

Communiqué

Winter 2016/17

Third Quarter 2016 Returns

The UAPP Fund experienced a gain of 4.51% in the third quarter of 2016, resulting in a year-to-date return of 5.97%.

Summary of Investments as at September 30, 2016

Total Market Value \$4,271.6 Million

Market Value and Asset Mix	30-Sep-16		31-Dec-15	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	26.5	0.6	15.6	0.4
Universe Bonds & Mortgages	524.4	12.3	517.6	12.8
Real Return Bonds	312.6	7.3	275.9	6.9
Long Bonds	436.2	10.2	392.2	9.7
Total Cash & Fixed Income	1,299.6	30.4	1,201.3	29.8
Canadian Equities	802.1	18.8	677.8	16.9
Global Equities	1,656.6	38.8	1,554.8	38.6
Total Equities	2,458.7	57.6	2,232.6	55.5
Real Estate	344.3	8.1	338.7	8.4
Total Alternative Investments*	513.3	12.0	590.6	14.7
Total Investments	4,271.6	100.0	4,024.5	100.0

* Includes Real Estate plus Timberlands, Private Income and Private Debt

Note: The numbers in the columns may not add up exactly due to rounding

Investment Performance of the Fund	Quarter ending	One Year ending	Four Year ending
	30-Sep-16	30-Sep-16	30-Sep-16
Cash and Short-term	0.2	0.8	1.1
<i>FTSE TMX 91-Day T-Bill Index</i>	<i>0.1</i>	<i>0.5</i>	<i>0.8</i>
Fixed Income	1.9	9.3	4.4
<i>Fixed Income Investments Indices</i>	<i>1.8</i>	<i>9.1</i>	<i>4.4</i>
Canadian Equity	5.3	14.0	9.2
<i>S&P/TSX Composite Capped Index</i>	<i>5.5</i>	<i>14.2</i>	<i>7.8</i>
Global Equity	7.5	10.0	16.1
<i>MSCI World & Emerging Markets Indices</i>	<i>7.1</i>	<i>10.5</i>	<i>15.4</i>
Real Estate	1.1	6.0	8.1
<i>IPD Large Institutional All Property Index</i>	<i>1.1</i>	<i>7.5</i>	<i>9.0</i>
Alternative Investments	1.2	8.7	8.1
<i>Alternative Investments Indices</i>	<i>1.2</i>	<i>7.2</i>	<i>8.3</i>
Total Investment Return	4.5	10.6	10.5
<i>Policy Benchmark Return</i>	<i>4.3</i>	<i>10.4</i>	<i>9.6</i>

2017 COLA for UAPP Pensioners is 0.78%

The 2017 cost-of-living adjustment (COLA) for pensioners who retired prior to January 1, 2016 is 0.78%. For persons who retired in 2016, the COLA increase is prorated based on the number of complete months the person was on pension in the year. The increase is applied to the base pension, including any bridge benefit that is being paid. COLA is not applied to any coordination amounts. The COLA increase will be included with the January 2017 payment. The COLA is set at 60% of the increase in the Consumer Price Index (CPI) (Alberta) as reported by Statistics Canada. The CPI increase for the relevant period was 1.3%. The percentage increase in CPI is derived by comparing the average CPI for the 12 months ending in October 2016 with the corresponding figure for the previous year.

Tax withholdings starting in January will reflect the 2017 rates applicable to the province or country of the recipient's residence. CIBC Mellon will be issuing 2016 T4A slips in mid-February 2017.

CIBC Mellon can be contacted at 1.800.565.0479 (English) or 1.800.268.1629 (French). Pensioners residing in the United States can contact CIBC Mellon by calling 1.800.263.4497. Pensioners outside Canada and the United States can contact CIBC Mellon by calling collect 1.519.873.2218. CIBC Mellon can also be contacted by writing to CIBC Mellon Pension Benefits Department, PO Box 5858, Station B, London, ON N6A 6H2.

The CIBC Mellon website, www.CIBCMellon.com, is also available to assist pensioners with current information, frequently asked questions, as well as the "Retiree Assistance Online Inquiry" to submit address changes, to make changes to banking information, or to ask specific questions.

Feature on UAPP Website

By nature, defined benefit plans contain a wide range of provisions that can be confusing for new members. The UAPP has developed a Member Handbook to assist plan members in understanding their pension plan. The Handbook is updated annually to ensure the latest information is provided to members. Paper copies are provided to employers in the Spring but an electronic copy is always available on the UAPP website at www.uapp.ca/publications/member-handbook/.

The primary focus of the Member Handbook is on key plan provisions such as the retirement benefits and pension options, benefits available upon death or termination, and cost-of-living increases. The Handbook also includes sections on the plan governance structure, contribution rates, federal retirement programs like Canada Pension Plan and Old Age Security, and examples of UAPP pension calculations.

