

Communiqué

Summer 2018



First Quarter 2018 Returns

The UAPP Fund experienced a gain of 0.55% in the first quarter of 2018.

Summary of Investments as at March 31, 2018

Total Market Value \$4,851.1 Million

Market Value and Asset Mix	31-Mar-18		31-Dec-17	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	13.5	0.3	18.7	0.4
Universe Bonds & Mortgages	822.3	17.0	817.4	16.9
Real Return Bonds	336.4	6.9	325.8	6.7
Long Bonds	528.9	10.9	529.1	11.0
Total Cash & Fixed Income	1,701.1	35.1	1,691.0	35.0
Canadian Equities	574.8	11.8	604.2	12.5
Global Equities	1,895.0	39.1	1,885.7	39.1
Total Equities	2,469.7	50.9	2,489.9	51.6
Real Estate	365.0	7.5	356.6	7.4
Infrastructure, Private Debt & Equity	230.0	4.7	204.2	4.2
Timberland & Other Alternatives	85.3	1.8	86.6	1.8
Total Alternative Investments	680.3	14.0	647.4	13.4
Total Investments	4,851.1	100.0	4,828.3	100.0

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

Investment Performance of the Fund	Quarter ending 31-Mar-18	One Year ending 31-Mar-18	Four Year ending 31-Mar-18
Cash and Short-term	0.4	1.1	1.0
<i>FTSE TMX 91-Day T-Bill Index</i>	0.3	0.8	0.7
Fixed Income	0.4	3.1	4.3
<i>Fixed Income Investments Indices</i>	0.3	3.2	4.5
Canadian Equity	-4.9	2.5	5.4
<i>S&P/TSX Composite Capped Index</i>	-4.5	1.7	4.8
Global Equity	2.0	13.4	12.8
<i>MSCI World & Emerging Markets Indices</i>	2.0	11.7	11.6
Real Estate	1.0	8.5	6.4
<i>IPD Large Institutional All Property Index</i>	1.0	6.8	6.9
Alternative Investments	0.8	8.8	7.4
<i>Alternative Investments Indices</i>	1.5	7.2	7.1
Total Investment Return	0.6	8.1	8.7
<i>Policy Benchmark Return</i>	0.5	6.8	7.6

2017 Member Statements Available

The 2017 member statements have now been uploaded to the Retirement Planner at www.uapp.ca for active members and mailed for retired members. Please call Conduent Human Resource Services at 1.866.709.2092 if you need help accessing the Retirement Planner, or for login or password inquiries.

UAPP - Plan Basics

Type of Pension Plan

The UAPP (the “Plan”) is a defined benefit pension plan. The Plan's benefits are based on years of pensionable service and the highest average salary and are not directly tied to your contributions, investment returns, or annuity rates at retirement. The Plan's contributions and benefits are integrated with the Year's Maximum Pensionable Earnings (YMPE) from the Canada Pension Plan and they are subject to the *Income Tax Act* and the *Alberta Employment Pension Plans Act*.

Eligibility

Permanent full-time academic and professional staff are automatically enrolled in the UAPP on date of employment. All other academic and professional staff are entitled to join the Plan in accordance with each employer's policy.

Contributions

Both members and employers are required to contribute to the UAPP. The contribution rates are established by the Board of Trustees from time to time based on the results of the most recent actuarial valuation. Contributions are invested to generate long-term returns required to pay all of the benefits under the Plan. Your contributions are reflected on your T4 slip issued by your employer and are fully deductible on your tax return. Current and historical contribution rates are found on our website at www.uapp.ca under Publications.

