

Communiqué

Fall 2017



Second Quarter 2017 Returns

The UAPP Fund experienced a gain of 1.58% in the second quarter of 2017, resulting in a year-to-date return of 5.50%.

Summary of Investments as at June 30, 2017 Total Market Value \$4,563.1 Million

Market Value and Asset Mix	30-Jun-17		31-Dec-16	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	21.2	0.5	33.9	0.8
Universe Bonds & Mortgages	785.1	17.2	501.3	11.6
Real Return Bonds	318.8	7.0	308.4	7.1
Long Bonds	532.1	11.7	403.6	9.3
Total Cash & Fixed Income	1,657.1	36.3	1,247.2	28.8
Canadian Equities	554.7	12.2	836.2	19.3
Global Equities	1,799.7	39.4	1,665.9	38.5
Total Equities	2,354.4	51.6	2,502.1	57.8
Real Estate	338.0	7.4	354.7	8.2
Infrastructure & Private Debt	129.6	2.8	138.7	3.2
Timberland & Other Alternatives	84.0	1.8	86.6	2.0
Total Alternative Investments	551.6	12.1	580.0	13.4
Total Investments	4,563.1	100.0	4,329.3	100.0

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-Jun-17	30-Jun-17	30-Jun-17
Cash and Short-term	0.2	0.9	1.0
<i>FTSE TMX 91-Day T-Bill Index</i>	<i>0.1</i>	<i>0.5</i>	<i>0.7</i>
Fixed Income	2.0	0.0	4.9
<i>Fixed Income Investments Indices</i>	<i>2.1</i>	<i>-0.3</i>	<i>5.2</i>
Canadian Equity	-1.4	11.1	10.1
<i>S&P/TSX Composite Capped Index</i>	<i>-1.6</i>	<i>11.1</i>	<i>9.0</i>
Global Equity	2.1	21.5	15.6
<i>MSCI World & Emerging Markets Indices</i>	<i>1.7</i>	<i>19.3</i>	<i>14.5</i>
Real Estate	0.7	5.8	6.6
<i>IPD Large Institutional All Property Index</i>	<i>0.7</i>	<i>5.4</i>	<i>7.4</i>
Alternative Investments	1.3	7.5	7.6
<i>Alternative Investments Indices</i>	<i>1.2</i>	<i>6.0</i>	<i>7.3</i>
Total Investment Return	1.6	11.7	10.7
<i>Policy Benchmark Return</i>	<i>1.4</i>	<i>9.8</i>	<i>9.6</i>

Contribution Rate Increase

Effective July 1, 2018, the contribution rates are increasing 0.36%, to be shared equally between employers and employees.

See page 5 of this Communiqué for more information...

Retirement Planner

For several years, the UAPP has had a Retirement Planner available on the UAPP website. Recently, the plan went live with an updated portal which included a fresh new look and several added features for members and employers.

The Retirement Planner is still accessed through the UAPP website. Click on the link on the right hand side under Key Information at www.uapp.ca.



KEY INFORMATION



Frequently Asked Questions

The Frequently Asked Questions and Answers section provides a list of often-asked member questions with respect to the Universities Academic Pension Plan (UAPP). Included here are questions on membership, life changes, Retirement Planner access, and financial situations.

[CLICK HERE](#)



Member Seminar

The Board of Trustees' Office for the UAPP has prepared a resource to provide an outline of the plan. Included in the presentation is a brief high level overview of the governance structure of the UAPP, detailed information on the plan provisions that most impact members, and a summary of the uapp.ca website and Retirement Planner.

[CLICK HERE](#)



Retirement Planner

NEW! The Retirement Planner has been upgraded to improve service to plan members. On your first visit to the new portal, please click Register Now after selecting the Planner link. Upgrades include improved look, communication tools, and password self-reset. You can prepare retirement estimates that use your actual data and you can access your annual member statement. For assistance, call Conduent Human Resource Services at 1.866.709.2092 between 6 a.m. and 6 p.m. Alberta time during business days.

[CLICK HERE](#)

As with the old version of the Planner, you can view and print your annual member statement and estimate your UAPP pension to a wide range of dates in the future. The Planner still also provides some assistance in general financial planning based on your RRSP savings and the maximum CPP and OAS benefits.

There are a number of new features on the updated Retirement Planner. All first-time users of the new portal are asked to self-register, even if you have signed on to the Planner previously. Self-registration enables members to reset their own passwords, an important new feature of the revamped portal. Previously, members had to contact the Call Centre to reset a password. At self-registration, members will be asked a series of security questions to ensure that only the member can access their own account. The security questions are important since the Planner uses the member's actual information to produce accurate retirement estimates.

The Conduent Call Centre continues to be available to assist members in the use of the Retirement Planner. Please call 1.866.709.2092 between 6 a.m and 6 p.m. Alberta time during business days.

In addition to the ability to access the annual member statement and estimate future pensions, members can also see Retirement Milestones – a list of key dates for retirement eligibility. Note that members can run retirement estimates at any date between their 55th birthdate (or today, if the member is already over age 55) and the end of the year in which the member attains age 69, the latest pension commencement date under the plan's terms.

