

Communiqué

Summer 2020

First Quarter 2020 Returns

The UAPP Fund experienced a loss of 11.30% in the first quarter of 2020.

Summary of Investments as at March 31, 2020

Total Market Value \$4,790.1 Million

Market Value and Asset Mix	31-Mar-20		31-Dec-19	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	9.8	0.2	12.5	0.2
Universe Bonds & Mortgages	813.7	17.0	844.7	15.5
Real Return Bonds	359.1	7.5	364.5	6.7
Long Bonds	597.7	12.5	598.2	11.0
Total Cash & Fixed Income	1,780.4	37.2	1,819.9	33.4
Canadian Equities	480.7	10.0	660.2	12.1
Global Equities	1,493.6	31.2	1,970.4	36.1
Total Equities	1,974.3	41.2	2,630.6	48.2
Real Estate	402.5	8.4	429.5	7.9
Infrastructure & Private Equity	566.5	11.8	491.0	9.0
Timberland & Other Alternatives	66.5	1.4	82.7	1.5
Total Alternative Investments	1,035.4	21.6	1,003.2	18.4
Total Investments	4,790.1	100.0	5,453.7	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
	31-Mar-20	31-Mar-20	31-Mar-20
Cash and Short-term	0.5	2.0	1.5
<i>FTSE Canada 91-Day T-Bill Index</i>	0.7	1.9	1.2
Fixed Income	0.7	4.4	3.8
<i>Fixed Income Investments Indices</i>	0.9	4.7	3.7
Canadian Equity	-29.2	-23.9	-0.6
<i>S&P/TSX Capped Composite Index</i>	-20.9	-14.2	2.9
Global Equity	-22.4	-16.0	4.3
<i>MSCI World & Emerging Markets Indices</i>	-13.8	-5.9	7.2
Real Estate	-6.2	-1.2	5.8
<i>IPD Large Institutional All Property Index</i>	-0.8	3.9	6.2
Alternative Investments	-3.2	5.2	7.7
<i>Alternative Investments Indices</i>	0.9	6.1	7.0
Total Investment Return	-11.3	-8.1	4.2
<i>Policy Benchmark Return</i>	-8.3	-2.2	5.5

2019 Member Statements Available

The 2019 member statements have now been uploaded to the Retirement Planner at www.uapp.ca for active members and mailed for retired and suspended members. Please call the UAPP Administration Centre at 1.866.709.2092 if you need any help accessing your statement.

Combined Pensionable Service

Moving to the UAPP from the PSPP or vice versa

If you move to the UAPP from the Alberta Public Service Pension Plan (PSPP) or vice versa without changing your employer and without a break in service, the Combined Pensionable Service (CPS) provisions may apply to you. Because UAPP's participating employers also participate in PSPP, some members may move from one plan to the other and the purpose of CPS is to ensure the member is "kept whole" and isn't penalized for changing pension plans with the same employer. When you terminate or retire and have CPS, you will receive benefits from each plan separately.

Key features of CPS

- Highest average salary is calculated using salaries from both plans, if required.
- Service requirements to retire on an unreduced pension may be achieved sooner.
- Vesting (where a member becomes entitled to receive the employer-funded portion of the benefit in addition to the employee-funded portion) is based on your total pensionable service under both plans. You are vested in PSPP once you have two years of combined pensionable service/membership in PSPP and UAPP. You are vested in UAPP as soon as you join UAPP.



Service limit

Total pensionable service is limited to a 35-year maximum when adding service from both plans together.

How your pension benefits are calculated

When you retire with CPS, your eligibility and benefits under the UAPP are calculated using:

- **the highest average of five consecutive years' salaries based on both your PSPP and your UAPP salaries,**
- **the UAPP benefit formula, applied to pensionable service accumulated under the UAPP,**
and
- **your age and total pensionable service under both plans at retirement.**

To receive an unreduced pension (on post-1993 service) under the UAPP's rules:

- **you must be at least 60 years of age,**
or
- **you must be at least 55, and your age and Combined Pensionable Service must total at least 80.**

If you don't qualify to retire on an unreduced pension, your pension benefit on service after 1993 will be reduced by 3% for each year that your retirement date precedes your entitlement to an unreduced pension.

You are eligible to receive an unreduced pension on pre-1994 service as soon as you are 55 years of age.

Notice of retirement

When you decide to retire, you should advise your employer as early as possible so that the relevant documentation and processes can be started in time for your retirement date. Having documents such as birth and marriage certificates (for you and your spouse) and any other documents such as proof of common-law relationship, etc. helps expedite the processing of retirement applications.

You will receive separate retirement options from both the UAPP and PSPP.

Retirement

Once a CPS relationship is established, it will continue even if you leave your current employer and later re-join UAPP or PSPP with another employer. When your UAPP pension is calculated, any service and salary earned with your new employer will count towards your CPS relationship. You should contact the administrator of PSPP for any CPS questions you have about your pension in that plan.

Subject to the retirement age provisions in each plan, you can commence your pension benefit from either plan if you are no longer active in either plan. If you decide to start your pension from one plan earlier than the other plan but are not active in either plan, the CPS relationship will be considered in calculating both pension benefits.

Funds for members with CPS will not be transferred from one plan to another. When you retire with CPS, you will receive two pensions that are independently administered. Your UAPP pension will be based on the pensionable service you earned in UAPP and your PSPP pension will be based on service in that plan. You can read more about how your UAPP pension is calculated by referring to those details in the [UAPP Member Handbook](#).

