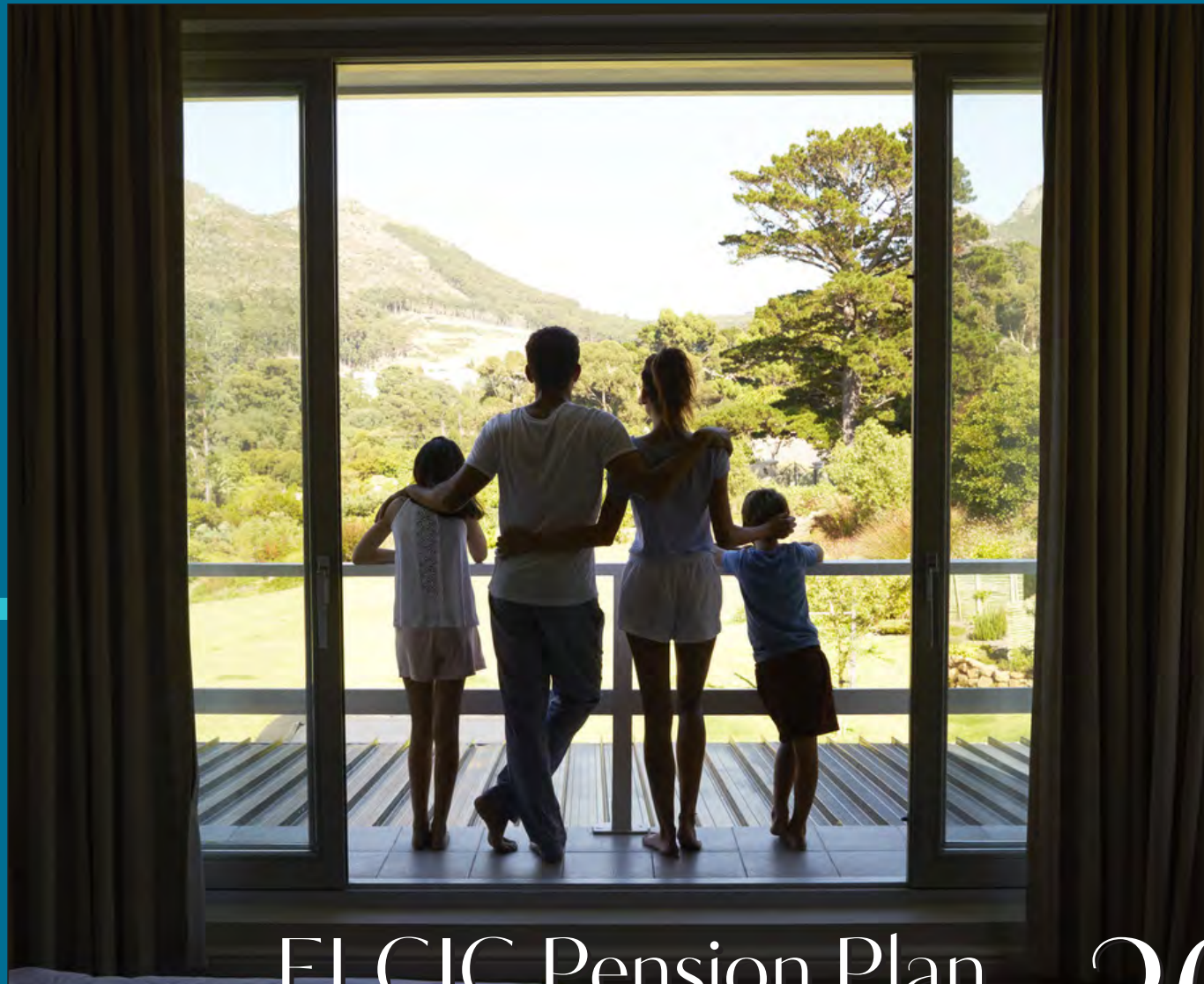


Your Window to Retirement



ELCIC Pension Plan
Annual Report 2023

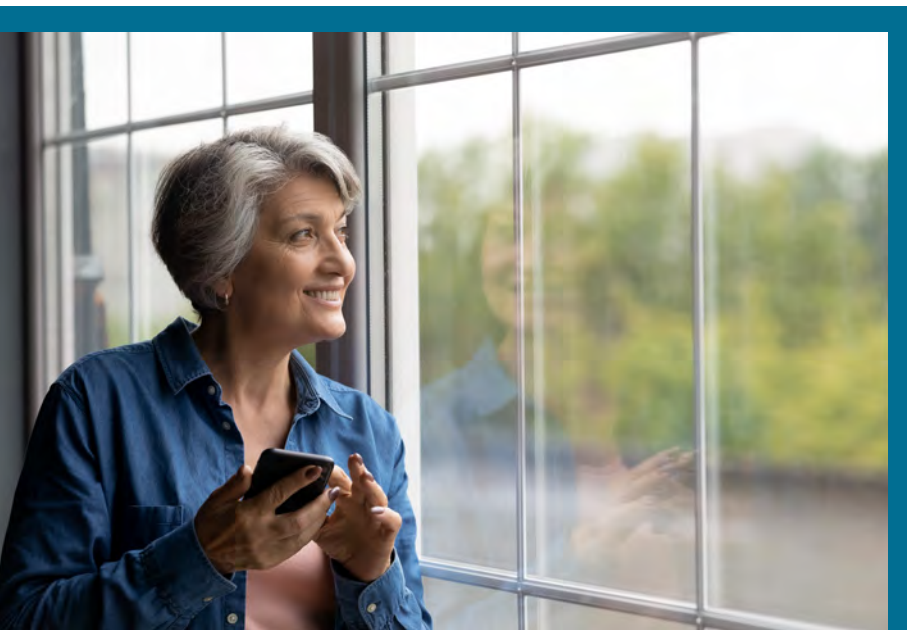


Contents



*“Your desire to be near a window is
your desire to be close to life.”
— Mehmet Murat ildan*

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Sprinkled throughout this report are quotations about windows from contemporary Turkish playwright, novelist, and thinker Dr. Mehmet Murat ildan. His appreciation for windows nicely matches the philosophy behind our report theme.

