



Pension Newsletter
Issue 14, September 2010

Changes to the Pension Plan

Pension reform and governance review have been in the news a lot recently. Following a thorough review, we've made changes to our own pension plan. Since the previous review of our plan, almost twenty years ago, standards for pension administration have changed significantly. For a detailed summary, see the pension changes memo that was mailed to you in June.

The Pension Board carefully considered the implications of plan members' ages, the length of time each member contributes, changes in retirement age, the cost of living, and returns on investments.

The changes to our pension plan (effective January 1, 2011) eliminate rarely used provisions, reducing the complexity of the administration of the plan and related costs. The plan governance has been updated, taking into account general changes in pension administration as well as the specifics of how best to provide a steady income to members in retirement.

Effective January 1, 2011

Newly enrolled members (within the past two years): Benefits are locked in immediately when the member is enrolled. Members under the age of 55 who leave the pension plan upon ending employment with the church may transfer the commuted value (lump sum) of their pension to a locked-in retirement savings vehicle or they may leave it in the plan.

All active or deferred members: Members who are age 55 or over at termination of employment with the United Church cannot transfer the commuted value (lump sum) of their pension out of the plan. This ensures that members retain access to the full range of health, dental, and pension benefits at retirement. They must choose either to begin receiving their pension immediately or to begin receiving their pension payments in any year up to 65 years of age. At age 65 they must begin receiving payments.

All active or deferred members: Members who retire before age 65 may choose to receive an integrated pension. An integrated pension is a temporary pension, payable to age 65, that is approximately equal to the amount qualifying persons receive from Old Age Security (OAS) at age 65. This option provides a consistent income before and after age 65, made up of the church's pension plan plus OAS to age 65. The total amount paid by the church's pension plan under this option will be equal to the amount that would have been paid had the member elected to receive the basic pension at an early retirement date. The difference is that with an integrated pension, payments before age 65 come more from the church's plan; after age 65, when OAS payments begin, the church's payments are lower, but the overall amount is about the same as what was received before age 65, when the payment was made up of a higher church payment and an OAS supplement.

Pensioner members: Members who are already receiving a pension benefit will no longer be able to apply to add a new life partner or spouse as a co-annuitant after their pension begins.

Active members: The method for calculating the interest rate applied to contributions used to reflect a four-year average. This is being reviewed: the new interest rate will reflect current interest rates, but will not fall below any minimum rate required by regulation.

The large number of volunteer hours spent on revising the plan reflects the deep commitment of the Pension Board and its related committees to you, the members of the plan. The Pension Board welcomes questions about the pension. E-mail us at: 4sight@united-church.ca.

Service Improvements with Hewitt Administration

On April 1, 2011, the administration of the pension and benefits plans will move from the current service provider, Morneau Sobeco, to Hewitt. One of the many service upgrades members can expect is an improved pension calculator on the United Church's benefits section of the Hewitt website. The tool will be easier to use and will include the new provisions for post-65 retirement-income calculation.

Correction to Pension-Collection Age

To comply with the Canada Revenue Agency regulation, members must begin to collect their United Church pension no later than December 1 of the year in which they turn 71.

Retiring in Early 2011?

If you plan to retire between January and April 2011, please contact the Pension and Benefits Centre as soon as possible (1-888-657-4607 or united-church@hroffice.ca) to start the process. Advance notice of your retirement plans will help ensure that your retirement is processed smoothly during the transfer of the administration of the pension plan from Morneau Sobeco to Hewitt.

Pre-retirement Seminars

Pre-retirement seminars are educational sessions on how the United Church benefits plans change once you've retired. To hold a pre-retirement seminar in your area, please contact your presbytery pension convener or your Conference personnel minister to get the ball rolling. The following seminars have been confirmed with the Human Resources Unit as of July 1, 2010.

September 14-16: Calling Lakes Centre, Fort Qu'Appelle, SK

Call: Marg Janick-Grayston, Program Co-coordinator, 306-332-5691

November 3: Hamilton Conference Office, Hamilton, ON

Call: the Rev. Jenny Stephens, Conference Personnel Minister, 905-659-3343

November 10: location TBD, Calgary, AB

Call: the Rev. Earl Reaburn, Conference Personnel Minister, 780-435-3995

November 16: Riverside United Church, London, ON

Call: the Rev. Peter Kingsbury, Conference Personnel Minister, 519-672-1930

For More Information

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We welcome your questions and comments.