

SPECIAL POINTS OF INTEREST:

- DB Surplus Distribution Update
- DB Committee Report
- DC Committee Report
- Operations Committee Report
- Summary Report on the DC Plan Survey

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Pension Update

Message from the Chair:

DB Surplus Distribution Update

As you are aware, The University of Winnipeg Trusteed Pension Plan Board has been working since our last update to address all of the steps needed to ensure that we are in a position to process the DB Pension Surplus. Even with the requested clarification and guidance being provided by the Superintendent of Pensions office, this is an extremely complex matter involving legal counsel to the pension plan, as well as the pension plan actuary.

At present, we are waiting for a response from the Canada Revenue Agency (CRA) which is required in order for the Trusteed Board to legally be in a position to provide eligible defined benefit plan members with the surplus distribution.

Although we have had no official response, the Plan actuary reports that the communica-

tions he has engaged in with the CRA suggest that our request is being considered, and plan members will be notified once CRA's response has been received. In the interim, once the Trusteed Board has finalized all remaining issues, which we expect to be early January 2010, the plan actuary will be asked to prepare individual member statements which will include the amounts each DB plan members will receive. The University presently has received an extension for processing the surplus distribution from the Superintendent of Pensions until the end of January 2010. Should we require additional time as a result of delays with CRA, a further extension will need to be requested. In the meantime, we trust that your holidays were merry and bright!

Karen Zoppa, Chair,
On behalf of the Trustees
The University of Winnipeg
Trusteed Pension Plan Board

Defined Benefit Committee Report:

Over the past year the focus of your Defined Benefit Committee has been on reviewing the performance of the pension fund and its managers during the recent period of market uncertainty. For the upcoming year the Committee is turning its attention to the review and development of investment strategy for the future.

Although the benefits under the Defined Benefit portion of the plan are not directly related to the investment returns on the pension fund, it is important to have an investment strategy that reflects the balanced interests of the University as the plan sponsor, and the beneficiaries of the plan. As the University is responsible for funding actuarial shortfalls (which may arise from investment

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Defined Contribution Plan:

Defined Contribution Committee Report:

The Committee is assessing the results of the survey of DC members, and will make recommendations to the Board of Trustees on changes to the Plan arising from the survey. Response to the survey was excellent, and members are generally satisfied with the choice of investment funds available, and the services of Sun Life, but some need for changes was indicated. A summary of the report is provided below. Next steps are to review the default fund, provide more education to members, and try to deal with specific concerns, including significant comments that fees are too high.

The regular meeting of the Committee and a representative of Sun Life took place in November, and the Group Annuity Policy and Service and Fee Agreement were reviewed.

Valerie Gilroy

Chair, Defined Contribution Committee

Summary Report on the Defined Contribution Plan Survey

A. RESPONSE RATE AND REPRESENTATIVENESS

On September 30th, a survey about the Defined Contribution (DC) component of the pension plan went out electronically to all DC plan members. Measures were taken to maximize the opportunities for plan member input: A message went out September 24th, announcing that DC plan members would be receiving the survey on September 30th. Reminders were sent automatically one and two weeks following release of the survey, before the survey closed on October 20th. Of the 464 DC plan members, 181 (39%) responded to the survey and provided at least some data; 155 (33% of DC plan members) completed the survey. This is considered to be a very good response rate for surveys of this type. All age groups were well represented, although the same included only 26% of the 30 to 39 year old plan members (34); 45% (11) of plan members 60 and older responded.

B. SATISFACTION WITH CURRENT PLAN OFFERINGS

A primary concern was to assess DC pension plan members' satisfaction with the current offerings available to them. The DC committee was specifically concerned that the number of funds in the DC plan (24) was very high, and therefore asked plan members their opinion about the overall number of funds, and the number of types of funds, available to them in the plan.