Window on Governance



Greetings from the Board of Directors

The Annual Pension Plan Report for 2023 is presented with the theme of windows, a metaphor that is appropriate in several ways. When we are looking through a window, we can see the possibilities that exist beyond our current setting. This view is framed by the sill and slightly obscured by the glass; it is not a complete picture, as we might have if we were actually out in the environment.

Likewise, this Report presents a specific, one-year view of the ELCIC Pension Plan. This view can be very helpful for projecting into the future when Members will access their pensions — but the amount that will be available at retirement will depend on many factors and multiple years of investment results.

Strategic Planning

As the ELCIC Pension Plan Administrator, the Board of ELCIC Group Services Inc. (GSI), has spent the better part of our meetings this past year engaged in strategic planning. We have been looking out to the pension world to seek opportunities, models, and potential future partners — so that the sustainability of the Plan can be maintained as our membership declines.

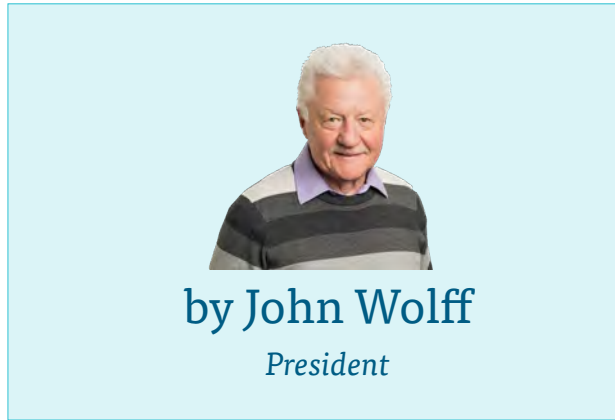
Investment Notes

After a challenging year in 2022 that saw negative investment results, we are very pleased to share that 2023 provided an overall investment return to the Plan of 10.3%. Information on how the Board approaches investing Member contributions and specifics on performance can be found in the Report from the Investment Committee Chair, Wenzel Hoberg, beginning on page 9.

Facts and Figures

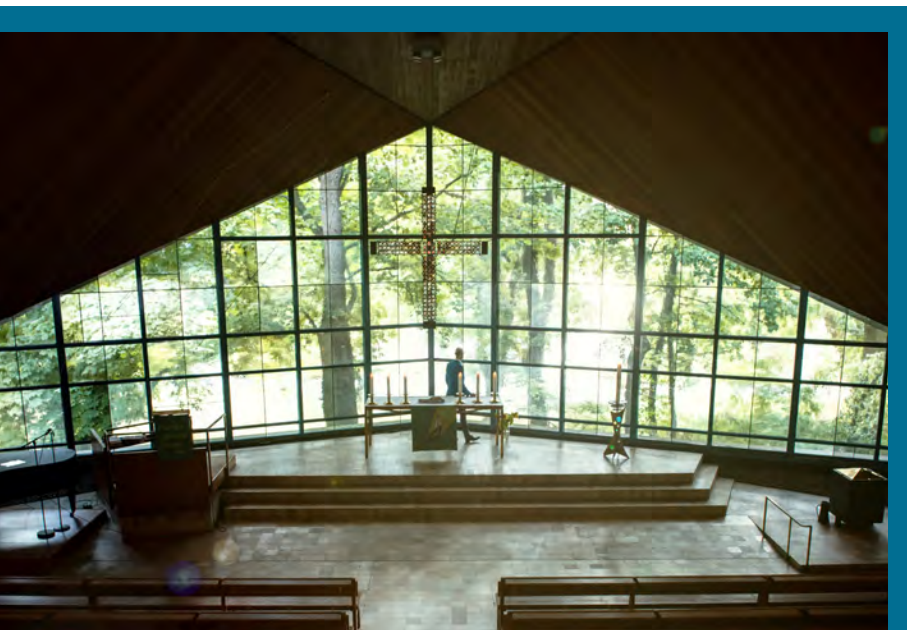
Plan Member data and summary financial statements are also provided in the following pages.

The plan membership statistics indicate an attrition rate of just under 4% in contributing Plan Members. This has been the trend of the past decade, and we expect it to continue or even accelerate. Active Members number 428 at the end of 2023, down from 444 at the beginning of the year.



by John Wolff

President



Window on Governance



“The window is where curiosities meet. Insiders are curious about the outside, and outsiders are curious about the inside.

When the window is opened, those who wonder flow towards the place they wonder: those inside are out, those outside are in.”

— Mehmet Murat ildan

The assets in the Plan’s Member Accounts have grown as a result of steady contributions and strong investment returns. The investment decisions are governed and guided by a set of beliefs that are used to enhance the returns. Wenzel describes these beliefs on page 9.

Director Transitions

Two directors left the Board this year at the end of their terms. Pamela Giles completed 2+ terms on the board, having made a remarkable impact on the Pension Plan communications. She, together with Vetta Simeonidis, diligently brought the Plan Member perspective, particularly of the non-Rostered group, to the Board discussions and considerations. We thank Pamela and Vetta for all their contributions, their time, and their dedication to serving.

Joining the Board this past fall were Rev. Carla Blakley and Sabrina Buffie. We are so pleased to add the wealth of experience and skills that they bring to the Board. A full introduction of these Directors was provided in the [November 2023 Pension newsletter](#).

