The Pension Office Corporation of the Anglican Church of Canada
La Société du Bureau de Retraite de l'Église anglicane du Canada

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Changes coming to early retirement rules

The special funding relief that was granted to the General Synod Pension Plan by the province of Ontario in 2013 bought the plan some much-needed time—and strong investment performance has helped to bolster the position of the plan. But the GSPP still faces funding challenges and, under the terms of our funding relief arrangement, the Pension Committee is required to continue to look for ways to improve the plan's financial position and long-term sustainability.

A key issue for our plan is the aging of our membership. We have fewer young people joining our ranks, and life expectancy in Canada has improved faster than anyone anticipated. This means that our retirees are collecting their pensions for many more years—at a time when plan contributions from our active membership are slowing down.

The Pension Committee has been exploring ways to address this imbalance over the long term. After considering a range of possible plan design changes (see below), the Committee came to the conclusion that adjusting the early retirement rules—for pension benefits you earn in the future—is the most palatable of the options. While this change, alone, won't eliminate the plan's funding challenges, it's an important step in the right direction.

Options for improving GSPP funding level	Considerations
Increase contributions.	Not feasible because we're already at the maximum contribution level allowed under current tax law.
Reduce the pension formula so that members earn a smaller pension in the future.	GSPP pensions are already modest, so reducing them would cause financial hardship for our members.
Reduce members' pensions at retirement to "pay" for providing a continuing pension to their surviving spouse.	As noted above, GSPP pensions are already modest, so reducing them to provide a continuing spouse's pension would, again, be a financial hardship for our members. The survivor's pension is the only source of income for many spouses.
Adjust the early retirement rules.	• There is a growing trend in Canada—and among our own members—to work longer and retire later. • By applying the new rules only to pension benefits earned after 2015, members closest to retirement would be affected the least. Those further away would have more time to plan and adjust to the changes.

Number of GSPP members who have retired before their "normal" retirement date with 35 years of service

in past 10 years:	in 2005:	in 2014:
76	11	6

What's NOT changing

The current rules for "normal" and postponed retirement are not changing.

"Normal" retirement: You can retire from the plan with a "normal" retirement benefit on the first day of the month on or after your 65th birthday, or when you have been a pension plan member for 40 years, whichever comes first.

Postponed retirement: The pension earned at your normal retirement date is increased by ½% for each month (6% per year) that you delay your retirement past that date. You will also continue to earn additional pension benefits for as long as you continue to contribute to the plan. By law, you must start your pension by the end of the year in which you turn 71.

Early retirement: The current rules for early retirement are also unchanged, **but only for pension benefits earned up to December 31, 2015**. The current rules are as follows:

If you have at least 35 years of plan membership, you may retire with an unreduced pension at any time. If you have fewer than 35 years of plan membership, you may take early retirement up to 10 years before your "normal" retirement date (age 65 or 40 years of plan membership). However, your pension is reduced by ¼% per month for up to 60 months from the earlier of age 65 or 35 years of plan membership. Your pension is reduced by an additional ½% for each month in excess of 60 months.

What IS changing

Starting January 1, 2016, if you retire before age 65, and have less than 40 years of plan membership (in other words, you are not yet eligible for "normal" retirement), any pension benefits you earn after December 31, 2015 will be reduced by ½% per month (6% per year).

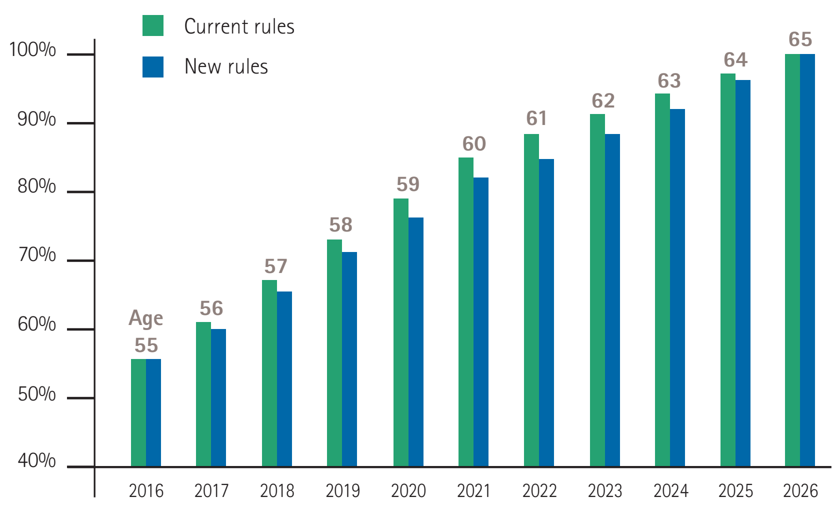
Example:

If you retire at age 63 with 35 years of service on July 1, 2017

Annual pension earned up to December 31, 2015 (no reduction with 35 years of service)	$25,000
Pension earned from January 1, 2016 to July 1, 2017	+$1,500
Minus 12% reduction (6% per year before age 65 = 12% x $1,500)	– $180
Total pension earned after 2015 with reduction	**$26,320**

The graph below shows the impact of the new rules at each age of retirement between 55 and 65. The member shown here turns 55 on January 1, 2016 and doesn't have 35 years of service.

Percentage of accrued pension starting at different retirement ages



Average age of GSPP members at retirement