



REPORT OF ANGLICAN FINANCIAL CARE TO GENERAL SYNOD / TE HĪNOTA WHĀNUI 2024

Clause 3.2.2 of Title B Canon XIV requires The New Zealand Anglican Church Pension Board to report annually to the Standing Committee of the General Synod / Te Hīnota Whānui. This report to the General Synod / Te Hīnota Whānui is a summary of the Board's activities in the two years since the report to the 2022 General Synod / Te Hīnota Whānui.

The trading name of The New Zealand Anglican Church Pension Board is Anglican Financial Care *Te Maru Mihinare* ('AFC').

This report covers the calendar years of 2022 and 2023. However, AFC's financial year runs from 1 April to 31 March.

AFC's PURPOSE

AFC's Purpose is to serve the financial wellbeing of those who serve God.

AFC provides savings and investment opportunities for workers in Christian churches and in approved organisations in New Zealand, and also Health and Financial Assistance Services specifically for the clergy of the Anglican Church in Aotearoa, New Zealand and Polynesia. We do this primarily through providing the following schemes and funds:

- Pension Fund
- Christian KiwiSaver Scheme
- The Retire Fund (closed to new members)
- Welfare Fund
- Supplementary Support Fund.

AFC also provides administration services to the Baptist Union Superannuation Scheme (BUSS) and the Anglican Insurance Board (AIB), and wholesale funds management for several Christian organisations.

AFC's GOVERNANCE

The members of The New Zealand Anglican Church Pension Board also act in the capacity as members of the governance Board of AFC.

AFC operates under a Charter which fosters principles of good governance and establishes the roles and responsibilities of the Board of AFC, as well as the moral and legal obligations of individual AFC Board members. The Board formally assesses its performance and the skills mix of Board members once a year.

The Board members, and their appointing bodies, are:

The Rev'd Canon Ihaka Beach	Tikanga Māori
Kerry Burrige	General Synod Standing Committee
The Ven Carole Hughes *	Ordained Ministers of the General Synod
Andrew Johnson **	General Synod Standing Committee
The Rev'd Lawrence Kimberley ***	Tikanga Pākehā
Tom Ricketts	Tikanga Pasefika
Hugh Stevens ****	General Synod Standing Committee
The Rev'd Vicki Sykes *	Ordained Ministers of the General Synod
David Wallace	General Synod Standing Committee

* The Ven Carole Hughes was appointed to the Board to replace Vicki Sykes, by the Ordained Ministers of the General Synod, on 12 July 2023

** AFC's Licensed Independent Trustee

*** Lawrence Kimberley reverted to The Rev'd Lawrence Kimberley as of 11 August 2023

**** Hugh Stevens resigned effective 28 February 2024

The Rev'd Lawrence Kimberley is the Chair and the Rev'd Vicki Sykes was the Deputy Chair until her resignation in March 2023. The Chair took study leave from early September through to mid-November 2022, and the Deputy Chair was Acting Chair during his absence.

There was one change to Board membership during the reporting period (plus Hugh Stevens in 2024): Vicki Sykes' resignation took effect from the close of 31 March 2023. The Ven Carole Hughes was appointed to the Board to replace Vicki Sykes, by the Ordained Ministers of the General Synod, on 12 July 2023. Hugh Stevens was appointed as the new Deputy Chair of the Board on 22 June 2023.

BOARD FEES

The Board has an 'opt in' meeting fee policy for Board members and Board Committee members. The fee schedule is reviewed biennially, with the most recent review being implemented in two stages, in September 2022 and April 2023, and the next review being due in the 2024/25 financial year.

Under the fee policy as determined by the Board during 2022, Board and Committee members may elect to receive meeting fees for every attendance at Board and Board Committee meetings, removing the previous policy's fee cap (which had equated to a maximum of four Board meetings being claimable). Initially it was intended to change to an annual fee unrelated to attendance, partway through the year. Due to implementation complexities, a hybrid policy was adopted for the last part of the financial year, whereby meeting attendance was a requirement of claiming the fee, but the fee cap was increased to equate to the total number of meetings.

Board and Committee members may elect to receive the annual fee (not linked to attendance) from 1 April 2023. The 2022/23 fee schedule is set out below. The Board Chair's claimable fees are higher, in recognition of the Chair's significantly greater workload.

