Your Pension Plan

Pension & Benefits
The Presbyterian Church in Canada
L'Église presbytérienne au Canada

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March 2016

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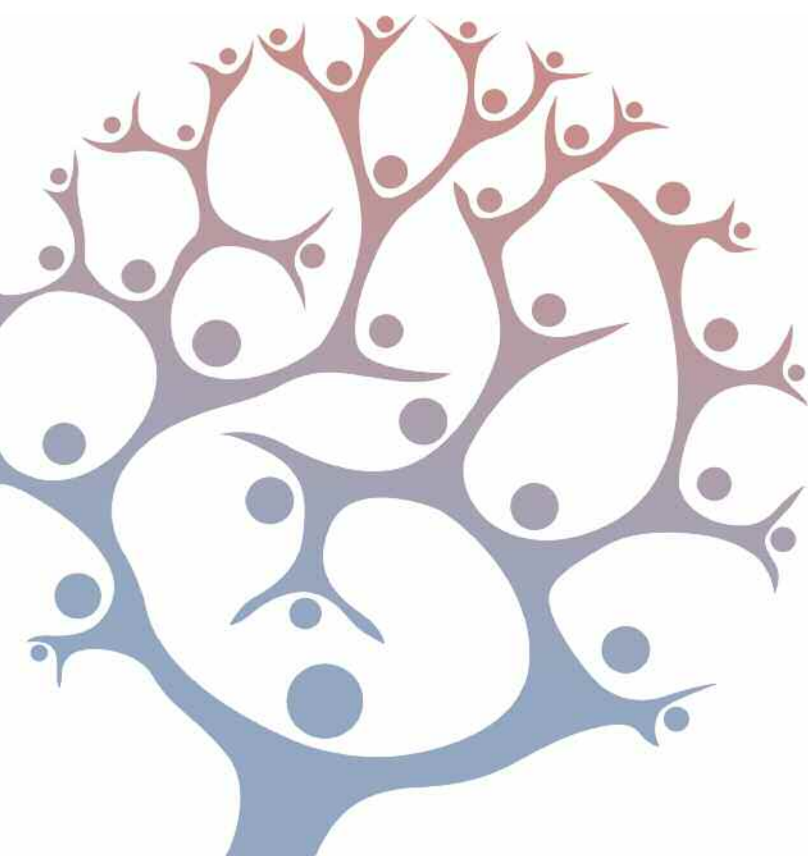

Your Pension Benefits at a Glance

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PLAN MEMBERSHIP	Compulsory for ordained Ministers, Members of the Order of Diaconal Ministries, and employees of the National Office. Available to other Church workers whose employers agree to participate in the plan.	4
YOUR CONTRIBUTIONS	You contribute a percentage of your pensionable income to the plan every month by payroll deduction. This percentage is approved each year by General Assembly. Your contributions are tax-deductible.	4
EMPLOYER CONTRIBUTIONS	Your congregation or employer also makes contributions to the pension plan. The amount of employer contributions is approved each year by General Assembly.	4
RETIREMENT AGE	Normal: First day of the month following your 65th birthday. Reduced early: Anytime after you reach age 55 – with a reduced pension. 95-point early: Anytime after your age and pensionable service total 95 – with no reduction. Postponed: Anytime after age 65, but under current law, pension payments must begin no later than the year in which you reach age 71.	5
AMOUNT OF YOUR PENSION	Your pension is based on a formula that uses your pensionable income, income ratio, pensionable service, and maximum qualifying income.	6
IF YOU DIE BEFORE RETIREMENT	Your spouse or child(ren) will receive a survivor's pension or a lump sum will be paid to your beneficiary or estate.	10
IF YOU LEAVE	If you leave the plan before you are vested, you will receive a refund of your contributions plus interest. If you are fully vested you are entitled to the commuted value of the pension you have earned.	11

Welcome to the Plan

The Church is very pleased to be able to offer a "defined benefit" pension plan to our clergy and employees. Plans such as this, which offer a clearly defined benefit tied to earnings and service, are becoming rare in Canada. In fact, only 25% of Canadians not employed by the government now have a pension plan of any kind.

The Church's pension plan was established in 1927. It now provides a monthly pension to over 970 retirees, and has over 700 active members.

The plan has been designed to give you and your family a solid foundation for building a safe and secure financial future. Among other things, it offers you:

- a clearly defined lifetime pension
- a range of death benefits to protect your family, including a pension for your spouse and children.

