

Window

on your Pension & Benefits

A newsletter for active members of the pension and benefits plans

Spring 2009

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Weathering the storm

Impact of the global economic crisis on our pension plan



The past year has been extremely difficult for pension plans in Canada. Record losses in the stock market, a global economic meltdown, and rock-bottom interest rates have challenged even the best-run plans. In fact, 2008 is the worst year on record for Canadian pension plans.

We know some of you are concerned about the impact of these economic events on your Church pension, and it's only natural if you have questions about the safety of your retirement benefits. Here are some important things to keep in mind:

- The amount of pension you will receive when you retire is based on a formula that is tied to your age, income and service – and is not directly linked to investment returns.
- Any pension you have already earned is guaranteed.
- Pension plans like ours are designed to operate over a very long time horizon. While short-term investment returns can have an impact on our plan's immediate financial health, the object is to meet the plan's investment goals over the long term (see next page for details). And, if history is any indicator, markets will eventually recover (and then some).

2008 investment results

Our pension fund is invested conservatively and we have avoided high-risk investments such as sub-prime mortgages and asset-backed commercial paper. That said, we were not able to sidestep the full impact of the market decline. Most of the world's stock markets fell by 30% or more in 2008, dragging our fund with them. As a result, we finished the year with an investment return of -11.7%. While this loss is significant, we fared better than most other pension plans in Canada, which had average returns of -16% to -18%.

We were able to avoid the big losses suffered by other plans due largely to our prudent investment strategy, which shielded us from the worst of the market misery. This strategy is set out in the plan's formal *Statement of Investment Policies and Procedures*, which was developed and implemented by the Trustee Board with the help of professional pension asset consultants.

The goal of the plan is to provide members with retirement income at an acceptable cost to the Church and the goal of the pension fund is to achieve the best possible long-term returns within an acceptable level of risk. To this end, the Board employs professional money management firms to help implement its investment policy. It also monitors the performance of those money managers on a quarterly basis. If a money manager is not adding sufficient value, the Board goes through a formal process to replace that manager.

For the five-year period ending December 31, 2008, our plan had an average rate of return of 2.9%. This is below the 6% rate of return needed to keep the plan on solid financial footing over the long term.

Investment returns

2004	2005	2006	2007	2008	5-year average
8.8%	10.4%	11.3%	-2.1%	-11.7%	2.9%



Impact of investment results on plan finances

As a defined benefit pension plan, the Church's plan "promises" to pay you a retirement income based on a formula that takes into account your earnings history and service. Keeping that promise rests on our ability to strike a balance – over the long term – between assets and liabilities.

- Assets equal the current value of the contributions that have been collected and invested to pay pensions.
- Liabilities equal the total value of the pensions that have been earned to date and that must be paid from the plan at some point in the future.

The key measure of the plan's financial position is its funded status, which looks at the balance between a plan's assets and its liabilities. When assets equal or exceed liabilities, a plan is fully funded. When liabilities exceed assets, the plan is said to have a funding shortfall (in other words, there may not be enough money to meet *all* of the plan's future benefit obligations). Maintaining a balance between assets and liabilities is a complex process that requires a high level of expertise, which is why the Board employs actuaries and other professionals to help manage the plan.

Investment returns and funded status are closely intertwined. So it's no surprise that the market melt-down of 2008 had a major impact on the financial status of pension plans across the country. Fortunately, going into 2008, our plan was in the enviable position of being "fully funded" on a long-term basis. In fact, preliminary estimates from our actuaries indicate that, even at the end of 2008, the plan still had a small surplus (despite our negative investment returns).

However, even though it is highly unlikely our plan will ever end, in addition to looking at the long-term (or "going-concern" funded status), the government also requires that the actuary prepare a "solvency valuation." The purpose of the solvency valuation is to see if the plan would have enough money on hand to pay out the full value of the total pensions earned by all members (active and retired) on a specific date. On a solvency basis, early estimates from our actuary indicate that our plan might have a funding shortfall, due largely to the drop in the fund's asset value.

The next formal actuarial valuation of the pension plan is not due until December 31, 2009. However, the Board has asked our actuary to conduct a preliminary valuation to get a better sense of the funding shortfall and the potential impact on contributions.

