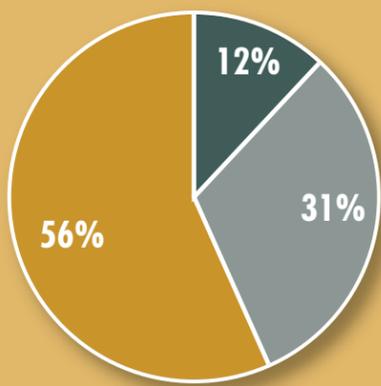


Pension Plan Fund Mix

Our pension fund is professionally invested by independent investment managers, according to specific policies and guidelines adopted by the Church. The pie chart shows our fund's asset mix as at December 31, 2012:



- Canadian Equity
- Global Equity
- Bonds

Keeping Yourself Informed

The Church-provided Retirement Planner can help you accurately estimate whether you are saving enough today to meet your future financial goals in retirement. If you are, great! But if you are not, it's best to know now and make the necessary changes.



Access the Retirement Planner at <https://www.twtools.ca/SDARetirementPlanner> (don't forget the "s" in the address (https) or it won't work).

Your Pension is a Priority

In this issue of *Planning for Retirement*, we outline our pension plan priorities for the year ahead, share how we manage and invest our pension fund and review how the global financial markets impact the fund and your pension. In other words, we share with you our plans to keep your pension a priority.

But you have to ensure your pension is a priority, too! That's why (on page 2) we share tips on how you can save a little extra for your retirement (and there might be a pop quiz — watch out!).

At the Church, we take a long-term approach to managing our pension fund. This allows us the flexibility to adjust our plan contributions or investments, when needed, and to actively manage the effects of market fluctuations. But we don't do it alone: We work with our plan's actuaries, Towers Watson, to help shape our priorities and ensure the sustainability of our pension plan. Our priorities for 2013 include:

- **De-risking our investment strategy.** Over time, we are planning to shift our asset mix toward more conservative investments. This will allow us to focus on long-term stability over short-term gain, with the intent to keep the pension plan funded and sustainable well into the future.
- **Long-term contribution strategy.** De-risking will help us stabilize our contribution levels. By de-risking, we will remove some of the volatility we've experienced in the last five years. This will help ensure we can reasonably predict and manage the contribution levels required to fund the plan.
- **Ongoing monitoring.** We will continue to monitor the plan, both quarterly and annually by consulting with experts and by reviewing our investment performance to help ensure our expectations are met.

How Are We Doing So Far?

We are happy to report that our proactive measures are working! At least once every three years, our actuaries perform two types of pension valuations — *going concern* and *solvency* — that determine the funded status of the plan. The results inform us of the fund's immediate and future ability to pay all pension benefits owed to members. As of the last valuation on January 1, 2011, we showed an increase in our funded status.

For the **going concern valuation**, the actuary assumes the plan will continue indefinitely and focuses on the long-term, making several assumptions, such as when members will retire, how long pensioners are expected to live and potential future investment returns. Based on the going concern valuation, the plan is over 100% funded. This means our estimated long-term fund assets exceed our liabilities by \$5.3 million.

For the **solvency valuation**, the actuary assumes the plan was terminated on the valuation date and determines the cost of settling all pension obligations. This type of valuation is significantly affected by current interest rates, therefore resulting in either a smaller surplus or larger deficit than the going concern valuation.

Based on the solvency valuation, the plan is estimated to be 86% funded, an 8% increase over our previous results. This does not mean you will only receive 86% of your pension; it means that the Church is required by law to contribute more to the pension fund so that it will be able to pay 100% of your pension when you retire.



Consumer Price Index

In 2012, we saw a rise in the Consumer Price Index (CPI) of 0.8%. The CPI measures changes in the price level (i.e., inflation) of consumer goods and services.

Why is this important? Because it may impact your pension: If you have 20 or more years of Service Credit, your pension is indexed based on increases in the CPI to help protect it against inflation. When CPI goes up (as it usually does), your monthly pension goes up!

Behind the Scenes

Defined benefit pension plans are governed by pension legislation. These laws are monitored and amended as needed to protect active and retired plan members.

Typically, legislative amendments affect how organizations administer plans. For example, if a pension plan is underfunded, there are accepted steps we can take to help return the plan to a fully funded status over a longer period.

Any changes made to how we administer the Church plan must be shared with members. As we continue to monitor our plan and our options, we will keep you informed.

Whom to Call

If you need general retirement information, please contact the Retirement Department at 905-433-0011 or write to retirement@adventist.ca.

Next Issue

Be sure to let us know if there's a topic you'd like us to cover and we'll try our best to include your suggestions in future issues.

The Big Picture

Now that we know how our pension fund is performing, let's look at the bigger picture — the global markets. Our pension fund is greatly affected by how the financial markets perform. The better the markets, the better our investment returns. Of course, the reverse is true, as well.

Despite political and economic uncertainty, most major markets around the world posted positive returns in 2012, with equity markets performing particularly well:

- Canadian equities returned 7.2%
- Global equities returned 13.3%

Coins in Your Couch

Let's see now: the markets are improving and the Church is working toward ensuring the long-term sustainability of the pension plan — so what are you doing to make sure you reach your financial goals in retirement?

Certainly the Church pension plan is a good foundation, and government benefits help, but you must add in your personal savings before you can have a complete retirement savings strategy.

But what if, at the end of each month, you're looking for coins under your couch cushions to put toward your savings? We're here to help with some useful tips...

The Credit Crunch

Unable to pay your credit card balances in full each month? What about the interest rate on your card — a little too high? If you can only make your minimum monthly payments, you're in danger of only covering the monthly interest charge. That won't reduce your debt! You may want to...

- Ask your bank if they offer lower interest cards (or shop around for one that does) and transfer your balance
- If you have multiple cards, ask your bank for a low-interest loan or line of credit and then consolidate your credit card debt
- After paying the minimum required, pay off as much as you can from the cards with the highest interest rates first (these are often store cards)
- If you can, stop using your credit card(s). It's really hard to save when you're spending!

Save for Your Future

Once you have your spending and debt under control, start tucking away money for your retirement. In fact, make it an automatic choice: set up an automatic transfer from your chequing account to your savings account of choice (RRSP, TFSA, etc.).

Pop Quiz!

How does the Pension Factor impact your pension payments?

Give up? The Pension Factor is one part of the calculation that determines your Church-provided pension payment:

- **Pension Factor** (amount used to calculate monthly pension benefits when a plan member terminates, retires or dies)
times
- **Benefits Rate Factor** (average of your 10 highest Yearly Rate Factors)
times
- **Credited Service** (total amount of time you've worked for the Church in Canada)

The Pension Factor is reviewed periodically and may be increased from time to time, though increases are not guaranteed.

- In 2011, the Pension Factor was \$2,197
- In 2012, it was increased to \$2,219
- In 2013, the Pension Factor is \$2,241

Pension Factor
times
Benefit Rate Factor
times
Credited Service

Tell Us What You Think!

If you have any questions, comments or suggestions about this newsletter, please don't hesitate to contact the Retirement Department:

- Marilyn Pazitka, Director — 905-433-0011, ext. 2071 or pazitka.marilyn@adventist.ca
- Charisma Hodgins, Administrative Assistant — 905-433-0011, ext. 2070 or hodgins.charisma@adventist.ca

We appreciate your feedback!