COME TO AN ANNUAL MEMBER MEETING

The Annual Meeting is a great opportunity to increase your understanding of Western’s retirement plans, see investment trends among your peers, talk about returns, learn about fees. You’ll have the chance to gather information that will help you make investment decisions and plan your journey to retirement. There are three sessions to choose from, all held in Spencer Engineering Building, Room 2202. Feel free to bring your spouse!

Day time sessions (bring your lunch):
Wednesday, April 25, 2012 from 12:00 – 1:00 p.m. or Monday, April 30, 2012 from 12:00 – 1:00 p.m.

Evening session:
Thursday, May 3, 2012 from 7:00 – 9:00 p.m.

The May 3rd session includes a special presentation on Wealth Management and Leaving a Legacy by Bob Livingston of MFS McLean Budden, a company that manages money for Western’s Operating & Endowment Fund. Livingston’s philosophy is, “To prudently manage your wealth and have it create opportunities, you must start with the basics of wealth management: establish your “achievable” dreams, define your goals, and create plans to achieve them.”

The annual meetings will be led by Martin Bélanger, Western’s Director, Investments. Martin and other pension team members will be on hand to answer questions following the meeting.

Registration is not required, but room capacity is limited. In advance of the meetings, feel free to submit questions you would like discussed to mbelang7@uwo.ca.

TARGET DATE FUNDS AT WESTERN

On May 31st, the 2012 Target Date Fund will mature. Those invested in this fund will need to make a decision about a new investment for that money. More information will be sent to unit holders as we get closer to maturity. Please note that in cases where members do not provide direction, the funds will be transferred into the Money Market Fund. The fund will be replaced by a new fund with a Target Date in 2018. It will be available in May in time for the May 25th investment deadline. Target Date Funds at Western invest in “zero-coupon” bonds issued or guaranteed by the federal or provincial governments. All bonds in the portfolio mature around the same time as the fund, so while unit values can change monthly there is very little risk for an investor who holds the fund to maturity.

HOW INTEREST RATES AFFECT YOUR PENSION

Annual Pension Statements were recently sent to Western pension plan members and some members may have noted a decrease in the estimated post-retirement income from previous years. The projected income is based on current annuity rates, which have declined with falling interest rates in recent years. Current economic conditions, which include low inflation, weak economic growth and consumers and governments reducing debt levels, are putting
downward pressures on interest rates. Everyone with a mortgage or GICs has felt the effect of dropping rates. Naturally this process is good for borrowers, but what does it mean for a pension plan and specifically for Western’s retirement plans?

First, bond prices have been on the rise. The Western plans and most plans hold bonds as part of the portfolio. Western plan members are responsible for making their own investment choices and most own bond funds, either separately or as part of a larger mixed fund such as the Balanced Income Fund or Balanced Growth Fund. Members should be aware that the strong returns experienced by bond funds are unsustainable in the long term as they were mostly due to a decline in interest rates. As rates stabilize, or even go up, returns on bond funds should be much lower.

Second, the cost of annuities has also risen, meaning market conditions have become more challenging for members looking to purchase an annuity at retirement. That makes it important to shop around. Western does offer assistance to members through our investment counsellors, including help getting quotes on annuities.

For those with retirement on the horizon, a quick reversal in interest rates seems unlikely. Members should use the tools and resources available to them to continue managing their savings in a way that best suits their goals.

**DIVERSIFIED EQUITY FUND TOWN HALL MEETINGS**

Approximately 75 Western pension plan and RIF members attended two town hall meetings held in January to provide information and seek member feedback about the ongoing review of the Diversified Equity Fund (DEF).

Martin Bélanger, Director, Investments for the retirement plans explained that although all investment options in the Western Retirement Plans are constantly monitored, formal reviews are conducted every three to four years. The main goals of the current review are to capture additional sources of potential return and reduce the overall risk of the Fund. Bélanger reviewed two governance documents for members: the Joint Pension Board Principles and the Statement of Investment Beliefs. They contain standards and core beliefs that the Joint Pension Board applies when making key decisions and that help them evaluate potential changes.

