

Pension Office Newsletter

June 2013

The Anglican Church of Canada

Number 16

GENERAL SYNOD PENSION PLAN

The past few years have been difficult for pension plans in general, and for the General Synod Pension Plan specifically. Despite sound governance and investment practices, our plan has a funding shortfall on both a “going-concern” and a “solvency” basis.

It is important to understand that, for the time being, these shortfalls have no impact on your pension benefits.

As we have reported in previous newsletters, the Board of Trustees and the Actuary have had several meetings with the Government to determine the best way to maintain the highest possible level of financial security for our members.

Finance Minister Charles Sousa is aware of our plan’s unique circumstances and has agreed to continue the discussion at the most senior levels of government. We will keep you informed of any progress.

IMPORTANT!

If the government is able to grant funding relief, we will need to obtain the approval of our membership. Please keep an eye out for further correspondence from the Pension Office and be sure to respond promptly.

2012 ACTUARIAL VALUATION

Membership Data Summary

| | 31/8/2012 | 31/8/2011 |
|-----------------------------------|-----------|-----------|
| Active Members | 1,637 | 1,674 |
| Average age | 52.5 | 52.7 |
| Retired members and beneficiaries | 2,691 | 2,617 |
| Average age | 76.0 | 76.5 |
| Inactive members | 650 | 684 |

Active Member Profile

Average age of active members in this valuation is 52.5 compared to 52.7 in the 2011 valuation. Since the cost of benefits increases as average age increases, the ageing of active members continues to be a concern.

Going Concern Valuation Results

The actuarial valuation report indicated a deficiency of \$28,729,000 on the going-concern basis. This compares with an excess of \$199,000 as of August 31, 2011.

| | 31/8/2012 | 31/8/2011 |
|---------------------------|----------------|---------------|
| Actuarial value of assets | \$578,797,000 | \$599,454,000 |
| Total Liabilities | \$607,526,000 | \$599,255,000 |
| Surplus/(Deficiency) | (\$28,729,000) | \$199,000 |

Solvency Valuation Results

The solvency valuation showed that if the plan had been wound up on August 31, 2012, it would have had enough assets to provide for 70.5% of the total benefits earned under the GSPP.

The actuarial valuation report indicated a shortfall of \$169,612,000 on the solvency basis. This compares with a shortfall of \$113,410,000 as of August 31, 2011.

| | 31/8/2012 | 31/8/2011 |
|----------------------------|-----------------|-----------------|
| Adjusted solvency assets | \$577,547,000 | \$598,204,000 |
| Total solvency liabilities | \$747,159,000 | \$711,614,000 |
| Deficiency | (\$169,612,000) | (\$113,410,000) |

INVESTMENT PERFORMANCE

The market value of the GSPP assets at December 31, 2012 was \$602.8 million. The investment returns for the total fund and the benchmark returns are as follows:

| | Fund Return | Benchmark |
|----------|-------------|-----------|
| Q4 2012 | 3.4% | 1.6% |
| 1 Year | 13.2% | 9.7% |
| 4 Years | 10.3% | 9.9% |
| 10 Years | 7.5% | 6.7% |

NEW PENSION BOOKLET

Enclosed is an updated General Synod Pension Plan Booklet.

PENSIONS – LEGAL UPDATE

In a recent Ontario Court of Appeal (CA) decision, the court ruled that a member's married spouse precluded his current common-law partner from receiving a pre-retirement death benefit under the Ontario Pension Benefits Act (PBA). Even though the former spouse was living separate and apart from the member at the time of his death, she and her daughters were designated as beneficiaries. The Court of Appeal granted the death benefit to the separated, but still married, spouse and her daughters, as designated beneficiaries.

The Financial Services Commission of Ontario ("FSCO") advises that members or former members who are affected by the court's decision, and who want their common law spouse to be the beneficiary of the pre-retirement death benefits, may file a current beneficiary designation with the plan administrator naming the common law spouse as beneficiary. All members and former members should consider obtaining legal advice for estate planning matters.

PENSION OFFICE STAFF NEWS

Jer Homavazir, Manager Operational Records, retired effective November 1, 2012. She had been on staff for almost 38 years and her work was appreciated by the Pension Committee, the diocesan administrators and the plan members. While we are all very happy for Jer, she will be missed by her colleagues. Rekha Menon joined our staff effective August 2012 to understudy and learn from Jer, and took over the responsibilities effective November 2012.

PENSION OFFICE WEBSITE

The Pension Office website is: www.anglicanpension.ca. The website contains information on Canons, the Regulations, plan documents, various forms and newsletters, and links to Group Retirement Services which members and employers can download.

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 December 31, 2012, the market value of the Endowment Funds totaled \$4,323,869, and the one year returns were 13.9%. As of 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 which are given to the Endowment Funds.

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

CONTINUING EDUCATION PLAN

In October 2012, we were advised by Canada Revenue Agency that the CEP meets the requirements for charitable registration under the Income Tax Act and the designation of a Canadian Registered Charity was granted effective January 1, 2012.