Whether you're just beginning your career with the Church or you are a long-time plan member, we urge you to take a few minutes to review this booklet and share it with those closest to you.

A Commitment to Good Governance

Managing a pension plan is a complex task, but the goal is simple: to make sure there is enough money in the pension plan today to cover all of the pensions to be paid from the plan at some point in the future.

Our plan is managed by the Pension and Benefits Board. The Board is appointed by the General Assembly of the Church and is responsible for the administration of both the pension plan and the group benefits plan. It is composed of church representatives from across Canada, and meets three times each year.

Under its various sub-committees, the Board interprets the pension plan constitution and decides on issues that affect plan members. Details of the Board's responsibilities are documented in the constitution.

The pension plan is also partly governed by a Trustee Board, which is also appointed by the General Assembly of the Church. The Trustees meets four times yearly. Under its mandate, the Trustee Board establishes the pension plan investment policy, selects the plan's professional investment managers, and reviews investment performance.

The Pension and Benefits Board Office looks after the day-to-day operations of the plan. This includes signing up new members, receiving contributions from employers, answering questions, and preparing statements.

The plan is regulated by federal and provincial legislation. It is registered under the Income Tax Act and the Ontario Pension Benefits Act (Registration No. 0368902). The plan may be changed or discontinued at any time with the approval of General Assembly. Any pension benefits already earned at the time of a change are fully protected under the plan.

Joining the Plan

If you are an ordained Minister or a Member of the Order of Diaconal Ministries, you must join the plan. Employees of the National Office must join the plan after one year of employment, but may choose to join earlier (anytime after three months of employment). Other Church workers or congregational employees may also join, provided their employers agree to participate in the plan.

"Your employer" means the Church, a Synod, a Presbytery, a congregation, or an organization directly under the control of the Church, or of any other authorized Employer that contributes to the pension plan.

REJOINING THE PLAN

If you left your pension benefits in the plan at the end of your previous period of employment, your full period of previous pensionable service is recognized automatically.

If you transferred a lump-sum payment from the plan when you left, you may buy back your previous pensionable service as follows:

- repay the lump sum with interest within one year of rejoining the plan; or
- with the agreement of the Pension and Benefits Board, spread your repayment over a period of up to five years (but not past your normal retirement date).

How the Plan Works

When you join the plan, you make monthly contributions to the pension fund by payroll deduction. Your employer also makes regular contributions to the fund.

When you retire, you receive a pension from the plan based on your pensionable income and your period of pensionable service. Other important sources of retirement income include government programs, such as the Canada Pension Plan and Old Age Security, and your own personal savings plans.

You may wish to think of your retirement income as a three-legged stool made up of your Church pension, government-paid pensions, and personal savings.

CONTRIBUTIONS

Your pension is paid from your contributions and contributions made by your employer.

These contributions, together with the investment income they earn, provide the funds for your pension (see pension formula on page 6).

The amount to be contributed by members and employers is approved by General Assembly. Currently, you contribute 9% of your pensionable income to the plan. This is automatically deducted from your before-tax pay. The Church also makes contributions to the plan based on the advice of the plan actuary. When you retire or leave the plan, a test is done to check that the Church has contributed at least as much as you have (see page 12, Excess Contributions).

Your contributions to the pension plan are automatically deducted from your before-tax pay.

Example of annual member pension contribution:

Your pensionable income in current year: $60,000
Your pension contribution in current year: $60,000 x .09 = $5,400

When You May Retire

NORMAL RETIREMENT

Your normal retirement date is the first day of the month following your 65th birthday.

REDUCED EARLY RETIREMENT

You may retire with a reduced pension anytime after you reach age 55.

95-POINT EARLY RETIREMENT

You may retire early with an unreduced pension if your age plus pensionable service total 95 or more. For example, if you are age 62 and have 33 years of pensionable service, your pension will be calculated using the normal retirement formula and your actual pensionable service, with no reduction.

POSTPONED RETIREMENT

If you continue working after age 65, you may continue to earn pensionable service and receive an increased pension when you retire. However, the Canada Revenue Agency requires that pension payments begin by the end of the calendar year in which you reach age 71.

POSTPONED RETIREMENT: QUEBEC

If you live in Quebec and continue working part time after age 65, you may choose to begin payment of all or part of your pension. These pension payments may not exceed the amount by which your earnings are reduced. Your full pension will begin when you stop working altogether.