Number of Types of Funds

Currently, Defined Contribution plan members can choose to invest in five different types of funds: Balanced, Canadian equity, foreign equity, fixed income, and money market. About 1/2 of the plan members (51%) were satisfied with the number of types of funds, although 2/3 of the remainder did not feel they had enough information to judge. Almost all of those who were not satisfied with the number of funds thought there should be even more choices than are currently available. Some would like to see more types of funds, including a greater selection in both high and low risk categories. Twenty-nine people made suggestions about how to change the type of funds: 30% of these said they would like to be able to choose GICs or other guaranteed investment vehicles, especially as they near retirement. The rest of the suggestions were not so readily categorized. They included requests for more conservative or moderately conservative options, more high risk options, and specific categories of equities (such as commodities, region- and sector-based funds, and dividend funds).

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Board Executive and Board Committees:

Board Executive:

- Karen Zoppa - Chair
- Henry Hudek - Vice-Chair
- Maurice Mearon - Treasurer
- Mary Anne Walls - Secretary

Defined Benefit Committee:

- Barry Barske
- Greg Gillis - Chair
- Brent Stearns
- Dave Torz
- Mary Anne Walls

Operations Committee:

- Barry Barske
- Laurel Repski - Chair
- Maurice Mearon
- Hans Werner
- Karen Zoppa

Defined Contribution Committee:

- Mike Emslie
- Ray Erb
- Valerie Gilroy - Chair
- Henry Hudek
- Wendy Josephson

“The DC Committee and the Board will benefit very much from the information provided by plan members about their concerns and preferences, and will take them into serious consideration as we review the funds in the plan and make decisions about matters such as education for plan members.”

Operations Committee Report:

The Operations Committee has been working on a variety of items during the fall period, the most significant of which include the following:

1. Selection of Pension Plan Auditor - the Committee recently interviewed several major accounting firms in Winnipeg to determine which of those firms would be the Pension Plan's auditor, and based on a variety of selection criteria KPMG has been selected for this important role.
2. Trusteed Board membership - as a result of Jim Clark's (UWFA) initial term ending, UWFA has appointed Hans Werner to the Trusteed Board, and he has also been appointed to serve on the Operations Committee. Gary Maksymyk (Manitoba Hydro) one of our external trustees has advised the Board that he will not be available to serve out his term, and the Operations Committee is presently in the process of conducting a search to replace him. Bill Balan has stepped down from his position on The Board, and Mike Emslie has replaced him on The Board. The Board thanks Jim, Gary and Bill for their service and contribution to the establishment of the Trusteed Board, and welcomes Hans and Mike.

Looking forward to the winter 2010 period, the Committee will be focusing on the development of a comprehensive annual report for all pension plan members, as well as working on enhancing Plan Governance.

Laurel Repski
Chair, Operations Committee

Defined Contribution Plan:

Summary Report on the Defined Contribution Plan Survey (Cont'd)

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Number of Funds

A majority (59%) of respondents wanted the number of different funds to remain the same as it currently is. Slightly more than half of these wanted the current selection of funds to remain unchanged. The remainder of them wanted some funds to be replaced, without reducing the total number of funds. 35% of respondents endorsed a more limited number of choices than the current 24: 26% would prefer to have a maximum of 3 different funds of each type; the remaining 9% favoured either only one fund of each type, or a single balanced fund for all plan members.

Choices Within Types of Fund

All of the dimensions of choice currently available to plan members were important or very important to the majority of respondents: ethical investment options (72%), a choice between actively and passively managed funds (72%), and a choice between value or growth styles in the actively managed funds (69%). In addition, 53% of respondents expressed an interest in target date funds, which are regularly re-balanced to adjust the level of risk as the plan member's date of retirement approaches. In the open-ended responses that accompanied this part of the survey, the most common suggestions were the replacement of funds with high fees, replacement of consistently underperforming funds, offering more ethical investment choices, and providing more choices for plan members, not fewer.

Satisfaction with the Default Fund:

If Defined Contribution Plan members do not actively choose to allocate their pension plan contributions to one or more funds, their contributions are allocated automatically to a "default" fund, the TDAM Canadian Balanced Index Fund. 39% of respondents reported having assets invested in this fund (about half by default and half by choice); 29% said they did not have assets invested in the fund, and 32% did not know. The majority (63%) did not have an opinion about the performance of the default fund, but those who did were more likely to be satisfied (26% of the sample) than unsatisfied (11%).

