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# *Pension Office Newsletter*

*December 2020*

*The Anglican Church of Canada*

*Number 23*

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## **GENERAL SYNOD PENSION PLAN**

*Registration #0345777*

### **CURRENT SCENARIO**

After very strong market performance in 2019 and in January 2020, significant declines occurred in February and March due to the emergence of the COVID-19 crisis. Despite the mid-year rebound in the markets, the lasting economic effects of the pandemic remain unclear. As such, we expect volatility to continue in the near term. Although it can be worrying to watch markets fluctuate, it is important to keep in mind that the General Synod Pension Plan (GSPP) had very strong returns in the decade 2009-2019 and markets were hitting all-time highs in early 2020. At times like this, it is important to take a step back and keep things in perspective. As of December 31, 2019, the plan was 130% funded, and is projected to remain fully funded when current market fluctuations are taken into account, and as a result, the Pension Committee and Trustees are considering benefit improvements.

In addition to ensuring our business processes continue to run smoothly (the Pension Office is available to answer your questions while working remotely and there is no interruption to pension and benefit payments), we are actively monitoring the global markets and our own portfolio.

Our investment managers are talking to us regularly, staying on top of the evolving situation and helping us determine how to act

and react accordingly. The Trustees and the Asset Mix Committee continue to monitor the situation on a regular basis. Remember that the amount of your GSPP pension is based on a formula and is not affected by short-term fluctuations in investment markets.

### **SPECIFIED ONTARIO MULTI-EMPLOYER PENSION PLAN**

Following many years of lobbying the Ontario Government, we have finally been able to be classified appropriately, consistent with other similar plans. This means that, in accordance with Section 6.0.3 of Regulation 909 of the Pension Benefits Act in Ontario, the Trustees were able to declare the plan to be a specified Ontario multi-employer pension plan (SOMEPP), effective January 1, 2020. As a SOMEPP, the plan no longer requires a special exemption from solvency funding requirements, and the plan is funded on a going concern basis. In the unlikely event that the plan wound up and there was a shortage of assets needed to pay the benefits owed to members, benefits may be reduced. While we wait for new permanent funding rules applicable to SOMEPPs, any previously required solvency payments are technically deferred until 2024. A formal actuarial valuation was conducted as of January 1, 2020, with SOMEPP funding rules applied.

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

## ACTUARIAL VALUATION

Eckler Ltd., the actuarial consultants have filed the valuation report with Financial Services Regulatory Authority of Ontario.

The following table shows the valuation results at January 1, 2020 as well as the results from the last filed valuation in 2017:

	31-Dec-17 (thousands)	1-Jan-20 (thousands)
Annual rate of return (net of expenses)	12.0%	15.5%
Going concern excess / (deficiency)	\$156,185	\$221,024
Going concern funded ratio	123.6%	132.9%
Solvency excess / (deficiency)	\$(121,034)	\$(48,163)
Wind-up excess / (deficiency)	\$(40,330)	\$(22,781)
Transfer ratio	95.8 %	97.7%

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

## EXPANSION

The GSPP has been approached by different employers about the possibility of participating in the plan. The GSPP offers employers and their employees a valuable Defined Benefit (DB) pension plan design that's simple, secure, stable and sustainable. There are a number of options available to these employers and the Trustees and Pension Committee have amended Canon VIII to provide the ability to consider allowing employers outside the Anglican community to participate in the GSPP. We are currently working towards transitioning Participating Employers of the Lay Retirement Plan to the GSPP.

## INVESTMENT PERFORMANCE

As of September 30, 2020, the market value of GSPP assets was \$ 970.89 million.

The investment returns for the total fund and the benchmark returns for years ending September 30, 2020 are shown below. "Benchmarks" are established measurements used in the investment industry to evaluate performance.

To Sept 2020	Fund Return	Benchmark
1 Year	10.3%	8.6%
4 Years	8.7%	7.9 %
10 Years	10.1%	8.9%

Although the markets faltered in the first quarter of 2020, most of the associated losses in the pension plan were recovered within the first two months of the second quarter.

As of September 30, 2020, the assets are more than they were at December 31, 2019.

## ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

The Trustees of the Pension Fund have a fiduciary duty to make decisions in the best interests of the plan's beneficiaries. This includes investing in opportunities that can obtain the highest return for the Fund, subject to acceptable levels of risk.

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.

The Trustees continue to follow recent developments and decisions in both the corporate and Church worlds with regards to environmental, social and governance (ESG) issues. In recent years in particular, increased attention has been focused on considering ESG issues in the management of our Pension Plan investments.

## NON - PENSION FUNDS

The assets of the Long Term Disability Plan, Self Insured Death Benefit Plan, Endowment Plan and Continuing Education Plan originally held by Letko Brosseau from January 31, 2007 to March 10, 2020 were transferred to Philips, Hager & North (PH&N - RBC Global Asset Management Inc) on March 11, 2020.

Market Value of Investments - September 30, 2020 (PH&N - RBC Global Asset Management Inc) are:

The Anglican Church of Canada	Market Value (\$)
Long Term Disability Plan	1,878,205
Self Insured Death Benefit Plan	4,227,702
Endowment Plan	6,008,956
Continuing Education Plan	6,191,627

## MANULIFE

### GROUP BENEFITS

Manulife has introduced a new product, Manulife Vitality, which promotes healthy living. This can be accessed at "Go to Manulife Vitality" tab on your plan member site or "What's New" tab on the Pension Office website.

