

Communiqué

Winter 2021-22



Third Quarter 2021 Returns

The UAPP Fund experienced a gain of 1.1% in the third quarter of 2021, resulting in a year-to-date return of 9.3%.

Summary of Investments as at September 30, 2021

Total Market Value \$6,264.8 Million

Market Value and Asset Mix	30-Sep-21		31-Dec-20	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	16.3	0.3	12.6	0.2
Universe Bonds & Mortgages	851.8	13.6	880.3	15.3
Real Return Bonds	389.3	6.2	407.4	7.1
Long Bonds	607.4	9.7	664.9	11.6
Total Cash & Fixed Income	1,864.8	29.8	1,965.2	34.1
Canadian Equities	817.2	13.0	688.8	12.0
Global Equities	2,130.0	34.0	1,968.3	34.2
Total Equities	2,947.3	47.0	2,657.1	46.2
Real Estate	440.0	7.0	387.3	6.7
Infrastructure & Private Equity	961.7	15.4	692.0	12.0
Timberland & Other Alternatives	51.1	0.8	54.8	1.0
Total Alternative Investments	1,452.7	23.2	1,134.1	19.7
Total Investments	6,264.8	100.0	5,756.4	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-21	One Year ending 30-Sep-21	Four Year ending 30-Sep-21
Cash and Short-term	0.1	0.4	1.3
<i>FTSE Canada 91-Day T-Bill Index</i>	<i>0.1</i>	<i>0.2</i>	<i>1.1</i>
Fixed Income	-0.6	-3.7	4.9
<i>Fixed Income Investments Indices</i>	<i>-0.7</i>	<i>-4.4</i>	<i>4.6</i>
Canadian Equity	0.2	31.8	11.7
<i>S&P/TSX Capped Composite Index</i>	<i>0.2</i>	<i>28.0</i>	<i>9.8</i>
Global Equity	0.5	23.5	10.7
<i>MSCI World & Emerging Markets Indices</i>	<i>0.5</i>	<i>20.3</i>	<i>11.7</i>
Real Estate	1.5	0.7	3.3
<i>MSCI/REALpac Cdn All Property Index</i>	<i>1.5</i>	<i>1.8</i>	<i>3.7</i>
Alternative Investments	4.9	29.0	13.2
<i>Alternative Investments Indices</i>	<i>2.3</i>	<i>7.0</i>	<i>6.4</i>
Total Investment Return	1.1	15.9	8.4
<i>Policy Benchmark Return</i>	<i>0.3</i>	<i>9.6</i>	<i>7.8</i>

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/.

2022 COLA for UAPP Pensioners is 1.56%

The 2022 cost-of-living adjustment (COLA) for pensioners who retired prior to January 1, 2021 is 1.56%. For persons who retired in 2021, 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 2022 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 2.6%. The percentage increase in CPI is derived by comparing the average CPI for the 12 months ending in October 2021 with the corresponding figure for the previous year.

Tax withholdings starting in January will reflect the 2022 rates applicable to the province or country of the recipient's residence. CIBC Mellon will be issuing 2021 T4A slips in mid-February 2022.

CIBC Mellon can be contacted in North America at 1.800.565.0479 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" page to submit address changes, banking changes, specific questions, etc.

The average COLA increase over the past twenty years, including the current year increase, is 1.30%. The highest increase in that time period was 3.42% that was applied January 1, 2004 and the lowest increase was 0.06% that was applied January 1, 2010. This year's increase is the largest annual COLA increase since January 1, 2015 when the increase was also 1.56%.

Federal Programs - 2022 Facts

Canada Pension Plan

Contributions

Employer/Employee Contribution Rate (each)	5.70%
Year's Maximum Pensionable Earnings (YMPE)	\$64,900
Year's Basic Exemption (YBE)	\$3,500
Maximum Annual Employer/Employee Contribution (each)	\$3,499.80

Maximum Monthly Benefits

Retirement Pension (Age 65)	\$1,253.59
Survivor's Pension -Under age 65	\$674.79
-Age 65 and over	\$752.15
Disability Pension	\$1,457.45
Children of disabled or deceased contributors benefit	\$264.53

Old Age Security

For First Quarter Commencing January 1, 2022
Benefits are indexed quarterly to reflect CPI changes

Maximum Old Age Security Pension	\$642.25
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Note: Pensioners with individual net incomes above \$81,761 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 \$133,141 or above.

