

Along with this Planning for Retirement Newsletter...

you may be receiving some other important benefit materials:

- Your personalized Eligibility Statement, showing your benefit eligibility under the new Pension and Post-Retirement Benefits Program or the old program, if you are an *employee close to retirement*.
- A computerized service record providing a breakdown of your Credited Service, as well as your Service Credit.

The information in these statements will help you understand the benefits you may be eligible to receive as you assess your personal retirement plan. If you need further clarification, or have questions, please contact the Retirement Department at (905) 433-0011 or mpazitka@sdacc.org.

New program booklets available next month!

You must apply six months in advance to start receiving government benefits. Go to the Social Development Canada website at www.sdc.gc.ca for more information, or see the blue pages of your telephone book.

Did you know that your employer may match a portion of your RRSP contributions? Ask your employer how they can help you save even more for your retirement!

Setting up your personal RRSP is easy to do...

Simply visit any local bank or financial institution or speak to a financial planner to open an RRSP account. You can begin making contributions right away. There is usually no minimum contribution, so you can start with as little as \$25 and you can make contributions as often as you like, up to your RRSP deduction limit.

Your Complete Retirement Savings Plan

Over the past few months, you've received several *Planning for Retirement* newsletters to help you understand the features of the new Pension and Post-Retirement Benefits Program. However, when it comes to planning for retirement, your Church program is just **one piece** of the retirement plan puzzle. Two other valuable pieces you will want to consider are government benefits and your own personal savings.

Together, these three pieces form your complete retirement plan to finance your future.



What is the government benefit piece of my retirement plan?

In addition to your Church pension, you may be entitled to Canada/Quebec Pension Plan (C/QPP) and Old Age Security (OAS) benefits.

Canada/Quebec Pension Plan (C/QPP)

The C/QPP provides a lifetime monthly pension based on the number of years you contribute, your employment earnings during those years and your age when your pension begins. You and your employer make equal contributions based on your earnings, up to the Year's Maximum Pensionable Earning (YMPE), which is set each year by the government based on the average industrial wage. (For 2006, the YMPE is \$42,100.)

Typically, you begin receiving this pension once you reach age 65, but you may start this pension as early as age 60, in which case your payments will be reduced. The maximum monthly pension you may receive in 2006 at age 65 is \$844.58. Once C/QPP payments begin, they will be adjusted every January to reflect the changes in the Consumer Price Index.

Old Age Security (OAS)

OAS provides a monthly income to you and your spouse for your lifetime, starting at age 65. You and your employer do not make any contributions to this plan and the amount you receive will depend on how many years you've been a resident of Canada and the amount of income you receive during retirement.

Generally, if your total retirement income is less than \$62,000 and you have been a Canadian resident for at least 40 years you'll receive the full amount. The maximum monthly OAS payment in April 2006 is \$484.63. Payments are adjusted quarterly to reflect changes in the Consumer Price Index.

What is the personal savings piece of my retirement plan?

Your personal savings include any other source of income that you may use to finance your retirement, in addition to your Church pension and government benefits. Some examples include:

Registered Retirement Savings Plan (RRSP) • Personal Investments • Property • Savings • Inheritance

Save for Retirement With an RRSP

An RRSP will enable you to increase your income during your retirement years. In addition to growing your retirement savings, you are also able to defer paying taxes on your RRSP contributions and investment earnings until you withdraw your savings at retirement.

Each year, you may contribute to a personal RRSP, up to your personal RRSP deduction limit, found on your annual Notice of Assessment. For each year, your RRSP deduction limit is equal to:

18% of your previous year's earned income (up to an annual dollar limit)
minus
your pension adjustment (PA) for the previous year

If your annual contributions are less than this annual limit, you will be able to carry forward the difference and add it to your RRSP deduction limit the following year. This *contribution room* can be carried forward each year, up to age 69.

