



BUSINESS PLAN

2018 – 2020

UNIVERSITIES ACADEMIC PENSION PLAN

BOARD OF TRUSTEES

1002 Park Plaza

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MISSION

The mandate of the UAPP Board of Trustees (Board) is described in the Sponsorship and Trust Agreement. The Board's mission is to deliver on its mandate in a manner that is consistent with:

- high quality services to the UAPP members and stakeholders,
- prudent investment of the Fund,
- seeking stable contribution rates within the funding requirements of the Employment Pension Plans Act (EPPA),
- best practices in pension plan governance and management, and
- all applicable rules, laws and regulations.

VALUES

In carrying out its mission, the Board is guided by the following values:

- work in full partnership with Sponsors,
- be member/stakeholder focused,
- be open, accountable and responsible for its actions,
- conduct UAPP business with trust, fairness and integrity,
- adhere to the highest ethical standards,
- value and treat its employees as a vital resource, and
- strive to adopt best business practices.

STRATEGIC DIRECTION

PROVIDE HIGH QUALITY, COST-EFFECTIVE PENSION BENEFITS ADMINISTRATION SERVICES

Systems and processes shall be maintained and expanded to provide efficient and accurate benefits administration on a cost-effective basis. Benefits administration should be supported by new technologies to promote member self-service through the expansion of web-based services and information.

OPTIMIZE LONG-TERM INVESTMENT RETURNS

Investment policies, guidelines, and asset mix shall be regularly reviewed and adjusted to optimize investment returns within established risk tolerances. The Fund's risk tolerance should be reassessed on a regular basis.

PROVIDE EFFECTIVE COMMUNICATIONS

A comprehensive communication program shall be provided on an ongoing basis to promote an understanding of the pension plan among members and employers. Sufficient information must be provided to allow members to make informed decisions concerning their benefits. To reduce the use of hard copy and promote member self-service, web-based services should be expanded whenever possible.

PRACTICE EFFECTIVE GOVERNANCE

Sound governance practises shall be maintained and expanded to support the effective and efficient operation of the Plan. Operations of the Plan shall be regularly reviewed to ensure effective internal controls are in place to safeguard the data and assets.

PLAN INITIATIVES

To give effect to the Board's Strategic Direction, the following initiatives are planned.

IMPROVE THE DELIVERY OF PENSION BENEFITS ADMINISTRATION SERVICES

Some of the regular tasks related to Plan administration are:

- Maintain effective partnership with service providers.
- Monitor performance and update standards as necessary.
- Enhance systems to make user interface with pension administration more efficient, such as making annual data reconciliation easier, building more complete data on members who have breaks in in-year service, readjusting edits for the annual data upload, and providing employers with extra data requirements for costing of spanned and other leaves of absence.
- Enhance member self-service by expanding information available on the website, promoting feedback through the Communiqué and the website and promoting direct contact between members and service providers.
- Strengthen internal controls, processes and reporting systems by providing trend reports on a quarterly basis to the Board, reconciling Plan member data, updating key policy documentation, internal controls and processes, and meeting with the User Group at least twice a year or as often as required to discuss administration issues and develop common understanding.
- Perform annual pensioner audits in accordance with established policy to reduce the risk of over-payments.

Specific key tasks planned for the next 3 years:

2018

- Work with employer senior benefits staff to review stream-lining processes.
- Evaluate effectiveness of upgrades to Retirement Planner.
- Update the employer administration manual as necessary.
- Complete and implement the re-design of pension forms and standard letters.
- Review the effectiveness of training materials provided to employers.
- Evaluate annual pensioner audit policy.

2019

- Evaluate user feedback on the employer administration manual.
- Work with Conduent Human Resource Services to implement administrative changes related to Plan design changes, if any.
- Coordinate with employers the production of the triennial pension audit reports.
- Evaluate need for online portal for retired members.

2020

- Review performance of Conduent Human Resource Services as pension administration service provider and renew contract, as needed.
- Monitor implementation of administrative changes related to Plan design changes, if any.

REVIEW AND ENHANCE INVESTMENT STRATEGIES

Some of the regular tasks related to Plan investments are:

- Optimize long-term investment returns by monitoring the implementation of changes to the asset mix and the associated costs and assessing the actual performance of the Fund against the range of expected outcomes at the time of the asset/liability modelling study.
- Monitor and adjust risk exposures by adopting risk policy guidelines as determined by the Board.
- Measure and monitor investment performance by monitoring investment managers' performance and implementing identified changes.
- Explore appropriateness of the current investment manager mandates and make changes as necessary.
- Work with the investment managers to improve quarterly reporting to the Investment Committee.
- Review and update the Statement of Investment Policies and Goals (SIP&G) as necessary.