Tax-Free Savings Accounts

Maximum Annual Contribution	\$6,000.00
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Year's Maximum Pensionable Earnings under CPP for 2022 increases to \$64,900 from \$61,600 in 2021.

The Canada Revenue Agency has announced that the Year's Maximum Pensionable Earnings under the Canada Pension Plan (CPP) for 2022 will be \$64,900 – up 5.4% from \$61,600 in 2021. 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 2022 will be 5.7%, up from 5.45% each in 2021. The increase is due to the CPP enhancement that started taking effect January 1, 2019.

The maximum employer and employee contribution to the CPP for 2022 will be \$3,499.80 each, up from \$3,166.45 in 2021. The basic exemption amount will remain at \$3,500.00.

Maximum Pensionable Salary under the UAPP for 2022 increases to \$190,470.00.

The increase in the YMPE to \$64,900 combined with the announced maximum pension benefit of \$3,420.00 in 2022 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 \$190,470.00 in 2022, up from \$180,757.78 in 2021.

In 2022, the maximum pensionable salary under the UAPP is going up by 5.4%.

Key Pension Terms (Part 1)

ACTUARIAL VALUATION

An actuarial valuation is the process of measuring the funded status of the pension plan and the level of contributions required to fund the benefits of the plan. An actuarial valuation is prepared by a qualified actuary who is a member of the Canadian Institute of Actuaries.

BENEFICIARY(IES)

Under the UAPP, your spouse is automatically your beneficiary if you die before retirement. If you do not have a spouse at the time of death, your beneficiary(ies) is/are the person(s) or entities designated by you to receive benefits payable from the pension plan in the event of your death. If you do not name a beneficiary and you do not have a spouse, your estate becomes your beneficiary.

BRIDGE BENEFIT

The bridge benefit is an additional pension (for members who retire prior to age 65) paid until the end of the month in which the member reaches age 65. The benefit is equal to 0.6% of the lesser of (i) the member's highest average salary for post-1993 service, and (ii) the member's final average YMPE. The benefit is reduced by any early retirement factor that may be applicable to the pension.

COMMUTED VALUE

The lump sum of money that represents the value of your pension earned to a specified date is called the commuted value. The lump sum is determined using several factors, including your age and the long-term bond rates prevailing at the time of calculation, determined in accordance with actuarial standards. The lower the bond rates, the higher the commuted value and, conversely, the higher the rates, the lower the commuted value.

HIGHEST AVERAGE CAPPED SALARY

Your average annual pensionable salary for the 60 consecutive months of your service during which such average was the highest, where earnings above the pensionable salary cap are excluded, is considered your highest average capped salary.

HIGHEST AVERAGE SALARY

Your average annual pensionable salary for the 60 consecutive months of your Plan membership during which such average was the highest is considered your highest average salary. If you have less than 60 months of Plan membership, your highest average salary will be determined over your entire period of Plan membership.

INTEREST

Interest is credited each year on member contributions at the average yield of the 5-year personal fixed term chartered bank deposit rates in the year. For 2021, the interest applied to contributions is 0.75%.

LOCKED-IN RETIREMENT ACCOUNT (LIRA)

A LIRA is an RRSP that is locked-in and which must be used to provide you with lifetime retirement income commencing on or after you reach age 50. Most financial institutions offer LIRAs.

NORMAL RETIREMENT DATE

Your normal retirement date is the June 30th immediately following your 65th birthday.

PENSIONABLE SALARY

Pensionable salary is salary on which pension contributions and benefits are based. For service on and after January 1, 1992, pensionable salary does not include earnings in excess of the pensionable salary cap.

PENSIONABLE SALARY CAP

The pensionable salary cap changes from year to year and is equal to the salary that produces the maximum UAPP benefit accrual allowed for that year by the Income Tax Act under a registered pension plan.

The pensionable salary cap for recent years for pensionable service accrued from January 1, 1994 is:

2017	\$162,312.22
2018	\$163,992.22
2019	\$168,497.78
2020	\$172,221.11
2021	\$180,757.78
2022	\$190,470.00

Because the UAPP benefit accrual formula was different for pensionable service accrued during 1992 and 1993, the pensionable salary cap for those years is different:

2017	\$145,722.22
2018	\$147,222.22
2019	\$151,277.78
2020	\$154,611.11
2021	\$162,277.78
2022	\$171,000.00

No pensionable salary cap applies for pensionable service accrued prior to 1992.

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

- **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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