

CHURCH OF ENGLAND CLERGY PENSIONS - OCTOBER 2024

1. BACKGROUND: THE BIBLICAL MANDATE

The call to care for those who dedicate their lives to ministry is not just a matter of fairness; it is a deeply rooted biblical principle. From the Old Testament to the New Testament, scripture consistently emphasises the importance of providing for those who minister to us. This mandate is not just a suggestion but a directive that reflects God's heart for justice, generosity, and community. Below is a summary of the biblical foundations that compel us to ensure our clergy are well-supported, both during their service and into their retirement.

Old Testament foundations

The principle of supporting those who minister is clearly established in the Old Testament. The tribe of Levi, set apart for priestly duties, was sustained by the tithes and offerings of the other tribes. In Numbers 18:21, God declares, *"To the Levites I have given every tithe in Israel for an inheritance, in return for their service that they do, their service in the tent of meeting."* This provision ensured that the Levites could focus on their spiritual duties without the burden of securing their livelihood.

Jesus' teachings

Jesus Himself affirmed the need to support those who labour for the Kingdom. In Luke 10:7, He instructed His disciples, *"Stay there, eating and drinking whatever they give you, for the worker deserves his wages."* This statement underscores the principle that those who serve spiritually should be supported materially. Jesus recognised the practical needs of His followers and established a precedent for their care.

Paul's instructions

The apostle Paul provides explicit instructions regarding the support of church leaders. In 1 Timothy 5:17-18, he writes, *"The elders who direct the affairs of the church well are worthy of double honour, especially those whose work is preaching and teaching. For Scripture says, 'Do not muzzle an ox while it is treading out the grain,' and 'The worker deserves his wages.'" Here, Paul connects the dignity of labour with the responsibility of the community to honour and provide for their leaders.*

The early church

The early Christian community modelled radical generosity and mutual support. Acts 4:34-35 describes how believers shared their possessions: *"There was not a needy person among them, for as many as were owners of lands or houses sold them and brought the proceeds of what was sold and laid it at the apostles' feet, and it was distributed to each as any had need."* This communal care extended to their leaders, ensuring that those who shepherded the flock were not left in want.

The heart of giving: Reflecting God's generosity

Supporting our clergy is ultimately about reflecting the character of God, who is generous and just. Proverbs 3:9 instructs, *"Honour the Lord with your wealth, with the firstfruits of all your crops."* When we give generously to those who serve in ministry, we honour God and participate in His work. Furthermore, Galatians 6:6 says, *"Let the one who is taught the word share all good things with the one who teaches."* This mutual sharing strengthens the body of Christ and demonstrates the unity and love that should characterise the Church.

Our clergy dedicate their lives to guiding, teaching, and caring for us, often at great personal and financial sacrifice. Ensuring they are well supported is not just a matter of generosity; it is a profound issue of justice. As followers of Christ, we are mandated to ensure that those who serve us spiritually are not neglected materially. Providing fair wages and an adequate pension fulfils this biblical mandate and aligns with God's heart for justice and equity.

2. THE CURRENT POSITION

What is the maximum clergy pension?

The maximum clergy pension payable at retirement after 41.5 years at 68 years old is £13,397.

What do professional associations say is needed for retirement?

A single person will need £31,300 a year for a moderate income in retirement (excluding housing), according to The Pensions and Lifetime Savings Association¹.

What does the Church of England itself say is adequate to live on?

The Church of England set a minimum stipend of £28,670 which is seen as the minimum adequate amount to live on if housing is provided (i.e. the amount you need before you would have to find other income to live)².

Unfortunately this national minimum stipend has decreased by 28%, in real terms, since 2009 (versus the Retail Price Index). Even measured against the Consumer Price Index, the decrease is 9%³. Two-thirds of the stipendiary clergy surveyed in a recent Church of England study said they needed financial assistance with the cost of living⁴. More than 1 in 5 clergy have applied to the Clergy Support Trust charity in the last year to keep their head above water, and the Trust says that requests for help have risen in a way that is unprecedented⁵. The 2024 'Enabling Choice' Church of England report highlights the concern that over half of the whole ordained 'workforce' are struggling financially⁶.

What does this mean for clergy in retirement?

The Church of England stipend of £28,670 is seen as the minimum adequate amount to live on if housing is provided.

However, the maximum clergy pension payable at retirement after 41.5 years at 68 is £13,397 which is £15,273 less than this minimum adequate amount, and housing is not provided in retirement. In August 2024, the average UK rent was £15,900 per year⁷.

So by way of illustration, a cleric receiving the full pension after 41.5 years would be short of at least £31,173 (£15,273 + £15,900) to live on to match the same living conditions they experience as clergy (which many already struggle to live on).

¹ <https://www.retirementlivingstandards.org.uk/>

² <https://www.churchofengland.org/resources/clergy-resources/national-clergy-hr/clergy-pay-and-expenses>

³ <https://www.churchtimes.co.uk/articles/2024/14-june/comment/opinion/it-is-time-for-a-new-deal-for-underpaid-clergy>

⁴ <https://www.churchofengland.org/sites/default/files/2024-02/living-ministry-w4-panel-survey-report-holding-things-together-1.pdf>

⁵ <https://www.clergysupport.org.uk/news-post/what-did-we-achieve-2023>

⁶ https://www.churchofengland.org/sites/default/files/2024-07/6702_cofe_enabling-choice_final.pdf

⁷ <https://homelet.co.uk/homelet-rental-index>

The Church maintains that clergy members in retirement would also receive the state pension of £11,500. However, even the maximum Church pension of £13,397 plus the £11,500 state pension amounts to a total of just £24,897. This is still £3,773 less than the Church's own figure for the minimum amount someone could adequately live on (and does not include housing provision)⁸.

