
Pension Office Newsletter

April 2007

The Anglican Church of Canada

Number 9

GENERAL SYNOD PENSION PLAN

INVESTMENT PERFORMANCE OF THE FUND

The market value of the General Synod Pension Plan (GSPP) at December 31, 2006 was \$651 million. The following are the investment returns and how they compare with the other balanced pension funds in the Mercer Investment Consulting universe:

	2006-Q4	1 year	4 years
Total Portfolio	8.4%	15.7%	14.0%
Benchmark	6.9%	12.6%	11.7%
Excess Return	1.5%	3.1%	2.3%
Inflation	0.2%	1.6%	2.0%
Quartile	Q1	Q1	Q1

Interest rates have a greater impact on the asset/liability mismatch than the return on the equity market. As interest rates have continued to decline over the past 4 years, this has had a greater impact on increasing the unfunded liability of pension plans than the double-digit returns of the Canadian equity market have had in increasing asset values, over the past four years.

In spite of this fact, with outstanding returns in the GSPP, the Trustees asked the Actuary, Eckler Ltd. (formerly Eckler Partners) to provide a report on the December 31, 2006 estimated financial position of the GSPP and recommendations on potential interim benefit improvements.

GSPP Asset Mix Policy March 1, 2007

The Asset Mix Policy is 55% Equities, 35% Fixed Income and 10% Real Estate.

PENSION INCREASE APPROVED EFFECTIVE JULY 1, 2007

❖ Result

The Actuary's report indicated that based on the current solvency requirements, there was a surplus of \$36.6 million.

❖ Recommendations of the Actuary

The Actuary cautioned that any benefit improvements should not result in creating a solvency deficiency or unfunded liability. The Trustees approved the recommendations of the Actuary to provide an interim increase. The Council of General Synod approved the Pension Committee's recommendation that effective July 1, 2007, an increase of 4.5% be granted to pensions as at December 31, 2006 for all active, retired and inactive members of the GSPP.

❖ **Next Valuation**

The Trustees authorized the Actuary to conduct a full actuarial valuation of the GSPP as of December 31, 2006.

MERGER - UPDATE

The merger between the Clergy Pension Plan of the Diocese of Montreal and the GSPP was effective January 1, 2006. Final approvals were received from all the regulators (the Regie de Rentes in Quebec, FSCO in Ontario & CRA) in December. The assets of the two plans were merged immediately upon receiving all approvals. Effective January 1, 2007, the Pension Office is now paying the pensions to the Montreal Plan pensioners from the consolidated pension fund.

GSPP MEMBERSHIP		
	2006	2005
Active	2,573	2,624
Pensioners	2,345	2,281

The Pension Committee is concerned that the active membership continues to decrease while the number of pensioners and survivors continues to increase.

Administration Update

❖ **New Pension & Benefit System**

The Pension Office has been working on transitioning to a new pension and benefit administration system and a new accounting system.

It is anticipated that the final employee data will be uploaded to SeclonLogic in April at which time we will start running two benefits administration systems in parallel. We plan to run the 2006 members pension statements on the new pension system.

The new statements will have more detailed information than the old ones, and will be easier to read. We are working hard to produce the statements as soon as possible. They will arrive later than usual this year, but will be worth the wait.

Look for your newly designed pension/CEP statements in the mail this summer.

❖ **New Accounting System**

Day-to-day accounting has been done on the new Navision platform since May 1, 2006. Later this year, the Navision system will be able to produce group insurance billings to participating employers and make pension and disability payments, through an internal pension payroll.

Definition of “Retire” under GSPP

The Pension Committee agreed on the following definition of “retire” which will appear in the Pension Office administration manual, and is not a change to the Regulations.

An employee may apply for his/her retirement pension if one of the following occurs:

1. the employee ceases employment for any participating employer, for a minimum of one calendar month or
2. the employee has a reduction in salary of at least 40% or
3. the employee, having reached normal retirement date (coincident with or next following the 65th birthday or following completion of 40 years of contributory membership, whichever is earlier) or
4. the employee having elected early retirement, takes up employment with another participating employer.

CONTINUING EDUCATION PLAN

As you are aware, Cassels Brock, the Legal Counsel of General Synod, has been dealing with Canada Revenue Agency (CRA) for a long time on our behalf to get clarification of the tax status of the CEP. In January 2007, CRA advised that they were unable to provide a ruling and that they had sent the entire submission to the Department of Justice. The Pension Committee is concerned that if there is an unfavourable ruling, there will be a potential tax liability. In addition, if the plan becomes fully taxable, there may not continue to be any value for the plan members.

❖ CEP Website

As of December 31, 2006, there are now 510 institutions with coordinates and website summaries in the data base and 641 courses are listed which continue to increase. The listing of educational opportunities is always current as the website has an automatic delete built into its design.

Please visit CEP Online. Website address is <http://cep.anglican.ca>

STRATEGIC PLANNING

The Trustees and the Pension Committee had several visioning sessions with the Legal Counsel and the Actuary to discuss the implications on the GSPP when the 2007 General Synod addresses the serious issues affecting the future of the entire Church. Some of the issues discussed were: the implications on the pension plan if a diocese pulls out, a significant number of members pull out, any participating employer goes bankrupt or dioceses merge. Will any of the above be considered as a partial wind-up of the General Synod Pension Plan?