What this means for you

For the time being, the only members affected by last year's investment returns are those who receive a refund of their contributions with interest (for example, members who leave the plan before completing two years of service.) In this case, an interest rate of -12.4% (-11.7 adjusted for expenses) will apply for 2008.

However, depending on the results reported by the actuaries, there is a possibility that we will have to increase our contributions to address the shortfall, in which case, all of us will be affected.

Although our plan faces challenges ahead, you can take some comfort in the fact that many other plans are facing similar challenges. We've managed through tough times in the past, and we'll do it again. The Board has a strong governance structure and a very solid administrative and professional team providing expert guidance.

Remember, defined benefit plans like ours are designed to operate over a very long time horizon. The goal is to make sure that we have a pension plan that remains sustainable and available for all plan members for generations to come.

Understanding osteopathy

Our Extended Health Care coverage includes the services of health practitioners, including osteopaths. However to be eligible under our plan, practitioners must be licensed, registered or certified by a government-recognized regulatory body. It is important for plan members to understand that coverage for osteopathic treatment depends partly on the designation of the practitioner, which currently, is mainly an Ontario-based issue.

Osteopaths in Ontario:

Practitioners in Ontario generally have one of the following two designations:

- **Doctor of Osteopathy (DO).** DOs are doctors (MDs) who have additional qualifications in osteopathy. They are regulated and certified by the College of Physicians and Surgeons in Ontario. Claims made for the services of these practitioners are eligible under our plan.
- **Diploma in Osteopathic Manual Practice (DOMP).** DOMPs are not members of any regulatory agency recognized by the government. Therefore claims made for the services of these practitioners are not eligible under our plan.

What should you do?

As alternative treatments become more popular, it's important for our members to become informed consumers. To ensure that you receive treatment from properly qualified and regulated professionals, take the time to enquire about the qualifications and treatment of any practitioner you consider before undergoing treatment.

New from Sun Life

Access your new printable “coverage card” online!

For easy reference to your Health and Dental member ID and contact information, just print and carry this handy coverage card from the Plan Member Services website. It includes:

- Your eligible medical, dental, drug, travel and vision coverage
- Your contract and member ID number
- Your online access ID number
- Your travel card with emergency contact numbers

How does it help you?




- Provides easily accessible information for filling in claim forms
- Foldable and fits into your wallet like any other card for quick reference
- Contains convenient contact information for further inquiries on your coverage or claims
- Obtain additional copies whenever you need to ... just sign in, select and print.

To access the coverage card:

Just sign in to the Plan Member Services website (www.sunlife.ca/member) and select my coverage card from my coverage web page.

If you are not registered for online services, simply go to www.sunlife.ca/member and select register now to get access.

SAMPLE CARD

Member:		
Member ID #	Access ID #	
Medical / Dental / Drug / Travel / Vision Coverage		
Contract #	Contract #	
050380 Medical / Dental	050380 Vision	
050380 Drug		
050380 Travel		
Printed January 29, 2009		
This card is valid only while the benefits are in effect.		
For specific information about your coverage and claims or to complete transactions online, sign in at www.sunlife.ca/member		
For information or help not available online, contact our toll-free Customer Care Centre at 1 800 361-6212. You can use your access id and password in our automated phone system for faster service.		
To review our privacy policy visit our website: www.sunlife.ca/privacy		
Travel Card		
Card is non-transferable. Not valid if group benefits have terminated.		
In an emergency, contact Europ Assistance immediately. (This is a requirement of your plan.) Physicians and hospitals can call to confirm benefits and arrange direct payment. Europ Assistance's call centre is open 24 hours a day.		
In the USA and Canada, call: 1 800 511-4610 In Mexico, call: 001 800 368-7878 Elsewhere, call collect: * 202 296-7493 Fax: * 202 331-1528 Toll-free dialing is not available in Cuba. Use international operator. E-mail: ops@europassistance-usa.com * Add the long distance code to contact the USA.		
		

PCC Sick Leave Policy . . .

for Professional Church Workers

While injury or illness is not something we plan for during our career, we do know that a sick leave and recovery plan is important to see us through our illness. Understanding the terms, timelines and provisions of your sick leave plan will help you, your family and your congregation should you become ill.