If you take this payment option, your contributions will stop and you will not earn any additional pension benefits.

Key Terms

To understand how your pension plan works, it is important to know the meaning of the following terms:

Maximum qualifying income

The maximum income used to calculate contributions and pensions. This figure is determined annually based on the consumers' price index average and approved by the General Assembly.

Pensionable income

"Income" means either your stipend (plus an allowance of 60%) or your salary (excluding bonus or overtime payments but including payments for health and dental insurance). "Pensionable income" is your income up to the maximum qualifying income.

If you are working part-time during any calendar year, your pensionable income will be the equivalent to the pensionable income which you would have received if you had worked on a full-time basis.

Income ratio

The ratio of your pensionable income to the maximum qualifying income. If your pensionable income is equal to or greater than the maximum qualifying income in a given year, your income ratio for that year is 1. If your pensionable income is lower than the maximum qualifying income in a given year, your income ratio for that year is a figure less than 1.

For example, if your pensionable income in 2016 is $65,000 – which is less than the maximum qualifying income for the year of $69,900 – your income ratio for 2016 is 0.92 ($65,000 ÷ $69,900 = 0.92)

Pensionable service

The period in a given calendar year during which contributions are made to the pension plan (measured in complete months). If you are working part-time during any calendar year, your pensionable service will be pro-rated based on your part-time percentage.

Amount of Your Pension

NORMAL RETIREMENT FORMULA

A new pension formula went into effect January 1, 2013. If you were actively contributing to the plan on December 31, 2012, your pension will be calculated using both the old and the new formulas. The portion of your pension earned before December 31, 2012 is frozen.

Before and after: a closer look at the two formulas.

To apply this formula, you need a record of your income during your plan membership and the maximum qualifying income each year.

For service up to December 31, 2012	For service after December 31, 2012
• 1.5% of the average maximum qualifying income (average of last five years up to December 31, 2012)	• 1.5% of the maximum qualifying income for that year
• multiplied by your income ratio (average of your best five years up to December 31, 2012)	• multiplied by your income ratio for that year
• multiplied by your pensionable service up to December 31, 2012	• multiplied by your pensionable service for that year

Starting January 1, 2013, your pension each year is based on 1.5% of your earnings in that year (up to the maximum for that year)

To help you keep track of your pension, a pension statement is sent to you every year. This statement shows how much pension you have earned to date. It also gives you an estimate of your pension if you stay in the plan until you retire.

FORMULA AT WORK:

Example of a member's pension up to December 31, 2017

For service up to December 31, 2012	
Average maximum qualifying income (average of last five years up to December 31, 2012):	$63,456
Income ratio (average of best five years up to December 31, 2012):	0.85
Service up to December 31, 2012:	15 years
• 1.5% of $63,456 = $951.84 • multiplied by 0.85 = $809.06 • multiplied by 15 (for service up to December 31, 2012) = $12,135.96	
Annual pension earned up to December 31, 2012:	$12,135.96

For service after December 31, 2012

Year	Pension formula	Multiplied by	Maximum qualifying income for that year	Multiplied by	Income ratio for that year	Pensionable service for that year	Annual pension earned
2013	1.5%	x	$67,260	x	0.92	1	$ 928.19
2014	1.5%	x	$67,920	x	0.94	1	$ 957.67
2015	1.5%	x	$68,820	x	0.96	1	$ 991.00
2016	1.5%	x	$69,900	x	0.98	1	$1,027.53
2017	1.5%	x	$71,298*	x	1.00	1	$1,069.47
Annual pension earned from January 1, 2013 to December 31, 2017							$4,953.48
Total annual pension earned to December 31, 2017							$17,089.44
*assumes 2% increase							

EARLY RETIREMENT FORMULA

If you retire before age 65 and you do not have 95 points, your pension is reduced by 6% for each year (1⁄2% per month) that you fall short of age 65.