Another useful tool available in the new portal is the Messages section on the member's homepage. Here, messages can be shared directly between the administration team and plan members. Items of communication included will be notices about the release of annual member statements and contribution rate changes.

2016 Actuarial Valuation Results

To review the financial position of the UAPP, the Board arranged for an actuarial valuation of the Plan as at December 31, 2016. The table below provides the results of the recently completed valuation compared to the results of the previous valuation performed as at December 31, 2014.

(\$millions)	December 31, 2016			December 31, 2014		
	Pre-92 Service	Post-91 Service	Total Service	Pre-92 Service	Post-91 Service	Total Service
Market Value of Assets	750.4	3,598.9	4,349.3	824.9	2,942.7	3,767.6
Actuarial Adjustment	(12.0)	(37.2)	(49.2)	(51.0)	(151.8)	(202.8)
Actuarial Value of Assets	738.4	3,561.7	4,300.1	773.9	2,790.9	3,564.8
Accrued Liability	1,603.4	3,800.0	5,403.4	1,674.5	3,099.3	4,773.8
Actuarial Deficiency	(865.0)	(238.3)	(1,103.3)	(900.6)	(308.4)	(1,209.0)
Funded Ratio	46.1%	93.7%	79.6%	46.2%	90.1%	74.7%

Plan Assets

The Plan experienced a 7.1% market rate of return for 2016 and 7.6% for 2015, resulting in an increase in the actuarial value of assets of the Plan with the rate of return averaging 9.54% per annum over this 2-year period versus the 2014 valuation assumption of 5.95% per annum.

The market value of the assets is adjusted by a smoothing method to determine the actuarial value of assets. Smoothing is used to reduce the impact on contribution rates of the volatility in the market value of assets due to short-term fluctuations in the markets. The market value of assets continues to be higher than the actuarial value used for valuation purposes, due to the positive returns in 2015 and 2016. The use of the smoothing method softens the impact of both negative and positive markets on the actuarial position of the Plan.

Based on the December 31, 2016 valuation results, the Plan's funded status has improved from 74.7% to 79.6%. The pre-1992 funded status continues to erode mainly due to the lengthy amortization of the pre-1992 unfunded liability to the end of 2043. The post-1991 funded status has improved due to the positive investment returns and the post-1991 unfunded liability being amortized over only 15 years.

Plan Liabilities

The Board, in consultation with the actuary, reviewed the assumptions used to determine the liabilities and contribution requirements of the Plan and made a few changes for the 2016 valuation, only one of which would be considered significant. The discount rate used to value Plan liabilities was reduced from 5.95% per annum to 5.60% due to changes in the Plan's asset mix and the more conservative rates of return expected to be earned in the market over the long-term. The net impact of this change can be seen in increases in the present value of the accrued pension liability and current service cost.

New Contribution Rates Effective July 1, 2018

To secure the benefits of Plan members and comply with the funding requirements of the *Employment Pension Plans Act* (Alberta), the Board, on the advice of its actuary, is increasing total contribution rates by 0.36% of salary. This increase shall be shared equally between employers and employees and will be effective July 1, 2018. The new contribution rates are as follows:

Institution	CURRENT RATE (% of salary)						NEW RATE (% of salary) <i>Effective July 1, 2018</i>					
	Employee			Employer			Employee			Employer		
	A	B	C	A	B	C	A	B	C	A	B	C
Alberta, Calgary & Lethbridge	12.41	15.91	1.77	12.41	15.91	1.77	12.46	16.23	1.45	12.46	16.23	1.45
Athabasca & Banff	11.91	15.41	1.77	12.91	16.41	1.77	11.96	15.73	1.45	12.96	16.73	1.45

Note:

'A' applies on salary up to YMPE, or CPP earnings cap of \$55,900 for 2018

'B' applies on salary above the YMPE and up to the pensionable salary cap of \$163,992.22 for 2018

'C' applies on salary above the pensionable salary cap

Impact on Members

The new contribution rates will take effect until July 1, 2018. Based on the 2018 YMPE and pensionable salary cap, the estimated monthly increase in employee contributions to the UAPP would be as follows:

Monthly Salary	Monthly Increase ¹	After-tax Monthly Increase ²
\$4,000	\$2.00	\$1.28
\$6,000	\$6.62	\$4.24
\$8,000	\$13.02	\$8.33
\$10,000	\$19.42	\$12.43
\$12,000	\$25.82	\$16.53
\$14,000	\$30.09	\$19.25

¹ This amount includes the impact of increases in the UAPP contribution rates.

² This amount has been calculated assuming a marginal income tax rate of 36%. The actual after-tax amount will vary depending on a member's marginal tax rate.

Feature on UAPP Website

When important events impact the UAPP, a message is posted to the website's News section, www.uapp.ca/news/. A link to this section is found in the banner at the top of the homepage www.uapp.ca as well as under the Additional Information section about half-way down the homepage.

Annual news items are posted about the maximum pensionable salary, the Year's Maximum Pensionable Earnings (YMPE), and the Plan's cost-of-living adjustments.

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.

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.



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".

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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