

# Retirement

**INSIDE  
THIS ISSUE...**

**Introducing Your  
Redesigned Annual  
Statement!**

## Welcome to Your New Planning for Retirement Newsletter!

We are pleased to introduce a new version of *Planning for Retirement*, designed to provide general information about everything retirement. Your feedback on the newsletter series we published in 2005-2006, on the changes to the retirement program, was so positive that we decided to keep the newsletters going. So, we tweaked the newsletter's look a little, but kept the same name and user-friendly format you told us you liked.

We plan to publish *Planning for Retirement* regularly throughout the year to provide information about the retirement issues that matter most to you. 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.

### Introducing... Your Redesigned Annual Statement!

We kick off the new *Planning for Retirement* series with an issue on your redesigned annual statement, enclosed with this newsletter. We are excited to offer you this new and improved statement to help you better understand the pension benefits you accumulate as a member of the Seventh-day Adventist Church Retirement Plan for Canadian Employees (the Plan).

Your new statement reflects the changes to the Plan that took effect January 1, 2006, and now includes projections of your pension at key dates, as well as additional information about various aspects of your pension benefits. Your statement also has a brand new look to make it easier to read and understand!

Read on for details on everything that's new with your annual statement!

**Note:** If you are age 65 or older, some content described in this newsletter does not apply to your situation and therefore does not appear in your annual statement.



Seventh-day Adventist Church Retirement Plan for Canadian Employees  
Registration No. 1001908

Statement Prepared for: John Doe

Statement Period: January 1, 2006 to December 31, 2006

#### About Your Statement

Your pension statement has been redesigned to help you better understand the pension benefits you accumulate as a member of the Seventh-day Adventist Church Retirement Plan for Canadian Employees and the Supplemental Plan (the Plan). Your new statement reflects the changes to the Plan that took effect January 1, 2006, and now includes projections of your pension at key dates, as well as additional information about various aspects of your pension benefits. Note that terms in italics are defined in the Definitions section.

#### Your Personal Information

Your pension statement is based on the personal data the Retirement Department had on file as at December 31, 2006, as provided by your employer. If you notice any errors, please contact your employer.

#### Personal Information

Date of birth	January 1, 1953
Spouse	Doe, Jane
Primary beneficiary	Doe, Jane
Canadian employer	Christian Record Services
Date of most recent hire in Canada	January 1, 1973
Employment status	Full-time
Plan entry date	January 1, 1988
Normal retirement date (age 65)	January 1, 2018
Credited service earned in 2006	1.00 year(s)
Credited service earned as at December 31, 2006	24.00 year(s)
Service credit	26.00 year(s)
Benefit rate factor	1.40%
Points (age plus service credit)	80.00 points

#### Your Accumulated Pension

Your accumulated pension, payable at your normal retirement date (age 65), is calculated based on your credited service earned up to December 31, 2006 in the Plan, your current benefit rate factor of 1.40% and a pension factor of \$2,132.

Your accumulated pension equals \$672 per month. This amount is payable as a lifetime pension. If you have a spouse when you retire, your pension will be reduced to provide for a joint and survivor pension for your spouse after your death. Note that a portion of your accumulated pension (\$30 per month) is payable from the Supplemental Plan.

The above amount does not factor in any future credited service you could earn as a member of the Plan. Please refer to "Your Projected Pension" below to see the potential pension you could receive from the Plan if you continue to earn credited service until retirement.

#### Vesting Rights

You will be entitled to the accumulated pension shown above (even if you terminate your employment with the Church before retirement) if you are vested in your pension when you leave. You become vested in your pension if you work for two years after becoming a Plan member. Note that your US service is taken into account to determine your vesting rights. You are currently vested.

### Your Personal Information

We have added the following data to the personal information shown: your Canadian employer, your employment status (full-time or part-time), your service credit and your points (age plus service credit).

Remember that your pension statement is based on the personal information the Retirement Department had on file as at December 31, 2006. Since all pension amounts shown in your statement depend on the accuracy of this information, be sure to take a minute to review it and contact your employer if you notice any errors.

### Your Accumulated Pension

This section now includes more information about how your pension will be paid at retirement. It also shows the portion of your accumulated pension that is payable from the Supplemental Plan, if applicable, thereby providing a more complete picture of your accumulated pension.

This information will be particularly useful if you have Canadian hospital service, independent transfer service before January 1, 1978 and/or Newfoundland teacher service prior to August 31, 1994, since benefits for this service are all payable from the Supplemental Plan and were not included in your previous annual statements.

Note that this section does not include information about the minimum value guarantee, which is also payable from the Supplemental Plan. That's because your eligibility for this benefit is determined when you retire, based on criteria outlined in your annual statement under *Your Projected Pension*.

# Retirement



**Early Retirement Reduction**  
If you retire before age 60, or if you retire at age 60 or later with less than 95 points, your pension will be reduced to take into account the fact that you will receive more pension payments during your retirement years. The applicable early retirement reduction will be no greater than 10% for each month you retire before age 65.

