

THE PENSION COMMITTEE

To the Members of the General Synod:

The Pension Committee is responsible for the following pension and benefit plans:

1. *The General Synod Pension Plan (Canon VIII)*
2. *The Lay Retirement Plan (Canon IX)*
3. *The Long Term Disability Plan (Canon VIII)*
4. *The Pension Endowment Funds (Canon VIII)*
5. *The Group Employee Benefits Program*
6. *The Self Insured Death Benefit Plan*
7. *The Continuing Education Plan (Canon XII)*

The following is a summary of the work of the Pension Committee during the period June 2019 to March 2023.

1. THE GENERAL SYNOD PENSION PLAN (GSPP)

The General Synod Pension Plan (GSPP) is a target benefit multi-employer plan and is registered with CRA (Canada Revenue Agency) as a SMEP (Specified Multi-Employer Plan).

The Plan membership is currently composed of 62% pensioners and inactive members and 38% actively contributing members. The current average age is 52.5 years.

Actuarial Valuations

Eckler, the actuary, has completed and filed the 2020 valuation. The next valuation will be done as of December 31, 2022 and the report will be finalized by the fall of 2023.

Valuation Results: Going Concern (\$000s)

	Jan 1, 2020	Dec 31, 2017
Actuarial value of assets	\$893,288	\$818,420
Total liabilities	\$672,264	\$662,235
Going concern excess / (deficiencies)	\$221,024	\$156,185
Funded ratio	132.9%	123.6%

Valuation Results: Wind-Up (\$000s)

	Jan 1, 2020	Dec 31, 2017
Wind-Up assets	\$941,526	\$888,975
Wind-Up liabilities	\$964,307	\$929,305
Wind-up excess / (deficiencies)	(\$22,781)	(\$40,330)
Transfer ratio	97.7%	95.8%

Valuation Results: Solvency (\$000s)

	Jan 1, 2020	Dec 31, 2017
Solvency assets	\$892,288	\$817,420
Total solvency liabilities	\$940,451	\$938,454
Total solvency excess / (deficiencies)	(\$48,163)	(\$121,034)
Solvency Ratio	95%	87.2%

Solvency Funding Status – Update

As a specified Ontario multi-employer pension plan (SOMEPP) since January 1, 2020, the GSPP:

- no longer requires a special exemption from solvency funding requirements,
- is funded on a going concern basis, and
- is no longer restricted from improving benefits.

While we wait for new permanent funding rules applicable to current SOMEPPs, any previously required solvency funding is technically deferred until 2024, but deferred contributions are expected to be eliminated under the permanent framework. The Ontario government indicated in the 2022 budget that they are committed to establishing a permanent funding framework in 2023.

GSPP Expansion

The GSPP Expansion Committee continues to have discussions about bringing in new groups to join the GSPP. The GSPP Expansion Committee worked with Eckler to develop a brochure for the new groups. New group brochure is available on the Pension Office website.

Simon Segall, Sheryl Kennedy and Rekha Menon presented at the Canadian Accreditation Independent Schools (CAIS) National Leaders Conference scheduled in April 2023 in Vancouver, British Columbia. The target audience for this conference was Independent School operation leaders with portfolios in the areas of Admissions, Advancement/Enrolment, Business Officers & Facilities, Human Resources, and Marketing & Communications.

General Synod Pension Plan – Investment Performance

The market value of the assets of the GSPP at December 31, 2022, was \$994.68 million.

GSPP – Investment Returns – December 31, 2022

	3 months	6 months	1 year	4 years	10 years
Total Fund	5.12%	5.56%	-7.78%	7.81%	9.06%
Total Fund Benchmark	3.99%	3.69%	-12.72%	5.89%	7.15%
Excess Return	1.13%	1.87%	4.94%	1.92%	1.91%
Quartile in the Mercer’s Universe of balanced fund portfolios	Q2	Q1	Q2	Q2	Q1

Environmental Social Governance (ESG)

The Trustees believe in responsible investment, an approach to investing that aims to incorporate ESG factors into investment decisions to better manage risk and generate sustainable long-term returns for the Fund and Plan beneficiaries. As part of its ongoing monitoring of investment managers, the Trustees seek further information on the investment manager’s ESG policies as well as details regarding related ESG activities, including research and engagement with companies.

The General Synod Pension Plan has invested in the Baillie Gifford Positive Change Fund where the focus is on the dual objectives of delivering attractive long term returns and a positive change by contributing toward a more sustainable and inclusive world. The fund has four broad impact themes - social inclusion and education, environment and resource needs, healthcare and quality of life, and addressing the needs of people at the bottom of the global income ladder.

