



A Defined Benefit Pension Plan Employer Information Package

Prepared for local assemblies and affiliated ministries of The Pentecostal Assemblies of Canada.

Why consider Defined Benefit (DB) pension plan participation for your employees?

The recommended PAOC Local Church Constitution (By Law 7.2), encourages churches to recognize their responsibility to include participation in a retirement savings plan for each credentialed pastor and qualifying employee.

Valuing Your Employees

- It is an excellent way of helping employees add to their current retirement savings and secure a better financial future in their retirement years, adding to what may be received from government sources such as CPP and OAS.
- By including DB plan participation as part of an employee's benefit package, over and above benefits such as dental and drug care, additional value is added to the overall employment package.
- It increases employee retention rates, shows care for all aspects of an employee's wellbeing, and values the work and ministry they do for you now.

Participating in PAOC Mission

- Contributions assist churches across Canada in growth and ministry by building new facilities or making needed repairs, since a large portion of the DB investment portfolio includes strategic investment in church/ministry mortgages.

Who administers the DB pension plan?

PAOC's DB pension plan, established at the 1938 General Conference, is administered by PAOC. Plan investments are made at the direction of a qualified Board of Trustees, appointed by the General Executive, along with input from our actuary and PAOC's investment committee.

Federally incorporated and registered in the various provinces, the long-established DB Plan comes under all applicable legislations the same as any other pension plan in Canada.

Assets invested in first mortgages from qualifying affiliated congregations and high-quality equity investments in Canadian, U.S. and global markets contribute to consistent, stable, long-term growth of the Fund, which keeps it annually listed among leading Canadian pension funds.

Who qualifies for membership in the DB plan?

- All credential holders who work full-time with a PAOC local assembly, ministry, or institution.
- Non-credentialed, full-time employees in the same categories who are members in good standing of a PAOC assembly or who would qualify for membership as provided in the Local Church Constitution.
- Part-time employees in the same categories, who have:
 - a) Completed two years of continuous service and earn at least 35% of the Year’s Maximum Pensionable Earnings (YMPE) for CPP purposes; or
 - b) Have worked at least 700 hours in the two immediately prior consecutive calendar years.

We’d love to partner with you to ensure your employees can concentrate on ministry without the burden of managing a retirement plan on their own – and with no additional management fees!

What is required to participate?

As a multi-employer pension plan, we require a completed Participating Employer Agreement (PEA) from every PAOC local assembly/ministry that participates in the pension plan. Once a PEA is on file, enrolment occurs when we receive:

- A completed application for the employee(s).
- If the employee is non-credentialed, we also require a letter stating that the employee is a member in good standing with their church.
- A first pension contribution within the required parameters noted below – to be followed by regular remittance of what is deducted from an employee’s pay, matched by the employer, and sent to us within 30 days.

Contribution Rates

	Minimum Member	Minimum Employer	Minimum Combined	Maximum Member	Maximum Employer	Maximum Combined
Years 1 & 2	2.5%	2.5%	5%	10%	10%	20%
Years 3 & 4	4%	4%	8%	10%	10%	20%
Year 5 & thereafter	5%	5%	10%	10%	10%	20%

Contributions are based on gross earnings and clergy residence deduction, where applicable, as received from the employer. It does not include bonuses or non-taxable allowances, or any remuneration from secular employment.

All employee contributions must be matched by the employer. The employer can give a higher percentage than the employee.

How are contributions remitted?

Once the pension contribution is deducted from an employee's pay, the employer matches it and remits the total contribution to our office within 30 days of the deduction from pay.

- We make it simple to remit funds by:
- Cheque
- Via online
- Setting up an automatic debit from a church account

Common Questions

Are there any tax implications for the employer?

The portion that the employer contributes is not taxed. Tax is paid by the member when they start to receive their pension.

Are there any liabilities to the employer?

The DB pension plan received designation as a Specified Ontario Multi-Employer Pension Plan (SOMEPP) on April 22, 2020, which significantly reduces the likelihood of any future special contributions to add to Pension Fund being required by employers.

What your employees can expect as DB pension plan members

- Steady growth, unaffected by market fluctuations, towards the eventual receipt of a *lifetime* pension that is based on a 10% benefit ratio – meaning that at age 65, the employee can expect to receive an annual pension equivalent to 10% of total contributions received.
- Portability and seamless continuity of their pension plan participation if they move from one PAOC employer to another.
- Ancillary benefits, such as a disability pension if needed, and early or postponed retirement options.
- An Annual Benefit Statement (ABS) that details contributions received and gives a projection of the expected pension at retirement.

What employees and employers can both expect

- Excellent customer service and support from our Pension Call Centre team.
- Access to our uniquely designed pension portal to view such items as contribution history, newsletters, financial reports, and more.

Our pension recipients are our best advertising!

I started full-time ministry in 1966. My wife and I were living in a parsonage, without running water and heated by an oil space heater. The small, dedicated congregation paid me as much as they could afford, \$40 per week. We were, however, able to survive financially due to the teaching contract my wife had. We were excited and optimistic with the prospects of continuing the gospel outreach in our community. This was the Lord's provision, and we were most thankful! In those days it seemed like retirement was an eternity away. I'm not sure what the motivation was to enroll in the Pension Fund. Maybe it was my district superintendent, a very practical mentor, who sowed the seed. But the decision was made to start meagrely contributing to the PAOC Pension Fund. At times it was embarrassing, almost a waste of postage, but conscientiously the cheques were sent, month after month, for 41 years. Now to the present. I have been receiving a PAOC pension, month after month, for 14 years. It has been the difference between an adequate living and a struggling subsistence. This is the Lord's provision, and we are most thankful! During these recent days of lockdown due to COVID, still sharing the Good News, and still eagerly awaiting the return of our Saviour, we are so grateful to those in the PAOC who had the vision of providing for pastors in retirement. We recognize, with gratitude, the current contributions of the active members to the health of the Fund. We are thankful for those who have continuously overseen, with diligence, the investments to ensure that there are sufficient funds for future retirements. **(Ron Orr, Fall 2021 Pension Fund Newsletter.)**

It was March 5, 2007, when my two children and I received word that my husband had passed away ... How would I ever cope ... alone? A multitude of new challenges sent waves of fear as I faced the future. Finances were one of those fears. To have pensions for both of us would be manageable but now my income would be cut in half. I was more than surprised when I opened an envelope from PAOC and read that I would be receiving monthly from the Pension Fund. I shouted a big "Hallelujah" for the insight of my late husband, Bob, and Church Boards who saw the need to be part of the PAOC Pension Fund. It's a wise and safe investment. **(Margaret Gibb, Fall 2018 Pension Fund Newsletter.)**

Want more information or wish to set up an informal Zoom meeting between Church Board members and Pension Fund representatives?

Contact

P: **905-542-7400** or Toll Free: **1-866-877-8481**

Email: pensioninfo@paoc.org

Further information about the DB pension plan is available on our website:

www.paocpension.org