If you are not registered for the plan member website, it is easy to do so:

1. Go to [www.manulife.ca/signin](http://www.manulife.ca/signin) and select Register now.
2. Enter your information as prompted and select Submit.

As you know, the Anglican Church of Canada moved to a new claims and administration platform at Manulife, effective May 1, 2018.

The Pension Office is now responsible for maintaining and updating all records of member address, dependant information, and coordination of benefits information for the new claims platform. Therefore, we ask that you notify the Pension Office either directly or through your employer of any changes as they occur.

## CONTINUING EDUCATION PLAN

### Administrative Policy

- At the 2020 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, 2020 and that the Bonus for Use be continued at 5% for 2021. 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.
- An employee is not permitted to use the funds in his/her account within the three months prior to the date of retirement or termination.

- Replacements of identical types of computer hardware i.e. desktops, laptops, tablets, ipads, smart phones etc. are permitted only after 3 years from the date of purchase of initial product.
- 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 STAFF NEWS**

In July 2019, Iyona Tumiaty, left the position of CEP and Benefits Administrator. Nikeeta Mistry joined our staff effective July 2019 and took over the responsibilities of that position effective August 2019. All Pension Office staff rallied to make this transition as seamless as possible.

## **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

Canada Life's (previously Great West Life) 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 September 30, 2020, the market value of the Endowment Funds totaled \$6,008,956.

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.

## **SAVINGS PLANS**

Through the record-keeper of the Lay Retirement Plan (LRP), Group Retirement Services of Canada 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.

## PENSION FUND ADVISORS

The Pension Fund Advisors/Mandates as of September 2020 are:

- **Letko Brosseau:** Canadian & Global Equity
- **Philips Hager & North:** Enhanced Long Bonds
- **Robeco:** Low Volatile Equity
- **Macquarie:** Infrastructure
- **Neuberger Berman:** Private Debt
- **CIBC Asset Management:** Currency Hedging
- **TD Greystone:** Real Estate
- **Bentall GreenOak:** Real Estate
- **Baillie Gifford:** Global Equity
- **Fiera 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 Regulatory Authority 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 – SEPT. 2020**

**EX-OFFICIO MEMBERS:**

The Most Rev. Linda Nicholls - Primate  
The Ven. Alan Perry - General Secretary  
Ms. Hanna Goschy - Treasurer  
Rev. Dr. Karen Egan - Prolocutor  
Ms. Judy Robinson - Director of Pensions

**ELECTED BY 2019 GENERAL SYNOD:**

The Rt. Rev. Mary Irwin-Gibson - Montreal  
The Rt. Rev. Geoffrey Woodcroft - Rupert's  
Land  
The Ven. David Selzer - Ottawa  
Mr. Robert Dickson - New Westminster  
Mrs. Joyce Badley - Toronto

**TRUSTEES:**

Ms. Josephine Marks - Toronto  
Mr. Bob Boeckner - Toronto  
Mr. Jordan N. Fremont - Toronto  
Ms. Sheryl Kennedy - Toronto  
Mr. Stephen Koning - B.C.  
The Rt. Rev. Philip Poole - Toronto  
Mr. David Stovel - Toronto  
The Rt. Rev. William Cliff - Brandon  
Mr. Simon Segall - Toronto

**APPOINTED BY THE PENSION COMMITTEE:**

The Ven. Samuel Rose (Bishop-Elect\*) - E. Nfld  
& Labrador  
The Rt. Rev. Todd Townshend - Huron  
Mr. Michael Attwood - Toronto  
The Very Rev. Peter Elliott - New Westminster  
The Ven. Travis Enright - Edmonton

**OBSERVERS:**

Ms. Jane Mesich - Algoma  
Ms. Sharon Chandler - Toronto  
Ms. Sharon White - Niagara  
Mr. Glen Greencorn - Nova Scotia  
Ms. Anne Layton - Toronto

\* November 28, 2020

**PENSION OFFICE STAFF**

<b>Robinson, Judy</b> Executive Director	<b>Ext. 201</b>
<b>Davidson, Margaret</b> Manager, Pension & Benefits	<b>Ext. 202</b>
<b>Bernard, Sonia</b> Office Administrator	<b>Ext. 203</b>
<b>Edgar, Kathy</b> Manager, Finance & Systems	<b>Ext. 206</b>
<b>Menon, Rekha</b> Governance & Compliance Officer	<b>Ext. 207</b>
<b>Stricker, Lynda</b> Pension & Benefits Administrator	<b>Ext. 208</b>
<b>Mistry, Nikeeta</b> Benefits & CEP Administrator	<b>Ext. 210</b>
<b>Honoridez, Emily Fe</b> Accounting Officer	<b>Ext. 214</b>
<b>Villaverde, Jomarie</b> Staff Accountant	<b>Ext. 218</b>
<b>Ng, Yvonne</b> Pension & Benefits Administrator	<b>Ext. 219</b>

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