

What's NEWS at GSI



Autumn 2005

An informational bulletin for members of the ELCIC Pension and Benefits Programs

Benefits News

By Kurt von Schilling, Benefits Committee Chair, GSI Board



The benefits consultant from Mercer Human Resource Consulting (Mercers) presented the results of the renewal process for the ELCIC Group Benefits Plan to the GSI Board at their recent meeting.

Extended Health and Dental

Manulife had proposed expense charges and premium rates for the upcoming year and Mercers reviewed the proposal made by Manulife on our behalf.

Mercers reported that they benchmarked the proposed expense charges against their national database and ascertained that the expenses remain competitive.

Manulife proposed an overall 3% increase in extended health premiums for the calendar year 2006 and an overall reduction in dental premiums of 5%. Mercers and our analysis indicated that a .3% increase in health rates and a 9% reduction in dental rates were warranted. Manulife has accepted our analysis and resultant rates.

The experience varies materially by Synod, hence it is warranted to set premium rates by Synod.

A surplus was achieved in our account at Manulife, which was directed towards the claims fluctuation reserve. That reserve is now fully funded to its objective.

Group Life and Long Term Disability (LTD)

The group life benefit is fully insured and GSI does not receive any financial accounting from the insurer. The number of death claims under the basic life have been very few but under dependent life there have been a few more.

The LTD experience continues to be excellent, the number of claims was fewer than expected and the claims that occurred recovered quickly.

Extended Health Claims Paid By Major Category

Category	Policy year 2004-2005 % of total claims of \$638,904	Policy year 2003-2004 % of total claims of \$547,916
Drugs	76%	76%
Vision Care	6%	8%
Chiropractor	3.7%	3%
Masseur	3.1%	3.7%
All others	11.2%	9.3%

Dental Claims Paid By Category

Category	Policy year 2004-2005 % of total claims of \$441,751	Policy year 2003-2004 % of total claims of \$431,559
Fillings	24.3%	23.3%
Cleaning	18.2%	17.5%
Examinations, X-ray	12.6%	13.9%
Treatment of gum disease	13.9%	13.8%
Crowns, inlays / onlays	11.8%	10.4%
Simple extractions	6.7%	6.8%
Root canals	5.0%	6.0%
Braces, orthodontics	4.6%	4.3%
Bridges / dentures	2.7%	3.7%
Miscellaneous	0.2%	0.3%

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Things to consider when thinking about retirement.

By Hildy Thiessen, Executive Director

While there are many things to consider when retiring, there are some logistical types of questions surrounding the pension plan that seem to arise frequently. We have outlined some of these to assist in your retirement planning and hopefully this will clarify the process.

Do you want to retire early? You can retire as early as age 55, or earlier if you have completed 30 years of service. If you are not yet 65 you must terminate employment and if you are a member on the ELCIC Roster you must also be 'retired' on the roster prior to transferring your funds out of the ELCIC Pension Plan.

Normal retirement age is the last day of the month in which you turn 65. If you choose to immediately transfer your funds and purchase a retirement income, it can commence in the following month.

Do you wish to postpone your retirement? You can postpone starting retirement income until December 31 of the year in which you turn 69. If you continue working past age 65, you may either continue to contribute and accrue further pension benefits or start receiving your retirement income. However, you cannot start receiving your retirement income and continue to contribute to the plan.

Regardless of when you retire...

- If you wish to continue serving the church in a term, renewable term, or casual position there must be a break in service after your retirement date, before starting such service.
- After you have either started a pension or withdrawn your account balance for retirement, you may no longer contribute to the ELCIC Pension Plan. If you begin a term or casual position after you have started a pension or withdrawn your account balance for retirement you may wish to make alternate compensation arrangements with respect to a pension contribution.

- When you transfer your account balance from the pension plan, the entire amount must be transferred at one time; however, certain portions of your account may have different destinations. For example the locked in portion of your account balance may be transferred to a life insurance company to begin a life annuity (or other form of retirement income), while your voluntary contribution account balance could be transferred to a RRSP with no tax assessed, or taken as a taxable cash refund. However, the processing of these elections would be completed at the same time.

