

# THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN BOARD OF TRUSTEES

October 2010

**To: All Members of the University of Winnipeg Trusteed Pension Plan**

The Board of Trustees, through the Defined Contribution Committee, is committed to ensuring DC members have the necessary investment choices, education and information programs that improve their investment experience and results.

## Background

Following the results of the DC member satisfaction survey conducted in the fall of 2009, The DC Committee determined that changes needed to be made to the DC fund lineup offered through Sun Life Financial, in order to provide members with more investment choice and investment flexibility.

One of the goals of the DC Committee had been to reduce the number of fund offerings in order to simplify investment choice for plan members. The results of the survey indicated that plan members were largely satisfied with the overall number of funds, and instead of a reduction in the number of funds they wanted more differentiation in the available fund choices, with some specific funds being added, such as a GIC or other guaranteed investment fund.

## What is Changing

### **Fund Lineup**

There are currently 24 funds available to plan members through Sun Life Financial. Following the fund changes, the overall number of available funds will be modestly reduced to 21 choices, consisting of:

- 1 GIC fund
- 1 Money Market fund
- 2 Fixed Income (Bond) funds
- 4 Balanced funds
- 5 Canadian Equities funds
- 7 Foreign Equities funds
- Target Date Funds (9 funds – considered as one fund option)

The changes to the funds were based on the following considerations:

- Plan members' desire for a guaranteed investment choice;
- More differentiation/diversification between fund offerings;
- Lower investment management fees;
- More fund offerings in International Equity;
- Retention of funds with Socially Responsible holdings;
- An appropriate default fund designation.

A total of fifteen (15) funds are being removed from the current fund lineup and twelve (12) new funds are being added for a total of twenty one (21) funds.

## **Default Fund**

In the event that a plan member does not actively choose one or more funds into which the plan member's (and University) contributions are to be deposited, the contributions are allocated by default into the designated DEFAULT fund. Currently, the default fund is the TDAM Balanced Index fund. The TDAM Balanced Index fund has the advantages of low investment management fees and asset diversification, however, the fund does not provide for any change in the asset allocation that may be appropriate as a plan member advances in age. In order to ensure that some modifications are made to a plan member's asset allocation as the member approaches retirement age, even if the plan member takes no steps of their own, the designated default fund is being changed from the TDAM Balanced Index fund to a series of Target Date funds.

A series of nine Target Date funds are being added that are structured to adjust a plan member's asset allocation automatically as the plan member gets closer to their Target Date. For those plan members who actively choose to participate in the Target Date funds, the Target Date can be any key life event that is determined appropriate by the plan member. Where the plan member makes no active investment fund choice, their contributions will be allocated by default to a Target Date fund with a Target Date that is closest to the member's Normal Pension Commencement Date (age 65).

The change in the default fund will take effect on **January 17, 2011** and will apply to any plan member who joins the DC plan on or after that date.

## Effective Date of Changes

The new fund offerings have been added to the fund lineup. You will have until **January 17, 2011** to review your current fund holdings and determine what action, if any, you need to take with respect to your investment options. If you are invested in any fund or funds that are closing, and you take no action by **January 17, 2011**, the assets remaining in the closed funds as of this date and any future contributions that are not re-allocated will be automatically transferred to a similar replacement fund.

## What you need to do

- Refer to the recently received Sun Life announcement "Important changes to your investment options" for more information on the funds and for instructions on accessing your DC account with Sun Life
- Attend one of the information/education sessions that will be conducted by Sun Life in October 2010
- Take advantage of Sun Life web tools to review and update your investment strategy
- Make any necessary adjustments to your DC investments
- Review your investment strategy regularly