The Trustees have a fiduciary duty to the members of the pension plan and are responsible for making decisions that are in the best interest of all the plan members.

HOME & AUTO INSURANCE

Effective immediately, you have access to a group home and auto insurance plan, as an active or retired employee of an employer who participates in the pension/group benefit plans of the Anglican Church of Canada. Aviva Traders, who are a large and most experienced underwriter of group home and automobile insurance, will be underwriting this coverage and are able to do so in all provinces. Aviva Traders is a reputable company with financial stability and the Aviva Canada Group of Companies is rated as "A+" by Standard & Poor's Rating Services.

Aviva will provide all the communication regarding their programs. Participation by the members in this program will be strictly voluntary. The members would deal directly with the insurer in obtaining quotes and reporting claims.

2007 GENERAL SYNOD

There will be a Pension Office at the General Synod where staff will be available to provide information on any aspect of the Pension or Employee Benefit programs.

THE PENSION OFFICE PRIVACY POLICY

Collecting personal information about you is essential to our ability to offer you retirement, benefit and insurance programs and to provide you with on-going service relating to your lifetime entitlements.

We take great care to keep your personal information which we collect accurate, confidential and secure.

Our Privacy Policy sets high standards for collecting, using, disclosing and storing personal information and is complemented by our practices and procedures to manage your personal information.

We do not disclose personal information without your permission except in limited circumstances as permitted or required, by law.

Where we choose to have certain services provided by third parties, we do so in accordance with applicable law, and take all reasonable precautions regarding the practices employed by the service provider to protect your personal information. Third parties may include, but are not limited to insurers, actuaries, administrators and/or consultants and health care professionals.

You may ask to see your personal information collected by the Pension Office at any time. If any information is shown to be inaccurate or incomplete, we will make the necessary changes to our records promptly.

We have appointed a Privacy Officer to oversee our Privacy Policy and to ensure compliance. If you have any questions about our Privacy Policy, please contact our Privacy Officer at 416-924-9192 or on our toll-free 1-800-265-1070 or by e-mail at privacyofficer@anglicanpension.ca.

BEQUEST

From time to time, the Pension Office receives bequests or gifts which form part of the Endowment Funds. The income of these funds is distributed to pensioners annually in accordance with donors' wishes.

MISSION STATEMENT

The Pension Committee, on behalf of the Anglican Church of Canada, commits to faithful stewardship and administration of the Pension Plans, Benefit Plans and Funds and to do so with compassion and efficiency for the well-being of the Plan members and their beneficiaries.

PENSION FUND ADVISORS Effective March 1, 2007

- ◆ **Investment Fund Managers**
 - Letko, Brosseau – Canadian/Global Equity
 - Barclays Global – Canadian Bond Index
 - Bentall Capital – Canadian Real Estate
 - AllianceBernstein – Global Equity
 - CGOV (Cranston, Gaskin, O'Reilly & Vernon) – Canadian/Global Equity
 - ABN AMRO – Global Real Estate
- ◆ **Asset Consultant**
Mercer Asset Consulting
- ◆ **Actuary**
Eckler Ltd.
- ◆ **Legal Counsel**
Ogilvy Renault LLP
- ◆ **Auditor**
BDO Dunwoody LLP

**MEMBERSHIP OF THE PENSION
COMMITTEE**

EX-OFFICIO MEMBERS:

The Most Rev. Andrew Hutchison –
The Primate
The Ven. Michael Pollesel –
General Secretary
The Very Rev. Peter Elliott – Prolocutor
Mr. Peter Blachford – Treasurer
Ms. Judy Robinson –
Executive Director of Pensions

ELECTED BY 2004 GENERAL SYNOD:

The Rt. Rev. Barry Clarke - Montreal
(Primate appointment in 2005)
The Rt. Rev. Don Young - C. Newfoundland
The Rev. Michael Rolph - Edmonton
The Ven. Ronald Harrison - New Westminster
Mr. Stephen Koning - Calgary
Mr. Jamie Cochran - Nova Scotia & PEI

TRUSTEES:

Ms. Wendy Brodtkin - Toronto
Canon Michael Iveson - Ottawa
Mr. David Stovel - Toronto
Mr. Al Lamb - Ottawa
Ms. Laura Solomonian - Toronto
Ms. Karen Bleasby – Toronto
The Rt. Rev. Philip Poole - Toronto

APPOINTED MEMBERS:

Canon Fred Scott - Fredericton
Canon Carol Throp - Rupert's Land
Ms. Madeleine Gaul - Toronto
Canon Stephen Adams – Huron
The Most Rev. Tom Morgan - Saskatoon

OBSERVERS:

Mr. George Mayo - Toronto
Mr. David Kidd - Toronto
Ms. Priscilla Healy - Toronto
Ms. Linda Barry-Hollowell – Calgary

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