Western Pension Plans
Academic and Administrative Staff
Pension Boards

2017
Annual Report to Members

May 2018
May Education Sessions – UCC room 146

Annual Member Update, with guest Michael Carter
Tuesday May 1 (4:30)

Understanding the Value of your Western Plan
Tuesday May 8 (noon)

Annual Member Update
Wednesday May 9 (noon)

Retirement Ready: The Sun Life Retirement and Savings Plan for Western Retirees
Thursday May 10 (noon)

CPP/OAS (Service Canada)
Friday May 11 (noon)

Disclaimer

This presentation material was created to educate and update members of the Western Pension Plans.

It is not intended to constitute legal, tax, pension, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type.

This presentation contains general information and should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.
Agenda

• Welcome and introduction
• Update on changes, members’ decisions and experience in the plans in 2017
• Changes in 2018
• Next steps for managing your account
• Questions and feedback from you throughout and after

Welcome

• Western Pension Plans (as of December 31, 2017)
  – Plan for Academic Staff established in 1970
  – Plan for Administrative Staff established in 1974
  – $1.2 billion in assets
  – 6039 active members

<table>
<thead>
<tr>
<th></th>
<th>Millennials</th>
<th>Gen X</th>
<th>Late Boomers</th>
<th>Early Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Members</td>
<td>4.74%</td>
<td>31.66%</td>
<td>28.67%</td>
<td>34.93%</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$4,076,331</td>
<td>$134,057,623</td>
<td>$298,892,685</td>
<td>$765,748,648</td>
</tr>
<tr>
<td>Average Assets</td>
<td>$12,698</td>
<td>$62,926</td>
<td>$153,989</td>
<td>$323,783</td>
</tr>
<tr>
<td>Average Years in Plan</td>
<td>1.91</td>
<td>6.44</td>
<td>12.21</td>
<td>19.72</td>
</tr>
</tbody>
</table>

  – 14 investment options
  – Governed by the Joint Pension Board (Academic Plan and Administrative Plan Boards)
### Your Joint Pension Board (17-18)

<table>
<thead>
<tr>
<th>Name</th>
<th>Role at Western</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joanna Asuncion</td>
<td>Director, Administration &amp; Finance, Faculty of Information and Media Studies</td>
<td>Since 2013</td>
</tr>
<tr>
<td>Ab Birch</td>
<td>Systems Support Analyst, Financial Services</td>
<td>Since 1997</td>
</tr>
<tr>
<td>John Ciriello</td>
<td>Prof. Department of Physiology and Pharmacology</td>
<td>Since 2015</td>
</tr>
<tr>
<td>Megan Clements</td>
<td>Director, Administration, Faculty of Music</td>
<td>Since 2016</td>
</tr>
<tr>
<td>Stephen Foerster</td>
<td>Prof. Richard Ivey School of Business</td>
<td>Since 2008</td>
</tr>
<tr>
<td>Steve Kopp</td>
<td>Prof. Department of Statistics and Actuarial Sciences</td>
<td>Since 2017</td>
</tr>
<tr>
<td>Louise Koza</td>
<td>Director, Total Compensation, Human Resources</td>
<td>Since 2003</td>
</tr>
<tr>
<td>Lynn Logan</td>
<td>Vice-President, Operations &amp; Finance</td>
<td>Since 2009</td>
</tr>
<tr>
<td>Jim Loupos (Vice-Chair)</td>
<td>Internal Auditor, Financial Services</td>
<td>Since 2009</td>
</tr>
<tr>
<td>Michelle Loveland (Chair)</td>
<td>Prof. Department of Management and Organizational Studies</td>
<td>Since 2007</td>
</tr>
<tr>
<td>Jane O’Brien</td>
<td>Associate Vice-President, Human Resources</td>
<td>Since 2000</td>
</tr>
</tbody>
</table>

### 2017 Changes

- **Consolidation of services at Sun Life**
  - Joint Pension Board still responsible for governance and accountable for the composition of the investment platform and overall administration of the plans
  - Investments are the same
  - Fees are similar
  - New: Investment advice
  - New: Online tools
  - New: Daily valuation of investments
  - New: Mobile access
2017 Changes

• **Sun Life Account Management**
  – Register your account access (online or by phone)
  – Designate your beneficiaries (online or by form)
  – Complete the Asset allocation tool
  – Complete the Retirement planner tool
  – Download the mobile app
  – Adjust plan, seek advice, or confirm you are on track!

