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The United Church of Canada

## Funding the Pension Plan

The pension plan for the United Church is a defined-benefit plan. Contributions are made to the pension fund, and the benefits are paid to retired members based on a calculation that combines salary and length of career in the United Church. The benefit to be paid is “the pension promise.” The Pension Board’s job is to meet the expectations of this promise on behalf of all members of the plan.

Laws governing pension funds demand that this fund be maintained at a level that can meet the obligation of the pension promise (or exceed it, which is called a surplus). To ensure the money required to fulfill this promise is available when it is required, actuarial assessments are regularly made.

Actuaries use a number of predictive formulas to calculate the future requirements of the fund, based on: the current and future possible values of returns on investments held by the fund; age and career length of members; and number of contributing pastoral charges and other employers; among other things.

Predicting the future is impossible, but actuaries run possible scenarios—from the very worst case to the very best case—and weigh each according to generally held actuarial principles. These change to take into account current trends in both the financial markets and workplace demographics.

The United Church’s demographics point to a larger number of retirees with a shorter career in the church than was the norm in the past. This trend raises concern, but the Pension Board and related committees are aware of it and are working to meet the challenges of the situation.

The investment return for the pension fund must be strong and predictable enough to support the pension promise, since the contributions from members and employers at the current levels and into the future cannot sustain the pension promise.

The prudent investment strategy of the board and its associated committees has weathered the current financial downturn relatively well. This means contributions can, for now, remain static. The board is very aware that members and employers are least able to afford an increase in contributions at this time. This is why a conservative approach to investing, keeping returns predictable over the long term, is key to funding the United Church’s pension plan.

## Members Shape the Annual Report

In the member survey conducted last year, concerns were raised about the expense of producing the Annual Report. To reduce costs and follow environmentally responsible processes, a number of steps were taken:

- Colour is now used on only the cover. With no colour on the interior pages, we were able to change the paper stock, further reducing overall production costs.
- The stock used for this report (and all United Church resources) contains at least 10 percent post-consumer recycled material and was processed using non-chlorinated bleach.
- All resources are printed using only vegetable-based inks.
- Space in the document was restricted to plan information (to save paper).
- Addresses were printed directly onto envelopes, saving production and labour costs.

The Pension Board's aim is to produce an informative and easily read document accessible to a broad range of members. The board's priority is to keep members fully informed about benefits and engaged with planning for retirement.

## Striking a Balance: Responsible Investment

In keeping with the pension plan's commitment to investing in industries and companies that reflect the ethos of the church ([www.united-church.ca/minstaff/pension/principles](http://www.united-church.ca/minstaff/pension/principles)), the Pension Board is working on issues of Responsible Investment (RI). The goal is to balance strong and predictable returns on investments with choosing organizations that run responsible operations. The Annual Report 2009 will update members on the progress of RI initiatives.

## Pension Update

The recently announced pension update for all members who were active on January 1, 2007, is welcome news. The impact of this update is being calculated at the United Church Pension and Benefits Centre. Active members will see their final calculations on their annual pension statement, which will be mailed to them in June 2010. Pensioner members, retired between January 1, 2007, and December 31, 2008, will see this increase in their monthly pension cheques in 2010. The retroactive adjustment, to January 1, 2009, will be paid in a separate cheque.

## Working but Still Stressed about Finances?

Those covered under the Group Insurance Plans for Active Members have access to the Employee Assistance Program (EAP) provided by Shepell.fgi. Confidential, short-term counselling for any concern is available 24/7. Please call 1-800-387-4765 or go to [www.shepellfgi.com](http://www.shepellfgi.com).

## Keep in Touch!

Do you have comments, questions, or ideas for this newsletter? Please phone us at 1-800-268-3781 ext. 3161 or e-mail [4sight@united-church.ca](mailto:4sight@united-church.ca).

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