



CHRISTIAN SCHOOLS  
INTERNATIONAL

## Canadian Christian School Pension Plan & Trust Fund

# UPDATE

**Date:** December 2006

**To:** All Participating School Boards  
and Principals, Active and  
Inactive Plan Participants

**From:** Howard Van Mersbergen  
Executive Secretary-Treasurer

- Required Change in Adjusted Credited Participating Service
- Adjustment to the Pension Formula to Compensate for the Change in Adjusted Credited Participating Service
- Making the Adjustment Retroactive to September 1, 1992
- Verification of Benefit after Conversion to the New Pension Formula

The purpose of this pension Update is to inform you of a new Canada Revenue Agency (CRA) requirement which changes how your pension benefit is calculated and the adjustment made to the pension plan to address this requirement so there is **no impact to your pension benefit**. The amount of your pension benefit will remain the same or increase slightly due to rounding.

### Required Change in Adjusted Credited Participating Service

The Canada Revenue Agency requires a change in the method used to calculate Adjusted Credited Participating Service.

The Canada Revenue Agency has ruled that the amount of Adjusted Credited Participating Service earned in any twelve-month period not be greater than 1 year. Currently participants in the 4% Plan earn 1.33 years in a twelve-month period. To comply with the Canada Revenue Agency, the Plan has been amended to:

- Change the annual allocation to the Adjusted Credited Participating Service under the 4% plan from 1.33 years to 1.0 years, under the 3% plan from 1.0 years to 0.75 years and under the 2% plan from 0.67 years to 0.5 years.

### Adjustment to the Pension Formula to Compensate for the Change in Adjusted Credited Participating Service

The CSI Pension Plan current pension formula equals:

Final Average Earnings x Adjusted Credited Participating Service x 1.38%.

Because Adjusted Credited Participating Service is part of the pension formula, the pension formula also needs to change so that the pension benefit earned remains the same. To do this, the Plan has also been amended to:

- Increase the benefit accrual rate from 1.38% to 1.84%.

With this change, the retirement benefit earned remains the same as before. Also, the benefit earned each year continues to be proportional to the contributions.

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(More)

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### **Making the Adjustment Retroactive to September 1, 1992**

The Canada Revenue Agency requires that this calculation of service be retroactive to September 1, 1992 when the 4% Plan came into being. To do this, each participant's total Adjusted Credited Participating Service as of August 31, 2006, has been recalculated at the new levels. Using this retroactively recalculated service and the new benefit accrual rate of 1.84%, the pension benefit earned to date remains the same (or increases slightly due to rounding).

### **Verification of Benefit after Conversion to the New Pension Formula**

The enclosed status report shows the before and after pension and before and after Adjusted Credited Participating Service balances. You can see that the amount of your pension benefit using the new formula remains the same as before (or increases slightly due to rounding).