LCC Worker Benefit Services Inc.
Caring for those who serve

(Formerly the Board of Managers to December 31, 2017)

Annual Report

Lutheran Church–Canada Pension Plan

	Worker Benefit Plans		**2017**

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This annual report is for informational purposes only and does not constitute an agreement, nor does it create or confer any contractual rights or obligations. This is only a summary of the pension and benefit activities of 2017. In the event of any inconsistency between this document and the official plan or policy, the plan or policy texts will govern.

"Continuing the Journey – Strengthening the Core"

Introduction:

A number of key themes were reflected in the activities of 2017 – all of them to maximize the long-term sustainability of the Worker Benefit Plans. Those themes included strengthening the governance of the plans; improving the funding ratios of the defined benefit plan; reducing volatility in the funding ratios through de-risking strategies; enhancing communication with employers; and finally recruiting additional directors to fill existing vacancies on the board. As a result, the WBS Board of Directors* approved the implementation of its de-risking strategy for the Defined Benefits Plan by completing an annuity "buy-in" on about 25% of the liabilities of the plan. As that was underway, so was a review of the governance structure of the Worker Benefit Plans culminating in the establishment of LCC Worker Benefit Services Inc., a not for profit corporation with effect from January 1, 2018. To finish up the year, an actuarial valuation was undertaken as at December 31, 2017 giving us new insight into the funding status of the Defined Benefit Pension Plan. Read on for further details.

*Formerly the Board of Managers

A New Governance Structure

The Board of Directors of Lutheran Church-Canada, in consultation with legal counsel, reviewed the governance structure of the Worker Benefit Plans. Their aim was to implement a structure where the LCC Board of Directors could focus more on ecclesiastical matters, giving more autonomy to those managing the Worker Benefit Plans. As a result, the separately incorporated LCC Worker Benefits Services Inc. (WBS) was established January 1, 2018. WBS now has its own Board of Directors appointed by the LCC Board of Directors. Until the deficit on the Defined Benefit Pension Plan is eliminated they will be operating in an advisory capacity to LCC's Board of Directors. However, once the deficit is gone the plan will be entirely managed by the new WBS Board. As a result of this change WBS conducted focus groups in November and December 2017 to gather information on how best to communicate the changes. Based on the information gathered, presentations were held across Canada in the first four months of 2018 to explain the changes to employers and pastors. Employers are being asked to sign two new agreements, one covers the group benefits plans and is between employers and WBS Corporation and one covers the pension plan between the employer and Lutheran Church-Canada. The agreements outline the responsibilities between WBS and employers including the handling of surpluses and deficits.

Enhancing Communication with Employers

During the focus group phase and the subsequent regional meetings, it became clear that Synod wide meetings, were an effective way to share information about the structural changes being made, providing important background history of the plans, and hearing from employers concerns and issues they were dealing with at a congregational and institutional level. As a result, the Board of WBS has made a commitment to look for ways to further enhance communication with employers. One initial step will be to have a strategic planning session in the near future in order to discuss some of these issues and look for ways that WBS can be responsive not only to the needs of members (employees) but also to the challenges that employers are currently facing.

Funding Status

We are happy to report that the actuarial valuation done as of December 31, 2017 showed that we are fully funded on a going concern basis (the funded ratio is 100%), despite the fact that, as required, the valuation was done using a lower discount (interest) rate then the last valuation. Valuations must be completed and filed with the government at least every three years. The last completed actuarial valuation was done as at December 31, 2014 and it showed a going-concern ratio of 92% requiring us to make special payments to pay the going-concern deficit. The solvency status of the plan also improved considerably (80% - up from 73% from the December 31, 2014 valuation). The investment return on the DB plan has also been very respectable over the last several years, helping to improve the plan's funded status. The fund earned a return of 9% in 2017 outperforming the benchmark of 8.8%. Investment returns are an important component of the plan's funding, accounting for 70%-75% of pension funding while employer and employee contributions account for 25% -30% of the plan's funding.

De-risking

The WBS Board of Directors completed an "annuity buy-in" in the spring of 2017 based on 25% of the liabilities of the plan. The intent of an annuity buy-in is to reduce some of the risks the plan faces. This includes longevity (members living longer than expected), interest rate risk (small changes in interest rate can increase or decrease pension liabilities, which in turn can impact contribution requirements), and asset volatility risk (markets suddenly dropping). Transferring the risk to an insurer can help stabilize cash flows and contribution requirements.

After going to market, the annuity buy-in was completed with Canada Life. The "buy-in" involves paying some of the pension fund assets to the insurer in exchange for a single annuity contract issued to the pension fund. Each month the insurer pays all the pension payments for members covered by the policy, to the pension fund. The value of the annuity contract is held on the balance sheet as an asset and plan members continue to receive pension payments from the pension fund. The insurer assumes the longevity, interest rate and asset volatility risk.

The decision to undertake this action had been contemplated for some time but the Board was waiting for the opportune moment where markets were doing well combined with increases in interest rates. Our priority is to reduce and gradually eliminate risk to the pension plan's employers and members so that the members' benefits are permanently secured. If conditions are right, further annuity buy-ins are contemplated, in the future, along with other de-risking strategies.

Investment Manager Change for the DC Plan

The WBS Board approved replacing MFS International Equity Fund effective May 31, 2017 as a result of under-performance and the loss of key personnel. MFS had been "on watch" status since 2016. "On Watch" status involves more closely monitoring the fund's performance and changes to the funds operations. Fiera Capital's International equity fund was selected as a replacement because of their history of top quartile performance, and strong consistent investment processes with little staff turnover.

New Members on the Board

The WBS Board welcomed Ken Griffin to the Board in 2017. Ken is a Chartered Professional Accountant with more than 25 years of experience in tax consulting. Ken and his family are members of Holy Cross Lutheran Church in Kitchener. In addition, Stan Lee, previously on the Board of Managers for a number of years accepted an appointment to the WBS board in June of 2018. Stan has his own accounting practice in Vancouver and is a member of Killarney Community Lutheran Church, Vancouver where he has held numerous congregational leadership positions.

The Year Ahead:

Investments

We remain focused on long-term performance despite short-term volatility and geopolitical changes. We recognize that returns of the portfolio will vary from year to year but are confident the portfolio is appropriately diversified across different asset classes and geographies to withstand the bumps along the road.

