



Edinburgh, 10 February 2023

Dear brother priests,

Herewith I enclose an important document concerning our on-going attempts to address the problem of funding clergy retirement allowances into the future. As you will see, the document, which has been carefully designed to be as easily comprehensible as possible, contains responses to the questions that we have received from a number of quarters in reaction to the AICF Levy which came into effect this year. You will note that many of the questions which have been posed recently have in fact already been posed, considered and answered in the past. In order to avoid the time and effort wasted in repeatedly addressing the same questions – can I please ask you:

- a) To read this document carefully yourselves;
- b) And to make sure it is passed on to your parish councils, parish finance committees and to anyone else who might be interested.

In sending you this latest communication, I would like, again, to clarify a number of things:

1. The Archdiocese, like all other dioceses across the world, is legally and morally obliged to care for its elderly and retired clergy. This obligation is not optional; it is a moral and canonical duty.
2. The need to find adequate funding for retirement allowances for priests has been an issue in this Archdiocese since 1972, when the assets of the then AICF were handed over to the then Archdiocesan Finance Committee precisely because the Fund was no longer able to pay all the retirement allowances that were then required. It was at this point that the Archdiocese began to pay retirement allowances from central funds.
3. Since 1972, the decline in the income of the Archdiocese, together with the simultaneous increase in numbers of retired priests, has developed into a funding crisis.
4. In order to understand and address this funding crisis, I took appropriate independent professional advice and have assiduously followed that advice.
5. I also brought onto the Board of Trustees and Archdiocesan Finance Committee a number of highly qualified lay financial professionals. It was these lay professionals who recommended an independent actuarial review of the liabilities of the AICF and of the Archdiocese.
6. The firm of actuaries that were asked to examine the liabilities of the AICF in 2014 was *Willis Towers Watson* – a firm which specialises in pensions: <https://www.wtwco.com/en-GB>
7. The Trustees asked *Willis Towers Watson* to review their findings in 2017, and then again this year – a review which is currently on-going.
8. The Trustees began to communicate with Parish Priests and Parish Finance Committees about the impending funding crisis facing the Archdiocese in Summer 2018. Subsequently, having taken legal advice, an EGM of the AICF was then organised in June 2019 to change the structure of the Fund so that its problems could be addressed. Following this EGM, a Working Group was established which reported at the end of 2019, and a major initiative was planned to address the financial problems of the AICF which was to have been launched in March 2020 – but which was delayed because of the onset of the Covid pandemic.
9. The delay to the launch of the initiative – together with the worsening financial situation in the Archdiocese, coupled with the fact that it was not possible to hold special collections during 2020, or in 2021 – left the Archdiocese facing the possibility of not actually being able to pay the clergy retirement allowances that year. It was for this reason, and upon professional financial advice, that in January 2021 I took the unusual step of inviting all

- parishes to make a discretionary payment of between £20,000 and nil (based upon affordability) from parish funds to the clergy retirement fund to enable the retirement allowances to be paid. The majority of parishes were invited to contribute £10,000.
10. Since then, in February 2021, having solved the immediate funding crisis by means of this contribution based initiative, I established a *Pension Crisis Committee* (composed of five parish priests, two curial staff and two trustees). The conclusions arrived at by this Committee were shared with all parish priests and administrators, and the representatives of Parish Finance Committees in a 'clergy' webinar on 29 July 2021 and a 'clergy with laity' webinar on 31 August 2021.
 11. At these meetings various options of parish-based levy were discussed and indicative votes were taken that clearly favoured one approach – the approach which was selected and incorporated into 'Decree 09/22 Aged & Infirm Clergy Levy' which placed these AICF assessment rates into Canon Law. This decree is available on the Archdiocesan website in the Administration / Chancery section.
 12. As you can see, therefore, we have been discussing this issue for the last five years - during which time we have relied upon independent professional advice, we have moved ahead slowly and carefully, and we have communicated assiduously throughout the whole process.
 13. I am extremely grateful to the Trustees (who are volunteers and give of their time and expertise out of the generosity of their hearts) and to the Finance Department at Gillis for the enormous amount of work which has gone into the attempt to address this long-standing problem.

Be assured that 100% of the monies received through this AICF Levy are deposited into a restricted fund which can only be used for clergy retirement purposes. Restricted funds are audited every year by a firm of external auditors, in line with Charity Law regulation.

Finally, you may have seen some press coverage late last year of a complaint being sent to OSCR (The Charities Regulator in Scotland) specifically to do with the AICF levy. I have not seen any such complaint but the Trustees and I are confident that we have followed correct independent professional advice throughout the process described above. Should we be contacted by OSCR we will, for course, co-operate with them fully but, as of yet, the Archdiocese has heard nothing from the regulator about this matter.

At the end of the day, the task of addressing an underfunding problem which has been developing for half a century was always going to be difficult. However, I would be failing in my duty if I did not try to resolve this issue and I am acutely conscious that every year of delay simply increases the challenge. Of course, it is only one issue of many facing us, but it is an issue of justice towards our elderly priests and it is a problem which cannot be solved in any other way than the painful process of raising money. Once we have addressed this problem we will, no doubt, have to move on to the much larger issues of our many properties, many of which we are not managing to maintain, and of how we fund our mission to proclaim the Gospel going into the future. But I ask you again to help address this problem which cannot be postponed any further.

I look forward to seeing you all at the forthcoming meetings which have been arranged on a deanery-by-deanery basis – at which you will have the chance learn more about the archdiocesan finances and the AICF, and to ask any questions that you may still have.

Wishing you every blessing and asking for your prayers for me.

Sincerely in the Lord,



+Leo Cushley

Archbishop of St Andrews & Edinburgh