Self-guided Tour
The Western pension plans for non-regular full-time employees

Effective December 2012
Evaluating your Option to Join

This information is to assist you in evaluating our recent offer for you to join the Western pension plans. The following slides will help you understand:

• Why you received this offer
• What is a pension
• Benefits of joining the plan
• How the pension plan works
• The decisions you need to make
• The tools available to assist with your decisions
• What will happen if/when you leave Western
Non Regular Fulltime Members

Eligibility

Western University is pleased to offer participation in the Western Retirement Plans to eligible employees as part of their total compensation package.

If you have received an offer it is because you have now satisfied the eligibility criteria to join the plan under the rules for non-regular full-time members. These criteria are:

- Have an active appointment
- Meet minimum earnings criteria in two consecutive years; $10,143 in 2011 and $10,521 in 2012
What is a Pension Plan

Western has two pension plans both plans are Defined Contribution pension plans, a form of capital accumulation plan like an RRSP, contributions are made by both the University and the member.

Participation in the pension plan is part of your total compensation package as an employee at Western.
What is a Pension Plan (cont’d)

• A pension plan or retirement account provides you with a valuable benefit and assists in providing savings for retirement. Under the plans each member has an account in their name and owns all of the money in their account. Each member is responsible for the investment decisions on their account, within the options available.

• Upon termination or retirement each member has options for the distribution of their account.
Contributions

By joining the plan and contributing the minimum required amount, Western will make a contribution to your account too! These are called Regular Contributions and are deposited to your Regular account.

<table>
<thead>
<tr>
<th>Western Plans</th>
<th>Employee Contributes</th>
<th>Employer Contributes</th>
<th>TOTAL Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Staff Plan</td>
<td>5.5%</td>
<td>8.5%</td>
<td>14% of income</td>
</tr>
<tr>
<td>Clinical Faculty (Academic Plan)</td>
<td>1.5%</td>
<td>8.5%</td>
<td>10% of income</td>
</tr>
<tr>
<td>Administrative Staff Plan</td>
<td>2.5%</td>
<td>7.5%*</td>
<td>10% of income</td>
</tr>
</tbody>
</table>

*Western’s contribution under the Administrative Staff Pension Plan increases to 8% after 10 years of service and 8.5% after 20 years.
## Contributions - example

<table>
<thead>
<tr>
<th>Western Plans</th>
<th>Employee Contributes</th>
<th>Employer Contributes</th>
<th>TOTAL Monthly Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Staff Plan</td>
<td>5.5%</td>
<td>8.5%</td>
<td>10% of income</td>
</tr>
<tr>
<td>Ex. if $2,500 monthly income</td>
<td>$137.50</td>
<td>$212.50</td>
<td>$350</td>
</tr>
<tr>
<td>Clinical Faculty (Academic Plan)</td>
<td>1.5%</td>
<td>8.5%</td>
<td>10% of income</td>
</tr>
<tr>
<td>Ex. if $2,500 monthly income</td>
<td>$37.50</td>
<td>$212.50</td>
<td>$250</td>
</tr>
<tr>
<td>Administrative Staff Plan</td>
<td>2.5%</td>
<td>7.5%</td>
<td>10% of income</td>
</tr>
<tr>
<td>Ex. if $2,500 monthly income</td>
<td>$62.50</td>
<td>$187.50</td>
<td>$250</td>
</tr>
</tbody>
</table>
Benefits of Joining

The employer contribution is like:

• An increase in your current compensation:
  For example: at Western you are receiving an additional 7.5% (Admin Plan) or 8.5% (Academic Plan) of compensation
Accumulation over time
Academic Plan Example

The money contributed to and invested in your account will grow over time. The amount of growth depends on how much money gets contributed and how your investments perform.

Growth In Academic Pension Account

Example:
Academic Pension Plan
5.5% Employee + 8.5%
Western and 5.5% Investment
Growth with a starting salary of $15,000 over 10 years:
Accumulation over time
Administrative Plan Example

The money contributed to and invested in your account will grow over time. The amount of growth depends on how much money gets contributed and how your investments perform.

Growth In Administrative Staff Pension Account

Example:
Staff Pension Plan
2.5% Employee + 7.5% Western and 5.5% Investment Growth with a Starting salary of $15,000 over 10 years:
How does it work…
while I am employed

Contributions are made to your pension account by you and your employer. All contributions are deposited to your pension account at the end of each month. The contributions you make are tax deductible. Western looks after this by not deducting income tax from your contribution.

Each month the pension contributions deposited to your account are invested by purchasing units (like shares) in the investment funds selected by you from among the available options.

Investment income from the various investments you have chosen will be calculated monthly and be reflected by the change in unit value of the respective investment choice. Investment income includes both gains and losses.