Signing of New Agreements

Ensuring the new agreements between employers and WBS and LCC are signed in a timely manner, continues to be a priority so that the worker benefit plans continue without complications for all of our church workers. The WBS Board is expecting to have the bulk of the agreements signed and returned by employers by the end of June, 2018. WBS is available to answer questions and to assist individual employers as required.

Challenges Ahead

As we held our regional presentations with employers on the governance changes we also heard from numerous employers about the pressures they face to reduce costs. We are doing the utmost to deliver programs competently in the most cost-effective manner. We intend to review the feedback we have received and come up with some options that would assist in addressing employers' concerns including further understanding of the issues they face and involving them in developing possible solutions. A strategic planning session where employers, make up a significant portion of the representation advising WBS should be very helpful in this process.

Conclusion

We would like to thank all the employers for their continued support of the Worker Benefit Plans and all employees for their understanding as we continue to navigate through a very turbulent economic environment. We firmly believe the worker benefit plans are an important part of ensuring that our church workers have health and retirement benefits that enable them to concentrate on doing the ministry the Lord has called them to do. Their leadership is an important component that God uses to facilitate ministry throughout our church. Together the Holy Spirit empowers church workers and laity to proclaim the good news of Jesus to the communities in which we live.

In His Service,

Dr. Dieter E. Kays
Chair, LCC Worker Benefits Services Inc.

Dwayne Cleave
LCC Worker Benefit Services
Inc.

Introduction

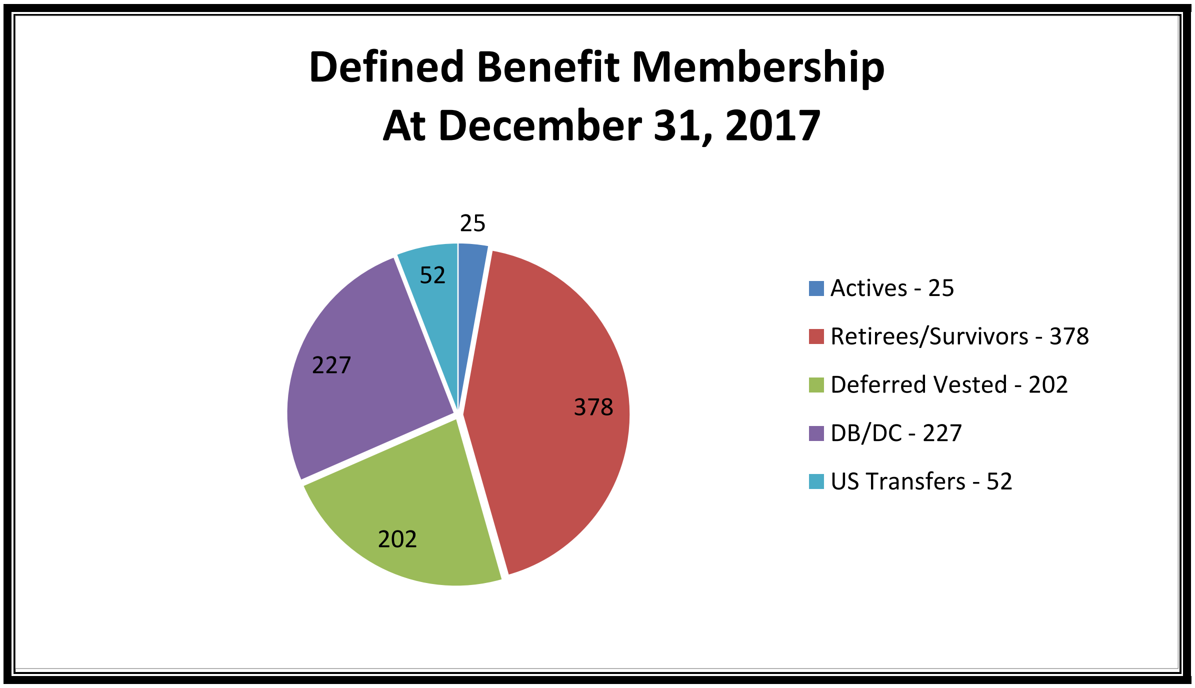
The membership in the Defined Benefit Plan (DB) is made up of a small group of active members who met the age and service requirements at the time the decision was made to move to a Defined Contribution Pension Plan (Active DB). The membership also includes those members who were moved into the DC plan for their future retirement benefit (the DB/DC members). While the DB/DC members no longer accrue benefits under the DB plan after December 31, 2012, they will receive a benefit for their service prior to this date. Membership information noted below reflects the member's plan and where they currently earn benefits. A DB/DC member currently earns benefits in the DC plan. (Those hired in **2012 and later** are enrolled in the defined contribution pension plan.)

The Lutheran Church-Canada Pension Plan is available to employees of participating congregations, schools and other employers whose participation has been approved by Lutheran Church–Canada

The Plan is registered in the Province of Alberta and with Canada Revenue Agency as No.0356610.

