

Communiqué



Winter 2018-19

Third Quarter 2018 Returns

The UAPP Fund experienced a loss of 0.13% in the third quarter of 2018, resulting in a year-to-date return of a gain of 2.35%.

Summary of Investments as at September 30, 2018 Total Market Value \$4,950.7 Million

Market Value and Asset Mix	30-Sep-18		31-Dec-17	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	14.8	0.3	18.7	0.4
Universe Bonds & Mortgages	849.0	17.1	817.4	16.9
Real Return Bonds	339.6	6.9	325.8	6.7
Long Bonds	521.4	10.5	529.1	11.0
Total Cash & Fixed Income	1,724.8	34.8	1,691.0	35.0
Canadian Equities	607.0	12.3	604.2	12.5
Global Equities	1,925.6	38.9	1,885.7	39.1
Total Equities	2,532.6	51.2	2,489.9	51.6
Real Estate	394.1	8.0	356.6	7.4
Infrastructure, Private Debt & Equity	217.0	4.4	204.2	4.2
Timberland & Other Alternatives	82.3	1.7	86.6	1.8
Total Alternative Investments	693.4	14.0	647.4	13.4
Total Investments	4,950.7	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 30-Sep-18	One Year ending 30-Sep-18	Four Year ending 30-Sep-18
Cash and Short-term	0.4	1.5	1.1
<i>FTSE TMX 91-Day T-Bill Index</i>	0.3	1.2	0.7
Fixed Income	-1.5	3.3	3.0
<i>Fixed Income Investments Indices</i>	-1.5	3.1	3.1
Canadian Equity	-1.0	5.3	5.1
<i>S&P/TSX Composite Capped Index</i>	-0.6	5.9	4.9
Global Equity	1.5	12.0	12.2
<i>MSCI World & Emerging Markets Indices</i>	2.0	12.6	11.6
Real Estate	1.4	9.5	6.5
<i>IPD Large Institutional All Property Index</i>	1.4	7.7	7.3
Alternative Investments	1.6	8.7	7.5
<i>Alternative Investments Indices</i>	1.7	8.1	7.3
Total Investment Return	-0.1	7.6	7.9
<i>Policy Benchmark Return</i>	0.2	7.4	7.1

Cost-of-Living Adjustments

Each year on January 1, cost-of-living adjustments (COLA) are applied to UAPP pensions. The historical COLA is summarized on our website at www.uapp.ca/news/cost-of-living-adjustment/.

2019 COLA for UAPP Pensioners is 1.50%

The 2019 cost-of-living adjustment (COLA) for pensioners who retired prior to January 1, 2018 is 1.50%. For persons who retired in 2018, 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 2019 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 2.5%. The percentage increase in CPI is derived by comparing the average CPI for the 12 months ending in October 2018 with the corresponding figure for the previous year.

Tax withholdings starting in January will reflect the 2019 rates applicable to the province or country of the recipient's residence. CIBC Mellon will be issuing 2018 T4A slips in mid-February 2019.

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 and those outside North America can call collect at 1.519.873.2218. CIBC Mellon can be contacted in writing at CIBC Mellon Pension Benefits Department, PO Box 5858, Station B, London, ON N6A 6H2.

The CIBC Mellon website www.CIBC Mellon.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, specific questions, etc.

Important Tips for Retiring and Retired Members

Summarized below are several important things for retiring and retired plan members to keep in mind. More details can be found in the Retired Member Reference Guide found on the UAPP website under Information Sheets at www.uapp.ca/publications/information-sheets/retired-member-guide/:

