The United Church of Canada General Council

GCE45 GS16 Approval of the Funding Policy for the Annuity Program for November 2025

True Document Date: November 14, 2025

1. What is the issue?

The Annuity Fund plays an important role in supporting both the long-term obligations to annuitants and the Mission and Ministry works of the United Church of Canada. However, currently, there is no formal and documented funding policy guiding how the fund should be administered. While the fund has been managed prudently over the years, the absence of a written policy creates ambiguity in decision-making. There are currently no clear guidelines for deciding when and how surplus funds can be utilized to support operational needs and define funding targets and risk tolerance levels. Without a formal policy, decisions regarding the fund may be made on an ad hoc basis, which can increase the potential for governance risks over time.

Management has drafted a proposed Annuity Funding Policy based on the actuary’s recommendation (Appendix A) for the Executive’s review and approval. The policy outlines key elements including:

- Funding objectives to ensure adequate reserves for annuitant obligations;
- Risk analysis and valuation of annuities for determining when funds may be available to support operational needs;
- Authorization procedures for transfers from the fund to the operating budget;

Establishment of the policy will provide a formal and clear framework for future fund administration.

2. Why is the issue important?

Establishing a formal funding policy is essential for the effective management of the Annuity Fund. A well-defined policy:

- Provides a foundation for transparency, accountability and long-term financial stability
- Establishes a clear framework for effective financial management and governance
- Guides decision-making on actuarial assumptions and valuations
- Clarifies responsibilities in event of unfavourable investment performance that may lead to funding deficits, ensuring continued protection for annuitants and beneficiaries
- Supports reserve adequacy and risk management, while enabling the strategic use of surplus funds with the Executive's approval

3. How might the Executive of the General Council respond to this issue?

The General Secretary recommends

That the General Council Executive approve the Funding Policy for the Gift Annuity Fund as enclosed in the appendix.

4. What will be the impact?

The proposal aligns with the United Church's priorities of sound financial management, responsible stewardship of resources, and effective governance. By establishing formal funding policy, the Annuity Fund will continue to meet its obligations to annuitants while supporting the Church's Call and Vision.

5. How does this proposal help us live into the commitments on equity?

The proposal policy helps advance equity by formalizing financial decision-making and ensuring transparent, fair and accountable management of the Church's resources. Clear rules for identifying and utilizing surplus funds help ensure that decisions are consistent with both current operational needs and the long-term sustainability of the fund. Together, these practices reflect a commitment to responsible, equitable financial stewardship that sustains the Church's vision.

6. For the body transmitting this proposal to the General Council Executive:

The Finance Advisory Committee has reviewed the proposal and transmits it with a recommendation for approval.

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Originating Body: General Secretary