

University Of Winnipeg

Trusted Pension Plan

Defined Contribution Component

June 2018

Defined Contribution Plan

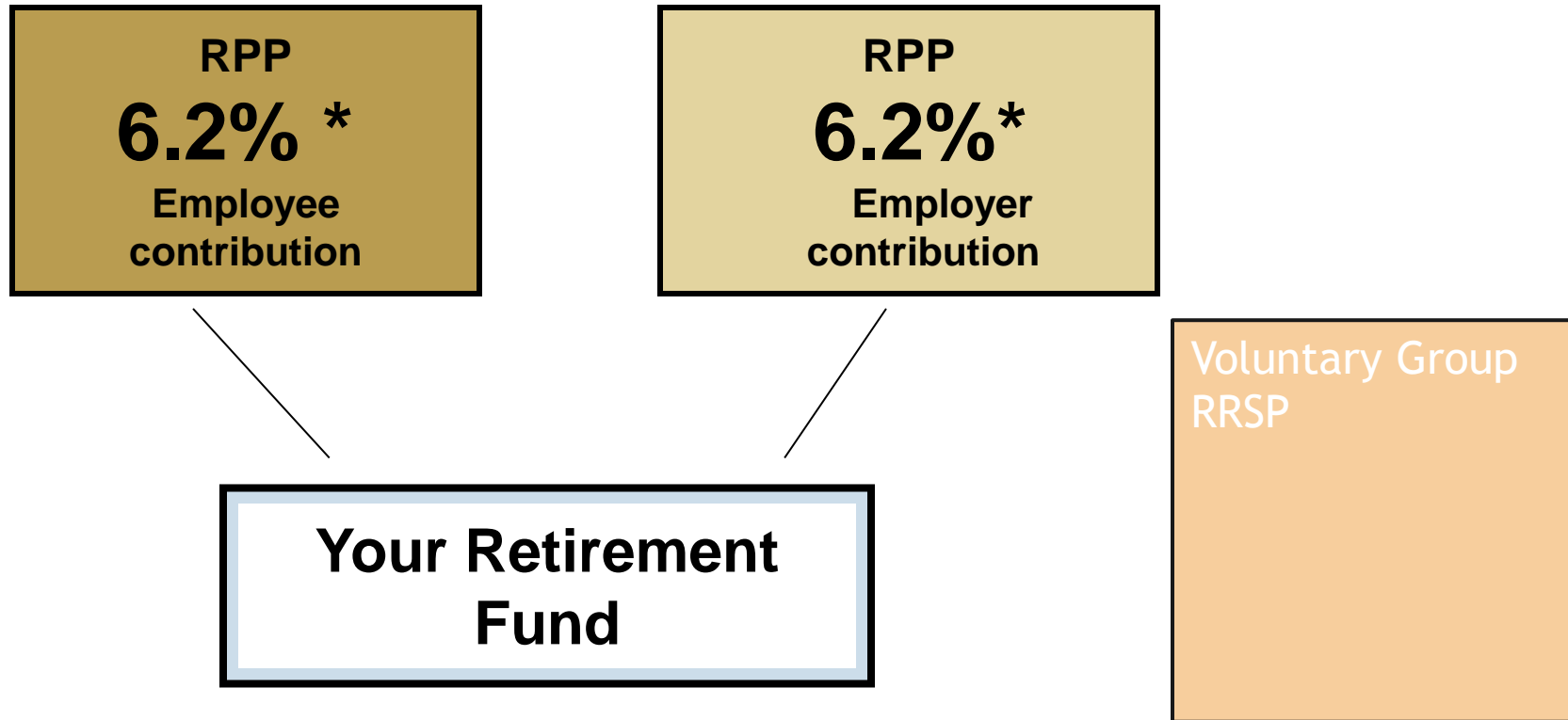
- ▶ Effective date of Plan -January 2000
- ▶ Employees (hired after Jan 1, 2001 join the Defined Contribution Plan
- ▶ Existing employees under age 55 were given the choice of transferring to the Defined Contribution Component or remaining in the the Defined Benefit Component

Plan Structure

Membership

- ▶ All new salaried employees and term employees who have a minimum 2 year term must join the Plan upon commencing employment
- ▶ Term salaried employees (less than 2 years) may join the Plan after completing 2 years of employment, and
- ▶ Must join the Plan if they earn at least 25% of YMPE in 2 consecutive numerical years

Plan Structure Contributions



*Up to YMCE - the sum of \$115,111 and 30% YMPE (\$131,881 in 2018)

Plan Structure

Investment Options

- ▶ Members select their own investment allocation
- ▶ Target Date funds (for those members who do not make a choice the Target Date Funds are the automatic default)
- ▶ A range of other investment funds and Guaranteed Interest Accounts (GIAs)

Plan Structure

How Target Date Funds Work

- Step 1: Decide what year you want to retire
- Step 2: Choose the fund closest to that year
- Step 3: Select that fund on your application

Target Date 2020

Target Date 2025

Target Date 2030

Target Date 2035

Target Date 2040

Target Date 2045

Target Date 2050

Target Date 2055

Plan Structure

How Target Date Funds Work

- ▶ Fund Manager chooses investment allocation
- ▶ One simple solution that matches your date of retirement
- ▶ Rebalanced (gradually decreasing equity component) to match your date of retirement

Plan Structure

Why Target Date Funds?

- ▶ Helps you avoid common investment pitfalls:
 - ▶ Market timing
 - ▶ Emotional Decisions based on “volatility”
 - ▶ Focusing on recent fund performance only
 - ▶ Losing sight of your long-term investment strategy

Plan Structure Termination/Retirement?