Defined Benefit Plan

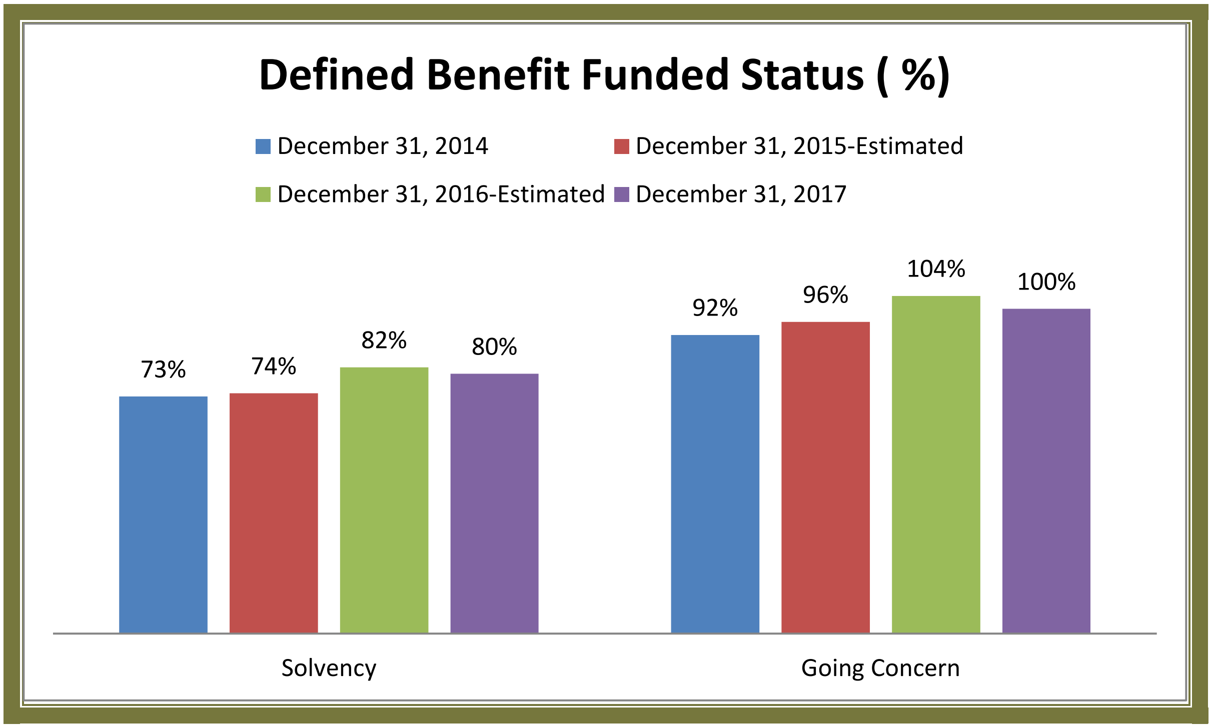
Membership



DB Active Membership Changes

Active Members January 1, 2017*	2
US Transfers	0
Retirements	(2)
Death	0
Deferred	(1)
Members at December 31, 2017	25

Funded Status

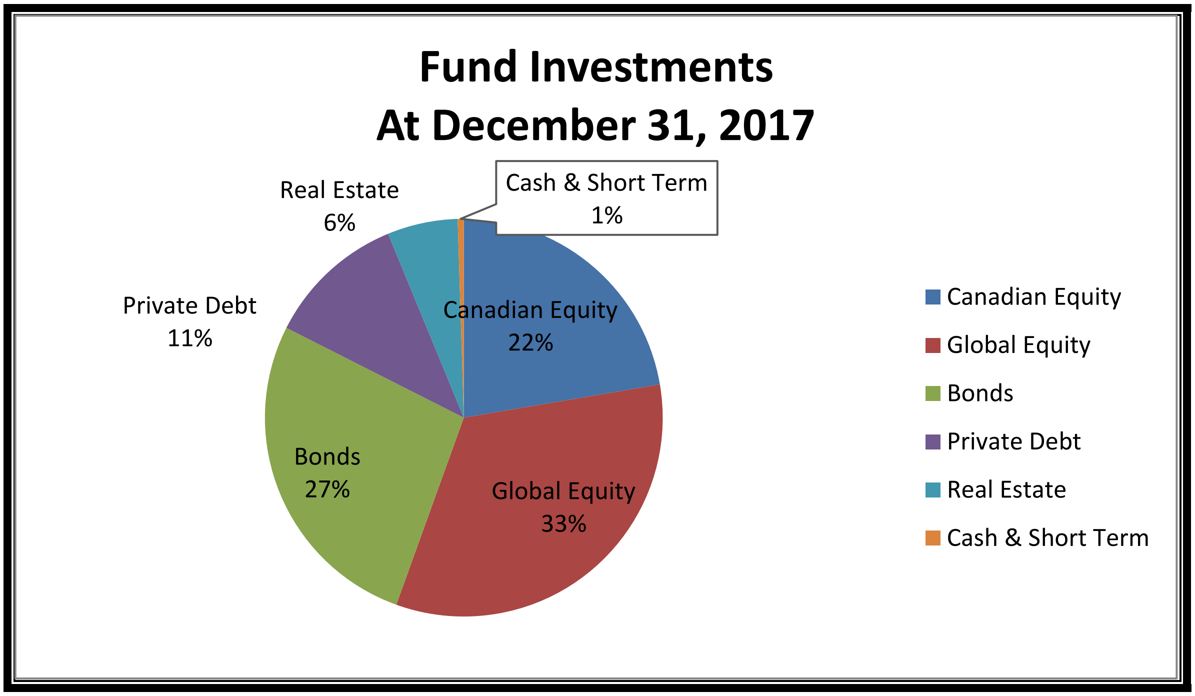


Funding Terminology – What Does it Mean?

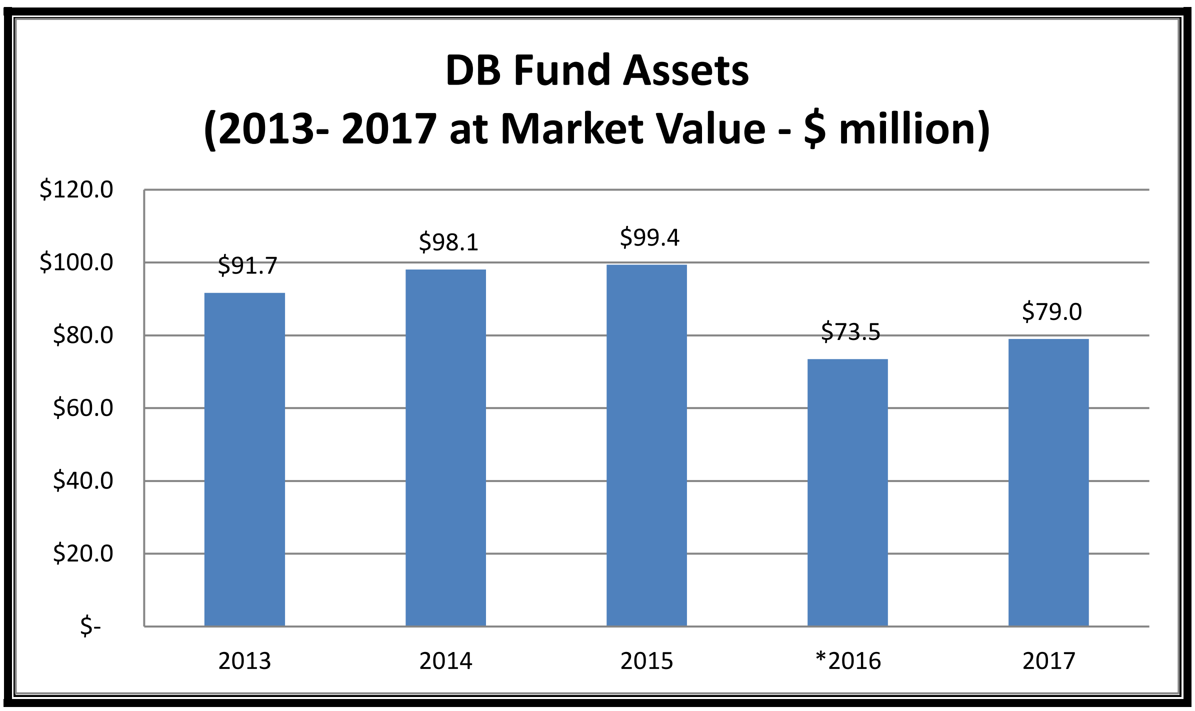
Going-Concern Basis: *The going concern valuation values the present value of member's future benefits for credited service up to the date of the valuation and is based on assumptions that the pension plan will continue in operation indefinitely. Economic assumptions such as future salary increases, investment return and probabilities of retirement and death are set with a long-term view.*