By law, the Board in its capacity as trustee of the Pension Fund, Retire Fund, and Christian KiwiSaver Scheme must have a Licensed Independent Trustee (LIT). The fee paid to the LIT increased on 1 April 2023 from \$33,500 to \$39,845 (excl GST).

Opt-in fees for Board:

- Chair of Board: \$20,000 per annum (includes all Committee work and engagement with the Chief Executive) paid quarterly. Up to 31 March 2023, the fee was reduced by \$1,500 for each Board meeting unable to be attended (does not apply from 1 April 2023).
- Other Board members (excluding the LIT): \$1,500 per meeting attended. Maximum \$7,500 per member per annum. The maximum increased from 1 September 2022 to \$10,500 per member per annum, representing a maximum of all 7 meetings for the year that could be claimed for that year. From 1 April 2023, a fee of \$9,000 per annum (6 meetings), not based on attendance, is claimable.

Opt-in fees for Committees:

- Board Investment Committee (BIC): \$1,000 per meeting attended (attendance does not apply from 1 April 2023). The BIC meets quarterly to provide governance oversight of AFC's investment function. Most of the members of the BIC are external, and are appointed by the Board for their finance industry expertise.
- Board Risk & Audit Committee (BRAC); People & Culture Committee (PCC): \$500 per quarter when light work has been required in the quarter and \$1,000 when more significant work is required. The maximum fee payable is \$4,000 per member per annum. These Committees meet for special purposes (financial and risk issues for the BRAC; HR-related issues for the PCC).
- All Committee Chairs: an additional \$1000 per annum (i.e., total claimable of \$5,000 per annum) from 1 April 2023.

Eight Board and Committee members (not including the LIT) opted in to claiming in accordance with the fee schedule over the reporting period. A total of \$121,500 was claimed over the two years (\$62,500 in 2020 to 2021).

OPERATIONS AND BUSINESS STRATEGY

Schemes

AFC's Christian KiwiSaver Scheme ('CKS') is a restricted Scheme that is open to clergy (both stipendiary and non-stipendiary), minita-a-iwi, and all Christians as well as to those who work for Christian organisations. CKS continues to grow in significance in AFC's investment services. By the end of 2023, CKS represented more than 1/3 of total funds under management ('FUM') and had reached 3/4 the size of the Pension Fund. Growth in CKS membership provides a strategic boost to the size, stability, and trajectory of AFC's investment operations.

The Pension Fund, and services to the Anglican clergy and their widow/ers, however, remain at the heart of AFC's services. At the close of 2023, there were 1,011 Pension Fund members, 627 of whom were receiving a Pension Fund pension. It is important to note that only full time clergy are mandatorily enrolled in the Pension Fund scheme. Part time clergy are only enrolled if their Diocese appoints them on those terms.

Volatility across investment markets globally throughout 2022 and 2023 created challenges for all fund managers and AFC was no exception—with the proviso that our cautious investment style resulted in our losses being smaller than those of some other investment managers. Even so, we commenced 2022 with around \$267 million in FUM, and closed the 2023 year with \$269 million, having dropped as low as \$246 million in September 2022.

Fortunately, scheme members have largely held the course. There seems to be a growing understanding of the importance of not withdrawing one's savings in a volatile market and thereby locking-in loss.

AFC must continue to grow its scale to offset the increasing costs of doing business. One of the challenges—and opportunities—for growth is the changing nature of the Church. CKS offers a Christian retirement savings vehicle for lay Church leaders and workers, and for part time Anglican clergy not enrolled in the Pension Fund by their Diocese.

We continue to encourage parishes and rohe, as well as Christian employers such as private schools and charities, to promote the merits of their staff and members joining Christian KiwiSaver Scheme. ***All Anglican Church employers can do this through completing the "Employer chosen" form under the Documents Tab on the CKS website www.christiankiwisaver.nz.***

50 years of service

On the evening of 3 August 2022, AFC hosted a celebration to mark its 50th anniversary. This was held in Wellington, and in attendance were AFC's current Board members, Investment Committee members, and staff. A number of AFC stakeholders and previous staff were also in attendance, notably previous Board members, AFC's previous Chief Executives, and key Anglican Church leaders including the General Secretary of the Anglican Church. The event was well received.