- All required contributions (your 5% and the employer's matching 5% and previous 7%) are locked-in, which means the funds cannot be taken out in cash, and must ultimately be used to provide some form of lifetime retirement income. Your voluntary contributions are not subject to locked-in restrictions and could be taken as a cash refund or transferred to a regular RRSP. However, they cannot be withdrawn prior to retirement like your personal RRSP account can.

Other Considerations

If there is a possibility that after age 65 and retiring you will continue serving the church in a term, renewable term, or casual position, please take time to do careful financial planning to manage your income tax liability.

There are several different retirement options available to you depending on your province of employment. We recommend that you familiarize yourself with all the options and choose the one that fits your personal circumstance the best.

Canada Pension Plan ("CPP")

Funded by contributions from you and your employer

CPP can be started as early as age 60 if you are not working, however the benefit will be reduced by 1/2% per month if you start it before age 65.

Commencement of CPP may also be deferred to any age between age 65 and 70 and then the benefit would be increased by 1/2% for each month after age 65.

Call 1-800-277-9914 for a CPP estimate.

Old Age Security ("OAS")

Funded from general taxation

OAS starts at age 65; there is no early or deferred start. Eligibility is based on residence in Canada. The payment is a set monthly amount that is indexed quarterly and reduced if a person's income is over a certain threshold.

Services provided by GSI to help you

There are many things to consider when retiring, so we hope that you will take advantage of the retirement seminars we provide and the retirement counselor services offered through Mercer Human Resource Consulting. Mercer's can provide pension quotes based on your age and account balance and they will obtain quotes for the best group rates. They will explain your options, provide individual counselling services which include tax tips and guide you through the planning issues of your retirement.

Please feel free to contact the GSI office toll free at 1-877-352-4247

You can also contact James Ralko, at Mercer's toll free at 1-800-240-0651

Retirement Seminars in Saskatchewan

In May James Ralko and I visited the members of the Saskatchewan Synod. We conducted seminars in both Regina and Saskatoon, where about 25 people attended each session. I would like to thank the members for your warm reception and hospitality and especially thank Bishop Cindy Halmarson and Sharon McKeown-Closs for their help in organizing the event.

Conversion of Life Insurance

By Hildy Thiessen, Executive Director

Conversion of a member's Basic Employee Life and Optional Group Life insurance is available upon termination, however the carrier only allows 31 days for the member to make the decision. Therefore it is a good idea to do some planning and rate comparisons prior to termination. Here is a reminder of what the current coverage is.

> General Plan information

While actively employed, a member's Basic Employee Life insurance coverage is three (3) times Salary and no medical evidence is required to obtain coverage. Basic life premiums are paid by the employer (congregation) and the monthly premium is a taxable benefit to the employee.

Optional Life insurance may be purchased at the member's cost for the member or the spouse in units of \$10,000 to maximum of \$200,000. This coverage is subject to medical evidence. Pricing varies by age band, gender and for non-smokers or smokers. Rates are available upon request at the GSI office.

When a member terminates or turns age 65, the group life insurance ends. Conversion of coverage to an individual plan is available without medical evidence at time of conversion up to a maximum of \$200,000 combined, for Basic and Optional Life. Note that this is available for members on leave from call if they wish to continue their coverage on a short term basis.

Optional life coverage can be converted without converting the basic life coverage. There is no conversion provision for Dependent Life insurance.

Application for conversion must be made within 31 days of termination.