As part of Mercer’s continuing efforts to improve the quality and usefulness of the information gathered on GSPP’s investment managers, they have developed a structured questionnaire. While the questions asked may evolve over time, the intent is to better understand progress by individual investment managers year-over-year and seek out more tangible examples of ESG integration in the GSPP portfolio. Doing so will enable more meaningful and targeted engagement with individual investment managers on areas for improvement.

Any amendment to the General Synod Pension Plan’s Statement of Investment Policies and Procedures (SIPP) must be filed with the Financial Services Regulatory Authority of Ontario (FSRA) within 60 days after it is made.

The Trustees continue to follow ongoing developments and decisions in both the Corporate and Church worlds with regard to ESG. In addition, when the Trustees meet with the Plan’s investment managers, they discuss the investment manager’s processes for evaluating and integrating ESG factors in investment decisions.

Membership in the GSPP

The total membership of the GSPP for the past four years has been as follows:

Non-Retired Members	2019	2020	2021	2022
❖ <i>Active</i>	1,523	1,467	1,424	2,364
❖ <i>Inactive</i>	564	563	574	738
Total	2,087	2,030	1,998	3,102
Pensioners				
❖ <i>Members</i>	2,337	2,351	2,351	2,386
❖ <i>Surviving Spouses</i>	651	667	666	654
Total	2,988	3,018	3,017	3,040

2. THE LAY RETIREMENT PLAN (LRP)

After many years of discussion and work done on the LRP Transition by the Pension Committee and the Trustees, we are happy to report that on January 1, 2022, all members of the Lay Retirement Plan (LRP) joined the GSPP. As members of the General Synod Pension Plan (GSPP), the pension contributions for these members are now being sent to the GSPP, where they have started earning a monthly pension.

All active members, according to Canada Life's data, were sent enrollment packages from the Pension Office in the fall of 2020 to the home address that was on file with Canada Life. The Pension Office also requested that packages be resent if an updated address was later provided.

Multiple communications were sent out to the participating employers reminding them that the contribution amounts remain the same at 5% of pensionable earnings for employers and 5% for employees, to remit contributions in respect of starting in 2022 earnings to the GSPP (through the Pension Office).

New members who had questions regarding transition were engaging with the Pension Office on a regular basis. The Pension Office staff members spent a lot of time on this process of transition to make it a smooth one for the members and employers. The Pension Office staff continues to work on ongoing issues that resulted from the transition.

Still over 300 members are yet to make an election about their LRP balance, totaling \$15.0M as of December 31, 2022. The next steps to be taken in 2023 include:

- June –Notice indicating final opportunity to make election will be sent as an insert with the annual statements to these members.
- August 31 –Election window closes.
- Fall - Purchase annuities for members who do not make an election.
- December 31 - Close the plan.

The following table summarizes the investment options and the amount invested in each fund as at December 31, 2022:

	AMOUNT INVESTED	ALLOCATION
Conservative Continuum - Canada Life	\$ 987,986	6.6%
Moderate Continuum - Canada Life	\$ 5,898,739	39.2%
Balanced Continuum - Canada Life	\$ 6,482,734	43.1%
Advanced Continuum - Canada Life	\$ 472,188	3.1%
Aggressive Continuum - Canada Life	\$ 628,932	4.2%
Fixed Income - MFS	\$ 256,982	1.7%
Money Market - MFS	\$ 112,908	0.8%
1, 3 & 5 Year GICs	\$ 211,838	1.4%
Total Plan Assets	\$ 15,052,308	100.0%

3. THE LONG TERM DISABILITY PLAN (LTD) (Members, who are disabled Jan. 1, 2005 or later)

The Long Term Disability plan was revised and changes were implemented on January 1, 2005. The program provides for self-insured benefits payable after 4 months of disability, for a maximum of 18 months, then if disability continues, benefits are insured and originally underwritten by Standard Life under policy 15065.

Financial Status

These funds, originally held by Letko Brosseau from January 31, 2007 to March 10, 2020 were transferred to Philips, Hager & North (PH&N - RBC Global Asset Management Inc) on March 11, 2020. PH&N's investment review report showed that the one year returns as of December 31, 2022 are -5.38% against a benchmark of -6.37% and the market value of the fund is \$ 1,672,412.

Stats

As of December 31, 2022, there were 20 claims in the self-insured portion of the plan. Between July 1 and December 31, 2022, six claims were transitioned to Manulife. The average monthly payout from the LTD Plan as of December 31, 2022 was \$57,491 compared to \$67,141 for the period January 1 to June 30, 2022.