Federal Programs - 2017 Facts

Canada Pension Plan

Contributions

Employer/Employee Contribution Rate (each)	4.95%
Year's Maximum Pensionable Earnings (YMPE)	\$55,300
Year's Basic Exemption (YBE)	\$3,500
Maximum Annual Employer/Employee Contribution (each)	\$2,564.10

Maximum Monthly Benefits

Retirement Pension (Age 65)	\$1,114.17
Survivor's Pension -Under age 65	\$604.32
-Age 65 and over	\$668.50
Disability Pension	\$1,313.66
Children of disabled or deceased contributors benefit	\$241.02

Old Age Security

For First Quarter Commencing January 1, 2017
Benefits are indexed quarterly to reflect CPI changes

Maximum Old Age Security Pension	\$578.53
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Note: Pensioners with individual net incomes above \$74,788 must repay all or part of the maximum OAS pension amount. The repayment amounts are normally deducted from their monthly payments before they are issued. The full OAS pension is eliminated when a pensioner's net income is \$119,615 or above.

For more information, visit www.servicecanada.gc.ca, or call 1.800.277.9914.

Buck Consultants Rebranded as Conduent

For several years now, the Board of Trustees for the UAPP has contracted with Buck Consultants Limited to provide pension plan administration services. Effective January 1, 2017, Buck Consultants has been rebranded as Conduent Human Resource Services. References to Buck on the UAPP website will be updated to reflect the firm's new name.

Contact information for Conduent is as follows:

201 City Centre Drive, Suite 1000

Mississauga, ON L5B 4E4

Attn: UAPP Administrator

Phone: 1.866.709.2092

Email: uapp.pensions@conduent.com

Year's Maximum Pensionable Earnings under CPP for 2017 increases to \$55,300 from \$54,900 in 2016

The Canada Revenue Agency has announced that the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) for 2017 will be \$55,300 – up 0.7% from \$54,900 in 2015. The new ceiling was calculated according to a CPP-legislated formula that takes into account the growth in average weekly wages and salaries in Canada.

The employee and employer contribution rates for 2017 will remain unchanged at 4.95% each.

The maximum employer and employee contribution to the CPP for 2017 will be \$2,564.10 each, up from \$2,544.30 in 2016. The basic exemption amount will remain at \$3,500.00.

Maximum Pensionable Salary under the UAPP for 2017 increases to \$162,312.22 for service after 1993

The increase in the YMPE to \$55,300 combined with the announced maximum pension benefit of \$2,914.44 in 2017 for each year of service under defined benefit pension plans means that the maximum pensionable salary (sometimes called the pensionable salary cap) under the UAPP will rise to \$162,312.22 in 2017 from \$160,970.00 in 2016.

The maximum pensionable salary under the UAPP has increased for 2017 by 0.8%.

Canada Pension Plan Enhancements

The Government of Canada has introduced legislation to enhance the Canada Pension Plan. These enhancements are set to be phased in between 2019 and 2025. The primary design features of the enhancements include the increase of the income replacement level from 25% to one-third of pensionable earnings and the introduction of additional benefits earned above the YMPE.

Current CPP contributions result in a tax credit but a tax deduction will be created for employee contributions associated with the enhanced portion of the CPP. To roughly offset the increase in CPP contributions, the government also plans to increase the federal Working Income Tax Benefit, a refundable tax credit for eligible working low-income individuals and families.

More information on the changes to the Canada Pension Plan can be found from the Department of Finance of the federal government at www.fin.gc.ca/n16/data/16-113_3-eng.asp.

New to the UAPP?

We strongly encourage you to spend some time reviewing our website, www.uapp.ca.

In particular, you will find lots of useful information in the “Publications” section, including our Member Handbook and Annual Report. Of course, if you have any questions about UAPP, please contact the UAPP Trustees’ Office at 780.415.8868.

Questions About Your Pension?

Call Conduent Human Resource Services at 1.866.709.2092, the Human Resources Department at your institution, or the UAPP Trustees’ Office at 780.415.8868.



Comments?

If you recently used the services of any group (Conduent Human Resource Services, CIBC Mellon, the Human Resources Department at your institution, or the UAPP Trustees’ Office) on a matter related to the UAPP and would like to comment on the service you received, please feel free to write to us at board@uapp.ca. Other contact information is available on our website, www.uapp.ca, under “Contact Us”.

Getting Ready for Retirement?

Read the Information Sheet “Preparing for Retirement”, available at www.uapp.ca under “Publications”.

Questions About the Retirement Planner?

Call Conduent Human Resource Services at 1.866.709.2092 if you need help accessing the Retirement Planner, or for login or password inquiries. Your Member Statement can be accessed through the Retirement Planner.

Reminder!

Keep Your Beneficiary Information Updated

If you leave employment and leave your funds with the UAPP, it will be important to ensure the UAPP has your most up-to-date beneficiary information. Use the UAPP Designation of Spouse and Non-Spouse Beneficiary form, available at www.uapp.ca under “Forms”. Doing so will help expedite any required payment to your beneficiaries. Make sure your family and your executor know you are entitled to a benefit from the UAPP.

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