Effective July 1, 2018, contribution rates for employees of the Universities of Alberta, Calgary, and Lethbridge, employees of the Board of Trustees, and the professional staff of the University of Calgary Faculty Association and the Association of Academic Staff University of Alberta are 12.46% of pensionable salary up to the YMPE, 16.23% on pensionable salary above the YMPE and up to the pensionable salary cap, and 1.45% on earnings above the pensionable salary cap. Employers contribute at the same rate as employees. Contribution rates for employees of Athabasca University, Banff Centre, and the professional staff of the Athabasca University Faculty Association are 11.96% of pensionable salary up to the YMPE and 15.73% on pensionable salary above the YMPE and up to the pensionable salary cap. Employers contribute at a rate 1.0% higher than employees. In addition, employees and employers provide equal matching contributions of 1.45% on earnings above the pensionable salary cap.

Retirement

In order to qualify for a pension, a member must be vested. Members are now immediately vested in the Plan upon enrolment. Normal retirement is defined as the June 30th following the attainment of age 65. Members may elect to retire any time after age 55 but must commence a pension by the end of the year in which they attain age 69. Members that elect to retire prior to age 60 shall receive a reduced pension unless the sum in years of their age and pensionable service equals at least 80.

Increasing your Pension Benefit

Members may increase their future pension by having prior years of service recognized under the Plan. Prior service with a participating employer or a previous employer may be eligible for purchase under the UAPP. Also, a period of leave from a participating employer may be eligible. Members should check with their employer to determine eligibility to establish any such service. **There are time limits on the member's ability to purchase periods of prior service and eligible leaves.**

Pension Payments

On retirement, members will receive a pension that is payable for his or her lifetime and possibly the lifetime of the member's spouse. If a member has a spouse at retirement, the member is required to select a pension payable for both lives, unless the spouse waives the right to the benefit. Members will receive a number of options at retirement depending on marital status at retirement. While all pensions are payable for at least the member's lifetime, the period of minimum payment and the amount that continues to the surviving spouse on the member's death depends on the option chosen.

As the option elected is irrevocable, members should carefully consider the pension options and obtain professional advice, if necessary, prior to making an election.

Cost-of-living adjustments are applied to pensions each January 1st after retirement based on 60% of the average increase in the Consumer Price Index for Alberta.

Termination of Employment

If a member terminates employment but has not yet attained age 55, the value of the accrued pension may be transferred to a Locked-In Retirement Account or left in the Plan until the member elects to commence a pension. If a member has attained age 55, the transfer to a Locked-In Retirement Account is not permissible. In this case, the member must receive a monthly pension either immediately or at a later date as chosen by the member.

Death Benefits

If a member dies and has a spouse but is under age 55 at the date of death, the spouse may transfer the value of the accrued pension to a Locked-In Retirement Account or receive an immediate pension payable for life. If the member attained age 55 prior to the date of death, the transfer to the Locked-In Retirement Account is not permissible. The surviving spouse will automatically be the beneficiary unless the spouse had previously waived the right to the death benefits. A waiver must be completed prior to the member's death.

If a member dies and does not have a spouse, the value of the accrued pension shall be payable to the member's last-named beneficiary.

If a member dies after retirement, any benefits continuing will depend on the form of pension payment elected at retirement.

Additional Information

The above is a brief summary of the Plan. More detailed information, including Annual Reports, investment information, Information Sheets, actuarial reports, and the Member Handbook are available on our website at www.uapp.ca. Members also access the Retirement Planner through our website. The Retirement Planner provides members with retirement estimates based on real individual data. If you have specific questions about your pension benefit, you should contact our call centre at 1.866.709.2092. If you are retired and have questions about your pension payments, please contact CIBC Mellon at 1.800.565.0479.

Feature on UAPP Website

A link to a video presentation of a member information seminar can be found on the UAPP website. The presentation is derived from in-person information sessions provided to staff at our sponsor universities. Through the video, a member can learn about the governance structure of the plan but also many details about how the UAPP benefit is determined, what options are available for a pension at retirement, and the process for retiring. Information is also presented on termination and pre-retirement death benefits. The video also includes a summary of the UAPP website and a sample calculation from the Retirement Planner. We strongly encourage members to view the video and then contact us with questions and feedback. The video can be found in the middle of the UAPP website homepage www.uapp.ca under Key Information.