Specific key tasks planned for the next 3 years:

2018

- Evaluate four-year performance of fixed income managers.
- Review effectiveness of investment reporting to the Board, Investment Committee, and the website.
- Evaluate the formal review process for investment managers.
- Coordinate investment related information session on risk management.
- Continue to monitor the services provided by investment managers.
- Investigate viability in performing regular stress testing of various asset scenarios.
- Monitor impact of changes in strategic and tactical initiatives in AIMCo's investment risk management.

2019

- Assess the actual fund performance against the range of expected outcomes from asset/liability study.
- Assess effectiveness of manager review process.
- Review effectiveness of asset mix changes.
- Investigate education opportunities for members of the Investment Committee and the Board.

2020

- Review performance of investment consultant.
- Review Investment Committee membership.
- Consider whether an asset/liability modelling study should be undertaken.

ENHANCE COMMUNICATION PROGRAMS

Some of the regular tasks related to communications are:

- Provide effective communications programs by updating the website as necessary, reviewing the Annual Member Statements for enhancements to aid members' understanding of the Plan, providing one-on-one sessions as requested, updating the annual Member Handbook, and producing quarterly Communiques and an Annual Report.
- Strengthen relationship with stakeholder groups by meeting with Sponsors and other groups on issues related to the UAPP, providing pension administrators training as necessary, and making available on request, pension information seminars.

Specific key tasks planned for the next 3 years:

2018

- Review tools available for member feedback.
- Continue to review employer communication needs.
- Continue to establish ongoing communication with other public sector pension plans, particularly Local Authorities Pension Plan, Public Service Pension Plan, and Alberta Teachers' Retirement Fund.
- Evaluate effectiveness of communication to members regarding upgrades to Retirement Planner.
- Evaluate need for re-design of Annual Member Statements for active and retired members.
- Implement any improvements to annual Member Handbook stemming from evaluation.

2019

- Research communication tools utilized by other similar pension plans.
- Support communication strategy in connection with Plan design changes, if necessary.
- Implement any improvements to Annual Member Statements stemming from evaluation.
- Consider providing updated statements to all deferred members.

2020

- Research new technologies for member communication and education.
- Evaluate need for re-design of Information Sheets.

EFFECTIVE AND EFFICIENT PLAN GOVERNANCE

Some of the regular tasks related to Plan governance are:

- ▣ Regularly monitor the financial position of the UAPP and keep apprised of the relevant risks.
- ▣ Analyze the Sponsorship and Trust Agreement and propose changes for Plan Sponsors' consideration.
- ▣ Work with Plan Sponsors on Plan design changes.
- ▣ Keep Plan Sponsors informed about developments of relevance to the UAPP.
- ▣ In collaboration with Plan Sponsors, deal with Alberta Treasury Board and Finance officials on any issues that arise, including the Plan's unfunded liability.
- ▣ Continue to make available opportunities to Board members to develop their knowledge about pensions.
- ▣ Continue to explore solutions on issues surrounding the pre-1992 unfunded liability.
- ▣ Annually review the Funding Policy and update as necessary.
- ▣ Regularly monitor the cyber security measures in place for protecting member data and the Trustees' Office system.
- ▣ Prepare triennial assessment of plan activities.

Specific key tasks planned for the next 3 years:

2018

- ▣ Review Trustees' Office benefit programs.
- ▣ Review Trustees' Office records management practices.
- ▣ Follow up on any findings which result from triennial assessment of plan activities.
- ▣ Evaluate effectiveness of updated accounting/financial software for the Trustees' Office.
- ▣ Implement Board education sessions resulting from 2017 survey.
- ▣ Prepare Request for Information for external auditor services.
- ▣ Review impact on UAPP of cyber security recommendations from the Ministry of Advanced Education.

2019

- ▣ Consider completing an Experience Study.
- ▣ Undertake an actuarial valuation of the Plan as of December 31, 2018.
- ▣ Review, and update as needed, Board policies and procedures.
- ▣ Analyze Trustees' Office premises requirements due to 2020 expiry of current lease.

2020

- ▣ Complete triennial assessment of plan activities as required under legislation.
- ▣ Follow up on any findings which result from independent audits of employer data and reporting.
- ▣ Review Trustees' Office staffing requirements.