• **Communications from Sun Life**
  – A message from Sun Life about phishing
    [http://www.uwo.ca/hr/pension/plan/index.html](http://www.uwo.ca/hr/pension/plan/index.html)

2017 Changes

• **Statements**
  - Semi-annual (June 30) and Annual (December 31)

  **Income Projections**
  o My financial future: Provides an estimated monthly income
  o Income source: Retirement Income Fund, withdrawals from savings at 4%
  o Assumptions: salary, contributions, rate of investment return, retirement age, government benefits
    ➢ *you can customize!*

  Previously: estimated income from an Annuity using common assumptions for all members
2017 Changes

Income Projections
Retirement Income Funds and Annuities are different when it comes to:
...risks
...investment control
...income certainty
...income flexibility
...survivor income
...estate planning

Create your own projection
My money tools > Retirement Planner

Review: Retirement income, Retirement savings, Action Plan, Detailed report

Test: the impact of different choices (retirement age, savings, investment return, targeted income)

2017 Changes

• Liquidating Trust
  – Fund closed in June
  – If no action taken, moved to Money Market Segregated Fund

• Manager changes:

<table>
<thead>
<tr>
<th>Fund / Mandate</th>
<th>Previous Manager/Composition</th>
<th>New Manager/Composition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Equity</td>
<td>CC&amp;L (Q Core) 33 1/3% Beutel Goodman 33 1/3% Greystone 33 1/3%</td>
<td>CC&amp;L (Q Growth) 50% Beutel Goodman 50%</td>
</tr>
<tr>
<td>Diversified Bond</td>
<td>AB Canadian Core Plus 38.4% AB Global Bonds (active) 25.6% BlackRock Canadian Bonds (passive) 26% Romspen Commercial Mortgages 10%</td>
<td>AB Canadian Core Plus Advanced 38.4% AB Global Bonds (active) 25.6% BlackRock Canadian Bonds (passive) 26% Romspen Commercial Mortgages 10%</td>
</tr>
</tbody>
</table>
Member Support 2017

1:1 meetings, by appointment

- **with Sun Life Retirement Consultants**
  - Off campus, for members likely to retire within 5 years
  - Every month
  - Call 1-866-224-3906 (Option 1)

- **with Sun Life Education Consultants**
  - On campus, available for any member
  - February, May and November
  - Online registration

265 meetings held

150 meetings held
2018 Changes

• 1:1 Consultations on campus
• Survey of Retirement Consultant clients
• TDF 2018 Maturing June 1, 2018
  – Alternatives: TDF June 2020 or Money Market Segregated Fund
• Pre-recorded webinars
  – Retirement Ready: The Sun Life Retirement & Savings Plan for Western Retirees (already available)
  – Understanding the Value of Your Western Plan

Our Members’ Decisions

• Level of Savings
  – Required
  – Voluntary
• Investment Choices
  – Asset allocation
  – Number of funds
  – Choice of funds
### Required Contributions

Employee required contribution levels:

Faculty Contribution Rates:

1.5% vs 5.5%

Administrative Contribution Rates:

2.5% vs 5.5%

### Voluntary Contributions

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of members</td>
<td>24.3%</td>
<td>27.3%</td>
<td>27.7%</td>
</tr>
<tr>
<td>making voluntary</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total voluntary</td>
<td>$5.2 million</td>
<td>$5.9 million</td>
<td>$6.0 million</td>
</tr>
<tr>
<td>contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of pay</td>
<td>4.6%</td>
<td>4.5%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Transfers from</td>
<td>$ 2.3 million, 41 members</td>
<td>$3.3 million, 48 members</td>
<td>$2.3 million, 42 members</td>
</tr>
<tr>
<td>RRSP/employers</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Maximum total contribution: the lesser of 18% of income and $26,500 (in 2018) (voluntary combined with required contributions)

Changes to your elections can be made with Sun Life online or by phone.
Asset Mix

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Bonds</td>
<td>28%</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Equities</td>
<td>67%</td>
<td>64%</td>
<td>63%</td>
</tr>
</tbody>
</table>

Investment Choices

Asset allocation

Equity Exposure by Age
Investment Choices
Number of funds

![Number of Investment Options Chosen By Members](chart)