Appreciation

We express our appreciation to National Church Council, the National and Synodical Bishops, and the National and Synodical Treasurers as we work together for the financial wellness of the ELCIC Plan Members. I also want to convey a sincere thanks to all the Plan Members for your trust and engagement.

John Wolff
President and Board Chair



Window on Our Membership

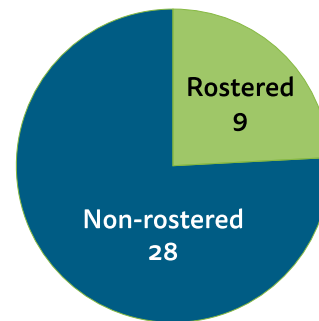


“Enlarge your windows till you get a window where you can see the whole universe with one look.”
— Mehmet Murat ildan

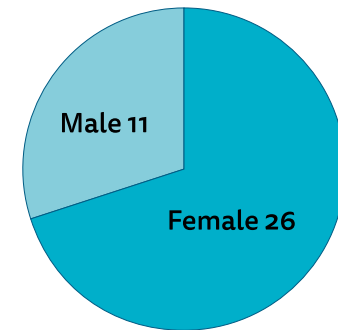
Plan Members in 2023: Demographics

Welcome New Plan Members

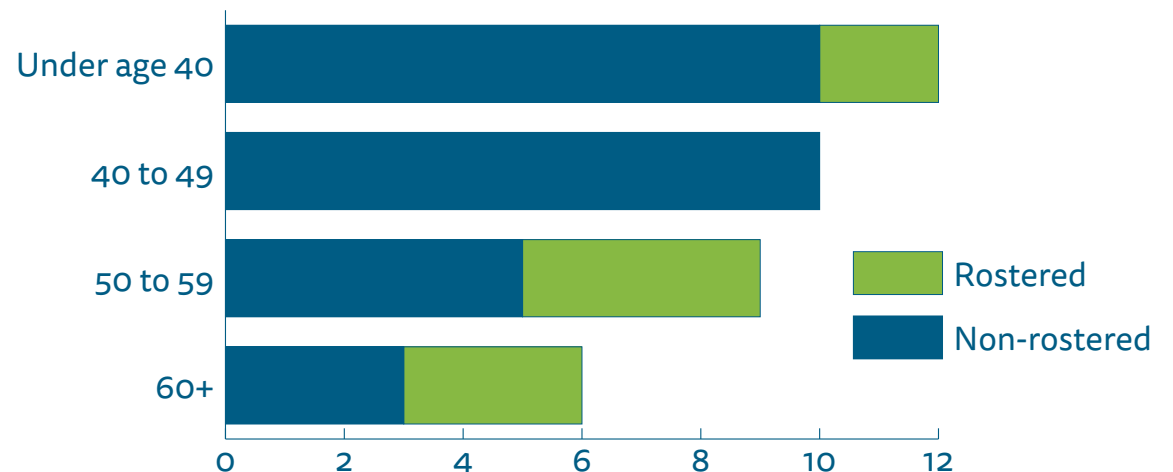
Thirty-seven new Members joined the ELCIC Pension Plan in 2023, down from the previous year’s 48 new Members. About a quarter of the 37 new Members in 2023 were Rostered. GSI extends a warm welcome to new Plan Members.



New Members by Rostered Status



New Members by Gender



New Members by Age and Rostered Status



Window on Our Membership

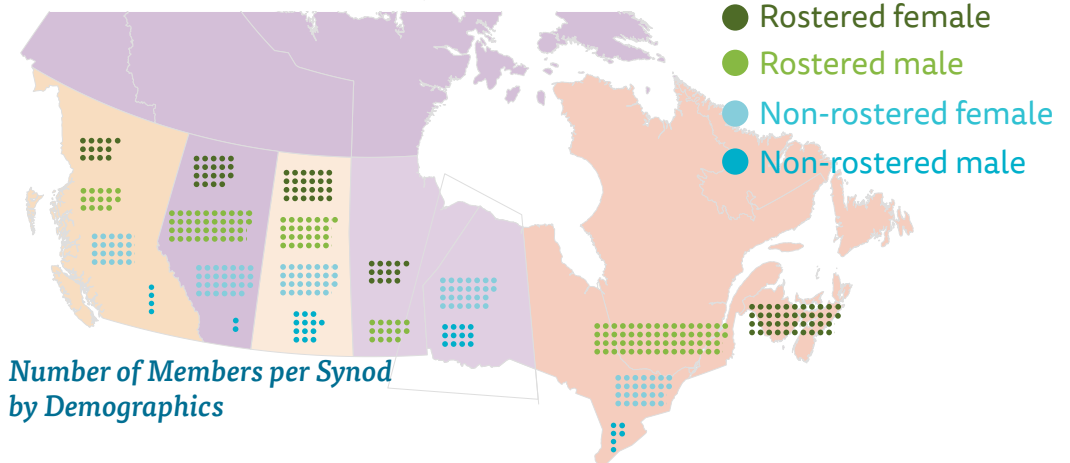


Number of Members per Synod by Demographics

Synod	Status	Female	Male
BC	Rostered	13	14
BC	Non-Rostered	20	4
ABT	Rostered	19	38
ABT	Non-Rostered	27	2
SK	Rostered	24	25
SK	Non-Rostered	27	14
MNO	Rostered	13	14
MNO	Non-Rostered	26	12
Eastern	Rostered	42	62
Eastern	Non-Rostered	26	6

Membership by Synod

Overall, the Plan active membership dropped to 428, about 3.7% less than at last year end, when 444 active contributing Members were in the Plan. Here is the membership by Synod with demographic data.