Administrative Policy

- Effective January 1, 2013, the 5% Bonus for Use and the Salary Source grants for 2013 have been suspended. The Unit will review these grants annually. As a result of this change, claims are now being reimbursed at 75%.
- 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 employers. Our administrative policy is that account holders are not permitted to use the funds in their accounts within three months of the date of their retirement or termination. If, after retirement, an employee continues to work in some capacity for a participating diocese/ employer, a claim may be submitted to the Plan if the duration of the employment is no less than three months and at a minimum of 20 hours per week.

When an employee ceases employment, the account will be frozen for a period of six months. In the event of a return to work with a participating diocese/employer within six months, the account will be reactivated at the level it was upon leaving. After six 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.

You may visit CEP Online <http://cep.anglican.ca> for continuing education opportunities.

MANULIFE GROUP BENEFITS

When Spousal Coverage Ceases

If your spouse/partner's benefits coverage ceases and you wish to enroll in the Manulife benefits, please forward the Manulife Group Benefits Application for Change form within 60 days of the date that coverage ceases. If the Application for Change is not submitted within this time frame, Evidence of Insurability will be required, and coverage may be denied by Manulife.

Out-of-Country/ Out-of-Province Coverage for Active Members

Our group policy with Manulife now includes a stability clause for pre-existing conditions, under the Extended Health Care benefit, for travel outside your province of residence. This clause will help you to understand that coverage is available for unexpected medical emergencies related to a diagnosed medical condition if it was considered medically-stable before the departure date.

Medically-stable means that during the 90-day period leading up to departure, you or your eligible dependents must not have:

- Been treated or tested for any new symptoms or conditions;
- Had an increase or worsening of any existing symptoms;
- Changed treatments or medications (other than normal adjustments for ongoing care);
- Been admitted to the hospital for treatment of the condition.

If you have any questions regarding out of Country/out of Province coverage, please contact Manulife at 1-888-968-5555.

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

The Pension Fund Advisors/Mandates as of May 2013 are:

- **Letko,Brosseau:** Canadian/Global Equity Mandate
- **State Street Global Advisors:** Enhanced Long Bonds and Dynamic Currency Hedging Mandate
- **Bentall Kennedy:** Open-end and Close-end Real Estate Mandates
- **Baillie Gifford:** Global Alpha Fund Mandate
- **CGOV:** Canadian & Global Equity Mandate
- **Canso Investment:** Corporate Credit Mandate
- **Asset Consultant:** Mercer Canada
- **Custodian:** State Street Global Services
- **Actuary:** Eckler Ltd.
- **Legal Counsels:**
 - Canadian Benefits Law
 - Koskie Minsky LLP
- **Auditor:** BDO Canada LLP

GLOSSARY OF TERMS

Actuarial Valuation - analyzes 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 - measures the financial position of a pension plan assuming that the plan will continue indefinitely.

Solvency Valuation - measures the financial position of a pension plan as if the plan were to be wound up on the valuation date.

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

MEMBERSHIP OF THE PENSION COMMITTEE – JUNE 2013

EX-OFFICIO MEMBERS:

The Most Rev. Fred Hiltz - The Primate
The Ven. Michael Thompson - General Secretary
Canon Robert Falby - Prolocutor
Ms. Hanna Goschy - Treasurer
Ms. Judy Robinson - Executive Director of Pensions

ELECTED BY 2010 GENERAL SYNOD:

The Rt. Rev. Stephen Andrews - Algoma
The Rt. Rev. David Irving - Saskatoon
The Rev. Perry Cooper - C. Nfld.
The Rev. Canon Alan Perry - Edmonton
Mr. John McBride - Ottawa
Canon Elizabeth Barnes - E. Nfld. & Labrador

TRUSTEES:

Ms. Karen McRae - Toronto
Mr. Bob Boeckner - Toronto
Ms. Louise Greig - 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:

The Ven. Bruce Bryant-Scott - B.C.
The Ven. Ron Harrison - New Westminster
Canon Mike Lowery - Brandon

OBSERVERS:

Mr. Peter Flemming - Nova Scotia & PEI
Ms. Priscilla Healy - Toronto
Mr. David Kidd - Toronto
Mr. George Mayo - Toronto
Mr. Michael Attwood - Toronto
Ms. Jane Mesich - Algoma
Ms. Sharon Chandler - Toronto

PENSION OFFICE STAFF

| | |
|--|-----------------|
| Robinson, Judy Executive Director | Ext. 201 |
| Davidson, Margaret Manager, Pension & Benefits | Ext. 202 |
| Francis, Iyona Office & Benefits Administrator | Ext. 203 |
| Edgar, Kathy Manager, Finance & Systems | Ext. 206 |
| Menon, Rekha Records Management Officer | Ext. 207 |
| Stricker, Lynda Pension & Benefits Administrator | Ext. 208 |
| Hinchcliffe, Evelyn Pension & Benefits Administrator | Ext. 209 |
| Honoridez, Emily Fe Accounting Officer | Ext. 214 |
| Dafnos, Nancy CEP Administrator | Ext. 216 |
| Bandola, Zenaida Senior Accountant | Ext. 218 |

E-mail: first initial last name @anglicanpension.ca

If you have any questions about the plan's funded status or the solvency relief provisions, please contact the Pension Office.

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General Synod Pension Plan Registration #0345777