

Q&A: Canadian Christian School Pension Plan Update

Why am I receiving this notice?

In April, the Ontario government confirmed a proposed funding framework that could result in both cost increases and benefit reductions in our Plan and Trust Fund.

How are the Trustees responding?

The Trustees and our advisors have developed an action plan to persuade the government to change the proposed regulations to also exempt our Plan and others like it from the proposed funding rules.

Have there been any actual changes to the Plan?

The only change to the Plan is that the Trustees have filed an election as permitted by the Pension Benefits Act (Ontario) declaring the Plan to be a Specified Ontario Multi-Employer Pension Plan (SOMEPP). Moving forward, the Trustees will be working diligently to maintain the Plan in its current form. If adjustments are necessary, we will seek revisions that have the least possible impact on costs or benefits associated with the Plan.

What is a SOMEPP?

A SOMEPP is a sub-category of multi-employer pension plan that has specific funding regulations related to it. These funding regulations, known as a **going-concern basis**, are consistent with the regulations under which the Plan has been managed in the past.

How does the SOMEPP designation affect the Plan?

The SOMEPP designation grants the Plan the ability to fund future pension obligations on a **going-concern basis** only, which is the basis under which the Plan has been operating. A going-concern funding approach is designed to ensure that when the Plan operates indefinitely into the future, there are sufficient funds in the Plan to fully meet all future obligations to participants to pay their lifetime pensions.

An actuarial valuation of the Plan was completed as of August 31, 2017 and the report was filed with the pension regulator. The report showed the Plan was 93% funded on a going-concern basis in 2017, as compared to 80% in 2012, and the rate continues to improve. To comply with pension regulations, special payments are required to pay down the going-concern shortfall, so a portion of contributions to the Plan are used for this purpose. Projections indicate that the Plan will achieve fully funded status on a going-concern basis without any changes required.

In the actuarial valuation report, the Plan's actuary also assessed the Plan's funding on a **solvency basis**. This assessment estimates the ability of the Plan to pay all pension benefits as if the Plan had been terminated, had liquidated all its investments, and had paid out all benefits as of the valuation date. Measured this way, the Plan's assets would cover 62% (known as the "transfer ratio") of the costs of accrued benefits. ***This scenario is not applicable to the Canadian Christian School Pension and Trust Fund. The Plan has never operated on a solvency basis. It is for comparison purposes only.***

The SOMEPP designation grants the Plan relief from the standard solvency funding requirements, which is the proposed funding framework under the *Pension Benefits Act* (Ontario). In other words, in declaring the Plan a SOMEPP the Trustees are taking action to allow the Plan to continue operating on its existing basis.

Do the CSI Canadian and U.S. pension plans affect each other?

No, they are completely separate. Although the Canadian and USA pension plans are each sponsored by CSI, they are completely different plans and operate under their own distinct legislative rules. The Canadian Plan is controlled and managed by a separate Board of Trustees exclusively from Canada. The Plan also uses Canadian advisors, auditors, banks and other financial institutions.

How many participants are in the Plan?

As of August 31, 2017, the Plan had the following participants:

- 2,408 active participants,
- 1,054 retirees and survivors, and
- 1,636 deferred participants.

A deferred participant is a former active participant who has terminated employment, but who has left his or her pension benefits in the Plan until retirement age.

As a Plan participant, is there anything I should be doing right now?

There is nothing expected of you at this time. We are not anticipating updates for the remainder of the summer. As more information becomes available, we will keep you informed.

Who are the Trustees?

Here is a list of the current Trustees:

Janet Baird, Participant Trustee, AB
Michelle Fluit, Board Trustee, ON
Sandra Kolarcik, Board Trustee, BC
Diane Stronks, Participant Trustee, ON
Ian Timmerman, Participant Trustee, ON
John van der Leek, Participant Trustee, BC
Jan van der Woerd, Board Trustee, ON
Ken Volkenant, Board Trustee, BC

Still have questions?

You can reach the Trustees by contacting Howard Van Mersbergen, vice president of employee benefits, at 877.274.8796, ext. 226, or hvanmersbergen@csionline.org.

About our Plan – A Note from the Plan Trustees

The Canadian Christian School Pension Plan (“the Plan”) has provided a secure source of retirement income for generations in our CSI communities and is positioned well to do so for generations to come. It is backed by a single pension fund held in Canada, in trust for participants only, invested and managed for long-term growth.

As your Plan Trustees, we continually work diligently to be prudent stewards of that trust, always focused on being caretakers of the pension promise, not only because we are required by law to do so, but because we are dedicated members of our Christian communities and the Plan’s participants are our families, neighbours and colleagues.

A target benefit plan like our Plan remains the best method for sharing the inherent risks of long-term investing for the purpose of providing retirement income for a large group of people. Investments inevitably rise and fall over time, but our focus on pension security for participants remains steadfast.