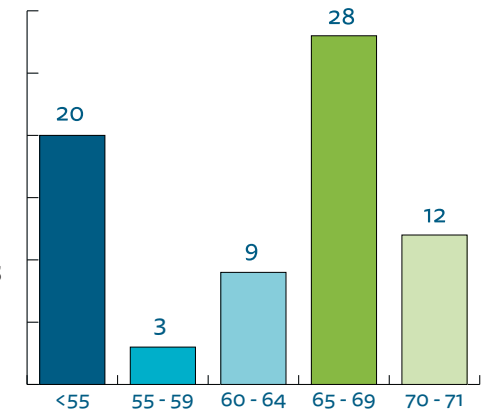
Number of Members per Synod by Demographics

Members Settling Pensions

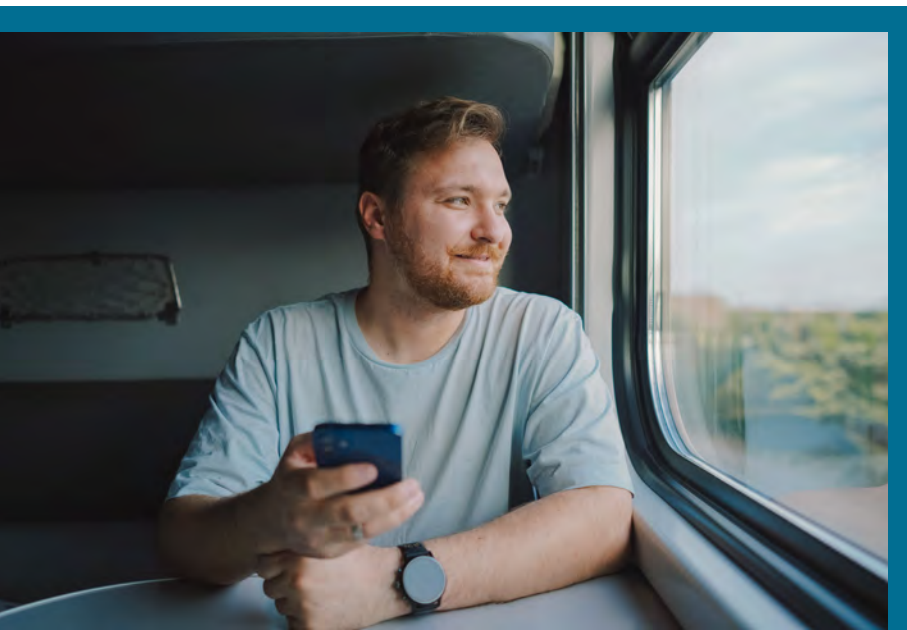
Seventy-two Members settled their pension accounts in 2023, up from 58 in 2022. These Members transferred their account balance on a tax-free basis to a financial institution, where they will create retirement income.

While 12 Members settled their account at the Canada Revenue Agency deadline of age 71, most completed the transfer between the ages of 65 and 69. The Members under age 55 are non-rostered, are likely continuing their careers elsewhere, and have taken the responsibility to manage their account until retirement.

One Plan Member passed away during the year, and their pension account was settled to their beneficiaries.



Number of Members per Age Bracket at Pension Account Settlement



Window on Finance



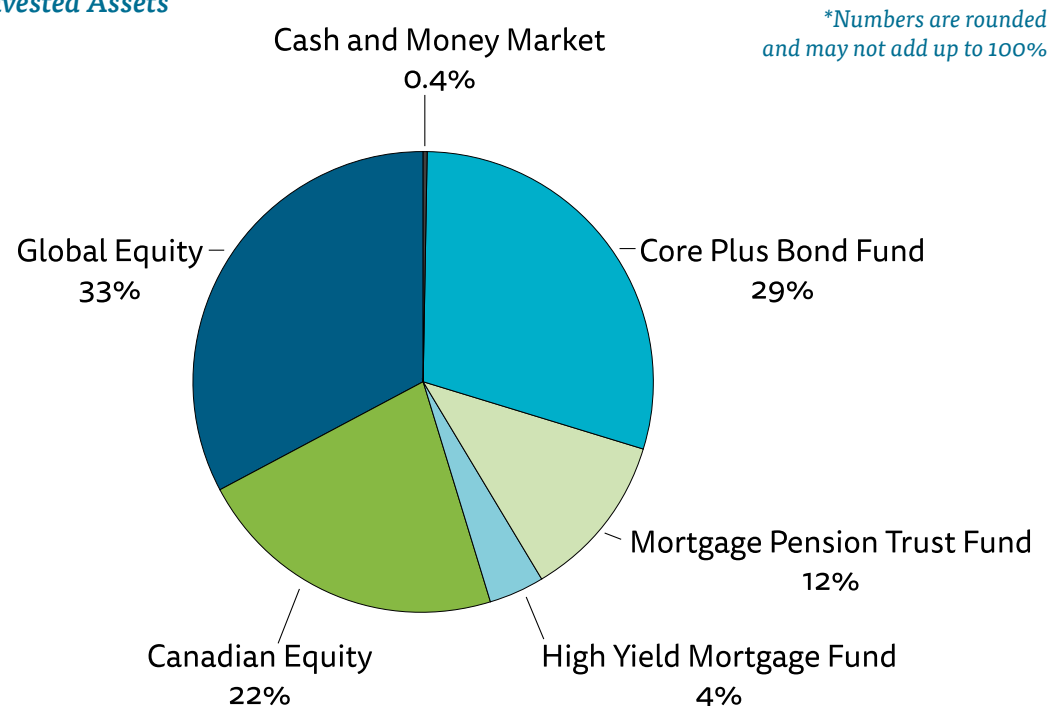
Statement of Net Assets

The ELCIC Pension Plan assets totaled \$85,181,950 at the end of 2023. This amount represents the sum of all Member accounts, which are held in Trust. The chart of Invested Assets shows the investment structure of the assets and specifically the allocation at December 31, 2023. In this chart, the green sections represent the Fixed Income Fund, and the blue sections make up the Growth Fund.



by Ray Henrickson
Finance & Audit Committee Chair

Invested Assets



The portfolio and fund allocations are set out in the Statement of Investment Policies & Procedures (SIP&P), which is available [on the GSI website](#). The assets are assigned to the Funds based on the allocation by Members within the lifecycle arrangement.



