

Contact

a newsletter for retirees of The Presbyterian Church in Canada

Inside this edition

- Pension plan financial status
- General Assembly Report
- Sun Life processing time improved
- Sun Life Online
- Vision care – eye exam coverage increased
- Keep in Touch
- In memory of ... we remember those we lost in 2010 – 2011

Pension Plan Financial Status

Like most pension plans in Canada (and around the world), the Presbyterian Church in Canada Pension Plan is still recovering from the 2008 market downturn. The report received from the actuary on the estimated financial status of the Pension Fund as at December 31, 2010 indicates a solvency deficiency. A solvency deficiency means that if the Plan was terminated on December 31, 2010, there would not be sufficient assets to provide an immediate lump sum payout to all benefits earned up to this date.

The solvency deficiency is partly due to the fact that when we measure the financial health of the Plan, we spread the fund's investment gains and losses over several years instead of recognizing them fully in the year they occur. This is a common approach, which aims to reduce large swings in required contributions, but it means that the Plan is still recognizing losses from 2008 and has yet to realize all of the gains from 2009 and 2010.

It also has to do with the fact that pension costs have continued to rise. Pensions are paid from the pension fund, which is made up of member contributions, Congregational Assessments, the contributions made by employers, and the income generated by those contributions.

Contribution levels are based on the expectation that the Plan will achieve a target rate of return of investments over the long term (6.0% per year). However, the average annual investment return of the PCC Pension Fund has fallen short of this goal as has annual returns on many other pension funds.

Pension Plans are Expensive!

If you were age 65 today, you would need to have roughly \$170,000 in savings to buy a \$1,000-a-month pension from an insurance company.

Contact information

Pension and Benefits Office
The Presbyterian
Church in Canada
50 Wynford Drive
Toronto, Ontario M3C 1J7
416-441-1111 or 1-800-619-7301

www.presbyterian.ca
- follow the 'Quicklinks' button
for Pension and Benefits
pension@presbyterian.ca



Investment returns

2006	2007	2008	2009	2010	5-year average (compounded)
11.3%	-2.1%	-11.7%	15%	9.3%	4.0%



July 2011

No Increases in Pensions for 2012

The report received from the actuary on the financial status of the pension plan at December 31, 2010, indicated that the board was not able to grant a cost of living increase for 2012.

Interest rates have a big impact on solvency results because when interest rates are low (and interest rates have been hovering at record lows for a few years), a bigger dollar amount results when calculating the pension fund liabilities. The combination of low investment returns (smaller pension fund) and low interest rates (higher pension value) creates the solvency shortfall we anticipate.

Under current pension law, the Plan must file a funding valuation with pension regulators as of June 30, 2011 at the latest. The valuation report provides an update on the financial status of the Plan and typically includes a strategy for paying down any shortfall over a specified period.

Fortunately, because so many pension plans in the province are facing a similar situation, the government has introduced several funding relief measures - one of which extends the period for paying down any shortfall. That said, even with the relaxed rules and even if our financial results improve by the time we have to file our next valuation report, it's clear that additional action is still in order.

Member contributions increased

Another way to eliminate the shortfall is to increase contributions. This is why the General Assembly adopted the Pension and Benefits Board's recommendation to increase member contributions by 1% effective January 1, 2012.

Looking ahead

Maintaining the Plan's financial health is the Board's top priority. With that in mind, we will continue to monitor the Plan closely and provide the best possible stewardship every step of the way. We will also explore all funding relief options available and keep you posted on the financial status of the Plan.

General Assembly Report

The Pension and Benefits Board presented two recommendations to amend the pension plan constitution and they were adopted by the General Assembly this past June.

The first recommendation addressed the changes to the Supplement of the Province of Manitoba. A change in Pension Legislation in the Province of Manitoba effective May 31, 2010 requires a change in the Supplement for that province.

The second recommendation relates to Section 5 - Membership Eligibility and Section 7 - Employer Contributions. The amendments will align the original intent of the Pension Plan and past and current practice. The definition of "Minister" and "Diaconal Minister" were also added to Section 1 of the plan constitution.

The Pension and Benefits office will provide the pension plan amendments to all members of the plan in a separate mailing in July/August.

Sun Life payment processing time improved

We are happy to report that the turnaround time for benefit payments from Sun Life has improved within the last two months. The acceptable processing time of most claims to be paid is within **7 calendar days**.

The reason for the delay was due to the implementation of new technology that will allow Sun Life to increase their claims capacity. In 2010, Sun Life relocated the Toronto and Edmonton claims offices to Waterloo, Ontario and all claims are now processed through the Waterloo office. The combination of staff training for the new processing system and higher than normal volume of claims during December and January caused unexpected delays.

