



## **Pension Newsletter**

### **Issue 28, February 2015**

#### **Eliminated in 2016: Integrated Option Form of Pension**

Until December 31, 2015, members who choose to retire before age 65 have an option to integrate their expected Old Age Security (OAS) benefits with their United Church pension benefits. After this date, this option offered to early retirement takers will be eliminated due to the very low take-up rate, which makes it expensive to administer.

This option has meant that the United Church pension benefit would be higher before the member reaches age 65, only to be reduced by the amount of OAS payable to the member after their 65th birthday. The pending increase in the qualifying age to 67 for OAS benefit payment means the costs to offer this option would increase substantially.

The Pension Board has decided that the very low participation in this retirement option as well as the federal government's changes to OAS qualifying age were good reasons to eliminate it.

#### **Board Monitors Risks, Assesses Possible Increase**

The Pension Board did not grant an increase to pension benefits for either pensioner members or active members for 2015, but continues to monitor the health of the pension fund in the context of being able to afford an increase in the future. Gaining a reasonable assurance that the plan can afford to support an increase is the focus of the work of the Risk Assessment Working Group, made up of members from the Pension Board, the Pension Plan Advisory Committee, and the Investment Committee.

The plan is invested in bonds, equities, and other securities. Over the long term, these investments are expected to generate investment income to provide for a significant portion of the benefits promised under the plan, far more than employee and employer contributions. If over the long term these investments fall short of their target return, then a funding shortfall will occur. The current economic environment is uncertain. There is volatility in the investments that cause the market value to fluctuate and, if it moves down to the point at which the solvency of the plan is at risk, the Pension Board will be required to take corrective action, either assessing additional contributions or reducing benefits. Another pressure on the plan is a combination of "longevity" risk and the demographic shift of members. Retired members receiving benefits live longer these days; the active members contributing to the plan are fewer, and they contribute for less time because they are already older when they join the plan.

When the United Church plan was developed, a career in the church spanned a lifetime, during which the member and the employing ministry site contributed to the plan.

Members then retired and lived 20 or so years. That culture has changed significantly: Ministers come to this vocation as a second career in many cases, and retirees live 30 years or longer!

The goal for the working group is to monitor these trends and determine the amount of surplus the plan fund requires to afford increases to pension benefits, without putting future benefits at risk of being reduced.

### **Notifying Benefits Centre about Relationship Changes**

When a marriage or spousal relationship ends, it's important that you notify the Benefits Centre. The sooner the centre knows about the change, the easier it is to calculate the effect of dividing your pension, usually a substantial asset in a marriage settlement. The centre is often notified of this life event months or years following a marriage breakdown when the application for benefits is made, and this complicates the process significantly.

The Benefits Centre recognizes a marriage breakdown after one year of separation. It is also important to update your beneficiary information on your centre profile. Call 1-866-859-5025.

### **Keep Contact Information Current**

To update your e-mail or request a resource: [MinistryandEmployment@united-church.ca](mailto:MinistryandEmployment@united-church.ca) or [PensionBoard@united-church.ca](mailto:PensionBoard@united-church.ca).

### **Addresses**

**Treasurers:** Update active member addresses via the ADP New/Change Employee sheet (available on request).

**Pensioner or Deferred Members:** Contact the Benefits Centre directly at 1-866-859-5025.

### **Questions?**

#### **Policy and Governance**

Questions are welcomed at the Ministry and Employment unit at the General Council Office: 1-800-268-3781 ext. 3161; by email: [PensionBoard@united-church.ca](mailto:PensionBoard@united-church.ca).

#### **Specific to You**

**Active Members:** Call the Benefits Centre at 1-866-859-5025. Have your employee number handy.

**Pensioners Only:** Direct benefit payment questions to RBCDexia at 1-800-668-1320.