Window on Finance



*“No matter how big your window is, what determines the light you get is how much open your eyes are.”
— Mehmet Murat ildan*

Changes in Net Assets

The Statement of Changes in Net Assets table provides a summary of the cash flow during the year. Contributions are consistent from year to year, which is expected with the relatively stable membership numbers.

In this table, the Account Transfers represent the amount of funds that terminating Plan Members have moved to financial institutions to begin retirement income or to continue to save for a later retirement. This amount can vary over the years depending on the demographics of the Members who are transferring funds. The Management Fees which include investment management, custody fee, consulting and administration, are approximately 90 basis points or 0.9% of assets.

Statement of Changes in Net Assets

	2023	2022
Contributions	4,052,270	4,029,348
Investment Results	8,395,698	(11,135,982)
Account Transfers to Retirement Plans	(9,174,244)	(9,520,473)
Management Fees	(778,578)	(803,422)
Change in Net Assets	2,495,146	(17,430,529)

The Financial Statements were prepared by the Pension Plan Administrator, ELCIC Group Services Inc., and audited by PricewaterhouseCoopers LLP. The Finance and Audit Committee reviewed the financial statements and the accounting processes to ensure that appropriate internal control procedures and management information systems are in place and to recommend the annual operating budget.

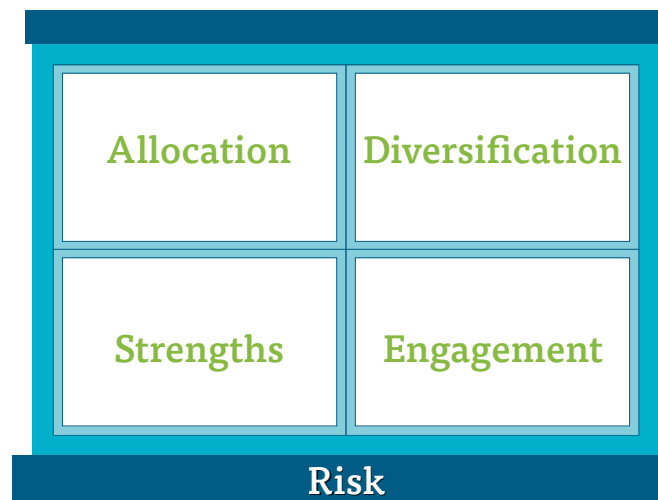


Window on Investments



Investment Beliefs

The Investment Beliefs (as described in the [SIP&P](#)) guide the decisions to grow contribution dollars to retirement. The Beliefs reflect the views of the Board as they steward the Member accounts with a duty of care. Four main Investment Beliefs are incorporated into risk management:



Allocation is the splitting of Member pension contributions and assigning different classes of investments to spread out the risk and the pattern of the income earned. The allocation changes as the Plan Member approaches retirement and needs the pattern to provide more steady results for retirement planning.

After deciding on the different asset classes that will be included in the Pension Plan, the Board hires investment managers based on their **Strengths** in these asset classes.

Within the different classes of assets there are a variety of options for investing the pension contributions. **Diversification** is achieved by investing in different industries, countries, products, and technology — each having a different risk, which is lowered overall when combined.



Window on Investments



“You have always the same view from your window. For different views, visit other houses. And for different ideas, visit other minds!”
— Mehmet Murat ildan

The Investment Belief of **Engagement** speaks to the importance of investing in corporations that demonstrate environmental responsibility, commitment to social justice, and strong governance practices. These factors can have a positive effect on financial performance and address the **Risks** associated with failing to meet these responsibilities.

The Board continuously reviews and monitors these areas, with the objective to provide retirement financial wellness to the Plan Members. Although much of the outcome is driven by the markets and the interest rates, the Board navigates this by determining the Beliefs and setting out a disciplined strategy with a long-term view.

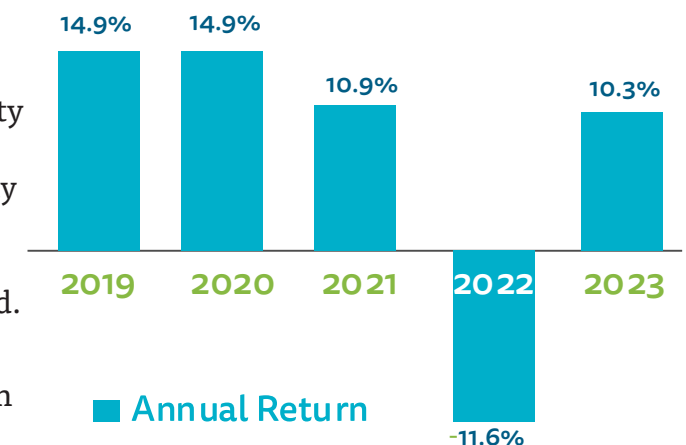
Investment Results

After a disappointing negative Plan performance in 2022 — where both equity and bond markets atypically underperformed concurrently — the first quarter of 2023 started well. Continuing interest rate hikes and recession fears tripped Q3 and Q4 performance into negative territory again. Fortunately, the year 2023 ended with a stock rally, where global equity markets performed strongly over the final quarter, as weaker inflation and a slowing US labour market indicated a soft landing of the global economy.

