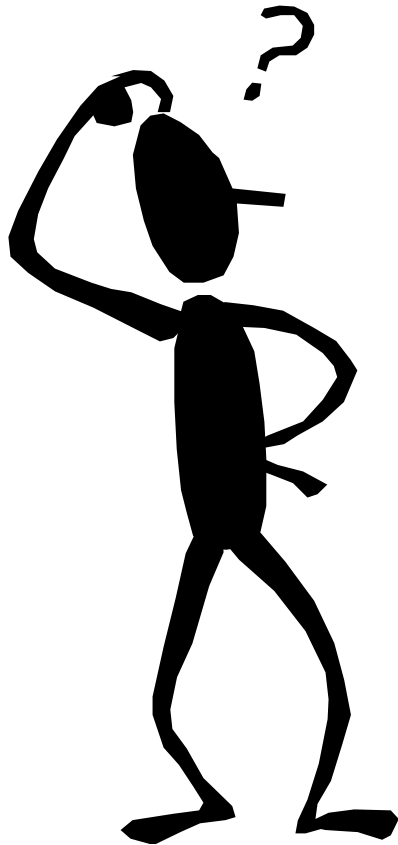


Pension Information Session



presented by

Clint Mason

Manager of Pension Services

March 2020



Agenda

Types of Pensions

Your Pension

Additional Voluntary Contributions

Pension Fund Structure

Pension Governance

The Short Term Account

Your Retirement (Annuity vs. LIF)

The Process



Types of Pensions

Defined Benefit Pension Plans

- Benefit is based on a formula (i.e. 2% * years of service * best average 5-year salary)
- These provide a guaranteed benefit

Defined Contribution Pension Plans

- Consist of contributions plus investment returns
- These do not provide a guaranteed benefit

**Hybrid plans are a combination of both.*

Your Pension

Lakehead University Employee Pension Plan

- UNIFOR
- COPE
- USW
- IUOE
- OPSEU
- LUTA
- Some non-union staff

Pension Plan for Professional Staff of Lakehead University

- LUFA
- Some non-union staff

Your Pension

Defined Contribution

- You contribute at your pre-determined rate (less your CPP contributions, if applicable)
- Lakehead University contributes at their pre-determined rate (less their CPP contributions)
- Your balance is tracked and valued annually
- Investment returns net of expenses are calculated monthly (you can see these online)
- Your annual statement is dated December 31, and comes to you in April/May

Decoupling

Employee Contributions

- In 2019, LUFA members voted in favour of separating regular employee pension contributions from CPP contributions, effective January 1, 2020
- COPE, USW, OPSEU and all non-union staff subsequently voted in favour of the same
- Prior to this, employee contributions were:
 - Faculty - 6.5% less CPP contributions
 - Non-union Professional Plan members 8.05% less CPP
 - Most LUEPP member - 7.9% less CPP