3. HOW DOES THE CLERGY PENSION COMPARE WITH OTHER VOCATIONS?

As a reference, other vocations (teachers, nurses, military, etc) would receive around 3 times more in retirement than clergy for the same length of service⁹. They would also receive another £11,500 in state pension in addition to this.

There seem to be a number of reasons for such a significant discrepancy.

- Clergy pension based on half stipend: Nurses, teachers, military, etc have a pension calculated as a percentage of their *average salary* over their years of employment. The Church calculates the clergy pension not on the average of what a clergy person receives but based on *half* of the minimum stipend.
- One third reduction in clergy pension value: The clergy pension used to be calculated based on two-thirds of the stipend, but was reduced to half in 2011 and the number of years to qualify for a full pension were increased around the same time. These changes reduced the value of the clergy pension by around a third¹⁰.
- Stipend-only pension calculations - exclusion of housing: The pension amount is not based on the full package that a clergy person receives during their tenure; it is only based on the stipend element of the package. Clergy receive use of a house as part of their service, but the cost of this housing provision is not incorporated into the pension calculation. Providing housing for clergy keeps the church's pension contribution much lower.
- Pension based on national minimum stipend: The pension amount is artificially low because it is calculated not on the actual stipend a clergy person receives but on the national minimum stipend set by the Church each year. This figure is less than any diocese pays their clergy. There appears to be no other salary-based pension scheme that pays someone based not on their salary but on a lower notional salary that they do not actually earn. In addition, when clergy retire, their pension is calculated not on the national minimum stipend of the year they retire, but on the previous year.
- Real term decline in stipend value: As noted above, the national minimum stipend on which the pension is calculated has decreased by 28%, in real terms, since 2009 against the Retail Price Index (or 9% as measured against the Consumer Price Index)¹¹.
- Limited index-linking in clergy pension: The pension is not index linked to inflation (beyond 3.5%) and therefore is likely to be eroded by inflation over the years of old age. Other vocational pensions are index linked to inflation every year that the pension is accrued *both pre-retirement and then for life during retirement*.¹²

⁸ This approach also shifts responsibility for clergy financial provision in retirement from the church onto the British taxpayer while leaving clergy vulnerable to government decisions about maintaining an adequate state pension

⁹https://assets.publishing.service.gov.uk/media/65e0a89b7bc329001ab8c1e5/2024-02-29_HMT_economic_evidence_to_the_PRBs_clean.pdf (Note: Lower paying vocations have been chosen for a prudent comparison. A consultant with typical earnings and a 40-year career will retire with a pension worth £107,600 per annum.)

¹⁰ https://www.churchofengland.org/sites/default/files/2023-10/gs-2330a-clergy-pensions-pmm_0.pdf

¹¹<https://www.churchtimes.co.uk/articles/2024/14-june/comment/opinion/it-is-time-for-a-new-deal-for-underpaid-clergy>

¹² <https://commonslibrary.parliament.uk/research-briefings/sn05434/>

4. IMPLICATIONS

The current position with clergy pensions is having a number of serious wider implications for the ministry of the church.

Undermining the church's mission

Providing inadequate pensions for clergy contradicts the church's mission to embody Christian values of care, compassion, and justice, as well as failing to follow the biblical mandate of providing for the old and for those who minister to us. The Church of England teaches that everyone should be supported and cared for, yet is not applying these principles to its own servants.

This is set in the context of the Church Commissioners' investment fund holding assets at the end of 2023 valued at £10,400,000,000 (£10.4 billion)¹³. Such hypocrisy and inconsistency undermines the Church's message and its mission, and leads to a loss of trust, credibility and moral authority.

Contributing to pensioner poverty

Clergy who have devoted their lives to ministry often do so at the expense of financial stability. An inadequate pension leaves them vulnerable to poverty in old age, increasing their reliance on social services and charities. This situation exacerbates the broader issue of pensioner poverty, creating a moral and social problem that contradicts the church's mission to support the vulnerable.

Leading to a disillusioned and demoralised clergy

When clergy realise that their lifelong dedication will result in financial hardship in retirement, it easily leads to disillusionment and demoralisation. This can affect motivation, mental health and effectiveness in ministry, and could ultimately impact the spiritual health of their congregations. Disillusioned clergy may feel undervalued, diminishing their commitment and leading to higher turnover rates, destabilising church communities.

Attracting only those with means to serve

Inadequate support may deter called, talented and passionate individuals from pursuing a vocation in the clergy, particularly those from less affluent backgrounds and without independent financial means. This risks creating a socio-economic barrier that limits diversity within the clergy, running counter to the church's mission to be representative of all its members.

5. RECOMMENDATION

The Church of England sets a stipend regarded as the minimum adequate income to live on when housing is provided. Therefore, for someone who has devoted their entire working life to ordained ministry (i.e., with full pensionable service), it is both logical and morally justifiable that they should receive the full stipend in retirement, along with housing allowance, as this represents the minimum required to live on.

Marcus Gibbs

¹³<https://www.churchofengland.org/sites/default/files/2024-06/the-church-commissioners-for-england-annual-report-2023.pdf>