Church worker retirement housing

A motion to set up a small working group (SWG) to explore retirement housing for Church workers was passed at the 2020 GSTHW. AFC's then Deputy Chair, the Rev'd Vicki Sykes, convened and coordinated the SWG.

In February 2022, the SWG provided its report on Church Worker Retirement Housing to GSTHW 2022. The SWG's research indicated that housing was a significant problem, and made recommendations on how to start addressing the issues. The AFC Board supported the report and its recommendations, with the condition that appropriate resourcing needed to be available to AFC for the recommendations involving AFC.

In Motion 5 of GSTHW 2022, the GSTHW supported the SWG's recommendations, with one amendment. The SWG had recommended that GSTHW endorse an application from AFC to the St John's College Trust Board for funding for AFC's role in the housing project. Recommendation 5 of Motion 5 was amended to endorsing an application from AFC to the General Church Trust Board, bodies in the Anglican Church, and other ethical sources to provide funding of \$300,000 for AFC for 18 months' work to carry out a review of how retirement housing advice, support, and provision could be undertaken in the province, including how a clearinghouse/resource centre for housing advice for Church housing initiatives could be hosted.

AFC was to report back to the General Synod Standing Committee after 18 months of work on the project. Unfortunately, in spite of repeated efforts being made by the Convenor of the group that was established by the AFC Board, no funding was obtained. The project has gone into abeyance.

REGULATORY COMPLIANCE– ANTI MONEY LAUNDERING/COUNTERING THE FINANCING OF TERRORISM (AML/CFT)

In mid-August 2022 we were notified by the Financial Markets Authority ('FMA') that it was undertaking a desktop review of our AML/CFT documentation, policies and procedures. Our then new Compliance Officer provided our suite of AML/CFT documentation, working through it to ensure that it was, as far as possible within the short response period given us, all up to standard.

We self-identified gaps in our processes for 'PEP-checking' certain groups of applicants for CKS and for mortgages. PEP-checking means undertaking national and international verifications for 'Politically Exposed Persons'. We also self-identified that, prior to 2017 (when we subscribed to an electronic identity verification service provider), no PEP checks had been undertaken.

In late September 2022 we received the FMA's findings, that AFC's AML/CFT programme and risk assessment were largely compliant with the legislation. However, the PEP-checking issues that we had self-identified were required to be remediated. Some other, minor, improvements were also recommended.

We were given until mid-October 2022 to provide our response to the FMA's findings, including a detailed plan and timeline for remediation. We achieved this deadline, and the FMA was satisfied with our response.

TIKANGA MĀORI INITIATIVES

Financial assistance

A small working group was formed in February 2021 to consider the creation of a differentiated financial assistance application and approval process that catered more appropriately to Tikanga Māori. This group comprised the Rev'd Canon Ihaka Beach, the Rev'd Ruihana Paenga, the Rev'd Canon Christopher Douglas-Huriwai, and Bruce Dutton (from AFC).

A model using a local Komiti with delegated authority from AFC has become operative in two Hui Amorangi, under which assistance is provided from the AFC welfare funds to clergy and clergy widow/ers in financial need.

Applications from clergy and clergy widow/ers from Tikanga Māori can be dealt with under either the new Te Maru Mihinare Komiti initiative or via the standard application process directly to AFC.

In order to better support ngā Hui Amorangi with the financial cost to them of the new Te Maru Mihinare Komiti initiative, the AFC Board decided in November 2022 that these Hui Amorangi could apply to AFC to be paid a fee of \$200 per welfare application processed by a Komiti, up to a maximum per annum per Hui Amorangi of \$3,000. This is in recognition of the cost of work undertaken on AFC's behalf. These payments will be sourced from the Special Grants section of the Income Distribution Account, so as to avoid reducing the amount available from the Welfare Fund for supporting the clergy and clergy widow/ers.

Mortgages for houses on Māori land

In November 2022, the AFC Board approved a project to find a way to extend AFC's mortgage lending criteria to enable the purchase of houses on Māori land.

Legal advice was required by AFC for ensuring appropriate loan documentation would be used, and for determining the requirements for registering a security for mortgages on Māori land. It has proved frustratingly slow to complete the necessary documentation, but progress continues to be made. BY the end of 2023, AFC had been working on iterations of the complex legal agreements needed for this type of mortgage lending.