Claims management

The Pension Office transitioned the LTD Plan claims management to Oncidium, effective January 1, 2017. Oncidium is an Occupational Health & Disability Management organization with extensive medical and rehabilitation expertise across Canada. Oncidium's role is to adjudicate new claims and assist employees throughout their long term disability period by:

- Providing objective medical recommendations for each case;
- Maintaining confidentiality of personal medical information; and
- Providing assistance/advice on return to work processes and accommodation for a safe and timely reintegration to work activities if warranted.

4. THE PENSION ENDOWMENT FUNDS

Over the past number of years, various donations and gifts have been made to the Endowment Committee of the Pension Committee with the request that they be used to supplement the pensions of retired members and the spouses of retired members. As of December 31, 2022, the market value of the Endowment Funds totaled \$ 5,079,951. As of December 31, 2022, the returns were -9.8% against a benchmark of -10.84%. These funds, originally held by Letko Brosseau from January 31, 2007 to March 10, 2020 were transferred to Philips, Hager & North (PH&N - RBC Global Asset Management Inc) on March 11, 2020.

In December 2022, we distributed \$ 264,890 to 2,879 pensioners and survivors. We continue to combine the endowment funds payments, previously made every July, with the 13th cheque payments in December, to simplify the administration and reduce costs. Cards and letters are received from the

pensioners expressing their appreciation for the thoughtfulness of the donors and to the Pension Committee for their stewardship in managing these funds.

In addition to making cash donations to the Endowment Funds, it is also 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.

5. THE GROUP EMPLOYEE BENEFITS PROGRAM

The following changes must be reported to the Pension Office, and not to Manulife directly:

- address change
- add or remove a dependent
- change in secondary coverage through a spousal plan

The following insured benefits are provided for active members under the Group Policy which is underwritten by Manulife Financial:

	<u>No. of participating Dioceses/organizations</u>
Life Insurance	40
Optional Life Insurance (for member & spouse)	40
Accidental Death & Dismemberment	34
Short Term Disability	9
Extended Health Care	34
Dental Care	37
Vision Care	32
Long Term Disability	40

There are also 25 dioceses/organizations providing health care coverage for retirees, 22 providing retiree dental coverage and 18 providing retiree vision coverage.

Members of the former Lay Retirement Pension Plan that are now members of the General Synod Plan are also eligible to participate in the Group Employee Benefits Program as long as their employer is a Participating Employer. As of March 2023, 65 employers participate in the lay benefits plan: 336 members have life insurance coverage, 264 have health coverage and 329 are in the LTD Plan.

The annual premiums for the Employee Benefits Program under Manulife Financial at December 31, 2022 are approximately \$9,000,000.

6. THE SELF INSURED DEATH BENEFIT PLAN (SIDB)

The Self Insured Death Benefit Plan provides \$10,000 on the death of an active member, \$4,000 on the death of a retired member and \$1,500 on the death of a spouse of a retired member provided the member had participated in the Plan for at least five years at retirement.

Investment Management

The market value of the SIDB Plan as of December 31, 2022 was \$ 4,542,672. As of December 31, 2022, the one-year returns were -12.5% against a benchmark of -13.99%. These funds, originally held by Letko Brosseau from January 31, 2007 to March 10, 2020 were transferred to Philips, Hager & North (PH&N - RBC Global Asset Management Inc) on March 11, 2020.

7. THE CONTINUING EDUCATION PLAN (CEP)

The Pension Office is responsible for the day-to-day administration of the Plan. Policy decisions, educational support to members, and the authorization of sabbatical and special grants are the responsibility of the Continuing Education Administrative Unit. The Unit includes the Administrator of the Plan and five members appointed by the Pension Committee. The Administrative Unit meets and reports to the Pension Committee twice a year.

Utilization

	2021		2022	
	Number	Amount (\$)	Number	Amount (\$)
Books	94	24,757	86	37,412
Computers	198	239,299	182	243,040
Courses	162	94,179	159	101,344
Educational Trips	6	4,743	17	27,525
Sabbatical Grants	7	20,390	6	31,450
Coaching/Spiritual Direction	-	-	15	12,495
Retreat	-	-	29	23,031
Other	12	8,185	23	15,200
Total	479	391,554	517	491,499

Assessments

The assessments to sustain the fund is \$900 per year effective January 1, 2021 from each member in respect of each of the member's account holders. Assessments shall be paid quarterly and remitted within 30 days of the expiry of such period.

Review of Various Grants

In the past, due to favorable investment income, the CEP had built a pool of money which enabled us to provide various grants. The Unit has been concerned that investment income can fluctuate. Since the grants are available subject to favorable annual investment returns, it was agreed that the grants should be reviewed annually. The Unit considers the following two grants every year.

- a. **Bonus for Use:** added to withdrawals from individual accounts.
- b. **Salary source account:** Employers are using this grant to conduct group activities like clergy conference, pre-retirement seminars, etc.

