

January 8, 2021

Dear General Council Executive

We are writing in response to the significant increase in the premiums for the Pensioners Benefit Plan.

We are greatly disturbed by the significance of the increase and its impact on our future financial well-being. There are many things that contribute to this situation:

- 1) Many of us have only our United Church pension, CPP, and OAS.
- 2) Many of us came to ministry with the church later in life and thus have had a limited time to contribute to the plan.
- 3) For a significant number of us, the increase in premium will reduce our United Church of Canada monthly pension to less than \$100/mo.
- 4) Pension benefits are low for many pensioners/retirees because the accumulation of benefits is based on the salary earned by the individual (adjusted for housing for ministry personnel). The salary earned is low in comparison to other professions, and therefore produces a low pension benefit. For lay people employed as church secretaries, musicians, and custodians, the salary is often even lower because churches are not able to pay much above minimum wage.
- 5) For all pensioners/retirees, this increase will have a significant impact on our finances: an impact that will not be mitigated in any way by an increase in our pensions. The only way to increase our income is to go back to work, which is not an option for many of us.
- 6) Many of us based our decision to remain in the church's benefit plan on the premium paid, and the benefits received in comparison to other plans. Unfortunately, the United Church of Canada did not communicate to us at the time of retirement (or at any other time prior to that) that the premium was artificially low because the church was subsidizing the premium.
In addition, there was no communication at that time that the subsidy would not last long into the future. If we had known all of this at the time of retirement, many of us would have chosen to opt out of the United Church of Canada's Pensioners Benefit Plan.
- 7) There is no option to opt out of the plan at this time which makes many of us feel trapped by what we see as an unjust and disrespectful response to pensioners who have given of their time and talent to the church.

The Committee for Ministry Support of the Living Skies Regional Council hosted a zoom call with Alan Hall and Kira Tarasevici to help us understand the rationale behind the increase, to hear our concerns and answer our questions, and to seek a way forward that acknowledges the financial stress these increases pose for pensioners.

Out of that conversation we wish to acknowledge:

- that the plan is not sustainable unless these increases go through
- that we heard Alan and Kira indicate that there are some people (up to 10%) whereby this increase will have a significant impact on their financial situation and that there is a fund to which they can apply.
- that we can not opt out
- that there has been some conversations with the Anglican and Presbyterian churches about having a plan together

- that Alan & Kira believe the benefit plan will be sustainable long into the future, based on the understanding that there are a large number of people (baby boomers) who will be retiring in the next several years who will opt to stay in the plan.

We very much appreciate Alan and Kira's grace and professionalism in dealing with our questions and concerns.

However, many of us still do not feel heard for five reasons:

- 1) there has been no real acknowledgement of the very real financial significance of this increase, other than to state "it will have a significant impact on 10% of the retirees/pensioners". Such a statement merely states a cold fact without acknowledging the deep significance this will have on the financial well-being of retirees/pensioners. Such a statement of facts also does not acknowledge that in reality, this increase will have a significant impact on all retiree/pensioners. We all will need to make significant financial adjustments to be able to handle this increase. None of our pensions are that large, and we will all feel the impact of even a \$100/year increase in each of the next five years as we will need to find \$500+ extra dollars/year by the end of the next five years. This may not seem like much, but for those of us on a small fixed income this is significant. Those of us with partners (who may or may not have a pension, and if they do it may be smaller than ours) will have to find an additional \$1,000+ in five years time. This is significant for all of us.
- 2) there has been no pastoral response by the GCE to this increase. We have been told that the GCE "remain[s] committed to the well-being of you and your family", but have not experienced any expression of that commitment. All we have been given are cold financial facts. It feels to us that you have said (through Alan & Kira) "Yes this is significant, but there is nothing we can do about it. Those are the hard cold facts and you are on your own. Thanks for your time and service to the church. Bye." It is akin to going into a hospital room and saying, "Ahh, I see you have a broken leg. That is going to be awhile healing. Good luck. See you round", and leaving.
- 3) there has been, in our opinion, a reluctance to do any more work on this issue. Each item we have brought up has been in some way dismissed without more substantial information given for the reason. The reasons in many cases appear to us to be based on opinion and not on facts. This applies to doing surveys, consulting other denominations/faith bodies, why we cannot opt out, etc.
- 4) there appears to be a reluctance on the part of the church to admit that they have an obligation to their retirees/pensioners to fund some portion of the unfunded liability of the benefit plan. This is an obligation, that most if not all, major organizations engage in as part of their package for retirees/pensioners. The impression we get is that the church has been doing this in the past out of the deep goodness of their heart, when in reality, it is an accepted standard within other major organizations.
- 5) there has been no acknowledgement of the UCC's call to justice in this situation: in particular, the call to care for the poor and vulnerable among us. Although most of us would not say we are poor, we are all definitely financially vulnerable. As noted in the call with Alan & Kira, for some of us, this increase will mean choosing between health