Solvency Basis: *The solvency valuation assumes that the plan is terminated and wound up as of the valuation date. The solvency liabilities are those that need to be paid out immediately both to retired members and to those currently employed. The value of these liabilities is directly affected by the level of bond yields as of the valuation date. Decreases in bond yields have the effect of increasing the liability and conversely increases in yields decrease liabilities.*

Fund Investments



Fund Assets



*** The assets declined in 2016 as a result of the asset transfer to the Concordia University of Edmonton (CUE) Pension Plan.**

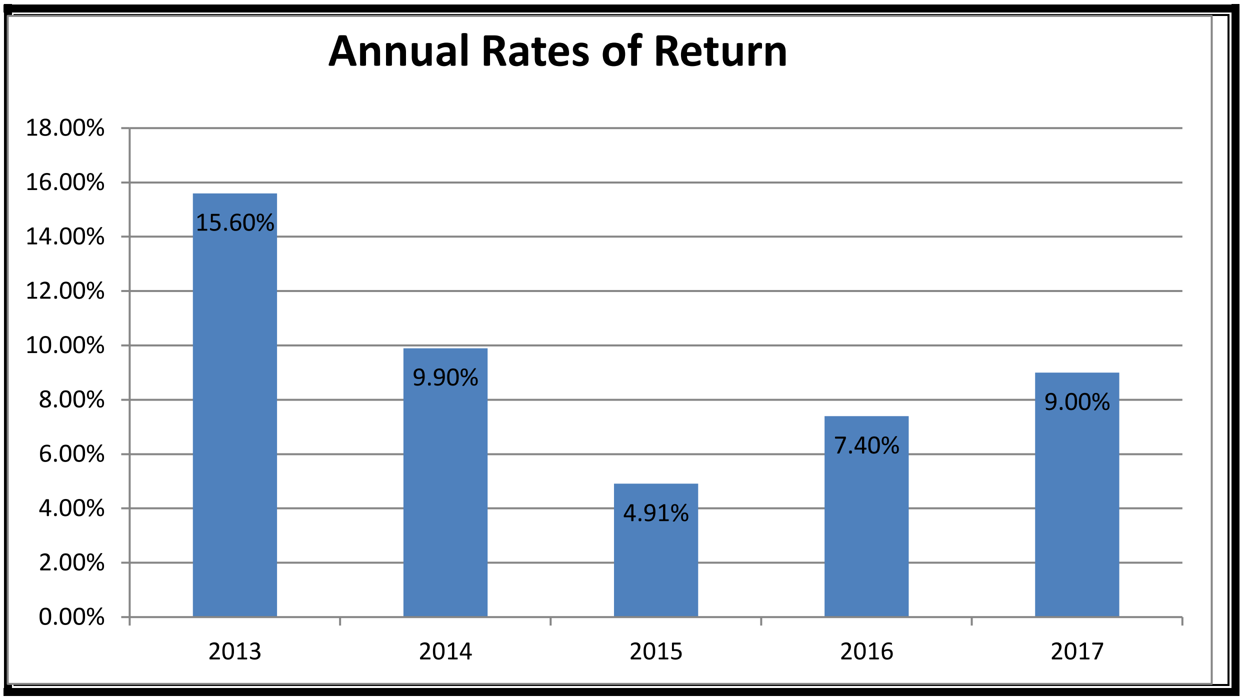
DB Financial Position (000's)

	December 31, 2017 ($)	December 31, 2016-Estimated ($)
Going Concern Basis		
Actuarial Value of Assets	$ 76,568,802	$ 74,022,446
Actuarial Liability	76,405,948	71,483,064
Actuarial Surplus (unfunded, actuarial liability)	$ 162,854	$ 2,539,382
Going-concern funded ratio	100%	104%
Solvency Basis		
Solvency value of assets	$ 79,031,782	$ 73,205,805
Solvency liability	98,740,841	89,477,288
Solvency surplus (deficit)	$ (19,709,059)	$ (16,271,483)
Solvency funded ratio	80%	82%

DB Annual Rate of Return

The WBS Board of Directors regularly monitors and reviews the performance of each manager with comparisons to benchmark returns, and the fund objectives. In addition, the WBS Board periodically conducts a review of the fund's asset allocation to ensure the asset allocation is the most appropriate one for meeting the obligations of the DB plan and the long-term growth of the fund. There were no changes to investment managers in 2017, however, the TD Emerald Bond Fund was liquidated to fund the purchase of an annuity buy-in. The WBS Board had been considering the risk faced by the plan - longevity, interest rates and asset volatility and decided to mitigate those risks by completing an annuity buy-in of 25% of the liabilities of the plan with a large insurance carrier in April/May 2017. An annuity buy-in involves paying assets to an insurer in exchange for a single annuity contract issued to the pension fund. The value of the annuity contract is held on the balance sheet as an asset and plan members continue to receive pension payments from the pension fund. The advantage of this strategy is that the insurer assumes the liabilities including the longevity risk (members living longer than expected), interest rate risk (small changes in interest rate can create pension liability volatility which can in turn impact funding requirements and cash flow and may result in higher contributions) and the asset volatility risk. The disadvantage of this strategy is that the ability to generate excess returns over and above the liabilities is lost for the portion of the assets transferred to the insurer. Also any increase in interest rates that would decrease the value of transferred pension liabilities would be to the advantage of the insurer and not our plan.