Bélanger told members the DEF held $436 million in assets as of November 30, 2011 and accounts for about 41 percent of the total assets on the Western Retirement Plans. It contains ten underlying sub-portfolios, each managed by external investment firms. Thirty percent of the assets are invested in Canadian stocks, while the remaining assets are invested in U.S., international and global equities.

Bélanger explained that the Joint Pension Board is considering changes that include potential new investments such as small companies, emerging markets equities and low-volatility strategies in the equity asset class. Consideration is also being given to alternative asset classes - those that don’t fit into the traditional asset classes such as cash, fixed income and equities. They include real estate, infrastructure, private equity, commodities and other investments. Although alternative assets have been used extensively for a number of years by large pension plans such as Teachers and OMERS, they are relatively new in the world of Defined Contributions Plans, such as Western’s. Alternative assets offer different return patterns than those provided by traditional asset classes and may help reduce the overall risk of the DEF and improve performance.

While most members attended the meeting to receive information, a number also provided good suggestions, including a review of the overlap between the three existing Canadian equity managers, a review of the materiality of some of the smaller allocations, a review of the structure of the non-Canadian exposure and a review the total number of underlying mandates. Members also suggested reducing the risk of the portfolio, avoiding volatile markets, adding exposure to commodities and other alternative investments, and increasing the component of the Fund that is currently passively managed.
The feedback provided by members was discussed by the Joint Pension Board and will be taken under consideration as decisions are made on the new composition of the Diversified Equity Fund. More information is available at http://www.uwo.ca/humanresources/facultystaff/comp/pension/DEFreview/index.htm.

ABCP SETTLEMENT UPDATE
You may have read recent news about a court settlement regarding non-bank asset-backed commercial paper in “Court okays $60 million ABCP plan – The Global & Mail, March 14th, 2012”. This is a plan to distribute penalties collected by regulators to investors in non-bank ABCP. Unfortunately, Western is not entitled to any of this money. The penalties were imposed on investment dealers who sold non-bank ABCP between July 24 and August 10, 2007, a time period when dealers knew that the notes were exposed to the U.S. subprime mortgage market. Northwater Capital, the investment firm that invested in non-bank ABCP on behalf of the Western Retirement Plans, didn’t purchase any notes during that period. For more information on non-bank ABCP, please consult our website at www.uwo.ca/humanresources/ABCP/.

NEW MANAGER PENSION OPERATIONS
Western has welcomed a new Manager of Pension Operations. Jeff Symons joined the pension team on March 1. Jeff graduated from Western with a degree in Economics and is coming to us from CIBC Mellon where he led their Institutional and Pension Accounting team. Jeff is leading Western’s pension operation team, supporting the Joint Pension Board and directing pension change projects.

“I know that Western’s retirement plans are of high value to those who work here,” says Jeff, “and I look forward to meeting and talking with our retirement plan members to hear ideas, questions or concerns.” You can reach Jeff at extension 85567.

FEE INCREASE FOR SOME PLAN MEMBERS
Administration fees charged to some members of the Western pension plan are rising in 2012. Western covers the administrative costs for most members. Administrative fees are however, charged to those who work at affiliated university colleges and other organizations who are actively accumulating funds at Western, and to those who have left Western prior to retirement but have chosen to leave their pension funds with the University.

The fees will increase from $200 to $400 annually, and are deducted directly from pension accounts in two payments ($200 each) - June 30th and December 31st.

The administration fees are charged to cover the costs that Western incurs in administering these pension accounts and the increased fee is intended to more accurately reflect the actual costs incurred.

More information is available on the Western pension plans website at http://www.uwo.ca/humanresources/facultystaff/comp/pension_index.htm. Look for the menu item on the right called “Changes to your Retirement Plan”, then “Fee increases for some members of the Western retirement plans.”

FULL-DAY FINANCIAL & PRE-RETIREMENT PLANNING WORKSHOPS
The idea of retirement has never been a more evolving concept than it is today. Recent changes to the Canada Pension Plan, the primary government pension program, highlights the need to address how longer life expectancies, higher consumer debt levels and prolonged market volatility impacts our plans for retirement. For many Canadians, this means extending their working years either by delaying retirement, or by seeking alternative work arrangements that allow continued engagement in some level of paid work during retirement.