Additional Voluntary Contributions

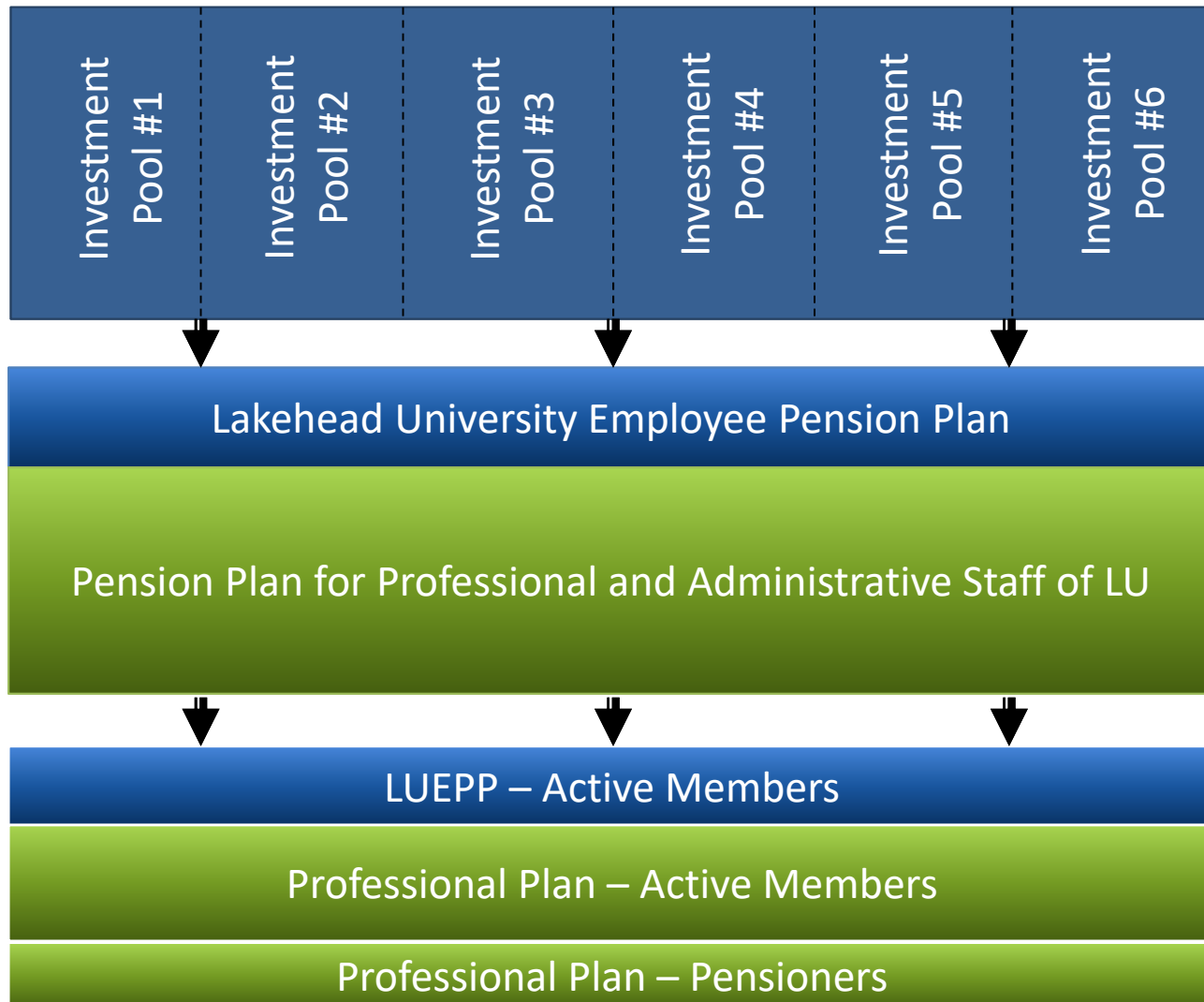
Up to 18% or
MP limit

Similar tax
treatment to
RRSP

Locked in until
plan exit

Payroll or
lump sum

Pension Fund



Pension Investments

PROTEUS

Asset Allocation Summary

For the Period Ending September 30, 2019

Compliance ✓

Total Asset Allocation - Main Plan

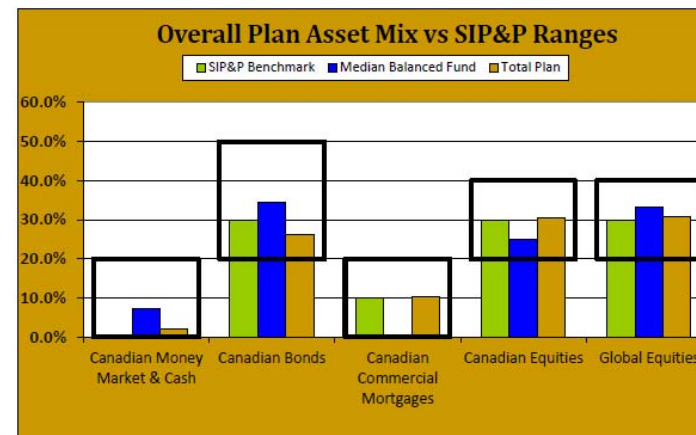
Asset Class	SIP&P Benchmark	SIP&P Allowable Allocation		Total Plan	Median Balanced Fund
Fixed Income	40.0%	30.0%	50.0%	38.8%	41.7%
Canadian Money Market & Cash	0.0%	0.0%	20.0%	2.2%	7.2%
Canadian Bonds	30.0%	20.0%	50.0%	26.2%	34.4%
Canadian Commercial Mortgages	10.0%	0.0%	20.0%	10.4%	-
Equity	60.0%	50.0%	70.0%	61.2%	58.3%
Canadian Equities	30.0%	20.0%	40.0%	30.4%	25.1%
Global Equities	30.0%	20.0%	40.0%	30.8%	33.2%
Alternative Assets	0.0%	0.0%	10.0%	0.0%	0.0%
	100.0%	-	-	100.0%	100.0%

