

Pension Office Newsletter

June 2018

The Anglican Church of Canada

Number 21

GENERAL SYNOD PENSION PLAN

Registration #0345777

SOLVENCY FUNDING UPDATE

The Pension Committee and the Board of Trustees would like to extend a big thank you to all of you who returned your funding relief voter cards or voted online. Our membership voted overwhelmingly to grant consent in favour of funding relief and the Ontario government has now granted its approval. The table below shows how many of our members returned their voter cards/voted online and how they voted:

Group	Percentage of Members	
	Who voted	Who voted "yes"
Active	74.4%	73.4%
Retired	78.9%	78.8%
Inactive	41.1%	40.6%

Thanks to the strong support from our members, the Ontario government has passed a Regulation that exempts the plan from having to make special payments to cover its solvency shortfall until we have the results of the December 31, 2020 valuation.

Any shortfall it still faces when the exemption period ends, will need to be addressed after December 31, 2020, unless a permanent solution is in place by that time.

This solvency funding relief does not affect the amount of pension you have already earned, or the pensions paid to our current retirees.

As of December 31, 2017, the General Synod Pension Plan's (GSPP) "going concern" funding level was estimated at 123.5% and its "transfer ratio" was estimated at 96.3%.

As we have reported in previous newsletters, the Board of Trustees, the Actuary and the Central Advisory Group are continuing to seek a permanent solution to the GSPP's solvency funding status and are pursuing all avenues to ensure the long-term safety and security of your pension benefits.

Regular updates will be posted on our website www.anglicanpension.ca

ACTUARIAL VALUATION

Eckler Ltd., the actuarial consultants have completed and filed the 2016 Actuarial Valuation. The following table shows the valuation results:

	31-Dec-16 (thousands)	31-Dec-15 (thousands)
Annual rate of return (net of expenses)	9.4%	7.62%
Going concern excess / (deficiency)	\$ 98,758	\$ 49,439
Going concern funded ratio	115.0%	107.6%
Solvency excess / (deficiency)	\$ (188,615)	\$ (241,316)
Wind-up excess / (deficiency)	\$ (102,367)	\$ (144,108)
Transfer ratio	89.0%	84.5%

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

INVESTMENT PERFORMANCE

As of December 31, 2017, the market value of GSPP assets was \$887.8 million.

The investment returns for the total fund and the benchmark returns for years ending December 31, 2017 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.

To Dec 2017	Fund Return	Benchmark
1 Year	12.7%	10.2%
4 Years	10.7%	9.6%
10 Years	7.9%	6.9%

Last year was a good year for pension plans in Canada — ours included. Investment returns were much better than expected.

ENVIRONMENTAL, SOCIAL & GOVERNANCE (ESG)

Trustees play a pivotal role in the decision-making process on the strategic direction of the pension fund. Trustee involvement in responsible investment is relatively new, particularly because of a historical focus on direct returns to meet beneficiary needs, fiduciary duty concerns and limited resources. But over the last few years, the Trustees have shown an increased appetite for incorporating environmental, social and governance (ESG) issues into decision-making processes, primarily because of the long-term benefits for beneficiaries. Over the past year, the Trustees have undertaken several projects for the purpose of monitoring and engaging with the Plan’s investment managers with respect to ESG issues, in the belief that responsible

corporate behaviour is related to good long-term corporate performance. A questionnaire was developed to go to each of our investment managers to obtain information about their practices regarding ESG considerations. The report, summarizing their responses was reviewed by the Trustees and the Trustees are taking steps to ensure that the investment managers give importance to ESG factors, in their decision making process.

The General Synod Pension Plan has recently invested in the Baillie Gifford Positive Change Fund where the focus is on the dual objectives of delivering attractive long term returns and a positive change by contributing toward a more sustainable and inclusive world. The fund has four broad impact themes - social inclusion and education, environment and resource needs, healthcare and quality of life, and addressing the needs of people at the bottom of the global income ladder.

According to Section 4.2 of the GSPP Statement of Investment Policies and procedures, the Board of Trustees, in fulfilling its legal and fiduciary obligations, shall undertake, at all times, to make decisions based on the best interests of the plan beneficiaries. The Board of Trustees believes in responsible investing, an approach to investing that aims to incorporate environmental, social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable long-term returns which should result in long-term benefits to the Fund and Plan beneficiaries. This language aligns with the UNPRI’s (United Nations Principles for Responsible Investment) definition of Responsible Investment.

The Trustees continue to monitor recent developments and decisions in both the Corporate and Church worlds with regards to ESG issues.

BENEFIT PLAN CHANGES

The following plan changes are effective January 1, 2019.

Long Term Disability Plan: The Council of General Synod approved the recommendation of the Pension Committee to amend Regulations A.5, C.3 and the Benefit Schedule of LTD Regulations effective January 1, 2019, to increase the benefit level to 66 2/3 % for the 1st 18 months, after the 119 day waiting period.

Continuing Education Plan: The Council of General Synod approved the recommendation of the Pension Committee to a 3 year plan to double the CEP contribution to \$900 per year as follows:

- \$600 (effective January 1, 2019)
- \$750 (effective January 1, 2020)
- \$900 (effective January 1, 2021)

MANULIFE EMPLOYEE BENEFIT PLANS

The Pension Office is pleased to announce that the benefits plan of the Anglican Church of Canada moved to a new claims and administration platform at Manulife, effective May 1, 2018. The new platform:

- supports improvements to member services;
- improves the timely payment and accuracy of claims that are submitted online; and
- employs technology that will allow the platform to grow and evolve.

If you have already registered on the Manulife plan member site, there is no need to re-register. To sign in to the site simply enter the new policy number 5640 and use your current member certificate number and password.

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

1. Go to www.manulife.ca/signin and select Register now.
2. Enter your information as prompted and select Submit.

Your claims history, as well as practitioner information on file from past claims, are available under the new policy number. However, for security reasons, Manulife has not moved your banking information for direct deposit of claims payments. Please take the time to visit the plan member site to enter your banking information, if you have not already done it. You can also update your banking information on a health claim form.

The plan member site also provides access to coverage details, lets you file new claims, print forms and replacement benefits cards, and send email inquiries securely to Manulife's customer service team.

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 2017 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, 2018 and that the Bonus for Use be continued at 5% for 2018. 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

For continuing education opportunities you may visit CEP Online:

<http://cep.anglican.ca>

PENSION OFFICE STAFF NEWS

Evelyn Hinchcliffe, Pension & Benefits Administrator, retired effective October 1, 2017. She had been on staff for over 17 years and her work was appreciated by the Pension Committee, the diocesan

administrators and the plan members. While we are all very happy for Evelyn, she will be missed by her colleagues. Yvonne Ng joined our staff effective August 2017 to understudy and learn from Evelyn, and took over the responsibilities effective October 2017.

PENSION OFFICE WEBSITE

The Pension Office website is:
www.anglicanpension.ca

The website contains information on Canons, Regulations, plan documents, various forms, newsletters, financial statements, and links to Great West Life's 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 December 31, 2017, the market value of the Endowment Funds totaled \$ 6,547,054, and the one year returns were 10.5 %. 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.

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

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 June 2018 are:

- **Letko Brosseau:** Canadian & Global Equity
- **Philips Hager & North:** Enhanced Long Bonds
- **Macquarie:** Infrastructure
- **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 2018**

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 & Labrador
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
Ms. Anne Layton - Toronto

PENSION OFFICE STAFF

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