

# Pension Office Newsletter

June 2017

The Anglican Church of Canada

Number 20

## GENERAL SYNOD PENSION PLAN

Over the past several years, both the number of Defined Benefit (DB) plans in Ontario, and the percentage of Ontario workers with membership in DB plans, have been on the decline. While there are many factors contributing to these trends, the 2008 global recession, the prolonged period of declining interest rates, and recent volatile asset returns have all highlighted the expense and complexity of sponsoring a DB pension plan. As a result, solvency funding has come under increased scrutiny and many stakeholders have called for reform.

The Ontario Government approved a Regulation which grants the General Synod Pension Plan (GSPP) temporary relief from funding any solvency deficiencies until after the results of an actuarial valuation to be conducted as at December 31, 2017. This is the result we have been working toward and hoping for. Thank you to all plan members who voted to show the government our collective support for this action.

As we have reported in previous newsletters, the Board of Trustees, the Actuary and the Central Advisory Group are continuing to pursue all avenues to ensure the long-term safety and security of your pension benefits, in the way of permanent solvency funding relief for the GSPP.

Regular updates will be posted on our website [www.anglicanpension.ca](http://www.anglicanpension.ca)

## LEGISLATIVE UPDATE

### *Filing and Disclosure Requirements*

Commencing in 2016, each Ontario registered pension plan was required to file a Statement of Investment Policies and Procedures (SIPP) with the Financial Services Commission of Ontario (FSCO).

Also new for 2016 was a requirement that the SIPP include a disclosure as to whether environmental, social and governance (ESG) factors are incorporated into the pension plan's investment policies and procedures and, if so, in what manner.

New for 2017, administrators of Ontario registered pension plans need to ensure that ESG and certain other information is included in annual statements, as well as the biennial statements that are now required for former and retired members.

## ACTUARIAL VALUATION

Cameron Hunter, the Actuary, has completed and filed the 2015 Actuarial Valuation. The following table shows the valuation results:

	31-Dec-15 (\$ thousands)	31-Dec-14 (\$ thousands)
Annual rate of return (net of expenses)	7.62%	12.67%
Going concern excess / (deficiency)	49,439	\$13,303
Going concern funded ratio	107.6%	102.1%
Solvency excess / (deficiency)	(241,316)	(\$156,639)
Wind-up excess / (deficiency)	(144,108)	(\$130,844)
Transfer ratio	84.5%	85.3%

The transfer ratio is based on the wind-up valuation (see glossary).

The Actuary is in the process of preparing the 2016 Valuation.

### INVESTMENT PERFORMANCE

As of December 31, 2016, the market value of GSPP assets was \$820.4 million.

The investment returns for the total fund and the benchmark returns for years ending December 31, 2016 are shown below. "Benchmarks" are established measurements used in the investment industry to evaluate performance.

Our investment returns have consistently ranked in the top 25% of similarly invested pension funds.

	Fund Return	Benchmark
Q1 2017	3.9%	3.4%
1 Year	9.5%	8.2%
4 Years	12.2%	9.9%
10 Years	6.8%	6.0%

### ENVIRONMENTAL SOCIAL GOVERNANCE (ESG)

The Trustees continue to monitor recent developments and decisions in both the Corporate and Church worlds with regards to environmental, social and governance (ESG) issues. They have formed an ESG Sub-Committee to focus exclusively on ESG issues. The Responsible Investment Working Group of the General Synod has a Trustee representative as member.

The investment decisions are based on the obligation of the Trustees to help the plan pay members' pensions. Risks can come from financial as well as non-financial factors, and

that is why analysis of ESG factors is integrated in investment decisions. As mentioned in the previous newsletter, the Trustees have engaged Mercer Investment Consulting to assist with this process. When the Trustees meet with investment managers they discuss, among other considerations, an investment manager's process for evaluating and integrating ESG issues in investment decisions. The Pension Fund's investment managers take ESG issues seriously.

### MANULIFE EMPLOYEE BENEFIT PLANS

The Pension Office is undertaking a project to upgrade the benefits processing system to a newer platform at Manulife, in order to improve the efficiency and accuracy of claims payments.