Asset Balance: \$214,931,597

Total Asset Allocation - Short Term

Asset Class	Allocation
Canadian Money Market	100%

Asset Balance: \$3,598,467



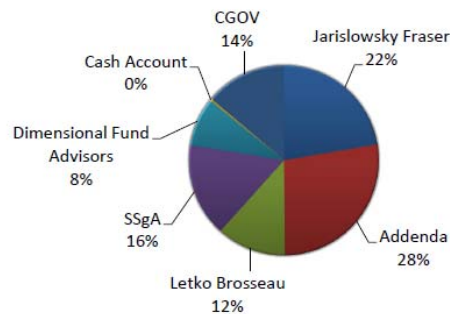
Pension Investments

PROTEUS

Asset Allocation Summary

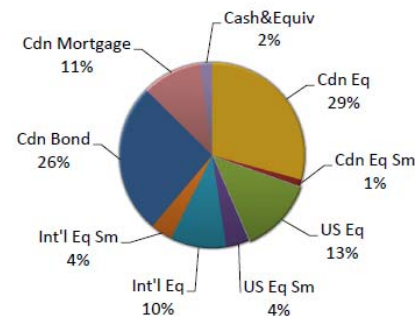
For the Period Ending September 30, 2019

Assets by Manager



JF Asset Mix	Min/Max	Allocation %
Canadian Equity	40-60%	56.3%
Canadian Bond	40-60%	43.7%

Assets by Asset Class



Equity Exposures	
Total Canadian Equity	30.4%
Total Foreign Equity	30.8%
Total International Equity	13.6%
Total US Equity	17.2%
Total Small Cap Equity	9.1%

Pension Investments

2019	
Year to Date	12.83%
January	3.86%
February	1.99%
March	1.08%
April	2.31%
May	-2.61%
June	1.84%
July	0.34%
August	-0.76%
September	1.31%
October	0.26%
November	2.63%
December	0.05%