**Service for Pension Calculation**  
If you have accumulated US service, US hospital service and/or independent transfer service after January 1, 1978, it has not been used in the pension calculations shown in this statement. However, it has been taken into account to determine your eligibility for an unreduced pension (i.e., to determine whether your age and service credit add up to at least 95 points) on your retirement date.

**Service in the US**  
Our records indicate that you have service with the Church in the US. When you retire, you may be entitled to additional benefits from the North American Division plan.

**In the Event of...**  
**Termination of Employment**  
If you terminate your employment with the Church before retirement and you are vested, you can choose to receive your accumulated pension beginning at age 60 with no reduction, or you can choose to receive an unreduced pension as early as age 45. If you terminate your employment before age 55, you may also choose to transfer the commuted value of your accumulated pension (see "Commuting Value of Your Pension" below) to the registered pension plan of your subsequent employer if that plan accepts transfers or another locked-in investment vehicle that will eventually be used to provide retirement income.

**Death Before Retirement**  
If you die before retirement and you are vested, your spouse will be entitled to either a lump-sum amount or a lifetime pension. In both cases, the value your spouse will receive will be equivalent to the amount you had accumulated on the date of your death. If you do not have a spouse when you die, a lump-sum amount will be paid to your designated beneficiary. If you have not designated a beneficiary, a lump-sum amount will be paid to your estate.

**Disability**  
Based on current plan rules, if you become disabled and receive full disability benefits, you will continue to earn credited service under the Plan.

**Commuting Value of Your Pension**  
The commuted value of your pension is the amount of money that would need to be invested today to provide your accumulated pension at retirement. This value is calculated according to rules specified by provincial pension legislation, based on many assumptions regarding interest rates and mortality rates determined by the Canadian Institute of Actuaries.

As at December 31, 2006, the commuted value of your accumulated pension is \$65,000. This amount is based on prescribed interest rates of 4.75% for the first 10 years and 4.75% thereafter.

It is very important to keep in mind that the commuted value of your pension is an estimate only. It is a snapshot taken at a particular date. Because of the variability of interest rates, the actual commuted value of your pension can change significantly from month to month. For example, if the prescribed interest rates were 1% higher than those shown above, the commuted value of your pension would equal \$52,000. If you terminate your employment before retirement, the final commuted value of your pension will be calculated as at your termination date.

John Doe

## Who to Call

If you need further clarification, have questions, or would like to give feedback, please contact the Retirement Department at **905-433-0011** or write to [retirement@sdacc.org](mailto:retirement@sdacc.org).

## Next Issue

**TO BE DETERMINED.**  
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.

## Your Projected Pension

This section is a brand new addition to your annual statement!

To help you get a better sense of the benefits you may receive from the Plan at retirement, we have projected your potential pension at your earliest retirement date (age 55), your earliest unreduced retirement date, i.e., the date at which you can retire with no reduction to your pension for early retirement, and your normal retirement date (age 65).

If applicable, these projections also show potential benefits payable from the Supplemental Plan and any minimum value guarantee amount. This is also where you'll see whether your pension may be indexed.

As you know, these pension projections are provided for information purposes only and are based on many assumptions. Be sure to review them carefully!

## When You Can Retire

Review this section for more information about exactly when you can retire and to get a better understanding of the reduction that may be applied to your pension if you retire early, i.e., before age 65.

**Your Projected Pension**

We have projected the potential pension you could receive from the Plan if you continue to earn credited service until retirement. Estimates are shown at your earliest retirement date, your earliest unreduced retirement date and your normal retirement date (see "When You Can Retire" below). Note that all estimates are based on your personal information and various assumptions (see below) and are not guaranteed. Your actual pension benefits may vary based on your actual service, eligibility and other conditions in effect on your retirement date.

Retirement date	Earliest retirement date (age 55)	Earliest unreduced retirement date (age 61.0)	Normal retirement date (age 65)
Registered pension	\$300	\$850	\$900
Supplemental pension	\$10	\$30	\$30
Minimum value guarantee	\$100	\$80	\$200
Total pension	\$410	\$960	\$200
Indexed pension	No	Yes	Yes

**Assumptions**

The pension estimates shown above are provided for information purposes only and are based on the following assumptions:

- Current pension factor of \$2,132 remains unchanged
- Your current benefit rate factor of 1.40% remains unchanged
- Your current marital status remains unchanged. If you are single, the estimates assume you will receive a pension for your lifetime only; if you are married, the estimates assume you will select a joint and survivor pension, with 66 2/3% of your pension continuing to your spouse after your death date.
- Your current employment status (**Full-time**) remains the same between now and your retirement date.
- You meet all eligibility criteria to qualify for the minimum value guarantee, i.e., you had 70 points or 20 years of service credit on January 1, 2006 and, when you retire, you have at least 20 years of service credit; if you have been married at least one year and you choose a joint and survivor pension, Note that, if your spouse receives any pension income from his or her own employer, your minimum value guarantee will be reduced accordingly.

