

Contact

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Weathering the Storm . . .

Impact of the global economic crisis on our pension plan

2008 was 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 was 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 pensions. Here is something important to keep in mind:

- 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. 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.

Impact of investment results on plan finances

Investment returns and funded status are closely intertwined. So it's no surprise that the market meltdown 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, by 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.

June 30, 2008 Actuarial Valuation

The Pension and Benefits Board, acting on the advice of our actuaries, determined that it would be advisable to prepare and file a valuation as of June 30, 2008 instead of waiting until the next scheduled filing date of December 31, 2009.

The results of the June 30, 2008 actuarial valuation confirm that our plan is

fully funded on a 'going-concern' or long-term basis, in fact, the pension plan has a small surplus. There is however a 'solvency deficiency' of \$924,000 and pension legislation requires that a solvency deficiency must be paid within the following 5 years. The good news is that the current rate of contributions to the pension plan from both members and congregations is sufficient to cover the required special payments to the pension fund.

The full Actuarial Valuation Report may be found on the Pension and Benefits website www.presbyterian.ca/pensionandbenefits/. It is also published in the 2009 Acts and Proceedings.

What this means to you

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.

Updates

Retirees who move are reminded to update their address and telephone number with the pension and benefits office. You can do this easily by phone or via the pension and benefits email address, pension@presbyterian.ca. We will even contact the pension payment provider, Canada Life Assurance Company and RBC-Dexia, to make the address change on your behalf.

Pension plan members are also encouraged to update their personal and spousal information with us. If you have arranged for a Power of Attorney to conduct your financial affairs, please also provide us with their contact information.

Banking changes

If you are a pensioner requesting a change to your banking arrangement, please forward a new voided cheque to the pension and benefits office. We will ensure that RBC-Dexia or Canada Life (or both) redirects your pension payments to your new bank account as soon as possible.

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.

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.

NEWSLETTERS ONLINE

We are committed to reducing the environmental and financial costs in the production and distribution of this newsletter. As always, 'Contact for retirees' is available online at our website, www.presbyterian.ca/pensionandbenefits.

If you would prefer to receive an email notification of this publication, please contact us at pension@presbyterian.ca and we will add you to our list of members receiving 'Contact' online.

IN MEMORY OF

... Remembering those we lost in 2008- 2009

2008

The Rev. James Harvey Bishop
Miss Janet Burt
Mrs. Angeline V. Coue
Mrs. Helen M. Fowler
Ms. M. Agnes Hislop
The Rev. Dennis R. Irving
The Rev. Cecil James Kirk
The Rev. George A. Lowe
Mrs. Piroska Pandyszekeress
Mrs. Sheila Peters

2009

Mrs. Nastia Adams
The Rev. Iraj M. Amini
The Rev. Douglas Anderson
The Rev. Lawrence J. Cowper
Ms. Barbara Joan Esdale
The Rev. Dr. Linda M. Brown Ewing
Mrs. Isabel G. Hales
Mrs. Joy E. Hann
The Rev. Robert Lewis Inglis
Mrs. Ethel Miller
Mrs. Annie Morrison
The Rev. Dr. William Oliver Nugent
The Rev. Walter V. Tait
Mrs. Jean Taylor

About this newsletter

This bulletin provides summary information about the Presbyterian Church in Canada Pension and Benefit 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 of the legal documents that govern the plans, the legal documents will apply in all cases.

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