Annual rates of return for the fund over the last five years are shown in the graph below:



Lutheran Church–Canada Defined Benefit Pension Plan Statement of Changes in Net Assets Available for Benefits

	2017	2016
Net assets available for benefits, beginning of year	**$73,648,239**	**$68,971,500**
Increase in assets:		
Contributions - employer	3,089,661	3,481,624
Contributions - employee	74,470	77,116
Investment Income	1,840,465	3,150,119
Realized investment gains net of realized losses	2,818,037	2,183,903
Unrealized investment gains, net of unrealized losses	1,818,830	669,463
Change in fair market value of annuity	218,945	-
Decrease in assets:		
Unrealized investment losses, net of unrealized gains	-	-
Realized Investment Losses, net of realized gains	-	-
Pension benefits paid	3,351,711	3,893,946
Lump-sum transfers	358,372	315,583
Consulting fees	66,967	100,125
Investment and custodial fees	243,394	269,729
Administration expenses	206,421	195,932
Payable to Concordia University of Edmonton	-	110,171
Net Assets available for benefits, end of year	**$79,281,782**	**$73,648,239**

The full DB financial statements are available on the WBP website: www.lccbenefits.ca

Description of the DB Plan

The following provides a general description of the DB Plan. Further details on the Plan are provided on the WBP website at **www.lccbenefits.ca.**

General

The plan was established on January 1, 1989. Effective January 1 2013, most active members, with the exception of a small group of older, longer service members were transferred into the Defined Contribution Pension plan (DC). While the members who were transferred (the DB/DC members) will no longer accrue benefits under the DB Plan after December 31, 2012, they will receive a benefit for their service prior to this date. New hires after December 31, 2011 participate in the DC plan. The older, longer service employees that were left accruing benefits in the DB plan are required to make contributions of 4% of earnings to the DB plan. The pension funds are held in trust with CIBC Mellon.

Funding Policy

Lutheran Church–Canada and other Participating Employers in the Plan make contributions to the trust fund based on an actuarial valuation of the Plan that is conducted at least every three years. An actuarial valuation provides information on both the going-concern and solvency positions of the Plan. An actuarial valuation was done at December 31, 2017. The WBS Board also has the actuary do an annual valuation estimate in the years between actuarial valuations to ensure they have an up-to-date understanding of the financial position of the plan. These estimates are not filed with the pension regulator. The plan's funded status at December 31, 2017 showed a funded ratio of 100% on a going-concern basis, slightly down from the prior year's **estimated** funded ratio of 104%. This is primarily due to a change in discount rates with a slightly lower rate being used in 2017. The valuation also showed that the estimated solvency funding ratio of the plan had dropped from 82% to 80% as a result of a small change in interest rates and some negative demographic experience. Normally, we would need to make special solvency contributions, however, the government has extended a great deal of understanding to us and has not required us to make full solvency deficiency payments. While the government is not committed to anything specific, their aim is the same as ours: to ensure members receive their full defined benefit pension.

The going concern valuation values the present value of member's future benefits for credited service up to the date of the valuation. Measurement of the funded status on a going concern basis is based on assumptions that the pension plan will continue in operation indefinitely. As a result, the economic assumptions used to measure the pension obligations are set with a long-term view and include margins for adverse deviations. Assumptions are made for future salary increases and probabilities of retirement, termination and death. This valuation uses an asset smoothing method to value the plan assets. This has the effect of averaging periods of underperformance with periods of outperformance over a three-year period.

The solvency position of a pension plan represents the funded status of the pension plan assuming the plan was to be terminated or be wound-up at that date and all members' benefits settled. The market value of the plan assets, less an allowance for expected plan wind-up expenses, is compared to the actuarial present value of members' accrued benefits at the valuation date. The members' accrued benefits are determined in accordance with the plan formulae, based upon years of service and actual pensionable earnings up to the valuation date (i.e., no allowance is made for future earnings escalation or future service accruals). To determine the actuarial present value of these accrued benefits, members not yet eligible to retire are assumed to receive a commuted value (the lump-sum value of future payments), whereas annuities are assumed to be purchased from an insurance company for members who are retired or eligible to retire. Economic assumptions used in the solvency valuation reflect interest rates in effect for settling members' benefits at the valuation date and are directly correlated to Government of Canada bond rates.

Plan Formula

Members accrue benefits based on 1.25% of Final Average Earnings (average of the highest 60 consecutive months during the last 240 months of credited service) up to the Average Year's Maximum Pensionable Earnings (AMPE) (for the year of retirement and the two previous years) as set by Canada Pension Plan, plus 1.6% of Final Average Earnings in excess of the AMPE, multiplied by credited years of service.

Normal, Early Retirement and Postponed Retirement

Normal Retirement is the first of the month coincident with or immediately following the attainment of age 65.

A member can retire as early as age 55. Members who are at least age 62 and whose age plus years of credited service equals 85 points or more at the time of their termination of employment, can retire without reduction in their pension. For employees transferred to the DC plan effective January 1, 2013, credited service includes time in both the DB and DC plan, only for purposes of calculating eligibility for an unreduced pension. Members who retire at or after age 60 will have their pension reduced by .55% for each month that their early retirement date precedes age 65. A member who retires between age 55 and 60, will have their pension benefit reduced by 33% plus an additional .27% for each month that their early retirement precedes the first of the month following their 60th birthday.

Members may continue to accrue benefits up to the end of the year in which they turn 71 years of age, at which time they must commence to receive their pension.

Vesting and Termination

All active members in the DB Plan including current DB/DC members are vested; meaning they own the benefit provided by the plan sponsors' contributions. Upon termination, members under age 55 may transfer the value of their benefits to an eligible retirement vehicle; however, such transfers are subject to locking-in provisions (i.e. an amount that cannot be received in cash). Alternatively, benefits may remain in the Pension Plan and the former member may commence a monthly pension as early as age 55.

Death Benefits

If a member dies before retirement, a benefit is paid to the surviving spouse or beneficiary if there is no surviving spouse. If a member's death occurs after retirement, the benefit paid to the surviving spouse is paid according to the form of pension chosen at the time of retirement.

Defined Contribution Plan

Introduction

The Defined Contribution Plan (DC Plan) has gone through a number of changes since its inception to become the primary retirement savings plan for most Plan members following the pension changes that became effective in 2012 and 2013. As its name implies, what is known under the Defined Contribution Plan is the amount of money that goes into each member's account. This is defined as a percentage of payroll. What is unknown is the amount of pension that the contributions will produce when the member retires. That will depend on when the member retires, the member's investment returns, the amount of any optional contributions the member makes and the interest rates in effect if an annuity (an ongoing pension income) is purchased at retirement. Members have access to a number of options for drawing a pension income when they retire and are not required to purchase an annuity. Members decide how to invest both the employer and member contributions from a number of investment options, with a range of risk and return potentials.