We are hopeful that we may be able to announce the commencement of this lending prior to the General Synod taking place. We think this may be a real game-changer for Māori clergy and for anyone in our schemes eligible for mortgage borrowing from AFC who is also eligible to build, renovate, or relocate a house on or onto Māori land.

MORTGAGE ASSISTANCE FOR CLERGY IN THE WELLINGTON DIOCESE; TE PĪHOPATANGA O TE ŪPOKO O TE IKA

AFC began discussions with the Wellington Diocesan Board of Trustees ('WDBT') in 2021 about working together to provide mortgages to eligible clergy. The WDBT is the Trustee of the Stewart Trust whose purpose is to assist clergy in the Wellington Diocese and Te Pīhopatanga o Te Ūpoko o Te Ika to acquire a home for retirement.

The proposal was to agree a joint venture ('JV'), utilising the Stewart Trust, to contribute to mortgage financing for eligible clergy. Under the JV, AFC can provide mortgage lending for up to 90% of the value of the home ('LVR'), as opposed to standard AFC mortgages which have an 80% LVR. The first 10% of the loan is provided from Stewart Trust funds, and the remainder from AFC funds.

The AFC Board gave its support to the proposed joint venture in September 2022. Management and the WDBT agreed the legal documentation for the JV by early February 2023, and the AFC Board approved the WDBT as a Permitted Investor (as required by the Trust Deed of the Investment Trust) on 10 February 2023. We await uptake from clergy of the Wellington Diocese and Te Ūpoko for these Stewart Trust mortgages.

WIDOWS AND ORPHANS ENDOWMENT

The Widows and Orphans Income Distribution Account ('**WOIDA**') and the Welfare Fund provide financial assistance to retired clergy, clergy in financial need and clergy widows and widowers. Assistance can be by a grant or a loan.

WOIDA grants increased over 2022, with higher Health Fund and Basden Fund grants offset by lower Welfare assistance through loans. The Basden Fund payments included grants from the previous year, which were submitted late due to the impact of Covid in the Pacific Islands.

During 2022 to 2023, assistance of \$29,845 was provided by way of WOIDA loans (\$109,832 in 2020 to 2021).

INVESTMENTS

The Board appoints an Investment Committee with suitable experience and expertise to oversee the investments. Rosemary Hambling resigned in November 2022 after 18 months of valuable service, due to her work commitments. Then Kevyn Rendell resigned on 21 August 2023, having flagged for several years that he would retire from the Committee. With eight members, it had been a quite large Committee, and the decision was made to not seek replacement members.

The Investment Committee members at the close of 2023 were Brendan O'Donovan (Chair), Don Baskerville, Wayne Head, Andrew Johnson, Ross Tanner and Suzanne Wolton.

We are indebted to our Investment Committee for their astute oversight, and to our in-house investment team for their ongoing prudent management of scheme members' funds.

Review of in-house investment model

One of the members of the in-house investment team retired in mid-2021. This triggered a review of AFC's in-house investment model. In early 2022, a process was commenced to find a suitable investment consultancy firm to undertake the review. MyFiduciary became the preferred candidate under the process, and was appointed by the AFC Board in May 2022.

The MyFiduciary team completed their interviews with key staff and Board members, and their analysis of relevant AFC documentation, over May and June 2022. MyFiduciary presented their report in July 2022 to a core team of five members from across the Investment Committee and Board.

The main recommendation from MyFiduciary was to grow FUM. The report included a series of options for improving the investment operations, with the MyFiduciary team suggesting that AFC ‘cherry-pick’ from the options. A number of the options have been implemented, and others were deemed not suitable for AFC’s investment style.

Ultimately, the MyFiduciary report provided external validation of AFC’s current operating model, the strength of the governance teams (Board and Investment Committee), and the capability of the personnel. The value that resides in AFC’s Christian branding, in a saturated and highly competitive KiwiSaver market, was identified by the Investment Committee and the Board as a result of the review, and efforts have been ongoing to increase the profile of the Christian elements of AFC’s Ethical Investment Policy and in our wider communications.

