

An informational bulletin for members of the ELCIC Pension Plan



February 2016

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### Have You Checked Your Mailbox/Superbox Lately?

ELCIC Pension Plan member statements for the year January 1, 2015 to December 31, 2015 were mailed this week. Please check your statements carefully to ensure GSI has all your personal data correct and that your pension contributions are accurate. Contact our



office with any updates or questions.

Continuing Education Plan statements were also in that mailing. Please take a moment to review your account and consider what education opportunities may enrich you and your ministry in the coming year.

## Investment Results and Commentary

The ELCIC Pension Plan earned 6.1% before expenses, 5.3% on a net basis in 2015, when combining the results of the Fixed Income Fund and the Growth Fund. Assets in individual member accounts are allocated between these two funds based on the member's age, so the individual returns will vary based on the allocation.

Here is a breakdown of the results by fund and investment manager.

ELCIC Pension Plan Jan to Dec 2015	ELCIC Pension plan	Median Balanced Pooled Fund		Excess return
All funds combined	6.1%	5.7%		0.4%
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Fixed Income Fund Jan to Dec 2015	ELCIC portfolio	Index Benchmark	CPI + 1%	Excess return
Bond Fund	3.9%	3.5%		0.4%
Mortgage Fund	3.8%	2.6%		1.2%
Total Fixed Income Fund	4.0%		2.6%	1.4%
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Growth Fund Jan to Dec 2015	ELCIC portfolio	Index Benchmark	CPI + 5%	Excess return
Canadian equity value	-2.4%	-8.3%		5.9%
Canadian equity growth	-1.0%	-8.3%		7.3%
Global equity developed world	19.9%	19.5%		0.4%
Global equity all country	14.9%	17.7%		-2.8%
Total Growth Fund	8.1%		6.6%	1.5%

**Phillips, Hager & North (PH&N)** stated that in general, long-term bonds outperformed shorter-term bonds in the fourth quarter of 2015.

Government bonds were the strongest performers due to demand as investors sought the superior safety and liquidity that they offer. A slight shift to the government bonds along with tactical adjustments within the

interest rate strategy contributed to the positive performance.

**Jarislowsky Fraser (JF)**, the Canadian equities value manager performed significantly better than the benchmark as they were not invested in the Health Care sector which was the worst performer as a result of the collapse of Valeant Pharmaceuticals. They also experienced strong results this quarter from investing in Canadian Natural Resources Limited, Stantec Inc. and Open Text Corp.

In their comments on the outlook for 2016, **Manulife Asset Management (MAM)** states that "although Canada's economic growth is expected to be lackluster for a second consecutive year, non-resource exports could see strong growth in 2016. Canada's export market is expected to benefit from the country's strong trade ties to the US and the weak Canadian dollar and healthy economic growth in the US.

## **New Investment Manager!**

The GSI Board is pleased to announce the appointment of **AllianzGI** as the new Global Equity Investment Manager. At the end of 2015, the ELCIC Pension Plan divested its funds from the GMO Developed World Stock Fund and the GMO Global Equity Allocation Fund and invested in the Allianz GI Sustainability Fund. The GSI Board interviewed four firms and spent significant time reviewing the research, decision making and performance history of each firm, before deciding on the appointment of AllianzGI. Mercer, our investment advisors, gives this strategy an A rating defined as having above average prospects of outperformance. Mercer also gives the strategy a high ESG (environmental, social and governance) rating. They view AllianzGI Sustainability Fund as a strategy that includes ESG factors as part of decision making, with a strong level of commitment made at the firm wide level and an indication that data and research are being taken into account by the managers in the valuations and investment processes.

## **Did You Know that the ELCIC Pension Plan can take Voluntary Contributions?**

**Who** can contribute?

All active members are permitted (encouraged!) to make voluntary contributions. Please note that your employer cannot make or match voluntary contributions.

## **Why** should you contribute?

There are several advantages...

- it's easier to save by payroll deduction
- you receive an immediate tax reduction
- contributions can be made one year earlier than an RRSP.

## **What** amount is permitted?

Pension contributions are subject to the Income Tax Act limits and total contributions cannot exceed:

- 18% of salary, or
- \$26,010 (2016 Money Purchase Limit)

Since required contributions total 15% (7% by you and 8% by your employer), consider making a voluntary contribution up to **3%**.

## **When** should you start?

The earlier you begin, the greater advantage of compounding investment returns you will experience.

## **How** are contributions made?

Voluntary contributions to the ELCIC Pension Plan must be made by payroll deduction. Check with GSI to get a form so that your employer will be invoiced and can calculate the withholding.

Please note: pension contributions (including voluntary contributions) cannot be withdrawn during employment.

***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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