If you are unable to work because of injury or illness, you *and* your congregation are guided by the PCC Sick Leave Policy for Professional Church Workers. The terms and timelines of the policy are designed to co-ordinate with coverage under the federal Employment Insurance benefits and coverage under the Church's Long Term Disability benefits. The Sick Leave policy is documented in the 1982 Acts and Proceedings, page 384 and 1986 Acts and Proceedings pages 390-91.

Important timelines

The PCC Sick Leave Policy is made up of 3 distinct periods of time; the first 3 months, the middle 4 months and the end of the seventh month which may lead to long term disability benefits.

Thankfully, in the majority of cases, those who are ill, recover and return to work well within the first time period or within the first 3 months. In almost all cases where surgery was required, the professional church worker was able to return to work with either a modified work schedule or with full recovery.

Months 1-3

For the first 3 months that you are unable to work, you will continue to receive regular stipend, housing and utility allowances. Regular payroll deductions will continue as well as deductions for your pension and group life insurance.

Our Sun Life policy requires that you must be under doctor's care and following appropriate treatment since the onset of your injury or illness. Of course, the extended health and dental plan is available to you for any claims you may have during this time.

Months 4-7

Starting on the fourth month, until the end of the seventh month, stipend payments will cease, however, you will continue to receive manse or housing allowance and utilities. To make up the stipend portion of your income, you will apply for



Employment Insurance (EI) Sick benefits. EI benefits are paid for a maximum of 17 weeks and the timing coincides with the end of the seventh month.

As during the first 3 months, your congregation will continue to pay the premiums for your extended health and dental coverage. Although you are not receiving stipend, you will continue to earn pensionable service without making pension contributions and your group insurance premiums will be waived while you are applying for long term disability benefits – rest assured, you and your family are fully protected.

It is during this second period of time that you should consider preparing a claim for long term disability benefits, especially if it becomes clear that your injury or illness will continue to prevent you from returning to work before the end of the seventh month. You will need to make an application for LTD benefits sometime during the fourth or fifth and *no later* than the end of 7 months or 210 days of disability.

Please contact the Pension and Benefits office; we will notify our benefits provider that you are making a claim, provide you with the application forms and guide you through the application process.

Sick Leave Policy Summary

	Months 1 to 3 (90 days)	Months 4 to 7 (119 days)	Month 8 (day 210)
Stipend	✓		
Housing allowance/manse	✓	✓	
Utilities	✓	✓	
Employment Insurance (EI)		✓	
Long Term Disability benefits			✓

Long Term Disability

Long Term Disability coverage provides you with compensation if you are totally disabled.

You qualify for this benefit if you can provide proof that you became totally disabled while under our plan coverage *and* you have been following appropriate medical treatment since its onset.

Total disability means that you are continuously unable to do the essential duties of your *own occupation* because of injury or illness since your last day of work and during the “elimination period” of 210 days. If approved, you will be considered totally disabled for the following 24 months.

Afterwards, you will be considered totally disabled if you are prevented from earning at least 75% of your earnings due to injury or illness of *any* occupation of which you are reasonably suited by education or training.

Qualification for Benefits

At the end of the elimination period or 210 days, you are eligible to claim LTD benefits. Our LTD benefit is insured by the Sun Life Assurance Company and is governed by an LTD contract. Standard disability assessment practices dictate how Sun Life will handle the claim.

MYTH BUSTERS

The information that you and your physician(s) provide on the application forms is strictly confidential, which is why you are asked to forward the completed forms directly to the disability claims office at Sun Life. Your application and supporting medical documents should contain as much information as possible to substantiate your claim, in order that the disability claims team can make a timely and favourable decision. You should be aware that there may be a delay in approving the claim or even a decline of the claim, if the application or medical documentation is incomplete or unsupportive in confirming 'total disability' as defined by the contract.

Decision Process

The disability claims manager and team assigned to your case will consider a number of different factors when assessing your information. For example, they will look at your medical information, the tasks you are required to do at work, and how your illness would affect your ability to do those tasks. If additional information is needed, a disability specialist may conduct a phone interview with you or even arrange for a home visit. In some cases, or, if additional information is needed, there may be a request for an independent medical exam or a separate evaluation of your functional abilities.

