund will effectively pay for the retirement benefits that new priests who are being ordained this year, and in the future, will eventually receive when they reach retirement age.

There are two measures being implemented to provide the additional income required to build up such a fund as well as contributing towards the increase in short term funding requirements,

**a) Second special collection to be taken for the Aged and Infirm Clergy Fund - 12 June 2016**

The special collection for the AICF is of particular importance as it directly impacts on the welfare of our retired priests, who not only have provided many years of service in their working life but continue in many ways to assist our current parish priests when they are able .

It has therefore been decided to have a second special collection for the AICF this year on Sunday 12 June to increase the income of the AICF and it is anticipated that a similar second special collection for the AICF will be need to be taken each year for a further five years, until we have built up the funds of the AICF to a suitable level.

It would be of great benefit to the funding of the AICF if you would consider gift aiding your donation by completing the short gift aid section on the back of the special collection envelopes being provided to every parish for this collection.

As this fund and collection is being administered centrally, even if you are a parish 'Gift Aider', you will still need to complete the gift aid declaration on the AICF special collection envelope provided, if you wish to gift aid your donation on 12 June.


**b) Increase in clergy levy**

A small levy is paid by the parish each year which is intended to pay for and assist with the expense of providing a reasonable standard of care to our clergy in their retirement. It is apparent that this levy is too low and does not provide enough resource to support the current or future costs of the AICF.

It is the intention that this levy will be increased and will be periodically reviewed to establish a suitable level of contribution that a parish will need to make annually to provide a reasonable level of support for the clergy of the Archdiocese in their retirement.

I thank you for your continuing support of the Aged and Infirm Clergy Fund and for the support you have provided to our retired clergy in the past.

Yours sincerely



Derek Buglass  
Director of Finance