2016 Summary Financial Statement

	2017	2016
Change in Assets	**$**	**$**
Assets beginning of the year	$**15,382,304**	**$16,890,349**
Employee contributions	1,051,480	1,077,223
Employer contributions	1,239,417	1,261,464
Investment income (loss)	1,198,894	968,412
(Transfers to Financial Institutions	(1,099,173)	(4,815,144)*
Transfers In from other plans	-	**-**
Increase (decrease in assets)	2,390,618	(1,508,045)
Assets, end of year	**$ 17,772,922**	$ **15,382,304**

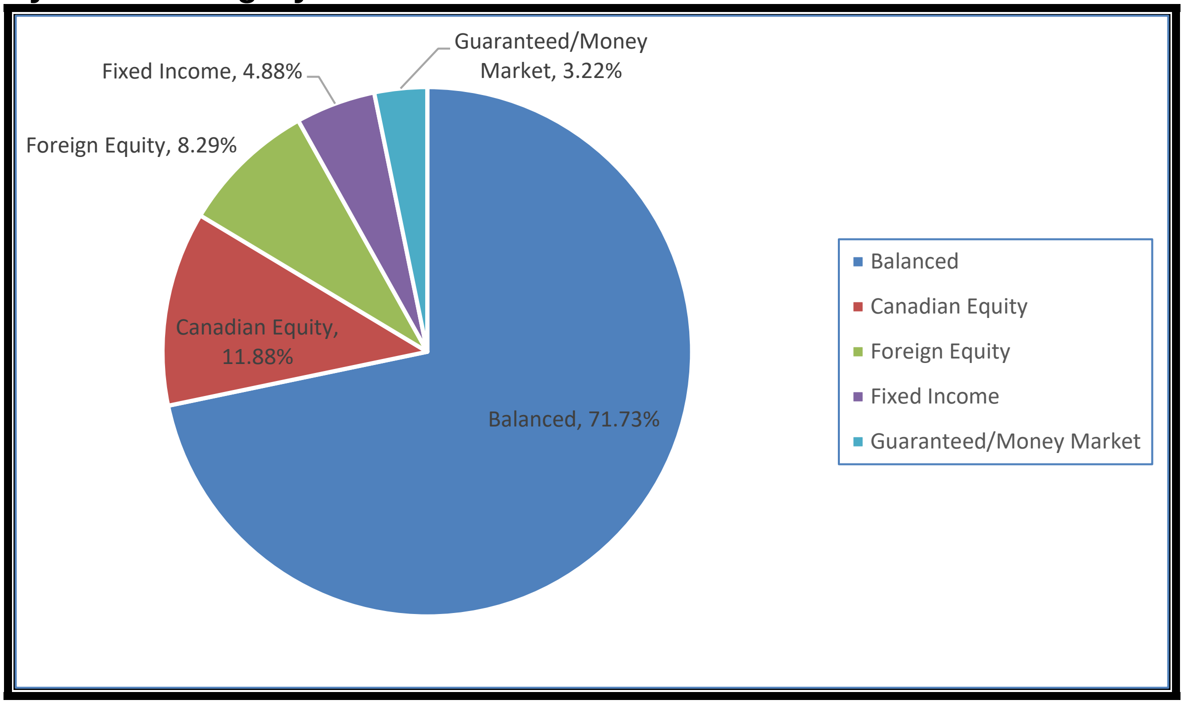
***The transfer to the new CUE Pension Plan accounts for most of the transferred amount.**

Fund Asset Mix

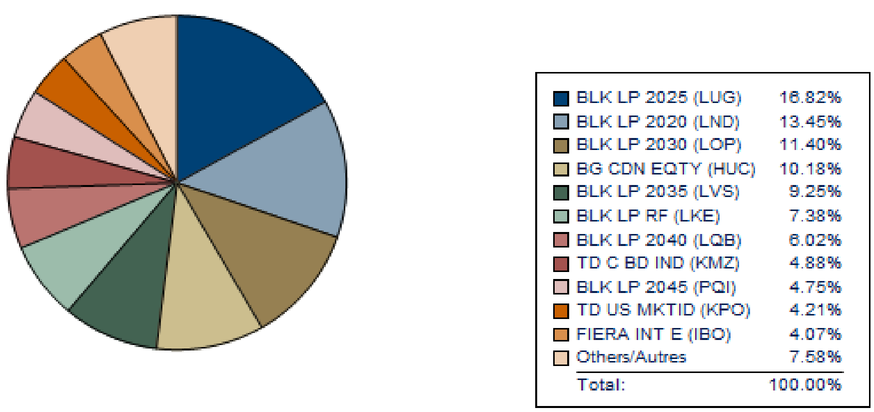
The following charts illustrate the DC Plan asset mix at December 31, 2017 both by asset category and by funds in which members allocated their assets.

Asset Category	Month-end Closing Balances $	% of Investment
Balanced	$ 12,748,961	71.73
Canadian Equity	2,111,137	11.88
Fixed Income	867,903	4.88
Foreign Equity	1,472,787	8.29
Guaranteed/Money Market	572,134	3.22
Total	**$ 17,772,922**	**100.00 %**

By Asset Category



By Fund



The top 11 items are represented in the graph. All other items are grouped under 'Others/Autres', if applicable.

Rates of Return*

The WBS Board of Directors monitors the performance of the DC Investment Option on a regular basis. As a result of key personnel changes and concerns with performance, the MFS International Fund was put on "watch" status during 2016.This involved more closely monitoring the fund's performance and changes to the fund's operations. Continued poor performance and key personnel departures resulted in the Board conducting an international equity manager search in 2017. Effective May 31, 2017 the Fiera Capital International Equity fund replace MFS as the international equity fund. Fiera was selected for their top quartile long-term performance, little turnover of staff and their strong consistent investment process.