A Complete Retirement Example

In this example, Don retires at age 65, with 35 years of Service Credit. Don's Benefit Rate Factor is 1.28%, the Pension Factor is \$2,132, his Basic Monthly Earnings are \$4,000 and Don selects a joint & survivor (J&S) pension, to cover his spouse, in the event of his death. We will assume that Don does not qualify for a Minimum Value Guarantee, but does qualify for an indexed pension at 2.5% per year. Don also qualifies for a Retirement Allowance, Funeral Allowance, Health Allowance and full government benefits:

Church Pension →	Pension Factor	x	Don's Benefit Rate Factor	x	Don's Credited Service	-	10% J&S Reduction
	\$2,132	x	1.28%	x	35	-	10%

→ Don's monthly pension equals approximately \$859. Plus, with annual indexing at 2.5%, Don's monthly pension will continue to grow each year.

Government Benefits →	Canada/Quebec Pension Plan	+	Old Age Security
	\$844.58	+	\$484.63

→ Don's monthly government benefits equal approximately \$1,329. Together, Don's Church pension and government benefits equal \$2,188 per month. If Don had chosen to invest in a Registered Retirement Savings Plan (RRSP) over the years, or had another type of personal savings, his retirement income would be even higher, and in a better position to fund his desired retirement lifestyle.

In addition, Don is eligible to receive these post-retirement benefits:

Retirement Allowance →	(12.5% x Basic Monthly Earnings	x	Service Credit)
	(12.5% x \$4,000	x	35)

→ Don's one-time lump sum Retirement Allowance is: \$17,500.

Funeral Allowance →	(Pension Factor x Service Credit ÷ 40)
	(\$2,132 x 35 ÷ 40)

→ Don's one time lump sum Funeral Allowance is: \$1,865.50 in the case of his death, and \$1,865.50 in the case of his spouse's death.

Health Allowance →	(\$1,000 + \$50 x Service Credit > 15 Years)
	(\$1,000 + \$50 x 20 years)

→ Don's annual Health Allowance for him and his spouse is: \$2,000. Don uses this to pay the Protection Plan premium and deposits the rest in his Health Care Spending Account to cover Health and Dental costs for the year. This Allowance is indexed each year.

Next Issue

Stay tuned for detailed information on the steps you'll need to take at retirement.

This newsletter series 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.

You asked, we've answered!

Over the past few months, we've gathered your questions about the Program through the Faxback Forms, from Planning for Retirement presentations, and from calls to the Retirement Department. Here, we try our best to answer these questions and ensure that all Program members better understand the new Program.

Q. Why do we get both a Retirement Allowance and a Pension?

A. Your Retirement Allowance is a one-time, lump-sum payment made to you in recognition of your service to the Church, and to provide a foundation for your retirement. Your Pension provides the ongoing, monthly payments to support you throughout your retirement. These are just two of the benefits that can provide you with retirement security. Information on government benefits and personal savings that can add to your retirement savings can be found in this newsletter and your soon to be available program booklet.

Q. Why can't we make contributions to our pension plan?

A. Retirement savings can come from multiple sources. The Church is committed to funding the full cost of your pension and is therefore responsible for the investment and management of the pension fund. We encourage you to grow your retirement savings in other ways. One way to contribute to your personal savings is through an RRSP, which provides you with flexibility in your savings and investment choices and requires no minimum contributions. Visit any local bank, financial institution or financial planner to learn more.

Q. When do I select the joint & survivor pension option?

A. When you retire, you will receive a statement that asks you to choose retirement payments. At that time, you can elect a joint and survivor pension but if you choose to waive the joint and survivor pension, you and your spouse must indicate that choice in writing.

Q. If I have less than 15 years of Service Credit, do I receive any benefits?

A. Yes! You will need 15 years of Service Credit to receive Post Retirement Benefits such as the Retirement Allowance, Health Allowance and Funeral Allowance. However, you are guaranteed to receive a pension benefit when you reach age 65, provided you are vested, which occurs once you have completed two years of plan membership. In order to be eligible to join the pension plan, you must be a full-time or part-time employee working at least 1,000 hours for one year. Part-time employees that do not meet these criteria may be eligible according to other certain criteria. Contact the Retirement Department for further details.

Q. If I work less than full time in my last year of service, can I lose the Retirement Allowance?

A. As long as you work at least 1,000 hours per year for the two years immediately preceding your retirement and go directly from active Canadian service to retirement, you are entitled to the Retirement Allowance.

If you still have questions, please complete and return a Faxback Form or call the Retirement Department and we'll be happy to provide you with answers!