The decision process takes about six to eight weeks, however, if you have any questions during the decision process, you may contact your Sun Life disability claims manager directly to discuss your case.

For More Information

A clear understanding of the timelines and provisions of the PCC Sick Leave Policy is essential to assisting you and your congregation should you become ill and unable to work. If you would like more information on the benefits plans, please contact the Pension and Benefits office.

Myth:

All long term disability claims are initially declined by the insurance company.

Myth Buster:

In the last 5 years, of the 17 LTD claims made to Sun Life, all but 5 claims were approved for LTD benefits without an appeal. Of the 5 claims declined, 3 claimants appealed the decision and 2 claimants were able to return to work.

Myth:

A member could jeopardize their receiving LTD benefits if they resign their position due to illness before the end of the seventh month or 'elimination period'.

Myth Buster:

Claims made within 60 days after total disability begins or within 30 days that the LTD benefit coverage ends will be considered for LTD benefit payments.

What does that mean?

There are two terms common to all Extended Health Care plans that may determine how a claim is paid:

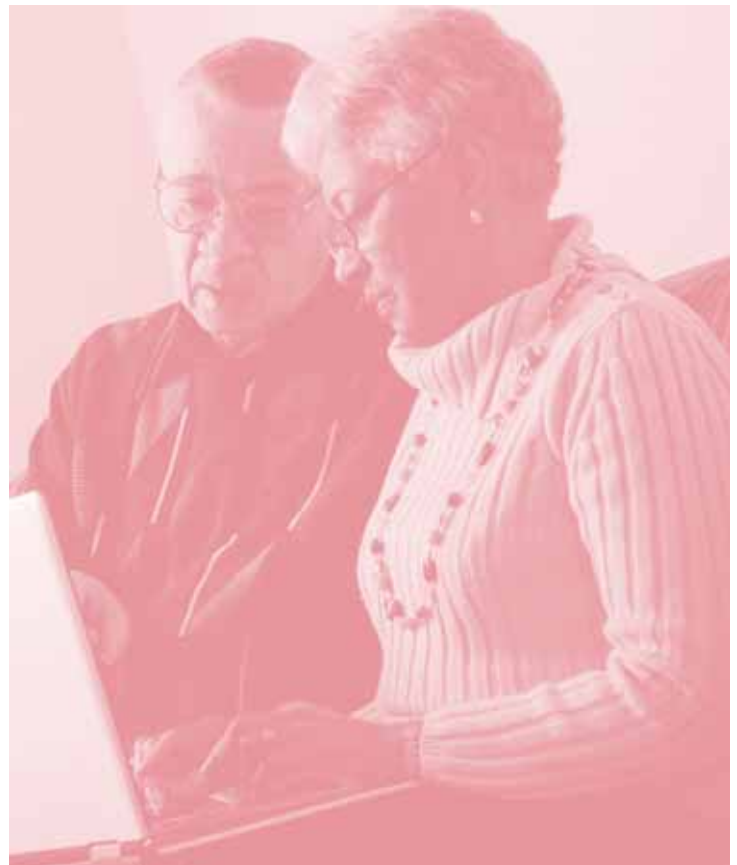
1. Medically necessary

Our Extended Health Care coverage pays for eligible services or supplies that are medically necessary for the treatment of an illness. This is defined as coverage for services or supplies that are generally recognized by the Canadian medical profession as *effective, appropriate and required* in the treatment of an illness in accordance with Canadian medical standards.

2. Reasonable and customary or Usual and customary

Sun Life will consider rates typically charged by providers in the regional area where the expense is incurred regardless of how much the patient was charged or where the work was done.

For example, Sun Life uses the current year dental fee guide for the province where the member lives to pay a dental claim. Similarly, for paramedical services, Sun Life may limit a claim, for example, for massage therapy to less than what the member was charged for a one hour session based on the reasonable and customary fee for a one hour session in that province. It's always best to check with Sun Life before receiving treatment to know if your service provider charges within the provincial fee schedules.



About this newsletter

This bulletin provides summary information about the Presbyterian Church in Canada pension and benefits plans. It is not intended to be complete or comprehensive, or to provide legal or medical advice. If there are any discrepancies between this bulletin and the wording in the legal documents that govern the plans, the legal documents will apply in all cases.

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