

Communiqué

Winter 2019-20

Third Quarter 2019 Returns

The UAPP Fund experienced a gain of 1.32% in the third quarter of 2019, resulting in a year-to-date return of a gain of 9.8%.

Summary of Investments as at September 30, 2019 Total Market Value \$5,282.1 Million

Market Value and Asset Mix	30-Sep-19		31-Dec-18	
	(\$million)	Actual Mix (%)	(\$million)	Actual Mix (%)
Cash & Short-term	12.7	0.2	17.8	0.4
Universe Bonds & Mortgages	836.1	15.8	840.4	17.5
Real Return Bonds	371.5	7.0	336.5	7.0
Long Bonds	609.4	11.5	531.6	11.1
Total Cash & Fixed Income	1,829.8	34.6	1,726.3	35.9
Canadian Equities	641.0	12.1	544.4	11.3
Global Equities	1,841.5	34.9	1,762.8	36.7
Total Equities	2,482.6	47.0	2,307.2	48.0
Real Estate	417.1	7.9	424.9	8.8
Infrastructure & Private Equity	465.8	8.8	263.8	5.5
Timberland & Other Alternatives	86.7	1.6	85.8	1.8
Total Alternative Investments	969.7	18.4	774.5	16.1
Total Investments	5,282.1	100.0	4,808.0	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-19	One Year ending 30-Sep-19	Four Year ending 30-Sep-19
Cash and Short-term	0.5	2.1	1.3
<i>FTSE Canada 91-Day T-Bill Index</i>	0.4	1.7	0.9
Fixed Income	1.7	12.1	4.8
<i>Fixed Income Investments Indices</i>	1.7	12.2	4.7
Canadian Equity	2.3	5.0	8.5
<i>S&P/TSX Capped Composite Index</i>	2.5	7.1	9.0
Global Equity	0.7	1.5	9.6
<i>MSCI World & Emerging Markets Indices</i>	0.9	3.6	9.9
Real Estate	0.6	9.8	7.8
<i>IPD Large Institutional All Property Index</i>	0.6	5.9	7.0
Alternative Investments	0.8	11.0	9.0
<i>Alternative Investments Indices</i>	1.1	7.0	7.3
Total Investment Return	1.3	6.8	8.1
<i>Policy Benchmark Return</i>	1.4	7.8	7.8

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/.

2020 COLA for UAPP Pensioners is 1.02%

The 2020 cost-of-living adjustment (COLA) for pensioners who retired prior to January 1, 2019 is 1.02%. For persons who retired in 2019, 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 2020 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 1.7%. The percentage increase in CPI is derived by comparing the average CPI for the 12 months ending in October 2019 with the corresponding figure for the previous year.

Tax withholdings starting in January will reflect the 2020 rates applicable to the province or country of the recipient's residence. CIBC Mellon will be issuing 2019 T4A slips in mid-February 2020.

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 1.38%. 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.

Pensioner Audit

Since 2010, the UAPP Trustees' Office has undertaken annual audits of a subset of the plan's pensioner group to regularly ensure that member information is current and that pensions are being paid to the right persons and in the right amounts. A second objective of these audits is to determine if any members or joint annuitant spouses have died without the UAPP being informed. Notification of death can come from spouses, children, executors, powers of attorney, or banks.

All retired members receive an audit letter at least once every four years with roughly a quarter of the membership audited each year. If you are currently receiving a pension from the UAPP, you will eventually receive a Pension Payment Recipient Confirmation letter from the Trustees' Office in the mail. The purpose of the audit is to ensure our pensioner records accurately reflect the current status of the pensioners and, if applicable, their joint annuitants. Generally, we commence mailing the confirmation letters in June with follow-up letters sent by late Summer to those who have not responded. The audit letters inform the members they are to contact the UAPP Trustees' Office with any pertinent information changes such as death notifications or marital status or address changes. Contact information for both the UAPP Trustees' Office and CIBC Mellon is provided to assist the members in reporting any current or future changes of pertinent information.

If you receive a letter from our office, you can reply by return mail, fax, or e-mail. The only requirement is that the document we receive be signed by the pensioner and, if applicable, joint annuitant.

We thank all pensioners who have returned their confirmations to our office and request that all others return the confirmation as soon as possible after receiving it in the mail. Those pensioners whose status remains outstanding after due notice risk having their payments suspended.

The audits have been a useful tool in discovering unnotified deaths and, especially, in identifying needed changes in mailing addresses and marital statuses. Death notifications often resulted in changes to the form of pension being paid (for example, switching a Joint & Survivor pension to a Life Only pension) which helped in proper administration and costing of these pensions for valuation purposes.

Pensioner audits are common practice within the pension industry to ensure that plans are receiving timely notice about deaths of pension recipients. Since plans like UAPP pay lifetime pension benefits, it is important to ensure that proper death notifications are made to plan administrators.

Federal Programs - 2020 Facts

Canada Pension Plan

Contributions

Employer/Employee Contribution Rate (each)	5.25%
Year's Maximum Pensionable Earnings (YMPE)	\$58,700
Year's Basic Exemption (YBE)	\$3,500
Maximum Annual Employer/Employee Contribution (each)	\$2,898.00

Maximum Monthly Benefits

Retirement Pension (Age 65)	\$1,175.83
Survivor's Pension -Under age 65	\$638.28
-Age 65 and over	\$705.50
Disability Pension	\$1,387.66
Children of disabled or deceased contributors benefit	\$255.03

Old Age Security

For First Quarter Commencing January 1, 2020
Benefits are indexed quarterly to reflect CPI changes

Maximum Old Age Security Pension	\$613.53
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Note: Pensioners with individual net incomes above \$79,054 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 \$128,137 or above.

Tax-Free Savings Accounts

Maximum Annual Contribution	\$6,000.00
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Year's Maximum Pensionable Earnings under CPP for 2020 increases to \$58,700 from \$57,400 in 2019.

The Canada Revenue Agency has announced that the Year's Maximum Pensionable Earnings under the Canada Pension Plan (CPP) for 2020 will be \$58,700 – up 2.3% from \$57,400 in 2019. 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 2020 will be 5.25%, up from 5.1% each in 2019. 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 2020 will be \$2,898.00 each, up from \$2,748.90 in 2019. The basic exemption amount will remain at \$3,500.00.

Maximum Pensionable Salary under the UAPP for 2020 increases to \$172,221.11.

The increase in the YMPE to \$58,700 combined with the announced maximum pension benefit of \$3,092.22 in 2020 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 \$172,221.11 in 2020, up from \$168,497.78 in 2019.

In 2020, the maximum pensionable salary under the UAPP is going up by 2.2%.

Feature on UAPP Website

Due to the complexity of the administration of a defined benefit pension plan like Universities Academic Pension Plan, there are a number of different parties involved in filling different roles. Information about these parties is summarized on our website at the Contact Us link www.uapp.ca/contact-us/.

The plan administrator is the Board of Trustees. The Management Team acts on behalf of the Board and are available to answer any question you may have about the plan. For specific questions about your pension, whether you are a current or former plan member, the UAPP Administration Centre is available to assist you. Pensions are paid by CIBC Mellon and they are available to answer questions about pension payments from the plan. Contact information for all of these groups are shown at the link.

Also listed are the names of the firms contracted by the Board to provide other services on their behalf. These services include the work of our investment managers, actuary, investment consultant, and auditor.

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”.



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.

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”.



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