care and other life essentials, such as food. The call to justice is a theological imperative that the United Church of Canada holds dear and is lived out very well in responding to the needs of the world and our country. However, there does not seem to be the same response to the people who have served the church in many capacities over the years, and are now facing significant financial stress due to this premium increase.

In addition, we have responses to, and questions about, a number of the questions and concerns that Alan & Kira responded to during and following our zoom conversation. Please see the attached document for those items.

Thank you for taking the time to hear our concerns. We look forward to hearing from you.

Sincerely,

Signed

Rick McCorrister
 Pam Thomas
 Linda Anderson
 Mary Beth Nicks Barbour
 Dave Whalley
 Bev Diduck
 Shelby Kinrade
 John R Sellwood
 Marilyn Leuty
 Carole Beal McKenzie
 Don Barss
 Nora Borgeson
 Marg Janick-Grayston
 Sharon Ferguson-Hood
 Cindy Gossling
 Walter Farquharson

c.c.:

Moderator of the United Church of Canada - Richard Bott
 General Council Secretary - Michael Blair
 Executive Officer, Ministry and Employment - Alan Hall
 Saskatchewan members of the General Council Executive:
 Immediate Past Moderator - Jordan Cantwell
 3-year term - Katie Curtis, Janet Sigurdson
 6-year term - Mitchell Anderson
 Living Skies Regional Council Executive
 Living Skies Regional Council Committee on Ministry Personnel Support

Questions and Comments in Response to our Conversation
with Alan and Kira

- 1) The fund suggested by Alan to help relieve the financial stress for retirees/pensioners is the Compassionate Assistance Fund. We looked it up and found the following:
Purpose: To provide financial assistance in the form of grants and/or loans to eligible applicants where the family income is insufficient to meet recognized basic living expenses due to extraordinary need. Active and retired lay and order of ministry personnel as well as their dependants, as defined by the pension and group insurance plans of the church, are eligible to apply for assistance.
To apply: Active lay members, contact your supervisor or regional council pastoral relations minister. Active order of ministry personnel and retired members of the pension plan, contact your regional council pastoral relations minister.
 Two concerns with this plan as a long term relief fund are:
 a) the fund appears to be for short term relief not for ongoing relief, as would be required by pensioners for whom the increase will be of ongoing concern.
 b) it is our understanding that the fund could not possibly fund benefits premiums for needy retirees for the rest of their lives – it just isn't that big a fund.

Therefore, what other long term relief options are there; or has the church considered what they might be?

- 2) In response to the question of exploring the option of joining with the Anglicans and Lutherans to jointly fund a benefit plan Alan and Kira indicated that **Theoretically, we will only benefit from a merger if we merge with members who are healthier than ours. This is not likely. If anything, the membership from the potential ecumenical partners will be the same or older than our demographics.** While we appreciate the logic of this, would it not be prudent to do some research in this area to see what is possible? At the very least, it would provide statistical support for or against the theory. We also wonder if it would not be prudent to consult even wider with other denominations or faith traditions. We know from Alan that there has been some conversation with the Anglicans and Presbyterians. What about Lutherans, Mennonites, Muslims, etc.?
- 3) In response to the question, Could the sale of church property be used to subsidize the fund? Or those most in need? Alan & Kira responded **Yes, but those funds are disbursed by the community of faith and regional council, not the General Council. The proceeds of sales are not assets of the General Council to allocate (other than property directly owned by the General Council which is not much compared to what is held by congregational trustees). There are many calls on the proceeds, making it unlikely that a reserve generating a least \$1 million dollars a year could be secured.** Would it be beneficial for the church to explore a way to create a church wide fund for the purposes of funding a portion of the unfunded liability of the pensioners benefit plan? We realize that the sale of church property is the responsibility of the community of faith and the regional council. However, there is a strong suggestion that a portion of all such proceeds be given to M&S. Could not the same procedure be adopted for funding this plan? Or is it time to make changes so that the whole church benefits from the sale of church property?

