



PLANNING FOR

# Retirement

## We listened to your feedback!

This past February, we held five separate focus groups involving pastors, teachers, administrators and office staff, to test our proposed Program designs on a wide cross-section of Church employees. Focus group participants provided some important ideas and perspectives, and while it was not possible to implement each suggestion, we were able to reshape the final design of the Program based on key suggestions that showed up across all five groups. We hope you'll agree that our new Pension and Post-Retirement Benefits Program reflects highly on the needs and values of all Church employees.

Mark your calendar...  
the effective date for  
the new Pension and  
Post-Retirement  
Benefits Program  
is January 1, 2006.

## Service Credit or Credited Service – What's the Difference?

Though they sound nearly the same, the terms *Service Credit* and *Credited Service* refer to two different concepts. Your *Service Credit* is the total amount of time you've worked for the Church, whether in Canada, the US or abroad. *Service Credit* counts towards your eligibility for pension and certain post-retirement benefits. Your *Credited Service* is the total amount of time you've worked for the Church in Canada only. *Credited Service* is used in calculating the actual value of the benefits you receive.

## Announcing your **NEW** Pension and Post-Retirement Benefits Program

Over the past couple of years, the Retirement Department has been working diligently to review and revise our Pension and Post-Retirement Benefits Program, so that it continues to meet the needs of Church employees, while being sustainable for the organization. I am pleased to announce that beginning this month, you'll have the opportunity to learn more about the new Program and how you can benefit from the changes being made.

During the next few months, you'll be receiving more information about the new Program, through a series of newsletters, a detailed booklet and a personalized statement. I trust that once you have the opportunity to learn more, you'll share my enthusiasm about the future of our Pension and Post-Retirement Benefits Program.

Daniel R. Jackson - President SDA Church in Canada

## An Overview of the **NEW** Program

The new Pension and Post-Retirement Benefits Program incorporates familiarity and improved flexibility. It continues to include some of the valued, fundamental features of your current Program, along with new features that will help protect you against inflation and provide the opportunity to customize your retiree benefits. Below is an overview of the new Program features — you'll find more specific details in upcoming issues of the Planning for Retirement newsletter series.

PENSION Same Pension Formula, Plus:	POST-RETIREMENT BENEFITS Eligible With 15 Years Service Credit:
<ul style="list-style-type: none"> <li>Improved Unreduced Early Retirement</li> <li>No Limit on <i>Credited Service</i></li> <li>Phase Out Spouse Allowance</li> <li><b>NEW!</b> Pension Indexation</li> <li>Enhancements to Joint &amp; Survivor Benefit</li> </ul>	<ul style="list-style-type: none"> <li>Retirement Allowance</li> <li>Funeral Allowance</li> <li><b>NEW!</b> Health Allowance</li> </ul>

## PENSION PLAN

With the Pension Plan, you'll continue to receive a pension based on the same formula. Your individual church employer will be responsible for contributing towards the pension fund, to provide you with a promised benefit at retirement. So, what's different?

### Improved Unreduced Early Retirement

You'll be eligible to retire with an unreduced pension anytime after age 60, if your age plus *Service Credit* equal 95 or more. For example, if you're age 60 with 35 years of *Service Credit* you qualify, or, if you're age 63 with 32 years of *Service Credit*, you qualify too!

### No Limit on *Credited Service*

You'll now be able to count all of your *Credited Service* towards your pension benefit and no maximums apply. Whether you have 25 years, 35 years or 40+ years of *Credited Service*, it all counts towards the total benefit you receive when you retire from the Church.

### Phase Out Spouse Allowance

The Spouse Allowance will be phased out of the Program, but retirees will see its value replaced with some other pension features. Those new features include:

**NEW!** *Pension Indexation:* If you retire with 20 or more years of *Service Credit*, you'll receive indexing on your pension benefit, up to 2.5% per year. Indexing will help your pension benefit keep pace with inflation.

*Enhanced Joint & Survivor Benefit:* If you retire and select a joint & survivor pension, the Church will continue an amount equal to 66⅔% of your pension benefit to your spouse, if you should die first.

*Restoration of Original Pension:* If you retire and select a joint & survivor pension, and your spouse dies before you, the Church will restore your originally calculated pension benefit including any applicable indexing, removing the reduction that you received for choosing a joint & survivor pension.



## Why Change?

The new changes provide a uniquely Canadian solution to making sure our Pension Plan is sustainable for the future, and in line with changing legal requirements.

The changes are also based on the principles that guide our organization. The Church believes that it's important to recognize employees who have dedicated their careers to the Church, so we continue to reward long service with an improved early retirement opportunity and limitless *Credited Service*.