This project will span a period of 7 or 8 months and we will require every plan member to confirm or modify information currently in Manulife's system. We currently feed only the health and dental coverage status information to Manulife on a monthly basis. Going forward we will also feed address, dependent, and coordination of benefits (additional coverage under another plan e.g. spousal plan) information. We ask that you return any requests for information promptly. As well it is very important to keep your address up to date with our office as information, new benefits cards and cheques will be sent to the address we have on file. Please stay alert in opening mail from the Pension Office in the coming months.

## CONTINUING EDUCATION PLAN

### *CEP Survey!*

We request the participation of active members in a brief survey on the Continuing Education Plan. The intention is to get more feedback about your experiences with this plan. Your responses to this survey will help us evaluate the effectiveness of the plan. The survey will only take about 5 minutes to complete. Please access the link below to go to the survey.

*Survey link:*

[www.anglicanpension.ca/cepsurvey](http://www.anglicanpension.ca/cepsurvey)

Your participation in the survey is completely voluntary and all of your responses will be kept confidential.

### Administrative Policy

- At the 2016 fall meeting of the Continuing Education Plan (CEP) Unit it was agreed that the allocation to the Salary Source Account be continued for one year effective January 1, 2017 and that the Bonus for Use be continued at 5% for 2017. The Unit will review the financial status of the plan annually.
- Canada Revenue Agency (CRA) requires that all funds used in the Continuing Education Plan by the account holders must be for the benefit of the employer. As long as the expenditure confers a benefit to the employer, with the approval of the supervisor, the employee may use the balance of the funds in the account to offset the cost of continuing education program or course of study, books related to educational development, or

related computer hardware or software.

➤ Guidelines for Eligibility of Computer Hardware

- Replacements of identical types of computer hardware are permitted only after 3 years from the date of purchase of initial product.
  - Although desktops, laptops and tablets have overlapping but not identical characteristics, there are many tasks which can be done by more than one such product. If more than one type of hardware is purchased within 3 years of another type, the account holder will be asked to explain how the second item is to be used, and why those tasks cannot be accomplished using the first product purchased.
- An employee is not permitted to use the funds in his/her account within three months of the date of retirement or termination.
- When an employee ceases employment, the account will be frozen for a period of twelve months. In the event of a return to work with a participating diocese/employer within twelve months, the account will be reactivated at the level it was prior to leaving. After twelve months, a return to work will result in a new account being established with a zero starting balance.

**Updated forms are available on the Pension Office website:**

[www.anglicanpension.ca](http://www.anglicanpension.ca)

**For continuing education opportunities you may visit CEP Online:**

<http://cep.anglican.ca>

## PENSION OFFICE WEBSITE

The Pension Office website is:

[www.anglicanpension.ca](http://www.anglicanpension.ca)

The website contains information on Canons, Regulations, plan documents, various forms, newsletters, financial statements, and links to Group Retirement Services (the Lay Retirement Plan and the Group Registered Retirement Savings Plan record keeper) which members and employers can access.

## ENDOWMENT FUNDS

Over the past number of years, various donations and gifts have been made to the Endowment Committee of the Pension Committee with the request that they be used to supplement the pensions of retired members and the spouses of retired members.

As of March 31, 2017, the market value of the Endowment Funds totaled \$6,267,239, and the one year returns were 13.2%. Since March 1, 2007, the assets of the Endowment Funds are invested with Letko Brosseau Pooled Funds.

In addition to making cash donations to the Endowment Funds, it is also possible to give stocks and bonds with advantageous tax consequences to the donor/estate.

An account has been set up to facilitate the sale of any such securities that are given to the Endowment Funds.

If you have any questions, please do not hesitate to call the Pension Office.

## SAVINGS PLANS

Through the record-keeper of the Lay Retirement Plan (LRP), Group Retirement Services of Great West Life, optional savings plans are available by payroll deduction. Two types of plans are available, a group RRSP and a group TFSA. The investment options are identical to those available under the LRP.

An enrollment kit and forms are provided in paper or online at [www.anglicanpension.ca](http://www.anglicanpension.ca)

## 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.

If you have any questions please contact the Pension Office.