- 4) In response to the question about being able to opt out of the plan, Alan and Kira in part indicated that **If we allow voluntary withdrawals from the plan at any point, this would be detrimental to the plan as members with light use would leave and heavy users would stay.**

Is this based on industry data or how has it been determined that this is what will happen? We would question this belief based on the various responses we have had from pensioners/retirees who are in a variety of health situations (from very healthy to people with many underlying conditions), and who would opt out if given the chance. We wonder if there has ever been a survey of what would happen if this was an option, as it is in other retiree benefit plans? What was included in Alan & Kira's response is a rationale by the industry for what they are wanting to do, not a belief backed by data.

- 5) In response to the question of will the plan be sustainable beyond 5 or 10 years, Alan and Kira indicated that: **We are looking at the demographics to ensure sustainability as the pensioner population is still growing and to prepare for a point in time when the population declines. Plan reliance on subsidies by diminishing numbers of congregations with active (non-retired) staff while the retired member populations grow makes the plan unsustainable. Thus, the decision by the Executive that the plan must be sustained by plan member premiums.**

We understand that the plan will not be sustainable once the subsidy is no longer available, and hence the need to raise the premium. However, our question was more about how do we know that the plan will continue to be sustainable into the future after the premium is increased. The first part of their response answers this, as does this from their response to another question: **Currently there are over 2500 pensioners in the Health and Dental plan and we've not hit the peak yet, so the pensioner plans continued existence is likely for the foreseeable future. It will be a long time before we are faced with the group being too small to operate on a group basis.**

Our question is: how do you know that we are not already at the peak of retirees joining the plan? On what statistical analysis is this based? We are half way through the baby boomer generation, which is driving both member participation and higher costs to the plans. It would appear there are fewer of this generation to join than have already joined by this point. In addition, given the increased cost, many may choose not to join. As we noted in the opening to this letter, many of us would not have joined if we had known the true cost of the plan. The rate of pensioners joining in the past may not be a good rate to rely on in the future.

In addition, if you believe that the "healthy" pensioners would be the ones to opt out of the plan (as noted in their response to the option for us to opt out now), leaving only the "less healthy" to fund the plan, then why would the "healthy" retiree want to join the plan upon retirement?

- 6) In response to the question about doing a survey of pensioners and their situation, Alan and Kira indicated: **No, a survey of this nature has not been undertaken. Nor would it be of particular value in informing or determining the plan premium. As noted earlier, the current plan reimbursed plan members \$4.8 million dollars in 2020. If members, particularly members with lower pensions, do not have additional sources of retirement income to cover this level of reimbursement the plan benefits would have to be reduced substantially. The cost driver is claims members are making against the provided benefits, not the administration or a profit motivation.**

Our purpose in asking about the survey was to determine how far reaching the financial impact of increased premiums will be on pensioners. Such a survey would gather more than statistics, but rather the stories behind those statistics. This would not be to determine the plan premium, but rather to determine a way to assist those most affected by this increase. The survey would be one way of assessing what kind of pastoral response is needed to such a significant increase. At the moment we see no pastoral response, only a very clinical and business-like response.

- 7) Given the reality of shrinking main-line churches, would the United Church of Canada be wise and more generous to retirees to simply end the plan (for retirees) in the coming year (before all the fee raises), so that retirees would be freed-up to find their own plans?
- 8) Other questions.
 - How has the number of years that a pensioner is part of the benefit plan changed over the past two or three decades? And how has this impacted the plan? We live longer, we have access to more (and costlier) treatments and drugs.
 - What about the impact of dependants/ surviving spouses living longer, etc?
 - Is the plan self-sustaining after five years when retirees only are considered? What is the impact of fewer active members who are paying into the plan and the shrinking number of employing units - i.e. pastoral charges?
 - What have been changes in terms of the number of persons taking early retirement - or those that would like to? And how has this impacted the plan?
 - Is reducing the maximum annual benefit another way of reducing the premium?
 - Is it possible to offer different deductible amounts from which people could choose, as a way of reducing the premium?