

Communiqué

Winter 2017-18

Third Quarter 2017 Returns

The UAPP Fund experienced a gain of 0.71% in the third quarter of 2017, resulting in a year-to-date return of 6.25%.

Summary of Investments as at September 30, 2017 Total Market Value \$4,595.4 Million

Market Value and Asset Mix	30-Sep-17		31-Dec-16	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	17.2	0.4	33.9	0.8
Universe Bonds & Mortgages	780.5	17.0	501.3	11.6
Real Return Bonds	313.7	6.8	308.4	7.1
Long Bonds	508.2	11.1	403.6	9.3
Total Cash & Fixed Income	1,619.6	35.2	1,247.2	28.8
Canadian Equities	578.5	12.6	836.2	19.3
Global Equities	1,819.4	39.6	1,665.9	38.5
Total Equities	2,397.9	52.2	2,502.1	57.8
Real Estate	339.8	7.4	354.7	8.2
Infrastructure, Private Debt & Equity	153.9	3.3	138.7	3.2
Timberland & Other Alternatives	84.2	1.8	86.6	2.0
Total Alternative Investments	577.9	12.4	580.0	13.4
Total Investments	4,595.4	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-Sep-17	30-Sep-17	30-Sep-17
Cash and Short-term	0.3	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	-2.5	-4.6	4.3
<i>Fixed Income Investments Indices</i>	<i>-2.7</i>	<i>-4.8</i>	<i>4.5</i>
Canadian Equity	4.3	10.0	9.2
<i>S&P/TSX Composite Capped Index</i>	<i>3.6</i>	<i>9.1</i>	<i>8.3</i>
Global Equity	2.2	15.5	14.8
<i>MSCI World & Emerging Markets Indices</i>	<i>1.5</i>	<i>13.1</i>	<i>13.4</i>
Real Estate	1.1	5.9	6.7
<i>IPD Large Institutional All Property Index</i>	<i>1.1</i>	<i>6.4</i>	<i>7.5</i>
Alternative Investments	1.3	7.6	7.7
<i>Alternative Investments Indices</i>	<i>1.2</i>	<i>6.6</i>	<i>7.3</i>
Total Investment Return	0.7	7.6	10.2
<i>Policy Benchmark Return</i>	<i>0.4</i>	<i>5.7</i>	<i>9.0</i>

2018 COLA for UAPP Pensioners is 0.78%

The 2018 cost-of-living adjustment (COLA) for pensioners who retired prior to January 1, 2017 is 0.78%. For persons who retired in 2017, 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 2018 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 2017 with the corresponding figure for the previous year.

Tax withholdings starting in January will reflect the 2018 rates applicable to the province or country of the recipient's residence. CIBC Mellon will be issuing 2017 T4A slips in mid-February 2018.

CIBC Mellon can be contacted at 1.800.565.0479. Pensioners residing outside North America can contact CIBC Mellon by calling 1.519.873.2218 or writing CIBC Mellon at 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" tool to submit address changes, specific questions, etc.

Feature on UAPP Website

The investment return achieved by the pension fund directly impacts the contributions required to fund the plan. The higher the returns, the lower the contributions required to pay for plan benefits, meaning the fund should maximize long-term gains. However, investments with the greatest long-term rates of return also experience the greatest volatility. Consequently, the fund's investment approach must balance potential long-term gains against the short-term risk.

The Board of Trustees is responsible for establishing the Statement of Investment Policies and Goals, which, among other things, specifies the benchmark asset mix policy. This policy sets the allocation to various types of investments, such as fixed income, public equities, and alternatives. The full background and context for the plan's investment policies are provided in the Statement of Investment Policies & Goals, which can be viewed at www.uapp.ca/publications/statement-of-investment-policies-and-goals/.

A review of the Statement is undertaken every year and changes made as needed.

Federal Programs - 2018 Facts

Canada Pension Plan

Contributions

Employer/Employee Contribution Rate (each)	4.95%
Year's Maximum Pensionable Earnings (YMPE)	\$55,900
Year's Basic Exemption (YBE)	\$3,500
Maximum Annual Employer/Employee Contribution (each)	\$2,593.80

Maximum Monthly Benefits

Retirement Pension (Age 65)	\$1,134.17
Survivor's Pension -Under age 65	\$614.62
-Age 65 and over	\$680.50
Disability Pension	\$1,335.83
Children of disabled or deceased contributors benefit	\$244.64

Old Age Security

For First Quarter Commencing January 1, 2018
Benefits are indexed quarterly to reflect CPI changes

Maximum Old Age Security Pension	\$586.66
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Note: Pensioners with individual net incomes above \$75,910 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 \$122,843 or above.

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

UAPP Pension Formula

- i) For service prior to 1992, 2% x highest average salary x years of pension service before 1992,
- ii) For service in 1992 and 1993, 2% x highest average capped salary x years of pension service in 1992 and 1993,
- iii) For service after 1993, 1.4% x average YMPE + 2.0% x highest average capped salary in excess of the average YMPE x years of pension service after 1993,
- iv) For retirement prior to age 65 (early retirement), a bridge pension is also payable. For service after 1993, 0.6% x average YMPE x years of pension service after 1993 x any applicable reduction factor. The bridge pension ceases at age 65.

Year's Maximum Pensionable Earnings under CPP for 2018 increases to \$55,900 from \$55,300 in 2017

The Canada Revenue Agency has announced that the Year's Maximum Pensionable Earnings (YMPE) under the Canada Pension Plan (CPP) for 2018 will be \$55,900 – up 1.1% from \$55,300 in 2017. 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 2018 will remain unchanged at 4.95% each.

The maximum employer and employee contribution to the CPP for 2018 will be \$2,593.80 each, up from \$2,564.10 in 2017. The basic exemption amount will remain at \$3,500.00.

Maximum Pensionable Salary under the UAPP for 2018 increases to \$163,992.22 for service after 1993.

The increase in the YMPE to \$55,900 combined with the announced maximum pension benefit of \$2,944.44 in 2018 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 \$163,992.22 in 2018 from \$162,312.22 in 2017.

The maximum pensionable salary under the UAPP has increased for 2018 by 1.0%.

UAPP Definition of Spouse

At the relevant time, "Spouse" means:

- i) A person to whom you are legally married, and from whom you have not been living separate and apart for three or more consecutive years, or
- ii) If there is no person under i), a person of either sex who has lived with you (a) in a marriage-like relationship for the three years immediately preceding the relevant time, or (b) in a relationship of some permanence for the period immediately preceding the relevant time if you and that person are, together, the natural or adoptive parents of a child under the laws of Alberta, or
- iii) If there is no person in either i) or ii), and you have not filed with the Board a prescribed declaration, a person to whom you were married but from whom you have been separated for more than three consecutive years.

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.

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.

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, Information Sheet called New Member Basics, and Annual Report. Of course, if you have any questions about UAPP, please contact the UAPP Trustees' Office at 780.415.8868.

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.

Reminder!

Getting Ready for Retirement?

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



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".

The Board of Trustees ■ Universities Academic Pension Plan
#1002, Park Plaza ■ 10611- 98 Avenue ■ Edmonton AB T5K 2P7