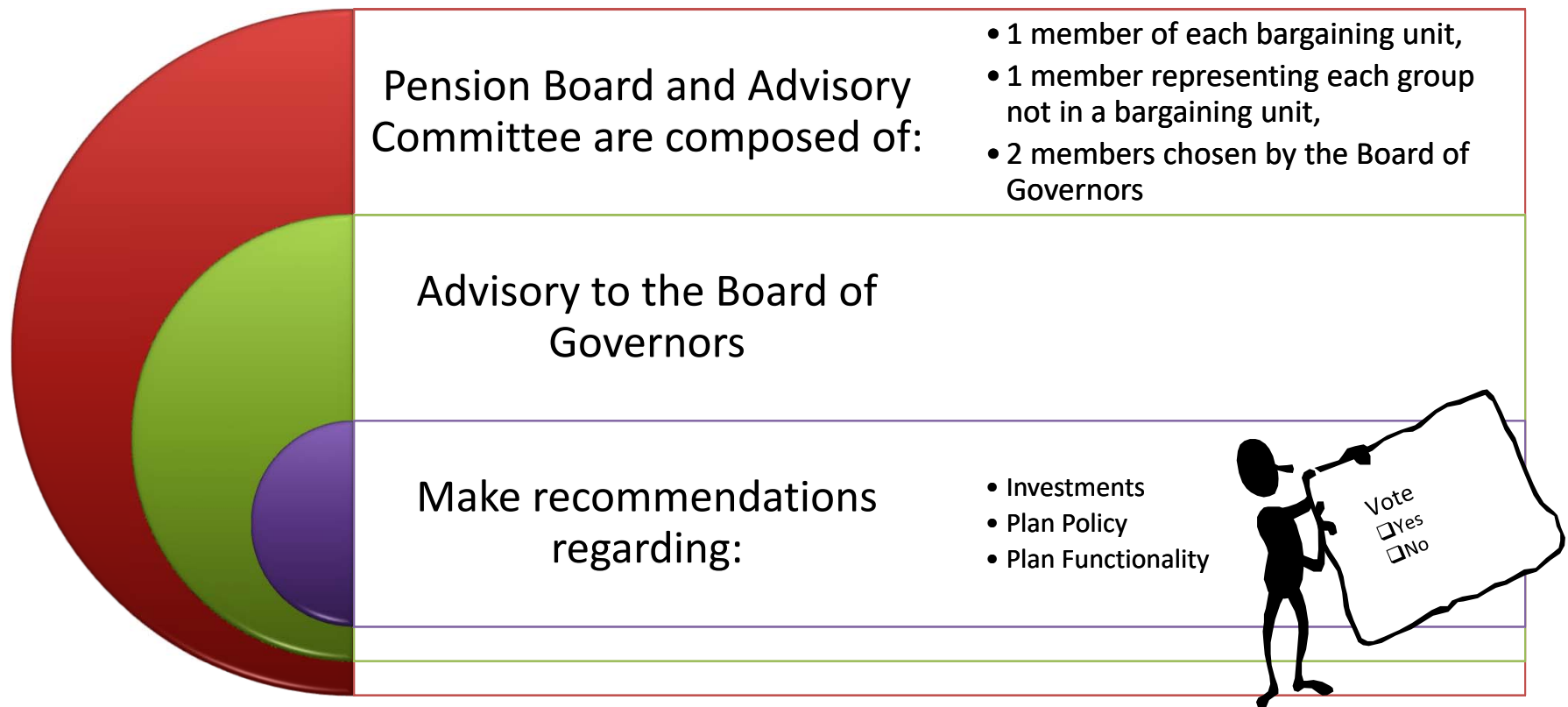
Pension Investments

Previous Years	
2018	-3.81%
2017	7.10%
2016	10.91%
2015	3.77%
2014	9.44%
2013	18.24%
2012	9.65%
2011	-1.61%
2010	9.79%
2009	16.12%
2008	-18.05%
2007	0.83%
2006	14.30%
2005	12.54%
2004	11.66%
2003	16.75%
2002	-6.59%
2001	5.65%
2000	18.32%

Pension Service Providers



Pension Governance



Short Term Account

A way to prepare for retirement

Created in 2007

Available to any plan member 55 years or older

Invested in low-risk investments aimed at capital preservation

Short Term Account

Transfers done once per year

Transfers done at the end of the current quarter

Transfer requests must be done 15 days prior to end of quarter

25 – 85% of the account balance from your previous year's statement

Irrevocable

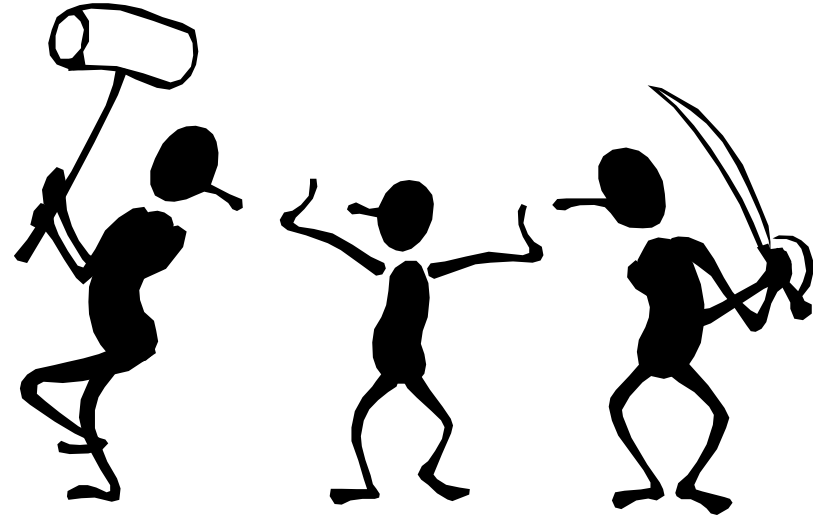
Short Term Account

Short Term Account Rates of Return

2019	
Year to Date	1.99%
January	0.21%
February	0.16%
March	0.17%
April	0.16%
May	0.17%
June	0.14%
July	0.16%
August	0.18%
September	0.16%
October	0.15%
November	0.15%
December	0.16%

Your Retirement

Annuity vs. Life Income Fund



Life or Joint-Life Annuity

Series of payments at fixed intervals, guaranteed for the lifetime of one or more individuals

- Guaranteed monthly payout
- Payable for life
- Comes with a 60% spousal survivor benefit (can be removed or increased)
- Annuity payout amount is based loosely on prevalent interest rates
- 5, 10, 15 year guarantees available
- Mortality risk
- Inflation risk

Annuity from the Fund

Professional Plan members will receive an offer to draw an annuity directly from the fund

Carries the potential for increases, though increases are not guaranteed

Pension Increases

Retirement Account #1

- Established for members retired prior to January 1, 2008
- Closed to new entrants

Retirement Account #2

- Established for members retiring on or after January 1, 2008 for service prior to then
- Based on rate of return above member's base rate, and dependent on account's solvency

Retirement Account #3

- Established for service after January 1, 2008
- Based on rate of return above or below member's base rate (adjusted), and dependent on account's solvency.
- Can be negative but cannot decrease payment below base amount.

