



Pension Newsletter

Issue 13, January 2010

Pension Board Looks to the Future: Funding and Investments

The United Church pension plan is a defined benefit plan, based on the career average pensionable earnings of the plan members. Members contribute a percentage of earnings, as do pastoral charges or other ministry units in their roles as employers.

The Big Challenge

The United Church's pension plan is mature, meaning that the number of contributors—members and employers—is shrinking. There are fewer new participants and they tend to be older, joining the church after a previous career, for example.

The result of this maturity is that the benefits paid out of the plan plus administrative expenses amount to approximately \$60 million annually but are replaced by only \$17 million in contributions from members and employers. The \$43 million deficit has to be made up by the fund's investment portfolio earnings.

Keeping Our Promise

Because investments are key to the stability of the plan, changes in investment strategy are very carefully considered by the board and by the committees charged with stewardship of the pension plan.

We have a conservative and proven investment strategy, so our plan weathered the economic downturn remarkably well. Now and in the future, we have to ensure we earn steady and predictable income from investments yet adhere to our Statement of Beliefs and Guiding Principles (www.united-church.ca/minstaff/pension/principles#funding) and to Responsible Investment (RI) so we can be confident our investments keep our pension promise to members and reflect our United Church ethos.

Active Management

One strategy of the Pension Board, directed primarily by the Investment Committee, is active management of the portfolio: investments in the fund are handled by a number of investment managers directly, rather than passively. Each a specialist in an asset category (such as bonds or equity markets), these managers' performance is measured against a benchmark.

"Active" management is expected to yield a higher resulting income, so the benchmarks are reviewed carefully by both the Investment Committee and the Pension Board to ensure that the fund and, by extension, the members of the plan do achieve that higher return.

Responsible Investment

We are working hard to align our investment strategies with the complex issues of Responsible Investment (RI).

The first step, which is already under way, is to develop a substantive framework for expressing the ethos of the United Church in a fiscally responsible way that enables investments in areas that are potentially challenging (for instance, gold mining).

The Annual Report, due out in June 2010, will feature more discussion on this topic.

Pre-retirement Seminars

These educational sessions on how the United Church benefits plan changes for retirees and on what you need to know about the pension plan to best prepare for retirement are a valuable planning tool.

To hold a pre-retirement seminar in your area, please contact your presbytery pension convener or Conference personnel minister to get the ball rolling.

Maritime Conference will be holding a seminar in spring 2010 (date and location to be announced). Contact Conference Personnel Minister the Rev. Kendall Harrison at kharrison@marconf.ca or 506-536-1334 (office).

Another forum for retirement education is the retiree luncheon, a combination of celebration and information sharing.

Speak to your Conference personnel minister or presbytery pension convener about holding one in your area!

Greening the Annual Report

This year, the Pension Board took steps to lessen the environmental impact of communicating critical information about the pension plan.

Foresight is now offered online in a simplified (fewer images) printer-friendly format. The same will be true of the 2009 Annual Report of the Pension Plan when it becomes available in June 2010.

To receive e-mail notification of the availability of the online version of the 2009 Annual Report of the Pension Plan, send an e-mail to 4sight@united-church.ca with your employee number, your first and last names, and your e-mail address.

As for *Foresight*, you will be sent a short note with a link to the United Church website, where the report will be posted. If you are in a household that receives more than one hard copy of the report, this is an excellent way to reduce duplication.

Keep in Touch!

Remember to inform the United Church Pension and Benefits Centre of any changes to your personal and employment information. For those who are enrolled with ADP, these corrections will be made automatically through your treasurer or payroll administrator.

Online: www.united-church.hroffice.ca

By phone (Pension and Benefits Centre): 1-888-657-4607

By e-mail: united-church@hroffice.ca

Comments, questions, or ideas for the newsletter? Please contact us!

Phone: 1-800-268-3781 ext. 3161

E-mail: 4sight@united-church.ca