



The Hibernian Catholic Benefit Society

4 March 2013

Newsletter to all Members

Dear Members

Following my Newsletter of earlier this month, some members have understandably raised a few queries, which I take this opportunity to answer.

The Notice for the Special Meeting to be held on Saturday 16 March 2013 at 11.00am at St Mary of the Angels Parish Hall, 17 Boulcott Street, Wellington has been sent to Branch Secretaries as is required by the Rules. This Notice and the proposed changes to the Rules are available from your Branch secretary or on the Society's website www.hibernian.org.nz.

The items of business to be considered are:

- Rule Change - To consider the Board's proposed rule changes to close the Society's Funeral fund and Assurance Fund, and other elements of insurance
- Cessation of Rugby Sponsorship
- Reduction in Management Charge

The changes to the Rules are required in order to cease the Society's insurance business. It is the Board's recommendation, based on the various area meetings and the Special Meeting in December 2012, the Society's Assurance Fund and Funeral Fund be closed. It is proposed to open a new Fund (to be called the Transitional Fund) as provided for in the relevant Act. This Fund will not be an insurance fund, but rather will hold all the monies the Society owes to those who had Assurance Fund and Funeral Fund policies at 31 March 2013.

The amount each Member is entitled to receive under that Member's policy at that date will be determined by an actuary. The Society, the Board and the Trustees have no influence over those amounts.

The amount each Member is owed will be included 100% in the new Transitional Fund.

The Society is not in a position to pay the total amount owing to members all on 1 April this year (assuming the Rule changes are passed at the Special Meeting). It will take the actuary up to 2 months to calculate the amount owing to each person. Also, some of the Society's investments (which are doing well at present) will take time to liquidate. Further, the amount that the Society will receive from its claim against its former auditors is uncertain and may take many months to be received. This of course affects the timing of payouts to Members. The amounts remaining owing to Members will continue to share in the gains of the Society's investments.

The date set for the payout to members is 1 August 2013. However, it is hoped that a substantial proportion of the pay out to each Member will be made before that date. This is because the Trustees have been liquidating investments and moving to short term investments over the last year. It is likely that there will be further payments after 1 August.

For this reason the new Rules proposed by the Board, while providing certainty as to the amount which will be due to each Member, gives the Board a discretion as to the timing of the distributions from that Fund to the Members. The Board would set rules as to how that discretion would be exercised, and delegate the exercise of that discretion to the Trustees.

New Rule 26.3 provides:

“26.3 Equity

The Trustees in applying their discretion under Rule 26.2 [the Rule set out above as to the timing of distributions] may take such actuarial accounting and legal advice as they deem necessary or desirable, but shall apply principles of fairness and equity between the Members of the Transitional Fund.”

However we appreciate that some Members will face real hardship. Other Members may wish to leave their money with the Society in the interim, to help their fellow Members, while sharing in the gains of the Society’s investments. The discretion mentioned above gives the Trustees (working within the guidelines set by the Board) the discretion to consider these circumstances of hardship, while allowing those who wish to, to leave their money in the Fund in the interim. The proposed Rule provides for Members who want a quicker payout of their money to make a request to the Trustees. I emphasise that the Trustees’ discretion is only to the timing of payouts, not to the amounts.

The Board is reasonably certain that there will be more than enough in the Transitional Fund to cover the debts due to the Members as above, even in the very unlikely event that the claim against the former auditors does not net what we anticipate. The Rules provide for an allocation of any shortfall or an allocation of any surplus in the Transitional Fund between all Members of the Society – as do the present Rules, through the various allocations the Board presently makes between the Funds.

Your Board has carefully considered the various options and after much discussion and research, including assistance from outside the Board, and has taken legal advice, and has arrived at this formula. Your Board recommends these Rule changes to you

It is important to remember that while your Board recommends these Rule changes to you, it is ultimately your decision, exercised through the votes of your branch delegates at the Special Meeting. If you have any queries on the Rule changes, or wish to follow any developments, please look at the Society’s website www.hibernian.org.nz or contact your Branch Secretary.

I look forward to seeing you at the Special Meeting.

Gordon Stewart
President