SIPO breaches

Volatility created some hiccups for our scheme funds, as we experienced over much of 2022 and early 2023. The ranges for our investment asset allocations for Alternative Growth assets, set out in the schemes’ Statements of Investment Policy and Objectives (‘**SIPOs**’), were breached for the Balanced Funds for CKS and The Retire Fund. This was caused by contractions in value of non-Alternative Growth asset classes, having the corresponding impact of increasing the proportion overall of the Alternative Growth assets. Further compounding the issue was valuation timing and methodology differences in different asset classes.

AFC voluntarily reported to the FMA (our schemes’ regulatory Supervisor), about the breach. This engagement was well received by the FMA. Management’s reasoning was understood and it was accepted that the breach had not reached the FMA’s regulatory threshold of being a Limit Break (i.e., a ‘material’ SIPO breach). Management kept the FMA informed over 2022—the markets continued to behave in a manner that left the breaches continuing.

The SIPOs were reviewed in February 2023, as part of the regular review cycle, and the limit ranges adjusted. This resolved the breaches.

Forest—trees and carbon

One of the Alternative Growth assets in AFC’s investment holdings is Hapua forest, which comprises 742 hectares of mainly pine forest, in Hawke’s Bay. Hapua forest is registered under the Emissions Trading Scheme (‘**ETS**’), which is the Government’s key regulatory tool for managing New Zealand’s greenhouse gas emissions. By 2021 when the harvest of the forest’s first rotation of trees was completed, around 163,000 carbon units (‘**NZUs**’) were held in AFC’s Emissions Trading Register (‘**ETR**’), in relation to the carbon sequestered by the trees. Harvesting the forest triggers a carbon liability, which is recorded numerically in a ‘Unit Balance’. AFC had always intended to meet our carbon liability through handing back the NZUs sitting in our ETR.

A discrepancy was discovered by AFC’s ETS Forestry Consultant in October 2022, between the number of NZUs sitting in our ETR and the number sitting in our Unit Balance (a potential shortfall for which AFC could conceivably be held liable).

A significant amount of effort and resource went into seeking to understand the source of the discrepancy, leading AFC to believe it was due to an administrative error to be resolved between the Government agencies responsible for recording the ETR holdings and Unit Balance holdings.

The discrepancy was completely resolved over October and November 2023, through a combination of two factors.

First, in October 2023, the Government agencies amended various amounts of NZUs that they had recorded in the ETR and the Unit Balance back in 2017, leaving a much smaller discrepancy. Then, in November 2023, through careful negotiations and relationship-management, the remainder of the discrepancy was resolved by the forest harvester returning a number of NZUs to AFC that had been misallocated to it by AFC back in 2018 during the harvest. It was a tremendous relief to have had the entire discrepancy resolved through these two actions.

Another matter that has impacted AFC's forest holding is that the Government has a Fixed Price Option ('FPO') for settling carbon liabilities from harvesting activities that occurred before 1 January 2021—this matches the harvesting period of AFC's forest.

The FPO allows eligible ETS participants to pay a fixed price to the Government (\$25 to \$35 per eligible NZU) for settling all or part of their carbon liability, depending on the actual years of harvest activity, instead of handing back NZUs. The Government agencies responsible for the ETR and Unit Balance make the call as whether any, and if so how many, NZUs fall within the FPO and how many of those fall within the \$25 settlement price and how many within the \$35 settlement price. In AFC's case the FPO would allow us to settle part of the liability at the FPO rates, and then to sell those FPO-related NZUs from our ETR on the secondary carbon market at the market price.

The decision as to whether it was worthwhile to exercise the FPO depended largely on the trading price of carbon around the time AFC was notified by the Government agencies of the exact extent of the carbon liability and the date by which it must be settled. The carbon market is extremely volatile with prices ranging between \$37 and \$74 per NZU over 2023. At \$37, for example, it would be unlikely that exercising the FPO would provide a material financial benefit over simply handing back all the NZUs to the Government.

In December 2023, AFC was notified of the exact extent of its carbon liability, and of how many of our NZUs were eligible for the FPO and the split between the \$25 and \$35 settlement prices. The carbon liability had to be fully settled (whether by handing back NZUs, or by a combination of the FPO and handing back NZUs) by 18 March 2024.

At the date of this report, the carbon liability will be fully settled with the Government, and the FPO-related NZUs are being sold on the secondary carbon market.