PENSION EXAMPLE: EARLY RETIREMENT FORMULA WITH A REDUCED PENSION

Age: 62
Amount of age 65 monthly pension $1,500
Reduced by 18% (3 years x 6%): $270
Total early retirement monthly pension: $1,230

Your Pension Payment Options

CHOOSING A PENSION THAT IS RIGHT FOR YOU

When you retire, you have several different pension payment options to choose from. The option you select will have an impact on the amount of your monthly pension and how much your spouse or beneficiary receives after your death. Here are some things you should consider before you choose a payment option:

1. You cannot change your payment option once you begin receiving your pension, even if your personal family situation changes.
2. Whatever form of pension you choose, your pension will always be paid for at least as long as you live. If you like, you can add a guarantee period that will provide a certain number of monthly payments, even if you die.
3. If you have a spouse when you retire:
   a) If you die first, 66 2/3% of your pension at retirement will be paid to your spouse. If the spouse you have at retirement dies before you, a new spouse will qualify for a spouse's pension only if that person has been your spouse, as defined by the Plan, for at least a full year before your death. It is very important to keep the Pension and Benefits Board Office up to date, or your new spouse will be required to provide additional proof after your death.
   b) You may choose to take a reduced pension at retirement to continue a higher percentage of your pension (up to 100%) to your spouse if you die first. You may also take a reduced pension and add a guarantee of 5, 10 or 15 years to your spouse's pension options. If you die within the guarantee period, your spouse will receive the same amount of pension that you were receiving, for the remainder of the guarantee period. After that, your spouse will begin receiving a pension at the level you chose at retirement. This pension will continue for your spouse's remaining lifetime.
4. If you don't have a spouse when you retire:

   Your pension will be paid for your lifetime, or, with your choice of a 5, 10, or 15-year guarantee. If you die within the guarantee period, your pension will continue to be paid to the beneficiary(ies) of your choice until the guarantee period ends.

You cannot change your pension option after you retire.

The definition of "spouse" is governed by provincial pension law.

UNDERSTANDING THE IMPACT

This table shows the possible impact of two pension options on a member who retires at age 65 with a 63-year-old spouse and a monthly pension of $1,000. This is an example only. Amounts will vary depending on your age at retirement, your spouse's age and interest rates in effect when you retire. Other pension options are available at retirement. Please contact the Pensions and Benefits Board Office to request a personal pension estimate.

Pension payment option	Description	Monthly pension at retirement
66 2/3% spouse's pension	Pension paid for your life with 66 2/3% continuing to your spouse for his/her lifetime after your death	$1,000
100% spouse's pension	Pension paid for your life with 100% continuing to your spouse for his/her lifetime after your death	$944

If you are single when you retire, you have four pension options from which to choose. The table below shows the possible impact of two different pension options on a member who retires at age 65 and a monthly pension of $1,000. This is an example only. Amounts will vary depending on your age at retirement and interest rates in effect when you retire. Please contact the Pensions and Benefits Board Office to request a personal pension estimate.

Pension payment option	Description	Monthly pension at retirement
Lifetime only	Pension paid for your lifetime. There is no death benefit.	$1,000
Life with 10-year guarantee	Pension paid for your lifetime. If you die before 120 monthly payments have been made, the rest will be paid to your beneficiary or estate.	$959

SMALL PENSION RULE

If your pension qualifies as a "small" pension under pension law, you will receive the commuted value of your pension in the form of a single, taxable payment instead of in monthly pension payments. The rules for a small pension vary by province.

PAYMENT OF YOUR PENSION

Pension payments begin on the first of the month following the month in which you retire. Your pension will be deposited directly into your bank account at the start of each month.

To avoid missing payments, please make sure to notify the Pension and Benefits Board Office of any changes in your address or banking arrangements.

TAX AND YOUR PENSION

Pension payments are taxable. You will need to complete the appropriate Canada Revenue Agency (CRA) tax form to determine the amount of income tax to be withheld at source. If you choose to have no tax deducted, you are responsible for paying the tax at the end of the year when you file your return. You can increase or decrease the amount of tax to be deducted by contacting the Pension and Benefits Board Office.

PENSION INCOME SPLITTING

Also, keep in mind that when you file your taxes, you can split up to 50% of your pension income with your spouse. That means that you claim part of the income as yours and your spouse can claim up to half of your pension income as his or hers. If your spouse is in a lower tax bracket than you, you will pay less income tax overall.

We recommend that you consult an accountant or other qualified advisor before you and your spouse decide to split your income for tax purposes.

DEATH BEFORE RETIREMENT

If you die before your pension begins and you do not have a spouse, your beneficiary or estate will receive the larger of the following two amounts:

- your total contributions plus interest, or
- the commuted value of your pension earned after 1986 (after 1984 in Manitoba and during your entire plan membership in Saskatchewan).