Are you over 45 or planning to “retire” within the next 10 years? If so, Western sponsors a workshop designed with you in mind!
Historical Investment

Returns at February 29, 2012

<table>
<thead>
<tr>
<th>FUND</th>
<th>1-month</th>
<th>1-year</th>
<th>5-year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TIER 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balanced Income</td>
<td>1.09%</td>
<td>5.41%</td>
<td>4.08%</td>
</tr>
<tr>
<td>Balanced Growth</td>
<td>2.62%</td>
<td>-0.28%</td>
<td>0.66%</td>
</tr>
<tr>
<td><strong>TIER 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversified Bond</td>
<td>-0.09%</td>
<td>9.54%</td>
<td>6.17%</td>
</tr>
<tr>
<td>Diversified Equity</td>
<td>3.74%</td>
<td>-4.64%</td>
<td>-2.76%</td>
</tr>
<tr>
<td><strong>TIER 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money Market</td>
<td>0.09%</td>
<td>1.03%</td>
<td>1.99%</td>
</tr>
<tr>
<td>TDF June/2012</td>
<td>0.05%</td>
<td>1.79%</td>
<td>4.13%</td>
</tr>
<tr>
<td>TDF June/2014</td>
<td>-0.31%</td>
<td>5.27%</td>
<td></td>
</tr>
<tr>
<td>TDF June/2016</td>
<td>-0.65%</td>
<td>9.13%</td>
<td></td>
</tr>
<tr>
<td>Canadian Bond</td>
<td>-0.41%</td>
<td>9.89%</td>
<td>6.14%</td>
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<tr>
<td>Long Term Bond</td>
<td>-0.86%</td>
<td>18.69%</td>
<td>7.78%</td>
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<tr>
<td>SRI - Equity</td>
<td>2.15%</td>
<td>-0.30%</td>
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<tr>
<td>Canadian Equity</td>
<td>2.32%</td>
<td>-8.19%</td>
<td>0.32%</td>
</tr>
<tr>
<td>US Equity- (Hedged)</td>
<td>4.21%</td>
<td>3.87%</td>
<td>-0.78%</td>
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<tr>
<td>US Equity- (Unhedged)</td>
<td>2.42%</td>
<td>5.96%</td>
<td>-2.47%</td>
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<tr>
<td>Non-North Am. Equity</td>
<td>3.94%</td>
<td>-9.64%</td>
<td>-7.93%</td>
</tr>
<tr>
<td>Liquidating Trust</td>
<td>3.77%</td>
<td>-0.62%</td>
<td></td>
</tr>
</tbody>
</table>

The full-day financial and pre-retirement planning workshop facilitated by The Financial Education Institute of Canada will get you thinking about your “retirement” and then equip you with the tools to plan your journey to retirement and translate your dream into a financial and lifestyle reality.

Space is available for the following 2012 sessions:
- Thursday May 3rd, 2012
- Friday August 17th, 2012
- Tuesday November 6th, 2012

The day-long workshop will examine the roles of employer-sponsored pensions, government pensions and private savings in retirement income planning. Additional topics include lifestyle/lifecycle planning, investing in retirement and tax planning.

The sessions are open to all members of the Academic and Administrative Staff pension plans. Spouses are welcome and are encouraged to attend with the plan member.

You must register to attend. Go online to www.uwo.ca/hr, then choose “Retirement Plans Information”, then “Workshops and Planning Tools”. Question or comment? Call 519-661-2194 or send email to hrhelp@uwo.ca.

**ADDRESS CHANGE NOTIFICATION**
Do we have your current address?
Are you moving?
Please let us know your address - we like to keep in touch with our members.
Active members can make an address change on My Human Resources Retirees - please call 519-661-2194 or email hrhelp@uwo.ca.

**OUR COMMITMENT TO ACCESSIBILITY**
Western University is committed to increasing the accessibility for persons with disabilities. We want to ensure that persons such as retirees, staff and faculty who have a disability receive access to our services in a way that recognizes the four principles of accessible service: dignity, independence, integration and equal opportunity. This goal is also consistent with the Accessibility Standard for Customer Service pursuant to the Accessibility for Ontarians with Disabilities Act.