**When You Can Retire**

- **Normal retirement date:** Your normal retirement date is age 65. If you retire at age 65, your pension will not be reduced.
- **Earliest retirement date:** You can retire as early as age 55 with a reduced pension.
- **Earliest unreduced retirement date:** You can retire as early as age 60 with an unreduced pension. If the sum of your age and service credit add up to at least 95 points.

You must meet all eligibility criteria to qualify for the minimum value guarantee. The minimum value guarantee is not indexed and will be paid from the Supplemental Plan.

John Doe

## Service for Pension Calculation

Although your annual statement provides more information than ever, some service is still excluded from the pension calculations shown, namely, US service, US hospital service and/or independent transfer service after January 1, 1978.

That's because benefits for this service are payable from a plan other than the Seventh-day Adventist Church Retirement Plan for Canadian Employees or the Supplemental Plan. However, note that this service has been taken into account to determine your eligibility for an unreduced pension on your retirement date, as shown in *Your Projected Pension*.

## In the Event of...

This is where you can find out what happens with regards to your pension benefits in the case of various events.

## Commuting Value of Your Pension

If you are younger than age 55, you'll also see brand new text about the commuted value of your pension. The commuted value of your pension is the amount of money that would need to be invested today to provide your accumulated pension at retirement. This value is calculated according to rules specified by provincial pension legislation, based on many assumptions regarding interest rates and mortality rates determined by the Canadian Institute of Actuaries.

## Financial Position of the Plan

We have added some details on the financial position of the Plan to help you better understand how secure your pension benefits would be should the Plan be terminated (even though the Church intends to maintain the Plan on an ongoing basis).

## Definitions

All key terms in your statement are in *italics* and are defined at the back of your statement in a brand new Definitions section. We have added new definitions and clarified existing ones, once again to ensure that your annual statement is as easy to understand as possible and that it serves as a useful tool in your retirement planning.

**Financial Position of the Plan**

The Church established the Seventh-day Adventist Church Retirement Plan for Canadian Employees on January 1, 1993. At that time, there were no assets in the Plan fund. Since then, the Church has been making contributions to the Plan fund to meet its unfunded liability.

As at January 1, 2006, the date of the most recent actuarial valuation, the market value of the Plan's assets was about \$56.9 million while the Plan's liabilities were approximately \$72.9 million, resulting in a solvency ratio of 71%. Note that the Plan's solvency ratio can vary significantly from year to year depending on current interest rates. In accordance with applicable legislation, the Church is making the necessary contributions to fully fund the Plan.

While the Church intends to maintain the Plan on an ongoing basis, it has the right to terminate it if the Plan is ever terminated, any assets remaining after meeting all existing Plan obligations will be returned to the Church subject to applicable legislation.

**Changes to Plan Provisions**

Changes were made to the Plan effective January 1, 2006. These changes were described in various communication materials sent to Plan members in 2005 and 2006. Please visit [www.sdacc.org/retirement](http://www.sdacc.org/retirement) to access these materials.

**Important Note**

This is not a legal document. The Church reserves the right to correct any errors in your statement. If you feel there are inaccuracies in your statement, or if you would like more information about Plan provisions, including examining official Plan documents, please contact:

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[www.sdacc.org/retirement](http://www.sdacc.org/retirement)

**Definitions**

**Benefit Rate Factor**  
The benefit rate factor is an average of the yearly rate factors over your highest 10 years of employment, or overall years of service, whichever is less than 10. The yearly rate factor is an earnings-related rate; it is calculated at the end of each year and is based on your remuneration percentage.

**Credited Service**  
The total amount of time you've worked for the Church in Canada. This is a basic amount used in the calculation of all monthly pension benefits.

**Plan Membership**  
Full-time employees become members of the Plan after working one year or more of time. In general, part-time employees become members of the Plan after working two consecutive years or either 700 hours or earning 35% of the year's maximum permissible earnings (YMPF).

**Points**  
Criterion used to determine your eligibility to an unreduced pension. You can retire as early as age 60 with an unreduced pension if the sum of your age and service credit add up to at least 95 points.

**Supplemental Plan**  
The Supplemental Plan provides pension benefits in addition to those provided by the Seventh-day Adventist Church Retirement Plan for Canadian Employees. The Supplemental Plan is not registered. Therefore, it is not subject to pension legislation.

John Doe

## Tell Us What You Think!

We are very excited about your redesigned annual statement...

At the same time, we understand that there's always room for improvement. That's why we would appreciate your feedback on your statement: *Do you like the new look? What sections do you think work best? What's not so clear?*

Please let us know how we can keep on improving your annual statement so that it becomes a key tool in your retirement planning. You can contact the Retirement Department at **905-433-0011** or write to [retirement@sdacc.org](mailto:retirement@sdacc.org).