- Pensions are paid on the second last business day of each month with payment coming directly from the fund holder, CIBC Mellon.
- Annual cost-of-living adjustments are granted as summarized earlier in this Communiqué.
- Pensioners can contact CIBC Mellon directly at www.cibcmellon.com/en/retiree-assistance/index.jsp to make changes to direct deposit information or mailing address.
- Members must apply for Canada Pension Plan (CPP) and Old Age Security (OAS) benefits separately from UAPP benefits. Amounts received in government benefits has no direct impact on the UAPP pension.
- Members in receipt of a monthly pension from UAPP receive an annual statement regarding their pension, usually mailed in June each year.
- Pension audit letters are prepared each year for a select group of pensioners to ensure that pensions are being paid to the right persons and comply with the pension option elected by the member at retirement. The audit protects both the pensioner and the pension plan from the problems arising from an overpayment.
- Tax is withheld on pensions paid based on federal and provincial tax regulations, a member's residency status, and the TD1 forms completed by a member upon retirement. Each February, tax forms are mailed to pensioners by CIBC Mellon.
- UAPP administration must be notified following the death of a member or a member's spouse if a joint life pension was elected at retirement. Notification should be provided to UAPP administration by fax at 780.415.8871, by mail at 1002 Park Plaza, 10611 – 98 Avenue, Edmonton, AB T5K 2P7, or by e-mail at vinko.majkovic@uapp.ca. Failure to notify UAPP administration of the death of a member and, in some cases, the spouse, can result in a large pension overpayment which must be repaid to the UAPP.
- A change in marital status of a retired member often has implications on the UAPP pension and should be reported to the UAPP Administration Centre at 1.866.709.2092.
- Retired members can work for any employer not participating in the UAPP with no impact on the UAPP pension. If you return to work for a UAPP employer in an eligible position while you are receiving a UAPP retirement pension, you can choose to rejoin the UAPP or not. If you choose not to rejoin UAPP, your pension will continue without change. If you choose to rejoin UAPP and start making contributions again, your pension will cease while you are a contributor and you must continue to make pension contributions while you remain in an eligible position.

Feature on UAPP Website

The governance policy for the UAPP is covered by the Sponsorship and Trust Agreement (STA). This document sets out the structures and processes for overseeing, managing, and administering the pension plan. The STA is composed of two sections

- The first section defines the plan's sponsors and the trust created to hold the pension fund so as to provide the plan's benefits and to pay the costs incurred in its administration. Decisions about funding the plan, making contributions, amending the plan's provisions, and the rules for adding or withdrawing plan sponsors are all established in this section.
- The second section, known as Schedule C in the STA, outlines all the provisions for the plan itself. Rules about pension entitlements, retirement, termination, and death benefits, contributions, forms of pension payments, etc. are stipulated here.

The STA can be viewed at www.uapp.ca/publications/sponsorship-and-trust-agreement/. A review of the STA is undertaken regularly to ensure ongoing compliance with pension legislation with amendments made as needed.

Federal Programs - 2019 Facts

Canada Pension Plan

Contributions

Employer/Employee Contribution Rate (each)	5.10%
Year's Maximum Pensionable Earnings (YMPE)	\$57,400
Year's Basic Exemption (YBE)	\$3,500
Maximum Annual Employer/Employee Contribution (each)	\$2,748.90

Maximum Monthly Benefits

Retirement Pension (Age 65)	\$1,154.58
Survivor's Pension -Under age 65	\$626.63
-Age 65 and over	\$692.75
Disability Pension	\$1,362.30
Children of disabled or deceased contributors benefit	\$250.27

Old Age Security

For First Quarter Commencing January 1, 2019
Benefits are indexed quarterly to reflect CPI changes

Maximum Old Age Security Pension	\$601.45
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Note: Pensioners with individual net incomes above \$77,580 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 \$125,696 or above.

Year's Maximum Pensionable Earnings under CPP for 2019 increases to \$57,400 from \$55,900 in 2018.

The Canada Revenue Agency has announced that the Year's Maximum Pensionable Earnings under the Canada Pension Plan (CPP) for 2019 will be \$57,400 – up 2.7% from \$55,900 in 2018. 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 2019 will be 5.1%, up from 4.95% each in 2018. The increase is due to the CPP enhancement taking effect January 1, 2019.

The maximum employer and employee contribution to the CPP for 2019 will be \$2,748.90 each, up from \$2,593.80 in 2018. The basic exemption amount will remain at \$3,500.00.

Maximum Pensionable Salary under the UAPP for 2019 increases to \$168,497.78.

The increase in the YMPE to \$57,400 combined with the announced maximum pension benefit of \$3,025.56 in 2019 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 \$168,497.78 in 2019.

In 2019, the YMPE is increasing by 2.7% while the maximum pensionable salary under the UAPP is also going up by 2.7%.



New to the UAPP?

We encourage you to spend some time reviewing our website, www.uapp.ca. You will find lots of information in the “Publications” section, including our Member Handbook and a New Member Basics Information Sheet. Questions about UAPP can be directed to the UAPP Trustees’ Office at 780.415.8868.

Questions About Your Pension or the Retirement Planner?

Call the UAPP Administration Centre toll-free at 1.866.709.2092.

Thinking About Retirement?

You can run an unlimited number of estimates on the Retirement Planner, adjusting for important details like retirement dates and future salary adjustments. Also, read the Information Sheet “Preparing for Retirement”, available at www.uapp.ca under “Publications”.

Comments?

If you recently used the services of any group (the UAPP Administration Centre, 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 Address and 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 address and 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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