

Pension Office Newsletter

June 2006

The Anglican Church of Canada

Number 8

A Dream Come True

1946: The Joint Committee on Beneficiary Funds dreams of a pension plan that would include the whole church

The General Synod meeting in Winnipeg in 1946 passed necessary resolutions to establish the first actuarially based pension plan for the Anglican Church of Canada. The Synod observed that a milestone had been achieved in the development of a unified pension program for the church. This was recognition of the fulfillment of some of the dreams of the then Joint Committee on Beneficiary Funds and one of the dreams was a pension plan that would include the whole church.

2006: Sixty years later, the dream comes true with the merger of the Clergy Pension Plan of the Diocese of Montreal and the General Synod Pension Plan (GSPP)

With this merger, all 30 dioceses now participate in the General Synod Pension Plan. There is now a uniform and fully portable pension plan for all the Anglican clergy in all Dioceses across Canada.

The merger creates only mutual benefits and opportunities such as the ones outlined below. We have ensured that there is no prejudice to any of the current GSPP members or to the new Montreal Members.

Major Advantages of Merger

Portability

There are advantages for all members of both plans with this merger. The most obvious of these is that plan members moving from one diocese/participating employer to another do not have to worry about any potential loss to their pensions. The contributions and pension accrual are the same for everyone, regardless of where they work and the record-keeping is centralized, resulting in a seamless transition from a pension perspective.

Financial

The second major advantage is a financial one. There are many financial obligations in managing a pension plan, such as actuarial fees, investment management fees, custodial fees, legal fees, administrative costs, audit fees and internal management time. By managing a single plan for the whole country, it means that all plan members gain from the economies of scale which reduce these operating costs. If there is a fixed amount of money available to provide pension benefits, the less that is spent on overhead means there is more to provide pensions to members. Similarly, the risks associated with sponsoring a pension plan, like mortality and investment return risks, are also spread over a larger group and thereby reduced, and more easily managed.

Members of the Montreal Pension Plan

- ❖ By joining the General Synod Pension Plan, these employees now have coverage under a long term disability plan, which they have not had before. Previously, disability protection was provided under the pension plan which is both more difficult to qualify for, and lesser in benefit,
- ❖ The responsibility of managing and administering the separate pension plan no longer falls on the Diocese of Montreal,
- ❖ The significant financial expenses of managing a separate plan will disappear, as the General Synod Pension Plan absorbs the relatively small additional group with minimal impact,
- ❖ Members' RRSP room will increase as single employer plans have more onerous pension reporting rules than the GSPP, which is a multi-employer plan, and
- ❖ As with all the members of the plan, full portability exists whenever a member moves from one participating employer to another.

A VOTE OF THANKS

The Pension Committees of both pension plans as well as staff have been working on this actively for 2 years and discussions began long before that. Congratulations to all for helping this dream come true after 60 years.

GENERAL SYNOD PENSION PLAN

INVESTMENT PERFORMANCE OF THE FUND

The market value of the General Synod Pension Plan at December 31, 2005 was \$564.9M. The following are the investment returns and how they compare with the other balanced pension funds in the Mercer universe:

	2005-Q4	1 year	4 years
Total Portfolio	2.6%	13.5%	9.2%
Benchmark	2.4%	12.0%	6.4%
Excess Return	0.2%	1.5%	2.8%
Inflation	-0.8%	2.2%	2.5%
Quartile	Q1	Q1	Q1

GSPP Financially Secure

Although the actuary did not prepare an actuarial valuation as of December 31, 2005, it has been estimated that the assets are approximately 105% of the liabilities, meaning the plan is fully funded. This puts the GSPP in the top 20% of pension plans in Canada in terms of financial security, as it has been estimated that 80% of the country's pension plans' liabilities exceed their assets.

GSPP Membership

	<u>31/12/05</u>	<u>31/12/04</u>
Active	1,936	1,945
Deferred	685	686
Retired	2,281	2,236

The retired membership continues to increase and the active membership continues to decrease.

Pension Contributions

The existing pension contribution rate, effective January 1, 2006, is 13.4% (9% employer and 4.4% employee).

Eckler Partners, the Actuary, indicated that changes in the age of active members have a direct impact on the contribution rate. Eckler's analysis of the new entrant and retiree data for the first half of 2005 indicated a drop in the average age of 0.5 of a year. The current contribution rate, however, is not sufficient to fund benefits being accrued.

Based on the Actuary's report, the Pension Committee and COGS approved that

- ❖ the accrual rate remain at 2% until December 31, 2008,
- ❖ the employer contribution rate be increased to 10% effective January 1, 2007, and
- ❖ the employee contribution rate remain at 4.4%.

Administration Update

- ❖ New Pension & Benefit System

We are making good progress on cleaning the data before sending it to seclonLogic, the new pension and benefit system provider.