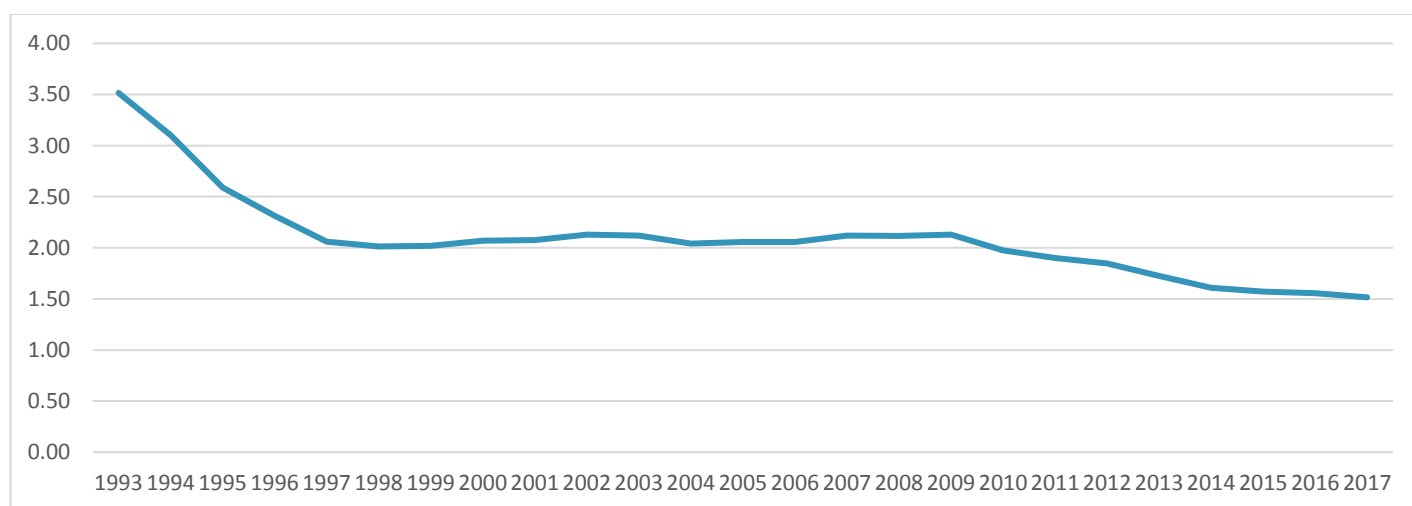
Working In Retirement

Retired members can work for any employer not participating in the UAPP with no impact on the UAPP pension. If a retired member returns to work for a UAPP employer in an eligible position while receiving a UAPP retirement pension, the member can choose to rejoin the UAPP. If the member chooses not to rejoin, the pension will continue without change. The member cannot rejoin UAPP after the end of the calendar year in which age 69 is attained.

If the member chooses to rejoin UAPP and start making contributions again, the pension will cease while the member is a contributor and the member must continue to make pension contributions while in an eligible position. When the member again terminates employment, the member applies to recommence the UAPP pension. The amount of pension payable on the second retirement date will be the earlier pension plus the portion earned during the most recent period of membership. The earlier pension will be adjusted for any cost-of-living increases awarded during the period of suspension and will also be recalculated to reflect any new early retirement factor, if applicable. The new combined pension will be paid in the same pension form that was elected upon the initial retirement. It is very important to note that any pension otherwise payable during a period where the payments are suspended is forfeited and not paid out at a later date.

Membership Trends

As with many plans in Canada, UAPP continues to mature as growth in the retired membership continues to outpace growth in the active membership. Since 1993, the ratio of active members to retired members has decreased from a high of 3.52:1 in 1993 to the current low of 1.52:1 at December 31, 2017.



The ratio is expected to continue its gradual decline since growth in the active membership has been very slow and retired members are living longer than ever before as life expectancy has been improving for a prolonged period of time. Despite signs that mortality improvements are slowing, longer life spans remain a challenge for pension plans.

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".

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