It is up to you to periodically review your account and rebalance or change your investment mix over time.
Employee Decisions

Right Now:
• Whether you want to join (page 1 of the application)
• How to invest your account (page 2 of the application)

Anytime:
• Whether you want to contribute extra (we call these Voluntary contributions, and it is only extra from you, not Western)
• Rebalancing or changing your investments over time.

At Termination: (6 months after your last contribution)
• Whether to leave the money at Western or transfer it out

At Retirement:
• How to draw a pension income from your retirement savings
Investing Your Account

• Long term or short term investment?
  – Consider how long you will likely stay at Western?
  – Note that pension rules “lock-in” pension money after two years of membership, meaning money must be used in retirement. This may force you to think long term.
  – Risk is generally rewarded in time, but must endure short term fluctuations

• Asset classes
  – Money Market (Cash) vs. Fixed Income (Bonds) vs. Equity (Stocks)
  – Diversify (spread your investment) to reduce overall risk
Three Asset Classes

There are three broad types of investments to choose from:

Cash
- Liquidity
- Safety of principal
- Current interest

Bonds or Fixed Income
- Debt instrument (i.e. loans)
- Pay a fixed amount of interest at regular intervals over a certain period of time
- Bond prices fluctuate as interest rates change

Equity or Stocks
- Ownership in a company
Western Investments Options

Tier 1

Balanced Growth Fund
(Mix of 30% Diversified Bond Fund & 70% Diversified Equity Fund)

Tier 2

Diversified Bond Fund
- 30% Canadian Bonds (active)
- 30% Global Bonds (active)
- 15% Commercial Mortgages
- 25% Canadian Bond Fund (passive)

Diversified Equity Fund
- 17.5% Global Equity
- 2.5% US Hedged (mid)
- 2.5% US Unhedged (small)
- 17.5% US Equity Fund – Hedged (large)
- 30% Non North American Equity Fund
- 30% Canadian Equity Fund

Tier 3

Canadian Bond Fund
(passive)

Long Term Bond Fund

Money Market Fund

2014 2016 2018
Target Date Funds

Canadian Equity Fund

Non North American Equity Fund

US Equity Fund- Hedged ($Cdn)

US Equity Fund – Unhedged ($US)

Socially Resp. Global Equity Fund

Level of Risk / Opportunity for Reward is increasing from left to right
Tools to Assist You

Links to the following online tools are provided from the non-regular full-time members page and the main Retirement Plans webpage:

**Investment Personality Questionnaire**

*What it does:*
This tool will help to assess your risk tolerance and suggest an investment mix for you to consider

**Western Retirement Plans Webpage**

*What it does:*
This tool links you to current and historical information and resources
Default Investment Election

• **Make your Investment Election**
  – On page 2 of your application please tell us how you would like your investment to be split among the options, on a percentage basis totaling 100%.

• **Default**
  – If you do not indicate how you want to invest your account, you will be invested in the *Balanced Growth Fund*. This default is not to be taken as advice and may or may not be an appropriate election for you personally.

Note: you may change the investment of your account any month in the future by providing new instructions using your online account or completing a prescribed form.
What happens to my account when I no longer work here?

Contributions stop when employment terminates. This is followed by a 6 month waiting period. Your account remains invested at your direction during this time.

If you re-gain paid employment within 6 months, contributions will resume.

If 6 months lapse with no contributions, membership in the pension plan is terminated and Human Resources will mail you a termination options package.
What are my options when my membership terminates?

Contributions made to your Regular Account “locked-in” (in most cases)

“Locked-in” means funds must continue to be held until retirement age in a registered plan:

- At Western, or
- A locked-in retirement account (LIRA) at your bank, or
- A new employer’s pension plan.
What happens when I retire?

At retirement, you will have options available to convert your savings into a pension income.

Today these options include:

– **Annuity Purchase**
  - savings are provided to an insurance company which will pay you a stable income for life

– **Retirement Income Fund (RIF)**
  - you retain responsibility for investing your pension and draw a variable payment

This is a decision you make at retirement!
How Much Will I Receive?

In a defined contribution pension plan your actual pension income is unknown in advance of your retirement because it will depend on your decisions about:

- Amount of contributions
- Investment performance
- For how long you save / When you start drawing a pension
- What payment option you choose
How is my pension doing?

- You will receive an Annual Pension Statement with details of your account.
- You can also monitor and rebalance your pension online using your Western computer username and password.
- www.uwo.ca/hr
It sounds too good to be true...

You have successfully met the rules to join the pension plan. Don’t hesitate on this opportunity—your membership cannot be made retroactive!

If you still have questions, please read the Q&A on the Non-Regular Full-Time Pension Program website and/or set up an appointment with a pension consultant.
For More Information

Human Resource Services

Room 5100
Support Services Building
1393 Western Road

E-mail: hrhelp@uwo.ca  Website: www.uwo.ca/hr
Telephone: 519-661-2194