The Pension Plan Fund finished 2023 with a 10.3% annual return, ahead of the benchmark for Canadian Equity and Fixed Income strategies. However, the two Global Equity strategies performed below the benchmark and are being closely monitored by the Board.

The investment results for the past five years are shown in the graph to the right.

Five year investment results

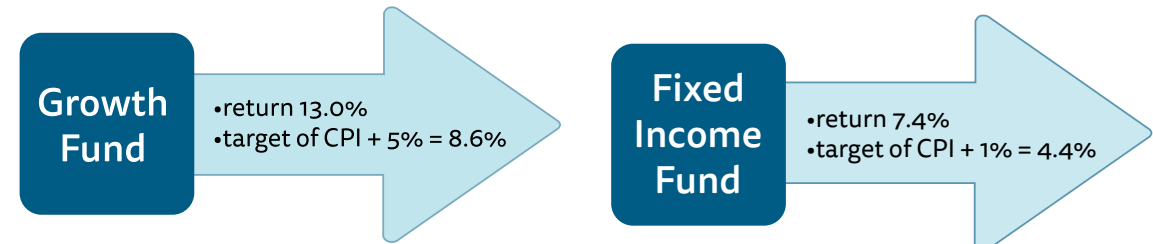


Window on Investments



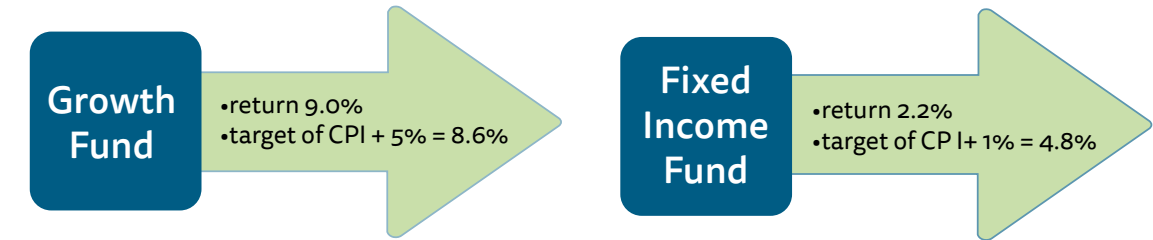
*“More windows, less darkness.
Less darkness, more vision.
More vision, more wisdom”
— Mehmet Murat ildan*

The Board strives not just for positive returns (which are great to have) but for superior returns; to this end, it gleans additional governance by measuring the return against the strategy target. Shown in the graphic below, the 2023 returns for both the Growth Fund and the Fixed Income Fund exceeded their respective targets.



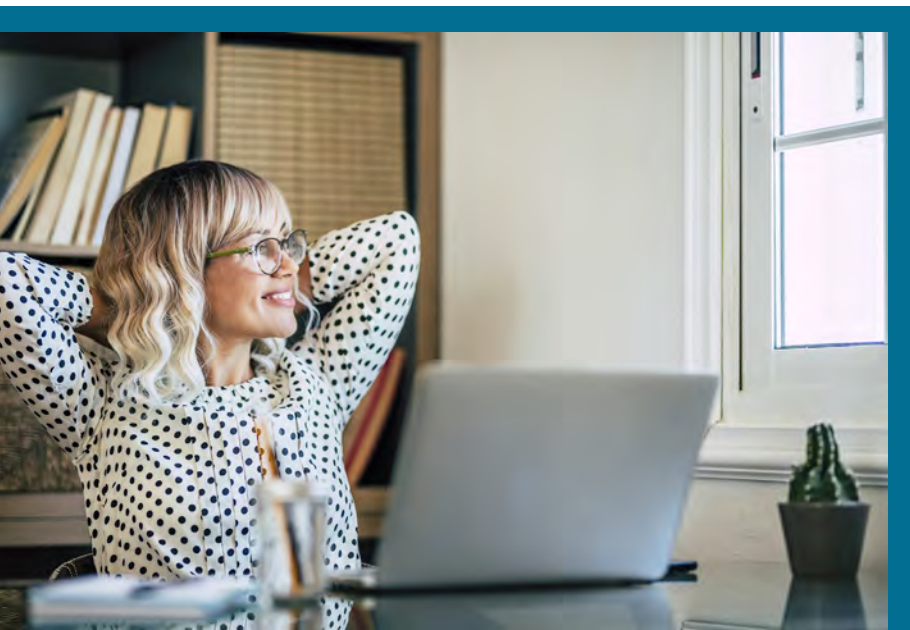
2023 Returns

The Board also monitors returns over a four-year rolling period for a better perspective, as markets and interest rates can be volatile. Looking at the result below for the last four-year period, the Growth Fund exceeded the target, but the Fixed Income Fund lagged as a result of the intense inflation of the past few years.



Four-Year Returns

The chart on the next page shows the returns by portfolio against the target for both 2023 and the four-year rolling return.