Life Income Fund

A Life Income Fund (LIF) is a retirement account into which you can transfer funds that originate from pension benefits

- Variable monthly payout
- Payable to age 90 (at maximum withdrawal rate)
- Survivor benefit consists of account balance
- Based on investment returns
- **50% unlocking provision (within 60 days)**
- Investment risk
- Risk of outliving your money (longevity risk)

Annuity vs. LIF

	Payment	Growth Potential	Payment Period	Survivor Benefit	Special Options	Risk
Annuity	Fixed	None (with some exceptions)	Life	0%, 60-100%	5, 10, 15 year Guarantees	Mortality, Inflation
LIF	Variable	Investment Returns	Age 90 at Max	Account Balance	50% Unlocking Provision	Investment, Longevity

The Process

Give Notice

- Election form arrives 30-60 days prior to retirement or 10 business days after you request it

Get Information

- Seek independent counsel (financial, legal, tax and other...)

Decide

- Choose an option and check it off

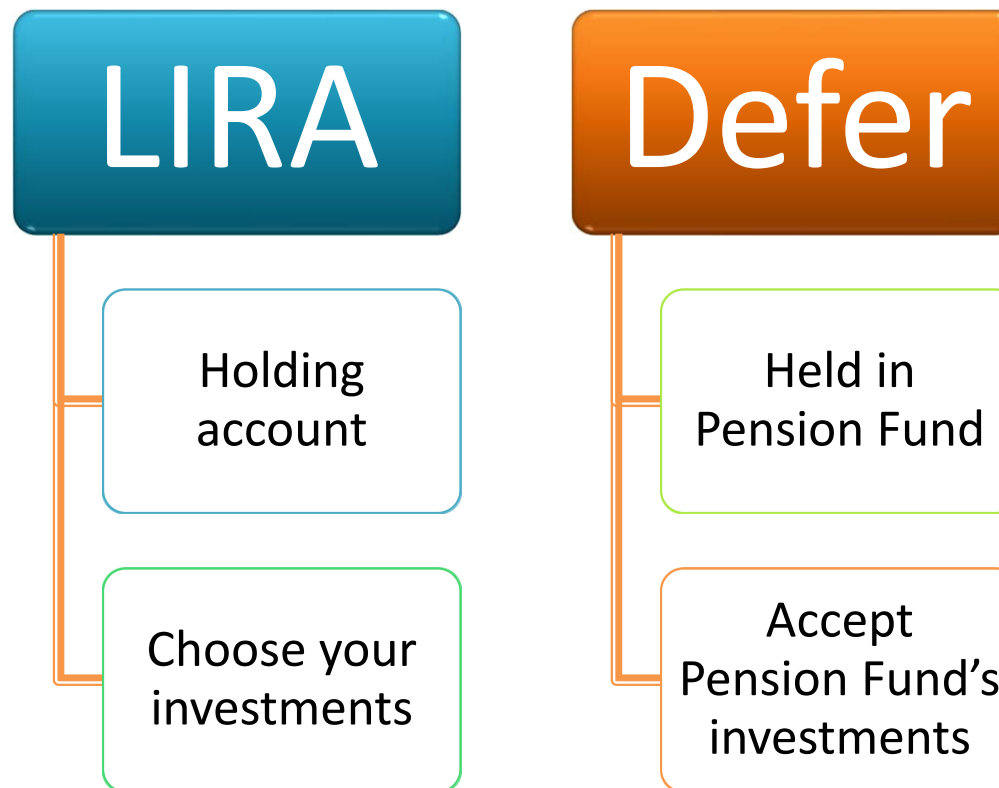
Finalize

- Sign your form and all other required paperwork prior to retirement

Wait

- 6-8 weeks from retirement date for all transfers

LIRA and Deferral



Your Pension Questions

- Plan Text is available online
- Rates of return are available online
- Newsletters available online
- Updates on CPP and other retirement news available online
- Contact: Clint Mason, Manager of Pension Services
- Website: <https://www.lakeheadu.ca/faculty-and-staff/departments/services/finance/pension>
- Email: clint.mason@lakeheadu.ca
- Call: 807-766-7287