Keep in mind that if benefits are paid to your estate, they may be exposed to probate fees and creditors. This is not the case if they are paid directly to a beneficiary.

In most provinces, your death benefits must be paid to your spouse, even if you have named someone else as your beneficiary.

FAMILY DEATH BENEFITS

If you are an active plan member at the time of your death, the following benefits will be paid from the plan:

Family Death Benefits

1. If you have a spouse	Your spouse will receive a pension equal to 66 2/3% of the pension you have earned up to the date of your death. This pension will be paid for the lifetime of your spouse and is not affected by remarriage. An additional pension of 1/6 of your spouse's pension will be paid to your first child, with smaller amounts for each additional child (up to four children in total).
2. If you do not have a spouse but you have a dependent child or children under age 18:	Your first child will receive a pension equal to 66 2/3% of the pension you have earned up to the date of your death. An additional pension of 1/6 of your first child's pension will be paid to your second child, with smaller amounts for each additional child (up to four children in total). Child(ren)'s benefits stop at age 18. However, the Pension and Benefits Board may allow benefits to continue to age 25 if the child is attending school full-time.

Your family benefits are guaranteed to be not less in value than the death benefits that would be paid if you did not have a spouse or child(ren) at the time of your death. If you have fewer than 12 years of pensionable service, death benefits will be calculated based on 12 years of pensionable service or your total pensionable service if you had lived to age 65 (whichever is less).

After you retire, death benefits (if any) depend on the form of pension you chose at retirement.

DOCTORAL LEAVE

If you take a leave from active service as a Minister or a Member of the Order of Diaconal Ministries in order to become a doctoral student, you may choose to continue contributing to the plan.

Your "income" will be your income for the last complete calendar year of employment before you became a doctoral student. This income will be adjusted each year based on increases to the maximum qualifying income for pension contributions.

DISABILITY

You are not required to make contributions to the plan if you are receiving disability benefits from the Church's long term disability plan or from the Canada/Quebec Pension Plan Disability. You continue to earn pension benefits based on your pensionable income just before you became disabled. This income is increased each year by the same percentage as any increase in the maximum qualifying income. (Also see "Shortened Life Expectancy" on page12.)

DIVORCE OR SEPARATION

Your pension is considered a family asset. This means that any pension you earn while you and your spouse are together may have to be divided based on the court order. Under current pension law in most provinces, your ex-spouse may receive up to 50% of the pension you earned while the two of you were considered "spouses." The date at which your ex-spouse can receive his or her share of your pension depends on the province in which your pension is earned. (An administration fee applies to marriage breakdown calculations.)

Please inform the Pension and Benefits Board Office of any changes in your marital status. You should also update your beneficiary information at the same time.

The "commuted value" of your pension is sometimes known as the "transfer value." This is the total value in today's dollars of the pension you are entitled to receive at age 65.

LEAVING THE PLAN

If you leave before you are vested, you will receive a refund of your contributions with interest. You may transfer this money tax-free to a registered retirement savings plan (RRSP) or take it as a taxable cash payment.

If you leave after you are vested, you are entitled to the full commuted value of the pension you have earned to the date you leave.

Vesting rules vary by province. In most provinces, pension benefits are immediately vested. If you have any questions about vesting requirements in your province, contact the Pension and Benefits Board Office.

Your pension is calculated using the maximum qualifying income in place at the time you leave.

You have the following payment options:

1. **Leave your pension in the plan**
   You may leave your benefits in the plan and take a pension anytime after you reach age 55.

   If you die before taking your pension, your death benefit will equal your total contributions plus interest or the cash value of your pension earned after 1986 (1984 in Manitoba), whichever is greater.

2. Transfer your benefits out of the plan

If you are under age 55, you may transfer the commuted value of your pension, tax-free, to one of the following:

- a locked-in retirement account (a LIRA), which is an RRSP that does not allow withdrawals and must eventually be used to provide a retirement income;
- an insurance company to buy an annuity that will guarantee a retirement income anytime from age 55; or
- your new employer's pension plan, if that plan allows transfers.

You will also receive any "excess contributions" (see page below). These funds may be taken as a taxable cash payment.

EXCESS CONTRIBUTIONS

When you retire (or leave the plan), the pension administrator will calculate if the total contributions you made after 1986 (1984 in Manitoba) plus interest is greater than 50% of your commuted value earned over the same period. Any excess contributions will be refunded to you with interest. These funds may be taken as a taxable cash payment.