Termination

When you terminate employment and have a CPS relationship, you will receive separate pension options packages from each pension plan though the plans will share information to ensure the CPS arrangement is properly reflected in both calculations.

Death

If you die before terminating employment or retiring, your CPS to date of death will be included in the calculations of benefits to be paid to your beneficiaries under both UAPP and PSPP. The two pension plans will calculate the benefits separately but will use the same CPS data.

Purchasing Prior Service or Leaves of Absence

If you move from one plan to the other and are considering buying a leave of absence or prior service, there will be no effect on the timelines or terms of purchase.

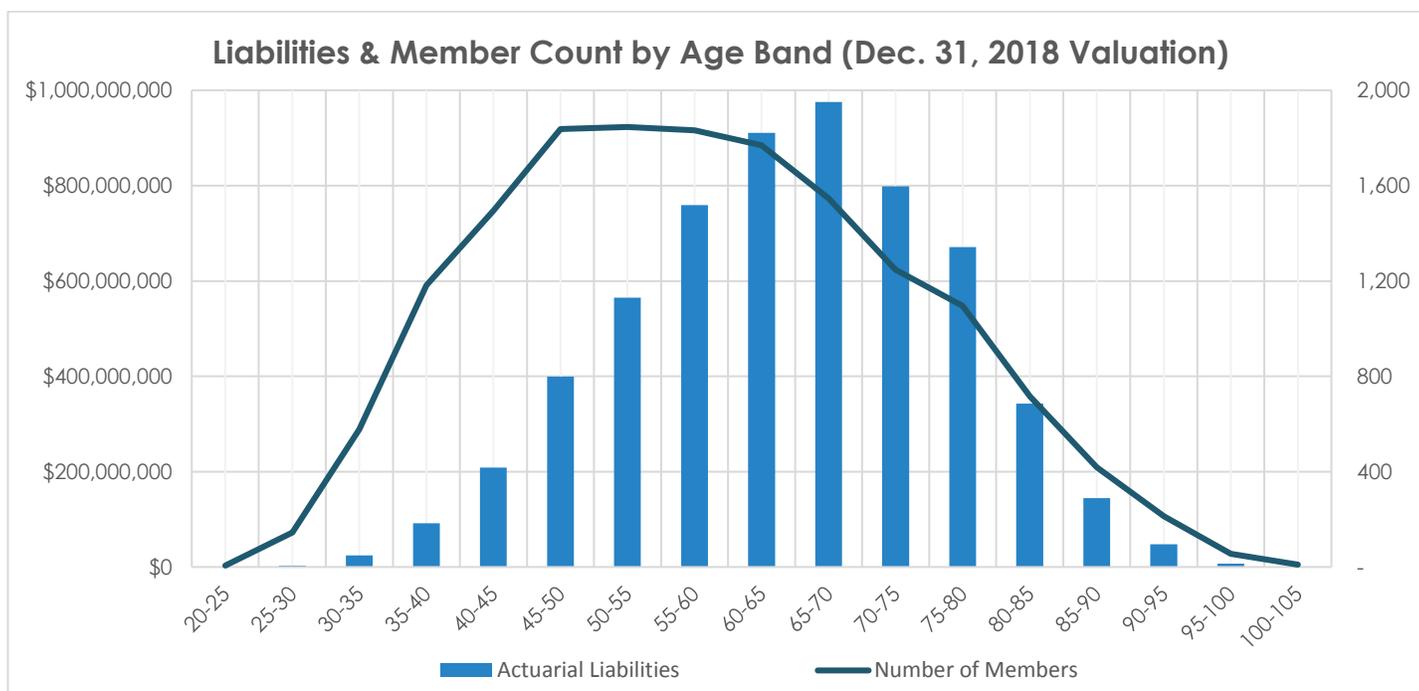
If you have CPS-related questions about the purchasing of prior service or leaves of absence in PSPP, please contact PSPP directly.

Feature on UAPP Website

As part of the recent completion of the December 31, 2018 actuarial valuation, existing contribution rates were evaluated to determine whether they remained sufficient for the purposes of funding of plan benefits. The report that was subsequently filed showed that total contributions were indeed appropriate but that a small adjustment was required to the contribution rates below and above the Year's Maximum Pensionable Earnings (YMPE) and to the rate above the pensionable salary cap. As a result, new contribution rates were established and made effective July 1, 2020. A summary of all of these contribution rates, broken down by employer, are included on our website under Publications at www.uapp.ca/publications/contribution-rates/. Historical contribution rates are also included at this link showing the rates in effect going as far back as January 1, 2004.

Actuarial Liabilities

One of the considerations in calculating contribution rates in the valuation involves an evaluation of actuarial liabilities of all plan members. The liabilities in the plan are equal to the present value of all future payments of the pensions accrued to the valuation date. These liabilities are then compared to the value of the plan's assets to determine whether an unfunded liability exists and, if so, the required contribution rates needed to eliminate the unfunded liability over a legislated period. Because actuarial liabilities reflect the present value of future payments, they will generally increase while members actively accrue additional years of pensionable service, eventually peaking at the time of retirement, before decreasing as pensions are paid.



If you are 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 Trustees’ Office at board@uapp.ca.

If you are 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/publications/information-sheets/.

If you would like to comment on the service you received

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, please feel free to write to us at board@uapp.ca. Other contact information is available on our website, www.uapp.ca/contact-us/.

If you leave employment and leave your funds in UAPP

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/forms/. Keeping current 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.

If you have questions about your pension or the Retirement Planner

call the UAPP Administration Centre toll-free at 1.866.709.2092.

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