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The Pension Office Corporation of the Anglican Church of Canada
La Société du Bureau de Retraite de l'Eglise anglicane du Canada
80 Hayden Street, Toronto, Ontario M4Y 3G2

December 12, 2007

The Rev. Canon Gordon Redden
Diocese of Nova Scotia & PEI
5732 College Street
Halifax, N.S., B3H 1X3

Dear Gordon:

Attached is the Pension Committee's report to the Council of General Synod (COGS) meeting in November 2007. Please note the following:

1.1 **General Synod Pension Plan (GSPP)**

The December 31, 2006 Actuarial Valuation, which was conducted by Eckler Ltd., revealed a surplus of approximately \$20.7 million on a going concern basis and \$22.1 million on a solvency basis. The COGS approved the Pension Committee's recommendation that the benefit accrual rate be increased to 2.0% in respect of 2009, 2010 and 2011 and Regulation 5.1(b) and section 1.(a) of Schedule A of the GSPP be amended to reflect this change.

1.3 & **GSPP/LRP**

1.4 The COGS approved the Pension Committee's recommendation that effective January 1, 2007, Regulations 3.4 and 4.3 of the GSPP and the LRP be amended to comply with the changes in the tax rules with respect to the age at which members must start their pension, changing from 69 to 71. As this requirement may be changed by future government, the Regulations have been amended to read age 71 or any such date as prescribed by the applicable legislation.

1.6 **Continuing Education Plan (CEP)**

The CRA has suggested that the Church consider making the changes to alleviate their concerns whether the CEP Fund constitutes a tax-deferral arrangement intended to provide advantages to employees of the Church and whether grants received by employee/members are "benefits" which are not permissible under the tax exemption provided to not-for-profit organizations under paragraph 149(1)(l) of the Income Tax Act Canada ("the Tax Act").

The COGS approved the Pension Committee's recommendations to make the following changes to the CEP effective January 1, 2008:

- eliminate employee contributions;
- maintain the current employer contribution at a level of \$450 per employee per year;
- authorize the Administrator of the Plan to pay out the existing employee contributions to all employees as at December 31, 2007;
- change the rate of reimbursing expenses to 80% of eligible expenses: 75% to come from the employee account and 5% to come from the general assets of the CEP; and
- approve, in principle, amendments to Canon XII and the Regulations reflecting the above changes.

Communication has been sent to all participating employers and the members of the CEP. The revised Canon XII and the Regulations will be posted on the Pension Office and the CEP websites, when they are approved by CRA. The revised CEP forms will be posted on both the websites, when available.

3.1 **Long Term Disability Plan (LTD)**

An Actuarial Valuation of the self-insured portion of the LTD Plan as of June 30, 2007 showed that the LTD Plan has a surplus of \$825,400. The experience of the Plan in the last year has been more favourable than expected thus increasing the surplus level of the Plan. Since the Plan has only been in existence for a short period of time, the recommendations of the Actuary were as follows: the surplus remain in the Plan; the contribution rate of 0.96% of salaries be maintained over the next year and the Plan's level of expenses should be monitored.

The Pension Committee approved Standard Life's proposed rate reduction of 8.9% as of January 1, 2008 for the next year. Judy was asked to have discussions with the dioceses/participating employers in respect of considering offering an additional voluntary insurance top up or increasing the LTD benefit to 65% from 60% in one year. It was decided to continue to collect the contribution at the current rate and that the money be held in the LTD Trust Fund.

3.2 **Long Term Disability Plan Pre-2005**

It was agreed to defer the next actuarial valuation of this Plan to June 30, 2008 subject to ongoing monitoring of the experience of the disability claimants and investment returns by the Pension Office. The Pension Office reported that total monthly payments in the LTD Plan Pre-2005 are reducing. This is expected as a result of claimants being accepted for CPP disability benefit, and deaths and retirements of claimants.

3.3 **Self-Insured Death Benefit Plan (SIDB)**


It was agreed not to conduct an actuarial valuation of the SIDB Plan in 2007 and the Actuary was asked to prepare a reconciliation of the estimated funded position of the Plan for the period July 1, 2006 to June 30, 2007. The Actuary reported that based on the Statement of Change in Net Assets provided by the Pension Office, the estimated cumulative surplus as of June 30, 2007 was \$226,277. The increase in cumulative surplus is mainly due to favourable investment returns. The Pension Committee approved the recommendation of the Actuary that the current surplus be maintained as a cushion for future adverse experience.

3.4 **Endowment Funds**

The Endowment Funds are invested under the direction of the Trustees of the GSPP. These funds have been donated to the Pension Fund in order to supplement pensions of clergy and clergy survivors. In addition to giving cash assets to the Endowment Funds, it is now possible to give stocks and bonds with advantageous tax consequences to the donor/estate. An account has been set up to facilitate the sale of any such securities which are given to the Endowment Funds.

A newsletter has been sent to all the members of the General Synod Pension Plan. The newsletter can also be downloaded from the Pension Office website www.anglicanpension.ca.

Yours sincerely,


Judith Robinson
Executive Director
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