Cyclones Hale and Gabrielle—January and February 2023

Two very severe weather events at the start of 2023, Cyclones Hale (late January) and Gabrielle (mid-February), had the potential to significantly impact two areas of AFC's investment activities: Hapua forest and mortgages.

Forest

Hapua forest is located in the Tukituki Valley in Hawke's Bay, around 45 kilometres south of Napier port. The forest incurred significant damage from Cyclone Gabrielle due to the land being completely sodden from earlier rain events, including from Cyclone Hale.

The forest had been progressively replanted as the 2016 to 2021 harvesting occurred. The extensively Cyclone-damaged areas were those with steep slopes, shallow soils and exposed rock. These had been amongst the last harvested areas and consequently also had the younger age-class trees, with less canopy coverage and less root development. Around a third of the 2021 and 2022 plantings (i.e., the two youngest age-classes) were lost due to slips caused by the rain. All up, approximately 18% of the forest area was damaged from the slips.

The forest is valued annually in March, as part of AFC's preparations for the financial year-end on 31 March. The forest valuation specialist took the Cyclone damage into account in the 2022/23 year-end valuation of the forest.

Mortgages

In relation to our mortgage portfolio, at the close of 2023, we had \$26.7 million (around 10% of FUM) invested in mortgage loans. Already before the weather events occurred, borrowers were facing increasing interest rates and the housing market decline was affecting the value of their properties. For AFC, the impact of the Cyclones, as well as the impact on the mortgage portfolio of the continued decline in house prices, had to be evaluated in the early months of 2023.

AFC contacted our 50 mortgage borrowers in the North Island situated above Whanganui, to check in with them post-Cyclone Gabrielle. Minimal responses were received, which was in line with our expectations due to the small number of our mortgagors' properties in the worst affected areas. Only one borrower reported damage and this was only in respect of the land. A two-month mortgage holiday was granted to help that borrower recover.

The national median house price movement year on year to 31 December 2022 was down -12.2%. The movement year on year to February 2023 declined further, to -13.9%. The regional price movement for the 12 months to February 2023 was considered against the 31 December 2022 portfolio with respect to assessing our mortgagors' resultant LVRs after factoring in the price movements. As a result of the assessment, the provision for credit risk on the mortgage portfolio was increased from \$205,000 at 31 December 2022, to \$265,000 at 31 March 2023. AFC had no mortgage sales in the reporting period.

FUM Movements; Ethical Investment Policy

AFC's total FUM grew by \$2 million (0.7%) from \$266.8 million to \$268.8 million over the two-year period to 31 December 2023. As already highlighted in this report, the reporting period has been characterised by market volatility.

CKS net assets grew by \$10m (11.7%) from \$85.4 million to \$95.4 million including \$21.8 million of contributions. Fund withdrawals were \$15.0 million.

The Pension Fund's net assets decreased by \$4.1 million over the two years (from \$129.1m to \$125.0m).

The expectations are for continuing challenges, with volatility in the year ahead. However, it is important to remember that AFC's investment returns, particularly in a weak market, have been better than those of many of our peers.

AFC's Ethical Investment Policy provides the ethical boundaries for all of the investment choices we make. The AFC Board agreed to two major changes to the Ethical Investment Policy in 2023.

First, in March 2023, the Board implemented a total exclusion of direct investments in alcohol. This decision was made out of respect for communities that have identified alcohol as being of particular harm.

Secondly, over September and October 2023, the Board settled a new sanctity of human life overlay to the Ethical Investment Policy, in order to enhance the Policy's distinctly Christian focus. The impetus for this flowed from the 2022 review of AFC's in-house investment model from which we concluded that AFC's competitive advantage in the KiwiSaver market is our Christian ethic and branding. The sanctity of human life aspects of the Ethical Investment Policy strongly differentiates CKS from other KiwiSaver issuers, and it is aimed at the broad range of Christian believers.

The Reverend Lawrence Kimberley

CHAIRPERSON

11 March 2024

APPENDIX

PENSION FUND

The New Zealand Anglican Church Pension Fund is a scheme which provides a lump sum and lifetime pension upon retirement from stipendiary ministry. Since 23 May 2008, new members in Aotearoa, New Zealand have been required to join the Complying Fund Section of the Fund.

