

What's NEWS at GSI



Spring 2005

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

GSI Board approves changes to enhance investment performance.

By David MacIntosh, Investment Committee Chair

At its February 25th meeting, the Investment Committee and the Board of GSI reviewed investment results for 2004. Mercer Investment Consulting reported that the Members' Accumulation Account (MAA) earned a gross return of 8.4% last year. This compares with our benchmark portfolio's return of 8.9%, and the median fund in the Mercer pooled fund survey at 10%. Mercer explained that the average balanced fund in its survey had a higher equity weight at just over 60%, so the Canadian stock market gain of almost 15% in 2004 contributed to that superior result.

Regarding the MAA portfolio's underperformance relative to its benchmark, it should be noted that Jarislowsky Fraser (JF), the manager hired in December 2002, achieved a satisfactory return of 9.2% thanks to a 21% gain in its Canadian equities. However, our other manager KBSH Capital Management (KBSH) lagged with a total return of just 7.6%.

It was also reported that the Retired Benefit Account (RBA) earned a gross return of 9.1% for 2004, due largely to the transfer of assets at mid-year from KBSH to JF.

As a result of KBSH's performance, the Board approved the hiring of another firm to replace KBSH as manager of approximately 1/2 of the MAA assets. The Investment Committee had interviewed several candidates identified by Mercer, and selected Phillips, Hager & North Investment Management Ltd (PH&N). PH&N is a large well established Canadian firm with about \$50 billion of assets under management. It follows a growth oriented equity style, which should complement JF's value oriented style. A sample PH&N balanced fund earned almost 11% in 2004. The transition to PH&N is expected to be completed by the end of March.

The Board also approved several changes to the Statement of Investment Policies and Objectives, primarily the MAA Asset Mix policy. Effective April 1, 2005, the target for Equities held in the MAA will be increased to 60% from 55%. This will

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bring our fund more in line with other Canadian pension plans, and recognizes that over the long run, equities are expected to outperform fixed-income investments, especially with interest rates currently being so low.

The target for Canadian equities will remain at 30%; the balance will be split equally between US and International equities (15% in each). Although the recent Federal Budget announced that the current 30% limit on foreign investments is being removed, foreign currency risk remains a concern and therefore foreign exchange exposure will continue to be monitored and controlled.

There are no changes in the RBA's asset mix policy, although the existing 20% target for foreign equities will now be split and defined specifically as 10% in each of US and International equities. Also, Income Trust units will be permitted in both Accounts, now that limited liability legislation has been passed and trusts will be included in the benchmark index.

The Board is committed to continually monitor manager performance and investment policies and make appropriate changes as necessary.

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Healthy Back Hints

Back pain is a tangible problem. If you've got it, you know it! Fortunately, most back pain can be controlled and often rectified. Here are some tips to help.

Stretch and strengthen

Strong muscles in the trunk help keep the spine in proper alignment and protect the lower back from stress and injury. Flexible muscles in the back, buttocks, and legs allow you to bend, twist, and turn with comfort. If you do these exercises daily, they will help keep your back healthy and fit. Do them in the order shown.

For the strength exercises (#1 and #3):

- Start with the number of repetitions you can do without straining.
- Hold for three seconds or longer, then relax and repeat.
- Inhale and exhale on each repetition.

For the stretching exercises (#2 and #4):

- Do them slowly and smoothly.
- Start with 4 or 5 repetitions of each one, holding a comfortable stretch for 10 seconds or longer, then relax and repeat.

A word of caution: These are gentle exercises but if you have a known back problem, check with your physician or physiotherapist before trying them.

1 Pelvic tilt

On back, knees bent, feet flat on the floor. Tighten stomach muscles and buttocks and press the lower back firmly against the floor.

2 Sit reach

Sitting on floor with one leg straight in front, the other bent with sole of the foot near knee of straight leg. Curl upper body forward and reach hands toward your foot.

3 Peek-up

On back, knees bent, feet flat. Lift head and shoulders, and look toward knees while exhaling.

4 Low-back stretch

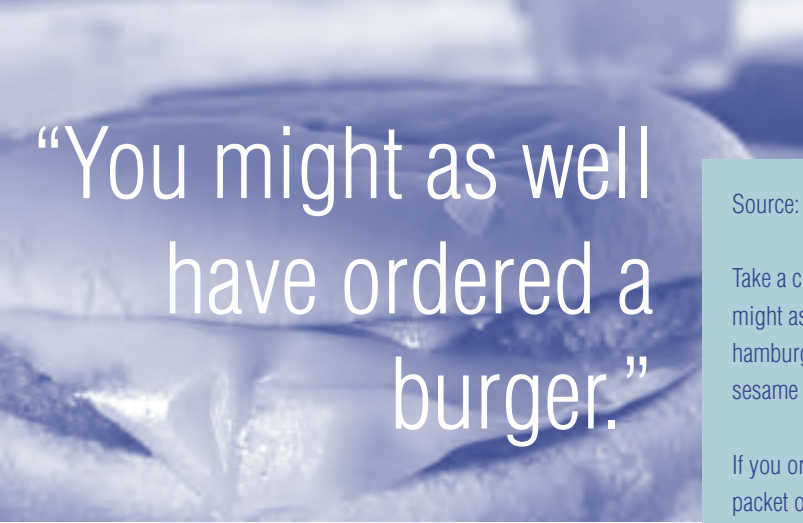
Back pressed to the floor, knees bent and feet flat on the floor. Grasp one leg behind the knee and pull it toward your chest.