MATERNITY OR PARENTAL LEAVE

Your leave counts as pensionable service as long as you make arrangements to continue your contributions while you are away. Your pension during this period is based on your income immediately before the leave began. You may take up to a total of three years of leave during your career.

If you wish, you can choose to stop making contributions and suspend earning pensionable service during your leave. If you do choose to stop making contributions, the period of leave will not count towards your pensionable service. To do this, you must notify the Pension and Benefits Board Office in writing before your leave begins.

SHORTENED LIFE EXPECTANCY

If you have a shortened life expectancy, (before or after retirement) you may withdraw the pension you have earned as a single, taxable payment. To do this, you must:

- obtain a written statement from your doctor confirming that you have less than two years to live;
- if you have a spouse, get written consent (signed within 60 days before you submit your application).

Most experts agree that you'll need to replace 50%-70% of your annual income when you retire — depending on your lifestyle. As valuable as the Church's plan is, it may not meet all of your retirement income needs. For Canadians, the three main sources of retirement income are:

1. employment-based pension plans (like your Church plan),
2. government programs, and
3. personal savings.

GOVERNMENT PROGRAMS

Government programs include the Canada/Quebec Pension Plan (CPP/QPP), Old Age Security (OAS) and, for low income Canadians, the Guaranteed Income Supplement (GIS).

Canada/Quebec Pension Plan (CPP/QPP)

Under the current CPP/QPP system, all working Canadians between the ages of 18 and 70 contribute to the CPP/QPP. Contributions are based on earnings between the basic exemption ($3,500 in 2016) and the CPP/QPP earnings limit ($54,900 in 2016). Your contributions are matched by your employer.

The CPP/QPP is designed to replace about 25% of the average industrial wage. The size of the pension you actually receive from the CPP/QPP depends on your level of income, how long you contribute, and how old you are when you retire. In 2016, the maximum CPP/QPP pension at age 65 is $13,110 (about $1,092 per month).

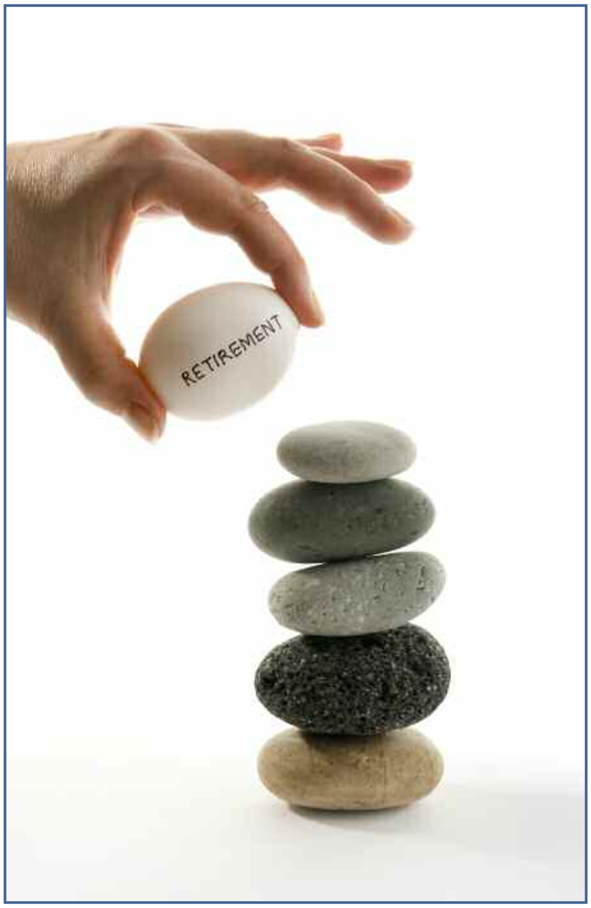
Old Age Security (OAS)

OAS is paid in addition to CPP and provides a small pension for almost every senior at least 65 years old. It replaces another 15% or so of the average industrial wage, although the exact amount you get depends on how long you have lived in Canada. Unlike CPP, which you receive regardless of your other retirement income, OAS starts to be "clawed back" if your retirement income exceeds a certain level ($73,756 in 2016). In 2016, the maximum OAS pension is approximately $6,846 (about $570 per month).

Guaranteed Income Supplement (GIS)

GIS is paid to people receiving OAS who have an income below a certain level ($17,304 for singles and $41,472 for couples in 2016). Spouses and survivors of GIS recipients may qualify for an additional allowance.