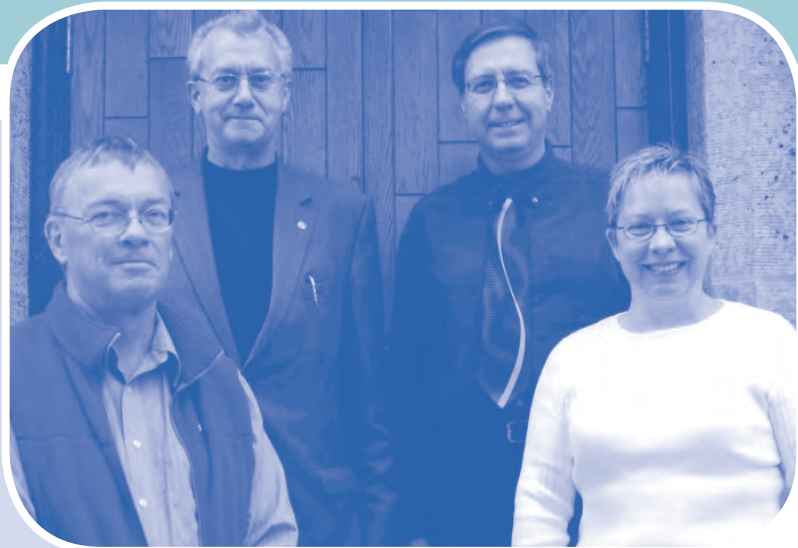
Currently GSI has contracted Co-operators to provide the group life benefit. Co-operators has various individual life products available for the members consideration. If you wish to convert your group coverage to individual coverage please call the Co-operators agent listed in your local telephone directory.

Please keep life insurance in mind in for all your financial and estate planning.



Change in the GSI Board

Left to right: **Mr. Bill Kuehnbaum**, **Mr. George Sawatzky**, **Rev Doug Kramer** and **Rev Loretta Jaunzarins**



We welcome the four newly appointed members to the GSI Board.

We would also like to extend many thanks to the outgoing Board members for all their time, hard work and dedication:

Rev Brad Senften, for his outstanding service as Chair, **Mr. David MacIntosh**, who led us expertly in matters of investment and the pension plan (David has agreed to continue to serve on the Investment Committee) and **Mr. Walter Schultz**, who was a highly valuable resource both in the Finance Committee and Communications Committee.

Visit us online at www.elcicgsi.ca

Investment News

3rd Quarter 2005

The investment returns to the end of the 3rd quarter of this year continue to be positive. The last quarter saw some very strong Canadian Equity returns, particularly from the resource sector of the market. It is reasonable to expect that there may be some correction of these strong returns during the next quarter and indeed October has indicated this.

Members' Accumulation Account – The year to date return to September 2005 is 10.1%. This return results from satisfactory performance of both investment managers (Jarislowsky Fraser and Phillips Hager & North) during that period. The results also reflect the somewhat higher portion of equities in the portfolio. The investment committee increased the target for equities to 60% of the portfolio (previously 55%) effective April 1, 2005.

Retired Benefit Account – The year to date return to September 2005 is 8.9%. This return results from satisfactory performance by our investment managers for this account (Jarislowsky Fraser, Greystone, and Great West Life) during that period. The slightly lower return on this portfolio reflects its more conservative asset mix targets (40% equities and 60% fixed income, mortgages, and real estate). We are pleased with the positive investment returns to date, but remain concerned about low long-term interest rates and the impact these have on the actuarial valuation rate of the liabilities. Long-term bond rates continue to be at historically low levels and in fact are slightly lower now than at the end of 2004. The lower actuarial valuation rate increases the present value of the retired members benefits (the liabilities). So, while we are making progress in increasing the value of our assets through positive investment returns and the increased employer contributions, our liabilities are also continuing to increase.

By John Wolff,
Investment Committee Chair, GSI Board



Ontario Physiotherapy

Recently the Ontario government announced changes to its physiotherapy coverage.

As of April 1, 2005 OHIP's revised plan no longer covers residents of Ontario between ages 20 and 64 for physiotherapy services unless they meet the criteria for any of the following classifications:

- All long-term care residents
- People of all ages needing short-term physiotherapy in their home and through a community care centre
- All people receiving physiotherapy after overnight hospitalization
- All residents needing physiotherapy who are recipients of Ontario Disability Support Program, Ontario Works, Family Benefits and Workplace Safety Insurance Board.

If you have question about the delisting of this and other services, visit www.health.gov.on.ca for more information.

Members of the ELCIC Group Benefits Plan are covered 100% up to \$350 per calendar year for visits to physiotherapists, athletic therapists or kinesiologists combined.

ELCIC Group Services Inc.

302 – 393 Portage Avenue, Winnipeg, MB R3B 3H6