Another key principle that guides our Pension Plan is equity. With changing employee demographics throughout the Church, we found that the Spouse Allowance was only truly benefiting a small percentage of the overall population. With indexing, each employee who retires with 20 years of *Service Credit* — regardless of their marital status — will benefit from an annual increase to the amount of monthly pension they receive. In addition, married retirees also gain value from the increased joint & survivor benefit.

To receive Post-Retirement Benefits, you must have at least 15 years *Service Credit* and must retire from working for the Canadian Church.

**Did you know** that with a Health Care Spending Account, you can claim any eligible medical and dental expense under the Income Tax Act? This includes: prescription drugs, vision care, dental services and orthopedic shoes, among many others. Watch for more information in upcoming issues.

### We'd love to hear from you!

If there's a topic that you'd like us to cover, or if there's something that you'd like explained in more detail, please complete and return the Faxback Feedback Form. We'll try our best to answer your questions and include your suggestions in upcoming issues!

## POST-RETIREMENT BENEFITS



### Why Change?

With the new Post-Retirement Benefits, you'll consistently qualify for a Retirement Allowance, Funeral Allowance and Health Allowance with 15 years of *Service Credit*. You'll also notice a completely new approach to benefits, called the Health Allowance.

Over the past five to ten years, health care costs have been increasing at a rate well above inflation. This makes it difficult to continue to provide a fully Church-funded benefits program that meets the individual and collective needs of all retirees. The new Health Allowance is a creative and flexible solution that enables retirees more flexibility as to how their benefit dollars are spent. Retirees use their HCSA balances as they see fit; this way, the Church can satisfy more retirees' specific needs with one program.

### Retirement Allowance

You will qualify for a Retirement Allowance with 15 years of *Service Credit*, as opposed to 10 years of *Credited Service* and you'll continue to receive a lump-sum allowance when you retire. You'll find more details in upcoming newsletters.

### Funeral Allowance

You will qualify for a Funeral Allowance with 15 years of *Service Credit*, as opposed to 10 years of *Credited Service*. You, or your spouse, will continue to receive a lump-sum allowance in the event of your death or your spouse's death. More details to come in upcoming issues.

### New Health Allowance



The Health Allowance is a completely new approach to retiree benefits. As a retiree, you'll receive an annual Health Allowance from the Church, which you'll use to pay the annual Protection Plan premium. The Protection Plan is designed to provide protection against significant financial medical costs associated with events such as a serious accident or illness. Then, you'll have the balance of your Health Allowance deposited in a Health Care Spending Account (HCSA) and have the rest of the year to use this HCSA balance to pay for eligible medical and dental expenses for that year. HCSA balances can be carried forward for one year, after which, they'll be forfeited. During each year of retirement, you'll get a new Health Allowance amount, pay the Protection Plan premium and have a new HCSA balance.

## Employees Close to Retirement

The Church realizes that some employees who are close to retirement may be less comfortable with changing over to an entirely new Program, given that they won't have as much time to adjust their retirement plans for the new Program features. That's why the Church will introduce a provision that will *phase in* the changes to the Pension Plan and Spouse Allowance, Retirement Allowance, Funeral Allowance, and pre-existing Retiree Benefits Plan. Employees whose age plus *Service Credit* total 70 points on January 1, 2006, and who choose to retire within the next five years, will essentially retire under the current Program rules. Employees meeting these criteria who choose to retire more than five years from now, plus employees who have 20 years of *Service Credit* as of January 1, 2006, will preserve the value of any Spouse Allowance to which they may be entitled at retirement. Watch for more details about employees close to retirement in our next issue.

### More Issues Coming Soon!

You can look forward to receiving more information about the new Pension and Post-Retirement Benefits Program in the next issue... *coming soon*. Here's an editorial schedule of what you'll see next...

- Issue 1 — Introduction to your new Pension and Post-Retirement Benefits Program, and a schedule of upcoming issues
- Issue 2 — A closer look at the changes to the Pension Plan and what happens to employees close to retirement
- Issue 3 — A closer look at the new Health Allowance — Part 1
- Issue 4 — A closer look at the new Health Allowance — Part 2
- Issue 5 — Things to consider when you're planning for retirement
- Issue 6 — Steps to take when it's time to retire

This newsletter summarizes changes to the Pension and Post-Retirement Benefits Program for the Seventh-day Adventist Church in Canada. Though it is a useful information source, if there are any discrepancies between this information and the official plan documents, the plan documents will be considered correct and will govern in all cases.