Window on Investments



Returns by Portfolio

Growth Fund	2023 ELCIC Return	2023 Benchmark	Four-Year Rolling Return	Four-Year Rolling Benchmark	Benchmark Description
PH&N Canadian Equity Value	12.4%	11.8%	9.8%	8.6%	S&P/TSX Capped Index
RBC Global Equity Focus	8.7%	21.1%	7.0%	10.4%	MCSI World Index CAD
Baillie Gifford Global Equity	17.9%	21.1%	6.9%	10.4%	MSCI World Index CAD

Fixed Income Fund	2023 ELCIC Return	2023 Benchmark	Four-Year Rolling Return	Four-Year Rolling Benchmark	Benchmark Description
PH&N Core Plus Bonds	7.5%	6.7%	1.6%	-0.1%	FTSE Canada Universe Bond Index
PH&N Mortgage Pension Trust	7.2%	5.0%	2.3%	1.3%	FTSE Canada Short-Term Bond Index
PH&N High Yield Mortgage	6.6%	5.0%	5.7%	1.3%	FTSE Canada Short-Term Bond Index



Growth Fund Portfolio Descriptions

The **PH&N Canadian Equity Value Fund** is designed to participate well in strong markets and deliver superior resilience in down markets. Stocks are selected based on fundamental scenario analysis and continually recalibrated to broadly expose the portfolio to the most attractive risk-adjusted opportunities.

The **RBC Global Equity Focus Pension Trust** consists of investments in high quality companies growing sustainably. The investment team assesses opportunities based on their competitive dynamics strategy.

The **Baillie Gifford Global Equity Fund** aims to provide superior returns through a diversified portfolio located throughout the world. Their focus is to identify businesses with growth opportunities and strengthen their competitive advantage.

Window on Policy



“Cats, flowers and people: they all want to be close to the window, and so windows never feel lonely.”
— Mehmet Murat ildan

The ELCIC Pension Plan is a defined contribution plan registered with Canada Revenue Agency and the Financial Services Regulatory Authority of Ontario, registration number O533240.

The purpose of the Plan is described in the SIP&P as follows: “to accumulate funds for the ultimate purpose of providing retirement income for eligible Employees at a predictable cost to the participating Employers.”

The [full Plan document](#) is available on GSI’s website. There were no changes to the ELCIC Pension Plan Text during 2023.

Contribution Funding Policy

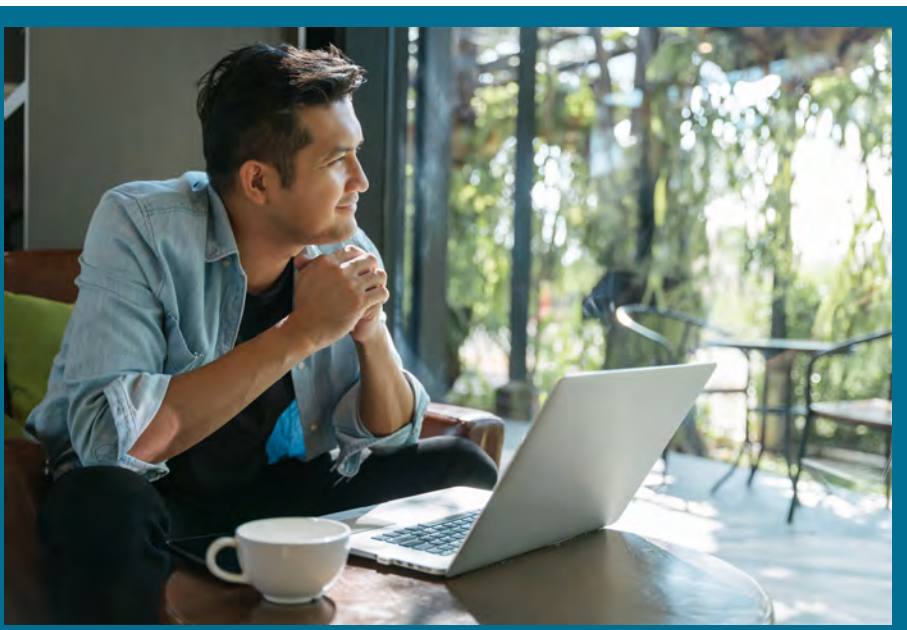
Members contribute 7% — and their respective employers contribute 8% of the Members’ Salary Basis — to the Members’ pension accounts. Members may make voluntary contributions.

Account Transfers

Members may transfer their account to an authorized financial institution when their employment ends. These transfers are subject to locking-in provisions, and all accounts must be settled and transfers completed by the end of the year in which the Member reaches age 71.

The Statement of Investment Policies and Procedures (SIP&P)

The SIP&P is the key document ([available on GSI’s website](#)) describing how Members’ assets are invested and how the performance is monitored. In 2023, section 7.2 Life Cycle Distribution was amended to extend the glide path from age 65 to age 70.



Window on Administration

When the GSI office lease ended in early 2023, we were excited about new possibilities for the space in which the GSI team spends most of their waking weekday hours. Among the top criteria was big windows.

Why was this so important? There are several reasons tied to wellness: a workspace with natural light has a positive energy and a sense of hope even on cloudy days. From a business perspective, windows offer avenues of insight and communication. (Microsoft agrees!) Windows can also represent opportunities to explore.

As John noted on page 3 of this Report, 2023 was a year of exploring opportunities for the ELCIC Pension Plan. GSI understands the unique needs of ELCIC employers and Plan Members and wants to provide them with peace of mind in knowing their physical, mental and financial well-being are supported.

GSI will keep the best interest of the Plan Members in mind as it finds and studies the open windows.

We have been watching the downward trend in the membership count and the increase in the Members' average age. But we are also mindful that the Members are not just numbers — rather, each is a person who is on their individual journey towards their retirement goals. Consequently, GSI will keep the best interest of the Plan Members in mind as it finds and studies the open windows.

For Plan Members who are nearing their retirement, I encourage you to explore the windows before you. And if you have any questions about transitioning your pension account into retirement, please reach out to GSI.

We are delighted that the new GSI office has a lot of windows, both to the outside and between the office spaces within. If you are ever in Winnipeg, please stop by for a cup of tea.



by Lisa Thiessen
Executive Director



Window on Retirement



For more information,
please call **James Ralko** at Eckler
toll-free at 1.877.988.1581

ECKLER

Wellness Planning for Retirement

If you are a Member of the ELCIC Pension Plan, you can receive retirement counselling planning with respect to your pension benefits at no additional cost. You can also participate in the ELCIC Post-Retirement Group Plans, which provide the legislated retirement income options.