What to do if your claim is delayed

Sun Life has responded to our concerns by confirming that maintaining service levels is their top priority. In fact, as you read this newsletter, we continue to receive weekly Sun Life reports that normal processing service has resumed.

In any event, our Sun Life representative is available to expedite any claim that is delayed. If you experience longer than normal payment delays, please contact the Pension and Benefits Board office at 1-800-619-7301 or email us directly at pension@presbyterian.ca

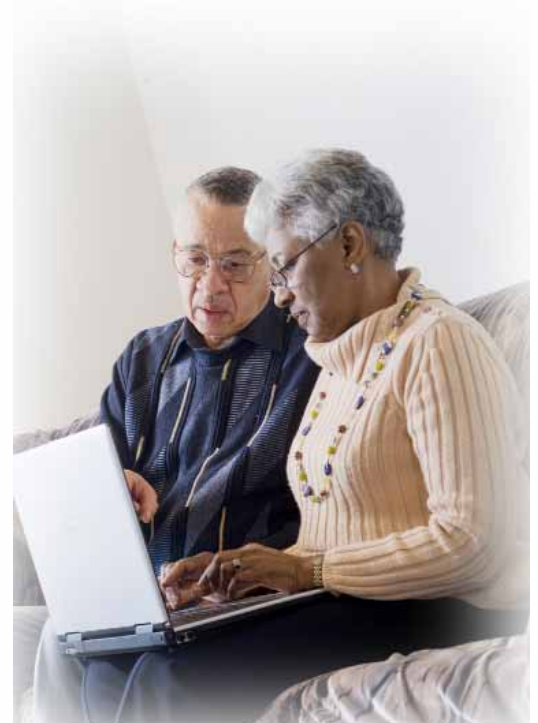
Sun Life On-line

Have you registered for e-claim processing?

There are a number of conveniences to registering on-line. You may check the status of your claims, submit paramedical, vision and dental e-claims, and have your payments directly deposited to your bank account, usually within 48 hours. Starting in June, prescription claims can also be processed on-line.

Follow these easy steps:

- Go to www.sunlife.ca
- Click on “Sign In”
- Click on “My Sun Life”
- Enter Access ID
 - If you do not have access click on **Register Now**
- Enter Password
- Click on “Sign In”



For additional e-claim information, we have enclosed a Sun Life flyer for members of the Retiree Health and Dental Plan. Of course, you may also contact the Pension and Benefits office for assistance.

Keep in Touch

Whether you are just settling in as a new retiree or have enjoyed your retirement for a number of years, please be sure to notify the Pension and Benefits office of any contact changes.

We need to hear from you if you have:

- Moved
- Changed your name
- Changed your marital status
- Assigned a Power of Attorney for your financial matters

Be sure to let the Pension and Benefits office know if you have granted access of your pension information to other individuals by the arrangement of a Power of Attorney. A copy of the Power of Attorney document will be kept in your file.

In Memory of . . . We Remember those we lost in 2010-2011

2010

The Rev. Dr. Louis K. Aday
The Rev. Gloria G. Castillo
The Rev. William Fairley
Mrs. Mary George
The Rev. Gordon Griggs
Mr. Peter Hillenaar
The Rev. John J. Jennings
Mrs. Shirley Judges
The Rev. Adam Lees
Mrs. Ailsa MacOdrum
The Rev. William Manson
The Rev. Malcolm A. Mark
Miss Evelyn Murdoch
Mrs. Mary Nagy

Ms. Mary E. Nichol
The Rev. Thomas Nyarady
Mrs. Isabella Old
The Rev. Dr. Kathleen E. Pfeffer
The Rev. Lorna J. M. Thompson
The Rev. Victor H. Turner
The Rev. Kenneth J. Wilson

2011

The Rev. John MacDonald
Anderson
Mr. Joseph Bavington
Mrs. Barbara Carter
Mrs. Marian Channon
The Rev. Hugh M. Creaser

Mrs. Katherine Dienes
The Rev. Dr. George D. Dobie
Mrs. Marion Esler
Mrs. Geneva Frith
Mr. Gordon Hann
The Rev. Ernest Herron
The Rev. Mark T. Hoogsteen
Mrs. Margaret McLeod
The Rev. Dr. Frederick W. Metzger
The Rev. William D. Penny
The Rev. James E. Philpott
The Rev. Edward G. Smith
Mrs. Joyce Smith
The Rev. Dr. Arthur Van Seters

Eye Exam Benefit Increase – starting July 1, 2011

Coverage for eye exams (services of an ophthalmologist or licensed optometrist) is increased from \$25 to \$50 per person every 24 months starting July 1, 2011.

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.