- ▶ Disclosure package sent out by Sun Life

Options include:

- ▶ Transfer to another registered plan
- ▶ Begin to receive an income
- ▶ Cash, subject to taxation and provincial lock-in requirements
- ▶ Keep assets with Sun Life in their global RRSP

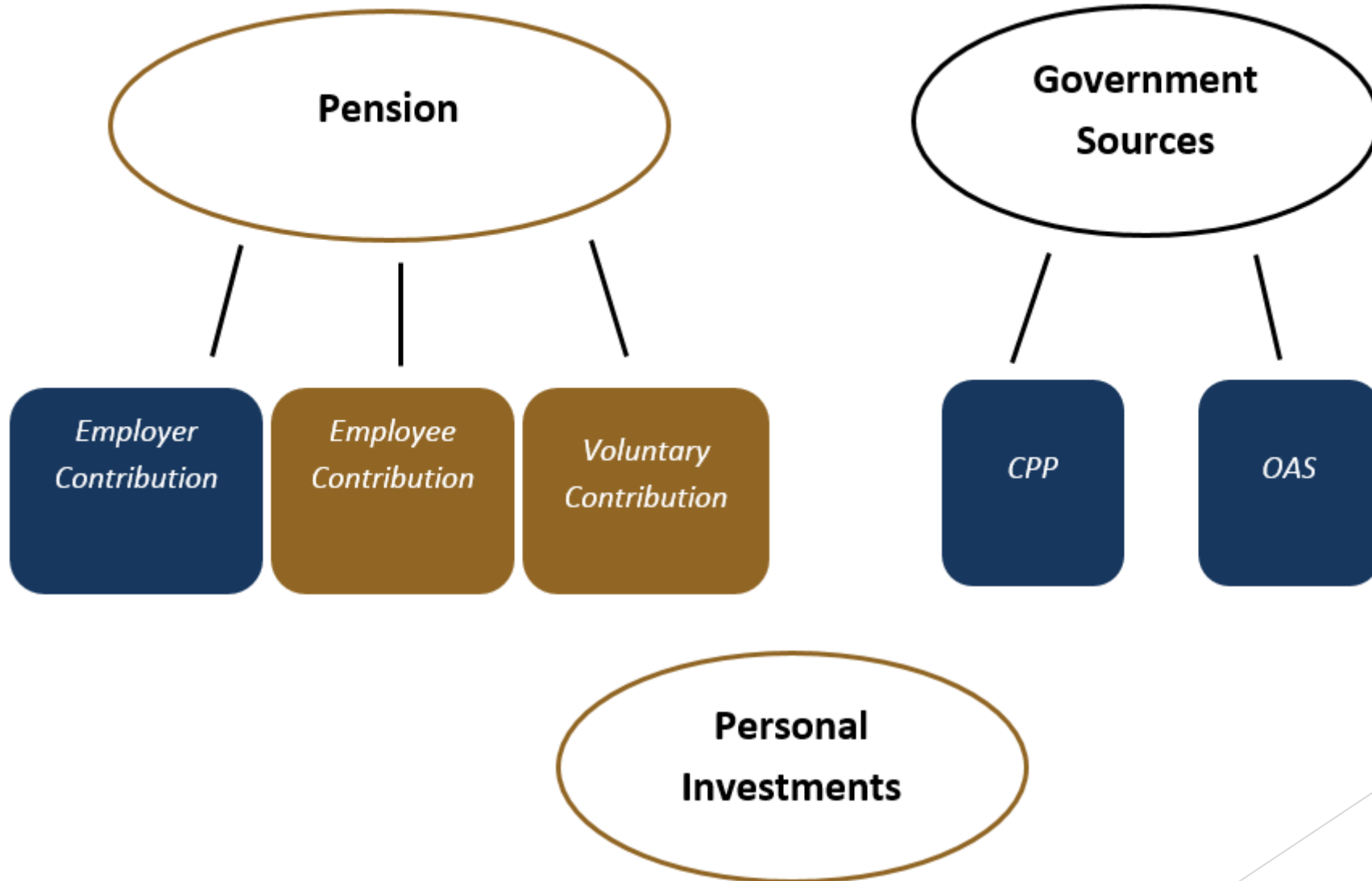
Plan Structure

Death

- ▶ All plan assets are paid to your beneficiary(s)
- ▶ Spouse/Common-law is legal beneficiary unless rights are waived
- ▶ Spouse/Common-law - funds can be transferred tax free into a registered plan others are taxable
- ▶ If no legal or common-law spouse member can name any person as beneficiary(s)

Note: If designating a minor as beneficiary, must also appoint a trustee to whom the assets can be paid “in trust”

Sources of Income



Government Pension Plans

Monthly Benefits at age 65

| | Maximum | Average |
|---------------------|--------------|------------------------|
| Old Age Security | \$ 586.66* | \$ 527.88 ¹ |
| Canada Pension Plan | \$ 1,134.17 | \$ 644.35 ² |
| Monthly | \$ 1,720.83 | \$ 1,172.23 |
| Annually | \$ 20,649.96 | \$ 14,066.76 |

* Q1 2018 - indexed quarterly

1 Average benefit as of Oct 2016 (indexed quarterly)

2 Average benefit as of Oct 2016 (indexed annually)

OAS Benefit (claw back) repayment income threshold (2018) = \$75,910 to \$122,843

Source: www.servicecanada.gc.ca (1-800-277-9914)



Defined Contribution Component Plan Statistics

- ▶ As of April 30, 2018 there were 726 active members and 93 inactive members in the defined contribution component
- ▶ Total assets were \$79,161,871