Retirement may be the biggest change you've gone through in decades. It is so important to be able to meet your financial needs, feel secure about your financial future, and have the freedom to enjoy retirement.

How Eckler can help

Our Retirement Consultant, Eckler, provides independent retirement quotation, counselling and income placement services for Members of the ELCIC Pension Plan and their spouses. Eckler has experienced counsellors who can, in simplified terms, explain your options at retirement — including information on your government benefits, RRSPs and taxes.

Your Legislated Retirement Options

Life Annuity: a fixed guaranteed retirement income stream, purchased with your assets, that is payable for as long as you live (and your spouse's life as well, if applicable).

Life Income Fund (LIF) or Registered Retirement Income Fund (RRIF): contracts that provide a flow of retirement income based on your annual decision of how much to withdraw within the legislated minimum/maximum amounts. The LIF/RRIF provides flexibility in the amount of income you wish to receive; however, it may not last a lifetime.

You may elect to transfer your funds from the ELCIC Pension Plan account to the ELCIC Post-Retirement Group Plans. Eckler can assist you by providing information about the retirement options available and the ELCIC Post-Retirement Group Plans. They can also help you complete the necessary paperwork.



Window on Our Team



GSI Board, April 2024

*Back Row: Rev. Dr. Gordon Jensen, Wenzel Hoberg,
Rev. Carla Blakley, John Wolff, Ray Henrickson
Front Row: Sabrina Buffie, Rev. Susan Climo, Cath Wilke*

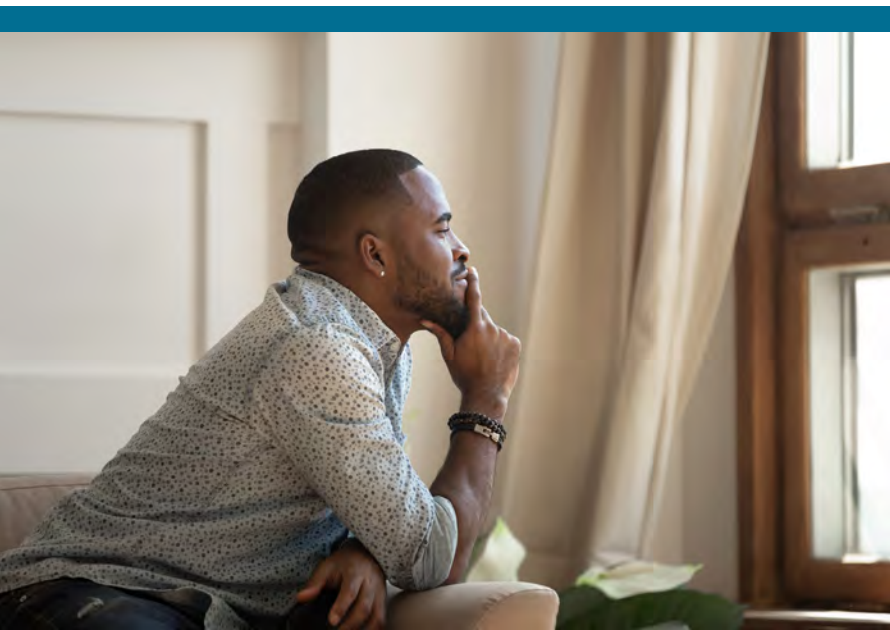
Board of Directors

The GSI Board governs the ELCIC Pension Plan through assessment, oversight, and various monitoring reports.

Officers	Director	Committee Chair Position
President	John Wolff , CPA CMA	Board / Nominating
Vice-President	Gordon Jensen , MDiv PhD	
Secretary	Cath Wilke , BA	Benefits
Treasurer	Ray Henrickson , CPA CA	Finance & Audit
	Susan Climo , MDiv	Governance / Communications
	Wenzel Hoberg , MSc MBA	Investment
	Carla Blakley , MDiv	
	Sabrina Buffie , BA BComm (Hons) CEBS	

Advisors and Consultants

Firm	Role	Appointed
CIBC Mellon Trust Company	Custodian	1999
CIBC Mellon Trust Company	Trustee	2003
Baillie Gifford	Investment Manager	2019
Eckler	Retirement Consultants	2014
Faithful Servant Consulting	Communication Design	2023
Mercer Investment	Investment Consultants	2003
MLT Aikins	Legal Counsel	1997
PricewaterhouseCoopers LLP	Auditors	2013
RBC Global Asset Management Inc. (PH&N Institutional)	Investment Manager	2005



Window on Our Team



Staff: Barb Fortier, Lisa Thiessen, Andrea Christensen

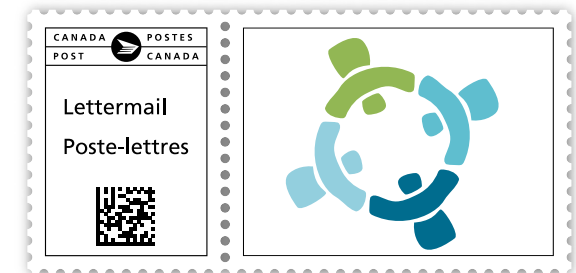
Office Team

GSI staff competently handles the daily administration and reporting. They are dedicated to supporting Plan Members with their financial wellness.

Staff	Position
Lisa Thiessen , CPA CA	Executive Director
Barb Fortier , BCom (Hons)	Pension & Benefits Administrator
Andrea Christensen	Accounting & Office Assistant



Contact GSI



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