In 2016, the combined maximum CPP and OAS retirement pension is roughly $19,956. For more information about government pensions, contact Service Canada at 1-800-277-9914 or visit the website at www.servicecanada.gc.ca.



PERSONAL SAVINGS

If there's a gap between your retirement income goals and your combined government and Church pensions, this is where personal savings come in. There are two tax-effective ways to save for retirement:

Registered retirement savings plan (RRSP)

In Canada, one of the most tax-effective ways to save for retirement is a registered retirement savings plan (RRSP). Simply visit any major financial institution and ask to open an RRSP account. Any contributions you make to an RRSP come straight off your taxable income (up to government limits) and can greatly reduce the amount of income tax you pay. The money you leave in your RRSP, including investment income, grows tax free until it is withdrawn.

Impact of your Church pension on your RRSP contribution room

You pay no income tax on the contributions made by you and your employer to the pension plan. However, the amount you are allowed to contribute to an RRSP in the current year is reduced by the value of your membership in the pension plan in the previous year. The value of your membership is reported on your T4 as a "pension adjustment." It is calculated using a formula established by the Canada Revenue Agency (CRA).

Your annual RRSP contribution limit each year is 18% of your previous year's "earned income" up to the dollar limits shown below minus your pension adjustment from the previous year:

Tax year dollar limit

2014 - $24,270
2015 - $24,930
2016 - $25,370
2017 - $26,010

Your available RRSP contribution room for the year is shown at the bottom of your annual income tax assessment. If you contribute less than the maximum to an RRSP in any year, you may carry forward your unused contribution room to future years.

It is important to keep track of your RRSP contributions to avoid over-contributing. Tax law allows a lifetime over-contribution limit of $2,000. Amounts above this limit are subject to a 1% monthly penalty.

How much should you contribute each year to your RRSP? That depends on many things, including your current age, your retirement goals, and whether you have other savings or sources of income. For personal advice on retirement planning, we strongly recommend that you consult a qualified, independent financial advisor.

Tax-free savings account (TFSA)

All Canadian residents aged 18 or over can contribute up to *$5,500 a year to a tax-free savings account (TFSA). Like an RRSP, a TFSA lets you save and invest your money without having to pay tax on your investment income or capital gains. The main difference between a TFSA and an RRSP is that:

- an RRSP gives you a tax deduction on contributions, but withdrawals are counted as taxable income.
- a TFSA gives you no tax relief on contributions, but withdrawals are tax free.

*$5,500 per year is the TFSA contribution limit for 2016. Unused contribution room can be carried forward for as long as you wish.

Also Worth Knowing

KEEPING US INFORMED

You are responsible for informing the Pension and Benefits Board Office of any changes in personal status. Please notify your employer immediately of any changes in your:

- name,
- address,
- marital status,
- dependents
- beneficiary.

PROVINCIAL PENSION LAWS

Pension regulations vary from province to province. This guide includes information on some of the more important differences. However, you may have to comply with some provisions in your province that are not covered here.

PRIVACY

It is impossible to administer your pension plan without using personal information. However, the Church is committed to protecting your privacy and has strict safeguards in place to protect your information from unauthorized access or use.

In addition, you have the right to see the information on file for you, and to update or correct it as necessary.

For more information, please contact the Privacy Officer.

QUESTIONS

If you have questions or require information about your plan membership, please call 1-800-619-7301 or 416-441-1111.

If you prefer, you may write to:
Pension and Benefits Board Office
The Presbyterian Church in Canada
50 Wynford Drive
Toronto, Ontario
M3C 1J7

You may also contact the Pension and Benefits Board Office by sending an e-mail pension@presbyterian.ca.

Beneficiary
In most provinces your death benefits must be paid to your spouse, even if you have named someone else as your beneficiary.

Commuted value
This is the lump-sum value today of the pension you are entitled to at age 65 if you leave your pension benefits in the plan.

Deferred pension
The pension that is determined at the time you terminate employment, but not payable until a later date (usually at the normal retirement date of age 65).

Employer
The Church, a Synod, a Presbytery, a congregation or an organization directly under the control of the Church, or any other authorized employer that contributes to the pension plan.

Income ratio
The ratio of your pensionable income for each year to the maximum qualifying income.