C. SATISFACTION WITH SUN LIFE SERVICES

Problems and Errors

Most respondents (91%) had not experienced problems or errors with their accounts. 6% had had one problem, and 2% had problems more frequently. Problems included log-in and password problems with the web site, a balance error, a fund allocation change requested but not made by Sun Life, an account number changed without notifying the account holder, and a plan member's last name misspelled on the account. One plan member said that fees for the TD index fund were more than twice as high through the plan than what TD offers on-line, and that Sun Life had refused to offer a remedy to this. Three respondents raised the question of how they would know if Sun Life had made a mistake.

Satisfaction with the Sun Life Web Site

Most respondents (69%) had used the Sun Life web site, but did not use it often: 24% had used it only once, 21% said they used it about once a year, 20% used it about once a month. Of those who had used it, 64% were satisfied, 20% were unsatisfied, and 16% felt they did not have enough information to offer an opinion. Suggestions for improving the web site included providing more complete information (especially on fees, market performance over varying time frames, and fund composition); improving the ease of logging in and navigating the site, and improving features for downloading and graphing.

Defined Contribution Plan:

Satisfaction with the Sun Life Toll-Free Customer Care Line

Only 29% of respondents had ever used the toll-free customer care line: typically they had used it once a year, or once ever. Of those who had used it at least once, 77% were satisfied and 27% were unsatisfied. Respondents' most common suggestions were that Sun Life make efforts to reduce the wait times, time spent on hold, and time for representatives to return members' calls.

Satisfaction with Sun Life Education Sessions

63% of respondents had never attended any Sun Life education sessions; 26% had attended one session, and 9% had attended more than one. 66% of those who had attended were satisfied with the sessions. Asked what would make plan members more likely to attend education sessions, the most common response was that they would attend if sessions were offered when they were available to attend. Although noon hour and the free period were mentioned most often, others suggested after work, evenings and weekends. Some people specifically asked that sessions not be offered at those times, however. In recognition of this problem, some suggested repeating sessions at different times, to accommodate more people, or providing alternative ways of delivering the content such as on-line modules, internet videos, and e-newsletters. Some respondents also said they would attend if sessions were offered on different topics. These included a more basic introduction to investment, more information about the specific funds available in the plan (including their performance, risk levels, and fees), hands-on facilitated experience with the web site, earlier planning for adjusting one's profile over time, retirement choices, updates on market conditions and guidance on how to deal with them. It was suggested that a series of educational sessions be offered, for plan members at different levels of expertise. Suggestions were also made about desirable characteristics of presenters: that they should be more knowledgeable and able to answer questions more effectively, that they be independent of Sun Life, and that they be prepared to be frank about the hazards of the market. Comments in this section indicated that 14% of respondents had not been aware of any education sessions, and would like to see more publicity of educational opportunities in the future.

D. WHERE WILL WE GO FROM HERE?

The Defined Contributions Committee of the Board of Trustees has already had a preliminary meeting with Sun Life Financial to share the results of the survey with them and request further information from them. The DC Committee and the Board will benefit very much from the information provided by plan members about their concerns and preferences, and will take them into serious consideration as we review the funds in the plan and make decisions about matters such as education for plan members. We would like to offer our sincere thanks to the members who provided information. We expect to have further information to share with them early in the New Year.

Defined Benefit Committee Report:

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performance below levels assumed by the plan actuary in the triennial actuarial reviews of the plan), it is in the best interest of the University community as a whole for the DB Plan to be prudently and effectively invested.

Also, as cost-of-living increases to pensions in payment are tied to investment earnings of the plan, all Defined Benefit members, and particularly those already retired, have an interest in sustainable positive plan returns. Our Committee will set out to develop a process for establishing an investment strategy that best meets these objectives as well as the long-term health of the plan.

Greg C. Gillis, CFA, FCIA, FSA
Chair, Defined Benefit Committee