

May 2007

**ACTUARIAL REPORT TO THE
PENSION BOARD ON THE PENSION PLAN OF
THE PRESBYTERIAN CHURCH IN CANADA
AS AT DECEMBER 31, 2006**

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Section 1. **INTRODUCTION**

We were instructed to perform a valuation of the Pension Plan of the Presbyterian Church in Canada (the "Plan") as of December 31, 2006 in accordance with Section 17.3 of the Constitution governing the Plan and in accordance with the requirements of the Pension Benefits Act of Ontario.

Our previous valuation was completed as of December 31, 2005. This report outlines the movements of the Plan's financial position since this previous valuation

The purposes of this report are:

- to review the financial position of the Plan as of December 31, 2006; and
- to assess whether the contributions to the Plan, at the rates specified in the Constitution, are sufficient to meet the cost of benefits provided in the Constitution.
- to provide the actuarial certifications required by Regulations under the Pension Benefits Act (Ontario) and the Income Tax Act (Canada).

VALUATIONS INCLUDED IN THIS REPORT

In this report, we describe the results of three different valuations of the Plan:

- A "going-concern valuation", which is the same as valuations that have been made on a regular basis in the past. In this type of valuation, it is implicitly assumed that the Plan will be continued indefinitely. The going-concern valuation is used to estimate the long-term cost of the Plan.



- a “wind-up valuation”, which is intended to reflect the status of the Plan as if it had been wound up on the valuation date and the Plan members had been provided with the benefits specified by the Plan and the Pension Benefits Act (Ontario). The purpose of this valuation is to show the degree of benefit security provided to the Plan members from the present assets of the fund. The wind-up valuation is not used to determine the required contributions to the Plan.
- A "solvency valuation", which is required by the Regulations under the Pension Benefits Act (Ontario). It is similar to a wind-up valuation, except that certain adjustments may be made to the assets and liabilities. The solvency valuation does affect the required contributions to the Plan. If the solvency valuation reveals that there is a "solvency deficiency" (as defined in the Regulations), then additional contributions must be made to the Plan.

SUBSEQUENT EVENTS

With the exception of the increase to pensions in payment and to the accrued pensions for paid-up members that will take effect January 1, 2008, we are not aware of any events that occurred between the valuation date and the date this report was completed that would impact the results of this valuation. The impact of the January 1, 2008 increase is included in the figures in this report.