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*General Synod Pension Plan Registration #0345777*

## PENSION FUND ADVISORS

The Pension Fund Advisors/Mandates as of June 2017 are:

- **Letko Brosseau:** Canadian & Global Equity
- **Philips Hager & North:** Enhanced Long Bonds
- **Macquarie:** Infrastructure Investment
- **Neuberger Berman:** Private Debt
- **CIBC Asset Management:** Currency Hedging
- **Greystone:** Real Estate
- **Bentall Kennedy:** Real Estate
- **Baillie Gifford:** Global Equity
- **CGOV:** Canadian & Global Equity
- **Canso Investment:** Corporate Credit
- **Asset Consultant:** Mercer Canada
- **Custodian:** CIBC Mellon
- **Actuary:** Eckler Ltd.
- **Legal Counsel:** Koskie Minsky LLP
- **Auditor:** BDO Canada LLP

## GLOSSARY OF TERMS

**Actuarial Valuation** - The analysis of a plan's financial status. Assets and liabilities are valued to determine whether current assets plus expected future contributions are sufficient to meet benefit obligations.

A valuation must be filed with the Financial Services Commission of Ontario at least once every three years.

**Going Concern Valuation** - The measurement of the financial position of a pension plan assuming that the Plan will continue indefinitely.

**Wind-up Valuation** - Determines the financial position of the Plan if it were wound up on the valuation date (prepared for information purposes only).

**Solvency Valuation** - Same as wind-up valuation except, since it is used to determine Plan funding, certain adjustments are permitted. Adjustments include the current value of any going-concern special payments required over the next five years along with smoothing asset values and the liability interest assumption.

**Solvency Funding** - The process of making systematic payments into a pension trust fund, or changes to the benefit formula, to eliminate a solvency deficiency.

**Transfer Ratio** - This is the ratio of the wind-up assets to the wind-up liabilities.

## MEMBERSHIP OF THE PENSION COMMITTEE – JUNE 2017

### EX-OFFICIO MEMBERS:

The Most Rev. Fred Hiltz - Primate  
The Ven. Michael Thompson - General Secretary  
Ms. Hanna Goschy - Treasurer  
Ms. Cynthia Haines-Turner - Prolocutor  
Ms. Judy Robinson - Director of Pensions

### ELECTED BY 2016 GENERAL SYNOD:

The Rt. Rev. Mary Irwin-Gibson - Montreal  
The Rt. Rev. David Irving - Saskatoon  
The Ven. David Selzer - Ottawa  
The Ven. Samuel Rose - E. Nfld & Lab.  
Mr. Robert Dickson - New Westminster  
Mrs. Shara Golden - Fredericton

### TRUSTEES:

Ms. Karen McRae - Toronto  
Mr. Bob Boeckner - Toronto  
Mr. Jordan N. Fremont - Toronto  
Ms. Sheryl Kennedy - Toronto  
Mr. Stephen Koning - Calgary  
Ms. Josephine Marks - Toronto  
The Rt. Rev. Philip Poole - Toronto  
Mr. David Stovel - Toronto

### APPOINTED BY THE PENSION COMMITTEE:

Ms. Jane Osler - New Westminster  
Rev. Canon Todd Townshend - Huron  
Mr. Michael Attwood - Toronto  
The Ven. Alan Perry - Edmonton  
Canon Mike Lowery - Brandon

### OBSERVERS:

Mr. Peter Flemming - Nova Scotia & PEI  
Ms. Priscilla Healy - Toronto  
Mr. David Kidd - Toronto  
Ms. Jane Mesich - Algoma  
Ms. Sharon Chandler - Toronto  
Ms. Sharon White - Niagara  
The Rev. Richard Dentinger - Toronto

## PENSION OFFICE STAFF

<b>Robinson, Judy</b> Executive Director	Ext. 201
<b>Davidson, Margaret</b> Manager, Pension & Benefits	Ext. 202
<b>Bernard, Sonia</b> Office Administrator	Ext. 203
<b>Edgar, Kathy</b> Manager, Finance & Systems	Ext. 206
<b>Menon, Rekha</b> Governance and Compliance Officer	Ext. 207
<b>Stricker, Lynda</b> Pension & Benefits Administrator	Ext. 208
<b>Hinchcliffe, Evelyn</b> Pension & Benefits Administrator	Ext. 209
<b>Francis, Iyona</b> Benefits & CEP Administrator	Ext. 210
<b>Honoridez, Emily Fe</b> Accounting Officer	Ext. 214
<b>Villaverde, Jomarie</b> Staff Accountant	Ext. 218

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