

foreSight

Pension Newsletter

Issue 7, January 2008

Pre-Retirement Seminars

Susan Jones of Ministry and Employment Policies and Services takes her Pre-Retirement Seminar to B.C. Conference in February. Susan will be presenting Feb. 27 at St. Aidan's United Church in Victoria, Feb. 28 at Northwood United Church in Surrey, and Feb. 29 at First United Church in Kelowna. Times for all seminars: 9:30 a.m.–4:00 p.m. with lunch included. Contact Brenda Wolff to register: 604-431-0434 ext. 308, 1-800-934-0434 or bcconf@bc.united-church.ca (specify "pre-retirement seminar" in the subject line). If you are interested in having Susan present this seminar in your area, contact your Conference Personnel Minister or Presbytery Pension Convener to get the ball rolling.

Get It Online

To reduce financial and environmental costs of this newsletter we provide access to it online. To receive e-mail notification of the online availability of new issues please e-mail 4sight@united-church.ca with your e-mail address, name, and current address.

Keep Up to Date

Treasurers and members: Please remember to inform The United Church Pension and Benefits Centre of all changes in personal and employment information (including changes of salary and housing allowance, if applicable). You are encouraged to regularly update personal information. *Moving?* Active and retired members, please update address and telephone numbers as well as presbytery and Conference location.

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The United Church of Canada
L'Église Unie du Canada

How Is My Pension Calculated?

The United Church's pension plan is a defined benefit plan. Benefits are accrued over your career to provide members with income in retirement. The amount of your pension is calculated based on your earnings and years of contributing to the plan.

Pensionable earnings x 1.7% for each year of plan contribution = pension benefit

For ministry personnel, pensionable earnings are salary plus 40% representing the housing allowance. For lay staff, pensionable earnings are salary only.

Example:

A minister has a salary of \$33,000 each year.

Pensionable earnings:
salary + 40%
 $\$33,000 \times 1.40 = \$46,200$

Annual pension credit:
pensionable earnings x 1.7%
 $\$46,200 \times 0.017 = \785.40

Pension for a 10-year career:
10 x annual pension credit
 $10 \times \$785.40 = \$7,854$

The minister will receive \$7,854 per year from the pension plan after 10 years of credited service (17% of pre-retirement earnings).

Pension for a 35-year career:
35 x annual pension credit
 $35 \times \$785.40 = \$27,489$

The minister will receive \$27,489 per year from the pension plan after 35 years of credited service (59.5% of pre-retirement earnings).

This example uses a constant salary level over the full career to simplify the calculations. Generally salary levels increase over time. In the example above, the minister's retirement income will be 17% of earnings after 10 years,

but 59.5% of earnings after 35 years in the pension plan. When other retirement income is added from the Canada or Quebec Pension Plan, and Old Age Security at age 65, the total is approximately 70%.

How Can I Estimate My Retirement Income?

Your annual pension statement provides detailed information on your benefit entitlement for the normal retirement age, 65. There is also an excellent retirement income calculator on The United Church Pension and Benefits Centre website (www.united-church.hroffice.ca). This tool allows you to input different retirement dates to see how your retirement income is affected.

You will need to have your employee number and password handy to log in as a member. Once you have logged in, click on Pension on the left-hand bar and then choose the link to the Pension Forecasting Tool. The tool will direct you through some steps to provide the monthly income estimate for your retirement, and the percentage of your current income that this represents. If you cannot access this website, contact the Pension and Benefits Centre (see sidebar). They can calculate up to two retirement dates per member per year.

Why 35 Years?

The Statement of Beliefs and Guiding Principles of the United Church's pension plan (www.united-church.ca/minstaff/pension/principles) details the strategic framework for the management and operation of the plan. Belief number 13 is: "A member who retires at the normal retirement date with 35 or more years of credited service in the Plan with an average earnings history should have an

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Contact The United Church Pension and Benefits Centre at:
Toll-free: 1-888-657-4607
E-mail: united-church@hroffice.ca
Website: www.united-church.hroffice.ca
If you are just looking for general information about pension and benefits (and you don't have your Member ID and Password handy) go to www.united-church.hroffice.ca and click on Guest Access below the log-in area. You'll find information about terms and conditions, eligibility, plan components, FAQs, a glossary, and more.

Keep in Touch!

We are always interested in hearing from you with comments, questions, or ideas for this newsletter. Please contact us by e-mail at: 4sight@united-church.ca

adequate level of retirement income from all sources.” In this case, “all sources” include the church’s plan, government retirement income in the form of Canada or Quebec Pension Plan (CPP/QPP), Old Age Security (OAS) at age 65, and personal savings (LIF, RSP, or other savings vehicles). Most defined benefit plans base their benefit levels on a full career of enrolment in the same plan.

When you are considering what an adequate income level will be in retirement, keep in mind that retirees’ expenses are typically lower. After age 65 personal tax exemptions tend to be higher, and payroll costs (CPP/QPP, EI deductions) are eliminated at retirement.

Also, expenses related to working such as clothing and transit are much less.

The reality of employment in The United Church of Canada is that many members of the plan do not work for 35 years, either because they have joined the church later in their working lives, or because they have ceased to be employed by the United Church before this time. Because of this, your calculations for retirement savings should be based on your full working life, and include all employer savings plans, as well as government income and personal savings. It is important to be aware of the provisions of the plan, and to keep saving for retirement a priority throughout your working life.

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