Investment Choices
Choice of funds

![Member Investment Choice by Amount and Count](chart)
## Performance

- Rates of return
- Fees

### Rates of Return
as at December 31, 2017 (net of fees)

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Investment Fund</th>
<th>1 year Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balanced Portfolios</td>
<td>Balanced Growth</td>
<td>11.53%</td>
</tr>
<tr>
<td></td>
<td>Balanced Income</td>
<td>6.60%</td>
</tr>
<tr>
<td></td>
<td>Diversified Equity</td>
<td>15.79%</td>
</tr>
<tr>
<td>Equity</td>
<td>Canadian Equity</td>
<td>9.68%</td>
</tr>
<tr>
<td></td>
<td>Non-North American Equity</td>
<td>19.26%</td>
</tr>
<tr>
<td></td>
<td>US Equity-Hedged</td>
<td>21.05%</td>
</tr>
<tr>
<td></td>
<td>US Equity-Unhedged</td>
<td>13.69%</td>
</tr>
<tr>
<td></td>
<td>Socially Responsible Global Equity</td>
<td>16.09%</td>
</tr>
<tr>
<td>Fixed Income and Cash</td>
<td>Diversified Bond</td>
<td>3.26%</td>
</tr>
<tr>
<td></td>
<td>Long Term Bond</td>
<td>7.54%</td>
</tr>
<tr>
<td></td>
<td>Canadian Bond</td>
<td>2.40%</td>
</tr>
<tr>
<td></td>
<td>Target Date Funds</td>
<td>0.60%</td>
</tr>
<tr>
<td></td>
<td>Money Market</td>
<td>0.73%</td>
</tr>
</tbody>
</table>
Rates of Return
by member (net of fees)

<table>
<thead>
<tr>
<th>Individual Member Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017 Return Breakdown</strong></td>
</tr>
<tr>
<td>Maximum: 21.0%</td>
</tr>
<tr>
<td>Average: 10.7%</td>
</tr>
<tr>
<td>Median: 11.5%</td>
</tr>
<tr>
<td>Minimum: -3.1%</td>
</tr>
</tbody>
</table>

Fees

Fees are paid by members for investment management, custodian services and underlying fund operating expenses (which include accounting, legal and other administrative expenses related to managing an investment fund).

**Western Pension Fund Fees**
- Investment Management Fee: 0.07% (15% of total fee)
- Custodian: 0.02% (5% of total fee)
- Fund Operating Expense: 0.36% (80% of total fee)
Total weighted average annualized fee (including HST) = 0.45%
Fees

Fees are important because they can erode returns and therefore replacement income over time.

For example: 2% incremental fee per annum = significant reduction in income
 – Investing $500 per month in Western Diversified Equity Fund from March 1978 to February 2018 = $1,750,000
 – Investing in a fund charging fees 2% higher over the same period = $979,000

Entire difference ($771,000) due to higher fees

<table>
<thead>
<tr>
<th>Western Pension Plan</th>
<th>Retail Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.45%</td>
<td>1.50% - 2.50%</td>
</tr>
</tbody>
</table>

Fees have a huge impact!

Next Steps

• Monitor your progress
• Seek support from Sun Life
• Consider a financial planner
• Western Human Resources
Monitor your progress

• Advice on how to invest your account is available from a Sun Life Investment Advice Specialist
  – Call 1-866-733-8612 8 am to 8 pm on business days

• Use the tools online in your Sun Life account to monitor your progress and customize your own projections
  – Sign in from sunlife.ca/Western
    choose: my financial centre > Resources > my money tools
      ➢ Asset Allocation tool
      ➢ Retirement Planner
      ➢ Tools

• Consult a Financial Planner  www.fpsc.ca

Support: all members

Sun Life Customer Care Centre:
  1-866-733-8612
  www.sunlife.ca/western

• Account management support including designating/maintaining beneficiaries, using tools and making investment changes
• Speak with an Investment Advice Specialist

Sun Life Education Consultants:
• Meet 1:1 on campus, usually in February, May and November
Support: within 5 years of retirement

Sun Life Retirement Consultant:
1-866-224-3906 (option 1)
www.sunlife.ca/western > Select the RIF/LIF tab

- Planning 1-on-1 in-person, by phone, videoconference
- Income projections and detailed plan
- Investment advice
- Sun Life Retirement & Savings Plan for Western Retirees

For questions about eligibility for retirement, post-retirement benefits or other employment or governance related questions contact Western HR at hrhelp@uwo.ca 519-661-2194

From your colleagues

What would you have liked to have known earlier in your career about retirement planning?

- "I would have started earlier and saved more in non-registered funds."
- "I could do it all over again. I would use the optional contribution."
- "The advantages of a defined benefit package vs. defined contribution when looking for employment."
- "Trade-offs between RRSP and TFSA in relation to tax implications now and later. Other retirement income sources other than pension and RRSP."
- "Probably should have been encouraged to be more proactive in retirement planning."
- "Sort out a practical plan to add to your funds. I increased my contributions whenever I had a pay increase."
- "The real cost of mutual funds (obtained outside of Sun Life) information about how to withdraw funds from multiple Sun Life accounts within my portfolio and how important it is to get professional tax services."