Locked-in retirement account (LIRA)
A registered retirement savings plan from which no withdrawals are allowed. Money transferred to a locked-in RRSP must be used to provide an income at retirement or a death benefit before retirement.

Maximum qualifying income
The maximum income used to calculate contributions and pensions.

Pension adjustment (PA)
The amount determined by a Canada Revenue Agency formula and reported on your T4 as the value of the pension benefit you earn in a calendar year. This amount is subtracted from your overall retirement savings limit to find out how much you may contribute to an RRSP.

Pensionable income
"Income" means either your stipend (plus an allowance of 60%) or, your salary (excluding bonus or overtime payments but including payments for health and dental insurance). "Pensionable income" is your income up to the maximum qualifying income.

Pensionable service
The period during which contributions are made to the pension plan (measured in complete months). This may include previous periods of pensionable service for which you have taken a deferred pension or which you have "bought back."

Registered retirement savings plan (RRSP)
A savings plan registered under the Income Tax Act that allows you to put aside a portion of your income tax-free until withdrawn. Investment earnings also accumulate tax-free.

Spouse

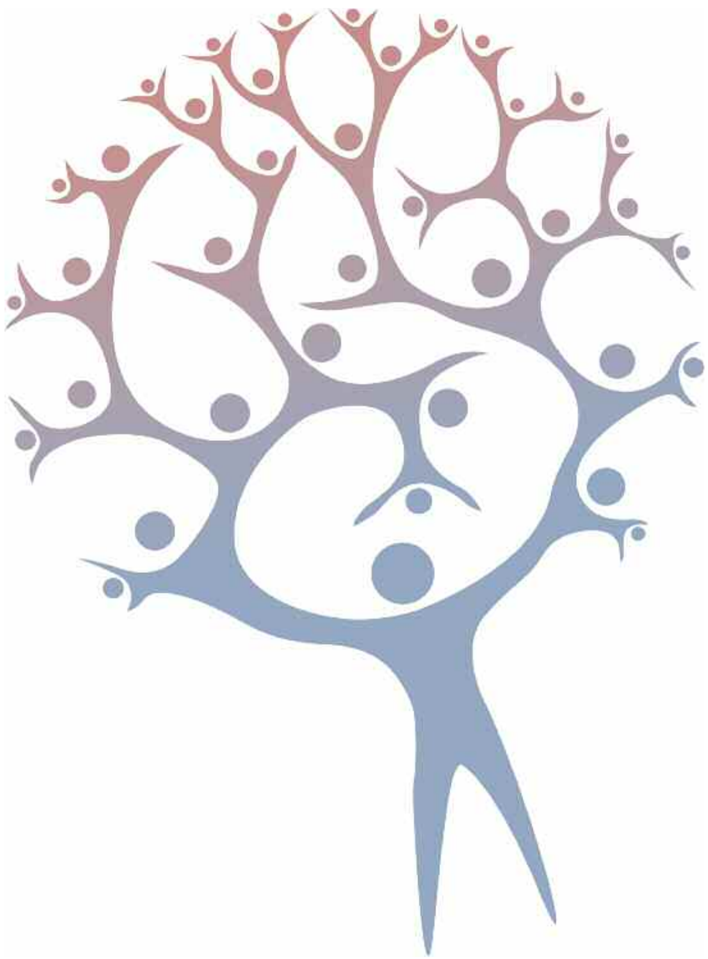
Each province has its own definition of "spouse" for pension purposes. These are available from the Pension and Benefits Board Office. The doctrinal position of the Church on marriage can be found in the *Acts & Proceedings* of the 123rd General Assembly, p.251-272, *Committee on Church Doctrine – Re: Human Sexuality Report*

Tax-free savings account (TFSA)

All Canadian residents aged 18 or over may contribute each year to a tax-free savings account (TFSA). A TFSA gives you no tax relief on contributions, but allows you to save and invest your money without having to pay tax on investment income or capital gains. Withdrawals are also tax free. Unused contribution room may be carried forward.

Vesting

Vesting is a status whereby a member becomes irrevocably entitled to benefits under the plan as a result of satisfying requirements for membership and pensionable service.



This guide gives a summary of the main provisions of the plan. It is not a legal document and does not cover every detail, but it does give you the basic facts. Key terms are defined throughout the text and in the final section.

We have tried to provide an accurate description of your pension benefits. However, if there is a discrepancy between the information in this guide and the Constitution, the Constitution will govern.

Notes