- ❖ New Accounting System

The Pension Office staff is now working with the new accounting system which was launched on May 1.

CONTINUING EDUCATION PLAN

This is to remind you that the Canada Revenue Agency (CRA) has advised that in order to qualify as a Non-Profit

Organization under the Income Tax Act, it must be shown that the sole purpose of the CEP is to provide education or training for employees of the *employer* to improve their work or work-related skills and abilities to the benefit of the *employer*.

On the recommendation of the Pension Committee, the Council of General Synod amended the Regulations of the plan accordingly effective July 1, 2005.

CEP Website

Lynn Ross, the Web Editor, reported that CEP Online has now been in operation for two years. It was launched on March 1, 2004. There are now 430+ institutions with coordinates and introductory notes. The website is being used more frequently.

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

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 ongoing 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 & PRINCIPLES

The Pension Committee established a Mission Statement and a set of Principles as follows:

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.

PRINCIPLES

1. Prayerfully seek the will of Jesus Christ in all our responsibilities.
2. Carry on the canonical tasks assigned to it under the Canons of the Anglican Church of Canada.
3. Ensure compliance with applicable Government Legislation.
4. Be aware of current and emerging legal, taxation and economic issues affecting Pensions & Benefits.
5. Make recommendations and decisions cognizant of the general level of Canadian Pension and Benefits Plans.
6. Equitably balance the interests of all members.

PENSION FUND ADVISORS

◆ **Investment Fund Managers**

McLean Budden: Canadian Equities
Letko, Brosseau: Canadian & Global Equities

Barclays Global: Canadian Bond Index & US Equities Index

Bentall Capital Management: Real Estate

◆ **Asset Consultant**

Mercer Asset Consulting

◆ **Actuary**

Eckler Partners

◆ **Legal Counsel**

Ogilvy Renault LLP

◆ **Auditor**

BDO Dunwoody LLP

GSPP Asset Mix Policy

The current Asset Mix Policy is 65% Equities & 35% Fixed Income. A portion of the Equity Investments is in real estate.

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
(Primatial appointment in 2005)
The Rt. Rev. Don Young - C. Newfoundland
The Very Rev. Michael Rolph - Athabasca
The Ven. Ronald Harrison - New Westminster
Mr. Stephen Koning - Calgary
Mr. Jamie Cochran - Nova Scotia & PEI

TRUSTEES:

Ms. Wendy Brodkin - 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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BENEFITS RELATED FREQUENTLY ASKED QUESTIONS

- Q. How can I determine the status of a benefit claim I have sent in?**
- A. You can phone Manulife at 1-888-968-5555. Key in the plan number which is 21057 and your certificate number, which is on your wallet card and follow the instructions.
- Q. I am at the dentist's office and they are trying to submit my claim electronically. Why did my claim not go through?**
- A. It may be that the dental office is not entering your name correctly. Your dental office must enter your name and/or initials the same way that they appear in the Manulife system. If your dental office needs assistance, they may call the Dentist's help line at 1-888-844-8889.
- Q. When I follow up on the status of my claim, Manulife advises me that they have not received my claim and asks me to re-submit it. I sent all my documents and do not have copies, what should I do?**
- A. In this case, you will have to go back to your doctor's/dentist's office and request duplicate documentation. We recommend that you make a photocopy of all original documents that you send to Manulife.
- Q. Is care in a chronic care facility covered?**
- A. Care in a chronic care facility is not covered under our plan.

- Q. Do we have out of province/out of country health coverage?**
- A. Out-of-Province/Out-of-country **emergency** coverage is provided to **ACTIVE** members. **RETIRED** members **DO NOT** have this coverage.
- Q. How does Manulife determine how much has been paid out for coverage which has an annual limit?**
- A. Manulife uses the calendar year to determine amounts claimed – i.e. from January 1 to December 31.
- Q. What are the emergency travel assistance numbers?**
- A. Remember to take your Manu-Assist card when you travel. The World Access Group # is 9081. Our plan # is 21057. Your certificate number is on your wallet card. From Canada or the USA, you can call 1-800-265-9977. In Mexico, the toll free number is 1-800-514-3702 and in Dominican Republic the toll free number is 1-888-751-4403. In other countries, use the operator and call COLLECT to 519-741-8450.
- Q. What is co-ordination of benefits?**
- A. There is an agreement between insurance companies about how health and dental benefit expenses will be reimbursed to plan members when more than one family member has coverage through employment. Here is how it works. Each plan member must submit claims to their own plan first. If they are not reimbursed in full, they may then submit the claim to the spouse's plan for consideration. Dependent children's expenses must be submitted first to the plan of the parent whose birthday is first in the calendar year. Again, if they are not reimbursed in full, they may submit the claim to the second plan for consideration.