	2017 (%)	2016 (%)
Target Date Funds (66.45%)		
• BlackRock Life Path Retirement Index	5.7	4.3
• BlackRock Life Path Index 2020	6.6	5.5
• BlackRock Life Path Index 2025	7.6	6.1
• BlackRock Life Path Index 2030	8.4	6.6
• BlackRock Life Path Index 2035	9.2	7.1
• BlackRock Life Path Index 2040	10.02	7.8
• BlackRock Life Path Index 2045	10.71	8.3
• BlackRock Life Path Index 2050	11.03	8.3
• BlackRock Life Path Index 2055	11.06	8.3
Canadian Equity (12.39%)		
• Beutel Goodman Canadian Equity	10.5	20.1
• CC&L Canadian Q Growth	11.2	17.3
Fixed Income (5.73%)		
• TDAM Canadian Bond Index	2.4	1.5
Foreign Equity (10.63%)		
• TDAM US Market Index	13.4	7.6
• Fierra International Equity	23.6	
Money Market (4.81%)		
• Sun Life Money Market	.78	.64

*Returns stated are before investment management fees and include the reinvestment of all distributions. They do not take into account any administration charges or taxes payable. Past returns may not be repeated.

DC Membership Changes

Members January 1, 2017	514
New members in 2017	26
Terminations	(44)
Death Claims	-
Members at December 31, 2016	496

Description of the DC Plan

The following provides a general description of the DC Plan. Further details on the Plan are provided on the WBP website at www.lccbenefits.ca.

General

Effective January 1, 2013 DB members who were under age 55 or who were over age 55 and whose age plus service was less than 80 points were transferred to the DC plan. Effective from January 1, 2012 onwards newly hired members became members of the Defined Contribution Plan (DC). The DC Plan provides for a 4% required contribution from members and a 6% employer contribution. In addition, members including members of the Defined Benefits (DB) plan may make optional contributions of up to 4% of pay.

All pension assets are held in trust with Sun Life Financial.

Funding

The DC plan provides an opportunity for employees to tax effectively build their retirement income. Employers contribute 6% of pay into the DC plan for DC or DC/DB plan members. DC or DC/DB plan members make required contribution of 4% of pay. In addition, members including members of the Defined Benefits (DB) plan may make optional contributions of up to 4% of pay.

Members have a further opportunity to enhance their retirement savings by directing excess flex credits from the Flex Plan to the DC Plan.

Members choose how to invest contributions made to the DC Plan from a suite of investment options with varying risk and return potential. The investment options are managed by professional fund managers selected by the WBS Board of Directors. Fund managers are selected from the investment funds available from the record keeper, Sun Life Financial, based on a number of criteria, including investment approach, organizational strengths, historical performance and service capabilities. The DC Plan currently provides seven investment options managed by six fund managers. Sun Life is responsible for the day-to-day management and administration of member accounts. Members may change the investment directions of current contributions or move past contributions into different funds, at any time.

Vesting and Termination/Retirement

Beginning in 2015, active plan members are vested immediately; meaning they own any employer contributions immediately. Employer and employee contributions are also locked-in (required to be ultimately used to provide a retirement income). Withdrawals prior to termination are not permitted. At termination or retirement members may transfer their funds from the Plan to a financial institution of their choosing.

Death Benefits

If a member dies before retirement, the member’s account balance is transferred to an eligible retirement vehicle of the surviving spouse. Such transfers are subject to locking–in provisions (i.e. an amount that cannot be received in cash). If there is no surviving spouse, the member’s account is paid in a lump sum to the member’s beneficiary or, if not named, to the estate of the member.

Governance and Administration

During 2017, the Board of Directors of Lutheran Church-Canada reviewed the role of the Worker Benefit Plans' Board of Managers and the LCC Board of Directors in managing the Worker Benefit Plans. The primary purpose of the review was to implement a governance structure where the Board of Directors could primarily focus on ecclesiastical matters and the Board of Managers would have more autonomy in operationally managing the Worker Benefit Plans. As a result of this review, an independently incorporated board called LCC Worker Benefit Services Inc. (WBS) was established effective January 1, 2018. LCCWBS has its own Board of Directors appointed by the Board of Directors of LCC and are responsible for the strategy, funding, policies, administration and communication of the defined benefit and defined contribution plans. Once the deficit for the Defined Benefit Plan is paid, the WBS Board of Directors will have complete autonomy in managing the plan. Until then the LCC Board of Directors will be involved in major decisions, such as plan design changes, until the solvency deficit is fully funded. The new structure will provide the new WBS Board with legal status which may enhance the opportunity to recruit prospective directors with expertise in pension funding, administration and investments. The new structure should also permit better responsiveness to members and employers in resolving their concerns.

With the new structure now in place the WBS Board is in the process of conducting a comprehensive review of its governance policy to ensure all the details are articulated. The purpose of this policy is to guide the various participants in the governance framework of the Plan. This framework is a control mechanism for good decision making, proper and timely execution of responsibilities, clear accountability and regular review and assessment of all participants.

The governance objectives of the Plan are to be in compliance with all applicable laws, to ensure risks under the plan are properly managed, to be able to demonstrate prudent oversight of the Plan to stakeholders and to ensure the Plan is funded and administered so as to meet its obligations to members and beneficiaries.

WBS Board of Directors (WBS BOD)

The WBS BOD has general oversight responsibilities for the Plan and in that capacity oversees all aspects of the Plan's operations, including the selection or termination of investment manager(s), trustee(s), custodian(s), third party administrator(s), actuary and other advisors, sets pension related policies, determines funding, contribution and actuarial strategy, and ensures the plan is in compliance with all legislation. The WBS BOD considers the best interests of all present and future plan members, pensioners and beneficiaries. Day-to-day management of the Plan is delegated to the Executive-Director, Worker Benefit Plans (WBP).

The WBS BOD consists of up to seven individuals who are appointed by the LCC Board of Directors to serve a three-year term with a maximum of three successive 3-year terms. There are currently five individuals who have been appointed to the WBS BOD.

The WBS BOD meets regularly at least three times per year and more often, if required. During 2017 the former Board of Managers (BOM) met five times. All members attended all the meetings.

2017 Board Members

Dieter E. Kays, ICD.D, PhD.
Chairperson, WBS Board of Directors
Kitchener, Ontario

Dr. Kays is a certified corporate director serving on several boards including the Ombudservice for the Canadian Life and Health Insurance, (OLHI), and St. Mary's Hospital in Kitchener where he is a past chair. A past president of the Kitchener Conestoga Rotary Club, he was recently awarded a Paul Harris Fellow. He is the retired President and Chief Executive Officer of Faith Life Financial, an organization providing insurance and investment programs to Canadian families. Prior to accepting this role, Dieter was Chief Executive Officer of Lutherwood, a Canadian church affiliated social service agency serving more than 10,000 clients annually. He was also the President of the Lutherwood Foundation and has served as a Director of Lutheran Life Insurance Society of Canada and its investment committee, the Canadian Life and Health Insurance Association (CLHIA) and FI Capital. He also served two terms as a municipal councillor.