On the recommendation of the Administrative Unit of the CEP, the Pension Committee approved that allocation to Salary Source Account be continued at 5% for one-year effective January 1, 2023 and that the Bonus for Use be increased to 10% for 2023. Both Salary Source and Bonus for Use will be revisited in September 2023.

Further, the one year extension granted for the expiry of the salary source grant was stopped. Allocated funds that are not used within 5 years to be placed back into the Continuing Education Plan fund and used to support sabbatical grants and other benefits.

Investment Management

The market value of the Continuing Education Fund as of December 31, 2022 was \$7,043,608. As of December 31, 2022, the one year returns were -9.8% against a benchmark of -10.84%. These funds, originally held by Letko Brosseau from January 31, 2007 to March 10, 2020 were transferred to Philips, Hager & North (PH&N - RBC Global Asset Management Inc) on March 11, 2020.

8. 2021 AUDITED FINANCIAL STATEMENTS

The firm of BDO Dunwoody LLP was appointed in 2005 to conduct the audit of pension and other non-pension plans. BDO’s specialty is multi-employer pension plan audits and our size fits their target market. The 2021 audited Financial Statements for the General Synod Pension Plan, the Lay Retirement Plan, the Long Term Disability Plan, the Endowment Fund, the Employee Benefits Fund, Self-Insured Death Benefit and the Continuing Education Plan are available on the Pension Office website.

9. OTHER

Pension Office update

Ms. Judy Robinson, who served as an Executive Director of the General Synod Pension Plan for nearly two decades, retired at the end of 2022. Judy has provided superb leadership and leaves a well-established, well-funded Plan for our active and retired members. The Pension Committee and the Board of Trustees thanked her for her astounding commitment and dedication to the work of the Pension Office, General Synod Pension & Benefits Plans.

Ms. Rekha Menon has been appointed as the Executive Director of the General Synod Pension Plan, effective January 1, 2023, succeeding Judy. Most recently the Deputy Director and Compliance Officer of the GSPP, Ms. Menon has been a valued member of The Pension Office staff for over 10 years and has a deep understanding and appreciation of the Office’s culture of committed service to the members and participating employers of the GSPP.

Board of Trustees membership

The Right Reverend Philip Poole and David Stovel have tendered their resignation from the Board of Trustees with effect from May 31, 2023. Bishop Poole will continue as a member of the GSPP Expansion Committee and David Stovel will continue as a member of the Asset Mix Committee.

The Pension Committee and the Board of Trustees expressed their gratitude towards Bishop Poole and David Stovel, for their yeoman service as members of the Board of Trustees, Pension Committee, and the various committees of the Trustees and also for providing immense support to the Executive Director and the Pension Office staff over the decades.

Acknowledgments

Bishop Poole expressed sincere appreciation to the members of the Pension Committee for their contribution to the work of the Committee as they complete their 4-year term on the Committee in June 2023. Bishop Poole also expressed appreciation to the Council of General Synod, members of the Board of Trustees, the Asset Mix Committee, the GSPP Expansion Committee, the Audit Committee, the Central Advisory Group, CEP Administrative Unit, Governance Committee, Rekha Menon (Executive Director) and the Pension Office staff for their expertise, enormous work that they do and for their continuous support.

The Right Reverend William Grant Cliff was appointed as the Chair of the Pension Committee at its February 2023 meeting. He thanked Bishop Poole for his contribution as a member of the Pension Committee, the Board of Trustees and its various Committees.

Those members, who would not be returning to the Committee following the General Synod, expressed their appreciation for having had the opportunity to serve on the Pension Committee and for the care and compassion with which the Pension Committee and the Pension Office staff carry out their responsibilities.

If you have any questions about any aspect of the Pension or Employee Benefit programs, we will again have a Pension Office staff member at the General Synod who will be available to provide information on pension policies and answer questions.

For Action

Be it resolved that this General Synod confirms the amendments to the Continuing Education Plan (CEP) approved by the Council of General Synod as attached to this resolution. Resolution No: A170.

Be it resolved that this General Synod confirms the amendments to the General Synod Pension and Benefits Plan and Regulations approved by the Council of General Synod as attached to this resolution. Resolution No: A171.

Be it resolved that this General Synod confirms the amendments to the Lay Retirement Plan and Regulations approved by the Council of General Synod as attached to this resolution. Resolution No: A172.

Be it resolved that this General Synod confirms the amendments to the Long Term Disability Plan and Regulations approved by the Council of General Synod as attached to this resolution. Resolution No: A173.

Respectively Submitted by,

The Right Rev. William Grant Cliff
Chair, Pension Committee

Ms. Rekha Menon
Director of Pensions