At 31 December 2023 there were 287 subscribers, 97 non-contributory members, 627 pensioners and 6 children receiving allowances.

The Fund's net assets had decreased by \$4.1 million over the two years (from \$129.1m to \$125.0m).

On 31 March 2023 the statutory triennial actuarial valuation was undertaken. The result was a surplus of \$1.8 million and a solvency ratio of 103.6%.

Pensions were increased by 3% in 2022 and 3% in 2023.

THE RETIRE FUND

The Retire Fund is a scheme which provides a lump sum benefit on leaving the service or employment of an approved charitable organisation in the Fund. The Fund is no longer open to new members.

At 31 December 2023 there were 210 members.

The Fund's net assets had decreased by \$3.3 million over the two years (from \$22.9 million to \$19.6 million).

CHRISTIAN KIWISAVER SCHEME

The Christian KiwiSaver Scheme (formerly known as Koinonia KiwiSaver Scheme) provides a lump sum benefit on attaining age 65 years (provided the member has been in KiwiSaver for at least five years). The offer of Christian KiwiSaver Scheme membership is restricted to the workers of Christian organisations and to persons with a Christian affiliation (and their families).

At 31 December 2023 there were 2,150 members, an increase of 51 (2.4%) since 31 December 2021.

The Fund's net assets had increased by \$10.0 million over the two years (from \$85.4 million to \$95.4 million).

At 31 December 2023 there were 67 employers who have appointed the Christian KiwiSaver Scheme as their Chosen Scheme for their employees.

WELFARE EXPENDITURE

Financial assistance to the clergy and their families is funded largely by the income from the Widows and Orphans Endowment. The other sources are investment income and a share of the annual distribution from the Bullock-Webster Estate.

AFC has a policy to maintain a reserve of approximately two years' expenditure to protect against adverse investment years and when income is not available from the Widows and Orphans Endowment.

Assistance is provided via the following funds:

- The Health Fund assists retired clergy and clergy widows with major medical and surgical costs.
- The Basden Fund assists clergy and widows in the Diocese of Polynesia with the education costs of their dependent children.
- The Welfare Fund provides assistance to subscribers and pensioners of the Pension Fund who are in financial need.
- The Non Stipendiary Clergy Welfare Fund provides assistance to clergy and widows who are not members of the Pension Fund and who are in financial need.
- Other funds are available to assist with the costs of Chaplains to the Retired.

In the two years ended 31 December 2023 the net total assistance provided was \$1.5 million.

At 31 December 2023 there was \$0.3 million of retained income for future allocation. At that date the capital of the Widows and Orphans Endowment was \$16.3 million and the Welfare Fund was \$0.1 million.

SUPPLEMENTARY SUPPORT FUND

The Supplementary Support Fund is a Sickness, Accident, Disablement and Death Fund approved by the Inland Revenue Department. The AFC Board is the Trustee and AFC is the Administrator of the Fund.

The Fund provides, by way of two insurance policies, a lump sum benefit on the death of a member while in service, and a continuing income when a member suffers an illness or disablement making them unable to work for at least 90 consecutive days.

Te Pihopatanga o Aotearoa and all the New Zealand Dioceses except Auckland participate in the Supplementary Support Fund. A number of other Church employers also participate.

At 31 December 2023 four members were in receipt of insurance payments due to long term illness. In the two years to 31 December 2023 there was one Terminal Illness Benefit payment and no Death Benefit payments.

ANCILLARY SERVICES

AFC undertakes various ancillary services for the Anglican Church, some of which provide benefits to other Churches. These bodies report separately to the General Synod/Te Hīnota Whānui.

- **THE ANGLICAN INSURANCE BOARD (AIB)**

AFC provides secretarial, administration, IT operations, financial and investment services to AIB.

Costs are paid by AIB.

- **THE INTER CHURCH BUREAU (ICB)**

AFC provides secretarial, financial and administration services to ICB. ICB is an ecumenical group that monitors taxation, finance, risk management, and property issues of common concern. There are over 30 Churches involved, representing almost all NZ Christian denominations.

Costs are paid by the various Churches, with the General Synod/Te Hīnota Whānui funding the Anglican Church's share.

- **BAPTIST UNION SUPERANNUATION SCHEME (BUSS)**

AFC administers the BUSS for which it is paid a time-based fee.