Dr. Kays has a Master of Divinity degree from Concordia Seminary, St. Louis, Missouri, and a Master of Social Work. In 1993, he earned his doctorate, specializing in organizational leadership at Waterloo's Wilfrid Laurier University. He has done post graduate work at Stanford University, the Wharton School of Business, and most recently the Rotman Business School – U of T.

Dr. Kays and his wife, Rosalind, have three children and nine grandchildren. They are members of Holy Cross Lutheran Church (LCC) in Kitchener.

Dwayne Cleave, CIM* [1]
Executive Director, WBP
Winnipeg, Manitoba

Dwayne has served in the office of treasurer of Lutheran Church–Canada since May 2002. In March 2010 he was also appointed as the Executive Director of the LCC Worker Benefit Plans. Prior to his employment with the Church, Dwayne's 25-year business career included positions as an Investment Consultant with CIBC Wood Gundy and as a Regional Manager for the Brick Warehouse Corporation.

In addition to his business experience, Dwayne has received formal training through the Certified General Accountant Program (CGA), Certified Employee Benefit Specialist Program (CEBS) and the Canadian Securities Institute (CSI). Dwayne completed a 4 year certificate course in Management through the University Of Manitoba continuing education program in 1994.

Dwayne, his wife Bonita and their two (now adult) children have been members of Saint James Lutheran Church in Winnipeg since 1989.

* Canadian Institute of Management

Ken Griffin, CPA, CA
Kitchener, Ontario

Ken is a Chartered Professional Accountant and a Partner in the Private Company Services group of PricewaterhouseCoopers LLP. As a member of the PwC Tax practice, Ken has been providing income tax consulting services to private companies and their shareholders for more than 25 years. Ken has significant real estate experience, serving also public REITs, pension funds, and domestic and foreign investment funds. Ken graduated from the University of Waterloo in 1992 with a Bachelor of Mathematics (Co-op Chartered Accountancy) and obtained his CPA, CA designation in 1993.

Ken is currently Co-Chair of the Joint Committee on Taxation of the Canadian Bar Association and CPA Canada. Ken is also a member of the board of directors of The Concordia Seminary Foundation – St. Catharines.

Ken and his wife, Kim, live in Kitchener, Ontario and have three children. They are members of Holy Cross Lutheran Church in Kitchener.

Ellen Nygaard
Edmonton, Alberta

Ellen Nygaard was born in Drumheller, Alberta, raised on a farm, and has spent most of her life in the province. She has a BA in English and an MBA from the University of Alberta and worked across Canada in her first career as a journalist. She worked as a manager for the Government of Alberta for 26 years, occupying increasingly responsible regulatory and policy positions, including the Deputy Superintendent of Pensions and most recently as Executive Director of Pension Policy for Alberta Finance.

Ellen retired in 2014, and since then has become a member of Alberta Public Services Pension Board and the Urban Municipalities Association Pension Board. She has been involved as a volunteer and board member of several community organizations over the years, including the United Way and recreational and cultural organizations. She currently volunteers as an English tutor for new Canadians at the Edmonton Mennonite Centre for Newcomers. She and her husband live in Edmonton, where they raised their two children.

Stan Lee
Vancouver, British Columbia

Stan is a Chartered Professional Accountant; he owns and operates an accountancy business in Vancouver, which serves over 900 individual and 300 corporate clients. Before opening his own practice, he worked for nine years for a major accounting firm in Burnaby. He also sits on the Board of Directors for six private enterprise companies. He received his Bachelor of Commerce degree in 1983 from the University of British Columbia in Vancouver, and his Chartered Accountant designation in 1986 from the Institute of Chartered Accountants of B.C.

Stan served on the Department of Stewardship and Finance for the ABC District, as well as, serving as the Board Chair for the Audit Committee. Stan also served on the Board of Directors for Faith Life Financial from 1994 to 2012. In that capacity he held a number of roles including Board Vice-Chair, Chair of the Audit, Risk, Compliance and Finance Committee and Chair of the Products and Services Committee, and was a member of the Executive Committee and Human Resources Committee.

Active in his church community, Mr. Lee is currently Chairman of his home congregation, Killarney Community Lutheran Church in Vancouver. He also provides occasional simultaneous translation (into English from Cantonese) during his congregation's Sunday services.

Mr. Lee and his wife, Lisa, are members of top-rated Faith Life Financial Chapter 0244, which Mr. Lee helped establish in 1995. He previously served as chapter president. The Lees have two daughters.

1. Dwayne Cleave is a member of the LCC Pension Plan. His membership does not constitute a conflict of interest for purposes of participating on the BOM.

Advisors and Service Providers

Aikins, MacAulay and Thorvaldson	**Legal Counsel**
CIBC Mellon GSS	**DB Trustee, Custodian and Pension Payments**
KPMG	**Auditor**
Sun Life Financial	**DC Record Keeper/Custodian**
Ellement	**Actuary, Pension and Investment Consultants, Administrator**
Greystone Real Estate	**DB Investment Manager**
Romspen Mortgages	**DB Investment Manager**
Mawer	**DB Investment Manager**
Beutel Goodman	**DC Investment Manager**
BlackRock	**DC Investment Manager**
Connor, Clark & Lunn	**DC Investment Manager**
Fiera	**DC Investment Manager**
Sun Life Financial	**DC Investment Manager**
TDAM	**DB & DC Investment Manager**

Lutheran Church–Canada
Worker Benefit Plans

Strategic Plan 2017

Our Mission

The mission of Worker Benefit Plans is to serve members and employers by ensuring the provision of sustainable benefits.

"Serving those who serve."

Our Vision

We will develop an efficient, innovative and sustainable benefit plan with shared responsibility among engaged stakeholders

Our Values

1. **Integrity**
2. **Transparency**
3. **Stewardship**
4. **Consultation**
5. **Shared Responsibility**
6. **Excellence**

Our Strategic Directions

1. **Ensure sustainability and stability of benefits**
2. **Develop an educated and knowledgeable member and employer base**
3. **Cultivate a meaningful involvement of stakeholders and develop the philosophy of shared responsibility**
4. **Promote health and wellness**
5. **Strengthen and enhance governance**