Pay attention to posture

Proper posture involves correct positioning of all levels of the spine. Keep your head over your shoulders – don't poke your chin forward. Keep your shoulders level, slightly back, and relaxed. Keep your lower back "flat" by using your abdominal muscles more in a standing pelvic tilt.

When lifting, keep your back straight and the object close to your body. Lift slowly and smoothly and avoid twisting.

If you treat your back sensibly and keep it in shape, you will increase your chances of staying free of back pain throughout your lifetime. (from the Canadian Fitness and Lifestyle Research Institute website.)



“You might as well have ordered a burger.”

Source: Arthritis Today, abcnews.com

Take a close look at the salads of some popular fast-food restaurants, and calorie-wise, you might as well have ordered a burger. At Wendy's for example, you can eat a big bacon classic hamburger and consume fewer calories than the mandarin chicken salad topped with oriental sesame dressing. In fact, the burger has six fewer grams of fat.

If you order the McDonald's Crispy Chicken Bacon Ranch Salad and then top it off with a packet of ranch dressing, you will have consumed 660 calories and 51 grams of fat!

Fast-Food Salads May Not Be the Healthier Choice!

Salads should be the healthier option, but the extra toppings like cheese, bacon, fatty dressings, and croutons add on extra calories and fat grams. To make your salad a healthier choice, try the following:

Choose light dressings. (Choosing the Vinaigrette over the Ranch at McDonald's for example, slashes the calories by 250 and the grams of fat by 27!)

Don't use all the dressing.

Choose grilled instead of fried chicken. (At McDonald's that means 100 fewer calories and 8 fewer grams of fat.)

Skip the cheese and bacon. They're sources of artery-clogging trans fats, and they are high in sodium.



True or False?

A Medication Quiz from the Canadian Safety Council website

- 1 Patients take about half of all drugs incorrectly. T_ F_
- 2 Older persons are more prone to adverse reactions because aging changes the way the body absorbs and reacts to medications. T_ F_
- 3 You need to tell the doctor only of prescriptions drugs you are already taking and not over-the-counter drugs, vitamins and herbal remedies. T_ F_
- 4 With most medication, alcoholic beverages have little effect. T_ F_
- 5 Over-the-counter drugs and herbal remedies won't affect your driving or coordination. T_ F_
- 6 If you miss taking one dose of your medication, you should take a double dose next time. T_ F_
- 7 Your pharmacist and physician can alert you to possible adverse reactions that may result from combining medications. T_ F_



See answers on back page.

Unfunded Liability Goes Down!

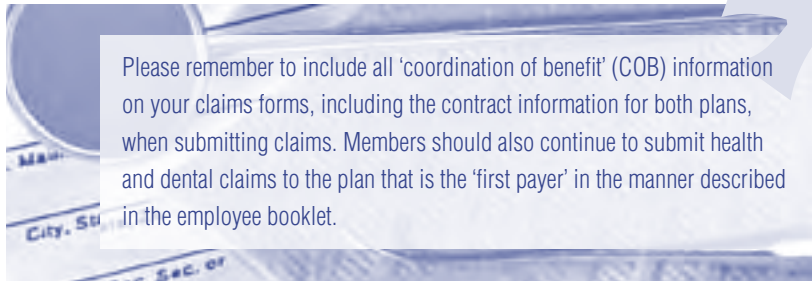
The Actuarial Valuation Report for 2004, presented to the GSI Board in February, showed that the unfunded liability had decreased by \$2,994,319. It is now \$11,697,157 compared to \$14,691,476 at the end of 2003.

The additional contributions have definitely had a positive effect on the unfunded liability, as did the National Church Council's special payment of \$2,000,000. Investment results exceeding the valuation rate of 5.75% helped to offset losses arising from changes in actuarial assumptions.

The GSI Board is optimistic that we are on our way to eliminating the unfunded liability.

Medication Quiz Answers

- 1 True. Patients take about half of all drugs incorrectly.
- 2 True. Older persons are more prone to adverse reactions because aging changes the way the body absorbs and reacts to medications.
- 3 False. You also need to tell your doctor about over-the-counter drugs, vitamins or herbal remedies.
- 4 False. Combining alcohol with medications is risky.
- 5 False. Over-the-counter drugs and herbal remedies can impair your physical and/or mental abilities.
- 6 False. If you miss taking one dose of your medication, do not take a double dose next time.
- 7 True. Your pharmacist and physician can alert you to possible adverse reactions that may result from combining medications.



Please remember to include all 'coordination of benefit' (COB) information on your claims forms, including the contract information for both plans, when submitting claims. Members should also continue to submit health and dental claims to the plan that is the 'first payer' in the manner described in the employee booklet.

A Big Bouquet of Roses to Employers!

Last year pension plan participating employers (congregations and certain ELCIC institutions) were notified of the additional contribution required under pension legislation to pay the unfunded liability. We are aware that this requirement affects each congregation differently, and that some congregations have had to stretch more than a little to meet this cost.

But the good news is that there has been an overwhelming response, as virtually all employers have responded positively. The GSI Board and staff extend huge bouquets to congregations and institutional employers. This is a tremendous vote of confidence for all concerned.

Many, many thanks for a task well started and thanks in advance as we anticipate that this support will continue.

Reminder to provide COB information on health and dental claims

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