

Pension Newsletter 1st QTR 2014

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An informational bulletin for members of the ELCIC Pension Plan

1st QTR 2014



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Annual Report 2013

The ELCIC Pension Plan Annual Report for 2013 is now available. It was sent by e-mail to plan members (with addresses). It is also posted on our [website](#). If you would like a printed copy, please contact our office.

Retirement Placement Services



We are pleased to announce that Eckler has been appointed to provide retirement placement services. Upon your request we can provide Eckler with your account information and Eckler will send you a quote with your retirement options. They have experienced counsellors that can explain in simplified terms your options at retirement, including information on your government benefits, RRSP's and taxes. You can call [1-877-988-1581](tel:1-877-988-1581) at any time and ask to speak to James Ralko.

Retirement Planning



Many people have a disconnect between theory and practice, intention and action. The concept of saving for retirement makes sense to most people, but the specific call to action – What do I need to do today to ensure that I can retire successfully 20 years from now? – is often missing.



We are hoping to help you with those questions by hosting retirement planning sessions in a cross country tour beginning later this year. If you have questions that you would like us to address please contact us so we can be sure to include the answers in our presentation to benefit everyone.

Gen Y Too Upbeat About Retirement

Benefits Canada March 2014

Many millennial Canadians are confident that they'll be able to put away enough for retirement - yet some of them haven't started saving for their golden years. This is according to a 2014 BMO Wealth Institute survey, *Wealth Generation: The Financial Challenges for Generations X & Y*. The majority (65%) of respondents expressed some degree of confidence that they will be able to retire comfortably when they decide to. Within that group, about one quarter (26%) of gen Y Canadians say they

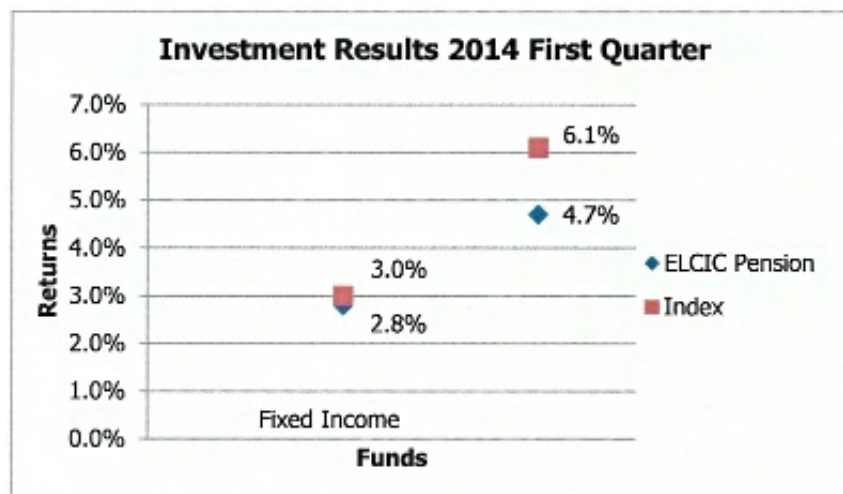
they decide to. Within that group, about one quarter (25%) of gen Y Canadians say they are very confident about retiring comfortably, compared with 17% of generation X and 16% of baby boomers.

However, the study reveals that gen Y does not use the most popular retirement savings vehicles, RRSP's, to the same extent as other generations. About 50% of gen Y respondents use RRSP's compared with more than 60% of gen X and more than 70% of boomers. And 14% of gen Y say they aren't saving for retirement at all, compared with 10% of generation X and 6% of boomers. Part of the reason for this discrepancy, according to the report, is that many companies no longer offer DB plans to new employees.

The study also shows that generations X and Y intend to retire two years earlier than the average baby boomer (at age 61.7 versus 63.7). The compound effect of saving less for retirement, having reduced access to company pension, planning to retire earlier, saving for their children's education and paying more for basics such as food and housing means that both generations X and Y are less likely to meet their retirement goals than the generation before them, the report notes.

The survey polled 1,413 Canadians (842 gen X and gen Y and 571 boomers).

Investment Results January to March 2014



The first 3 months of the year continued with the positive trend from 2013. The ELCIC Pension Plan (all funds combined) earned 4.4% (before expense) in the first quarter of 2014.

The Fixed Income Fund beat the bond index of 2.8%, coming in at 3% (before expenses). We also expect the Fixed Income Fund to do better than 1% over inflation, and it achieved that goal as well. PH&N who manages this portfolio attributes this to the provincial and corporate bond strategy.

The Canadian Equities in the Growth Fund earned 4.7% (before expenses) which was not quite as good as the index at 6.1%. This was balanced by the Global Equities allocation in the Growth Fund earning 6.7% (before expenses) beating the benchmark

of 5.3%.

Investment Outlook

The investment outlook, according to equity manager Manulife Financial is for “global economic growth to continue to improve at a modest pace ... which should benefit the Canadian equity market given its exposure to global trade. Additionally, corporate profitability continues to be attractive and balance sheets remain strong. The S&P/TSX Composite Index is fairly valued and we are seeing positive earnings momentum in a number of sectors.”

Readying Canadians for Retirement



There are five key risks to retirement income according to Peter Drake in his April 2011 article in Benefits Canada.

1. **longevity:** people may live longer than they might expect. According to the Canadian Institute of Actuaries a woman age 65 has a 50% chance of living to 86 and a 25% change of living until 92. Her savings may have to last many years
2. **inflation:** even low inflation rates can affect you purchasing power
3. **asset allocation:** how have you invested your savings to get the needed returns
4. **annual withdrawal rate:** how much cash will you need each year
5. **unforeseen out of pocket costs:** it always seems that there is something we didn't account for.

Just thinking about this list as you consider your future plans can help make your retirement a financial success.



**Plan members
are invited to visit
the GSI display table**



June 19-21, 2014
at the
15th Biennial Convention
of the Synod of Alberta and
the Territories

June 26-29, 2014
at the
Eastern Synod Assembly

GSI administers pension and benefits plans that enhance the well-being of employees who serve in the ELCIC and its affiliates.



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