



# Saint Mary's University

Vice-President, Finance

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Date: June 18, 2003

To: Members of the Faculty and Administration Pension Plan and  
Members of the Support Staff Pension Plan

**Subject: Pension Plan Update**

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This report is to update you on the April 1, 2003 transition to Sun Life, and to give you an overview of some future planning by the pension committees.

## **Investment Management Transition**

As you know, the main pension activity over the past year was a comprehensive review of investment management services. This resulted in replacement of the Recordkeeper and Investment Manager as of April 1, 2003 when \$60.7 million in pension assets was transferred to Sun Life Financial. Obviously this was a major undertaking and I am pleased to report that the transition went very smoothly. The timeline was tight but we still managed to complete the transfer ahead of schedule. Our new partner, Sun Life Financial, showed a high level of professionalism. I also want to thank the staff in our Human Resources Department, especially Karen Reedman, who worked many hours to ensure the transition was successful.

To assist the pension committees in the transition, we sought the technical assistance of our pension consultant, Mercer Human Resource Consulting. One key area of Mercer's involvement was with respect to the transfer of funds from Canada Life to Sun Life. Mercer assisted with the default allocations before the transfers and by ensuring that member GIC entitlements were calculated and transferred in accordance with the respective contracts. In the review of the original calculations and transferred amounts Mercer determined that the market value formula being used by Canada Life was not in accordance with their agreement with the University. As well, they were not using the proper interest rate basis in the calculations. Canada Life recalculated all GIC market values with the effect that an additional amount of \$175,000 was transferred. Affected pension plan members will see their share of this added to their account. We are appreciative of Karen Henderson's diligence and perseverance in solving this matter to the benefit of our members.

We have received Mercer's confirmation that all of the transfers have now been properly completed and that the GIC amounts are now calculated according to contract. In fact, Mercer was also able to negotiate the waiving of fees that would normally apply on transfer.

## **Enrolment**

To assist members with the transition, we held 17 enrolment sessions from March 17 to 25. These were well attended – 353 people. There were also a number of member calls to the Sun Life service centre (5% of the membership) and many members used the new Sun Life website (13% of the membership).

We were pleased to receive 453 pre-enrolment forms from members. There are 530 active members in the two plans (746 including inactive members). Those who did not pre-enrol had their pension funds transfer based on their Canada Life allocation on January 31, 2003. It is important to note that you can update your investment choices by calling the Customer Care Centre 1-866-733-8612 from 9:00 a.m. to 9:00 p.m. AST every business day. Alternatively, the website [www.sunlife.ca/member](http://www.sunlife.ca/member) is available at all times for the following:

- Up-to-date status of your account, including contact information
- Transactions
- Fund allocation changes
- Fund transfers
- Personal rate of return
- Morningstar reports for fund information and quarterly investment report
- Investor Learning Centre link
- Investment Risk Questionnaire
- Other pension tools

Important action item → For those who did not complete an enrolment form, be aware that the form designates your beneficiary. For legal reasons, we need your original signature for this. You can obtain a form on the website; complete the form with your beneficiary information, then print, sign and mail it to Sun Life. Call the Customer Care Centre if you need help.

### **Investment Options**

The transition required decisions by plan members with respect to personal investment choices. Members participated strongly in all of a new, expanded list of investment offerings. The investments include the asset allocation portfolio options. The following summary shows the percentage of plan assets held by members at April 30, 2003:

- **Canadian equity fund** actively managed by Jarislowsky Fraser  
Investment \$18.3 million  
29% - Faculty and Administration plan members  
31% - Support Staff plan members
- **Canadian bond fund** passively managed by Barclays Global Investors  
Investment \$17.0 million  
27% - Faculty and Administration plan members  
30% - Support Staff plan members
- **Sun Life 5 year GIC**  
Investment \$8.9 million  
15% - Faculty and Administration plan members  
9% - Support Staff plan members
- **US equity fund** passively managed by Barclays Global Investors  
Investment \$7.1 million  
11% - Faculty and Administration plan members  
12% - Support Staff plan members

- **Non-North American equity fund** actively managed by UBS Global Asset Management  
Investment \$6.6 million  
10% - Faculty and Administration plan members  
12% - Support Staff plan members
- **Money Market fund** actively managed by McLean Budden  
Investment \$4.1 million  
7% - Faculty and Administration plan members  
6% - Support Staff plan members

The above is for informational purposes only and should not be considered an endorsement, or lack of endorsement, of the choices being made by the members.

### **Education Sessions for Plan Members**

At a recent meeting of the pension committees, we started planning for ongoing education and a communications program. The committees have set a target to begin member sessions in the fall, starting with a focus on the needs of those members nearest to retirement. Additional topics will be added for members with differing interests and needs as the program develops. Topics and emphasis will be adjusted for age groups. We have contacted Sun Life to obtain the details and cost of the various educational packages that they offer on various life events (marriage, starting a family, retirement, etc.). Members may also find some general investment planning and pension related information on the Sun Life website mentioned earlier ([www.sunlife.ca/member](http://www.sunlife.ca/member)).

### **Pension Governance**

The average member may not give much thought to pension plan governance. However, it is of critical importance in managing the pension plans. Recently Saint Mary's University participated in the Mercer 2002 Survey of Defined Contribution (DC) pension plans. There were 1,655 respondents globally; 273 were Canadian. The pension committees reviewed benchmark data comparing the Saint Mary's governance structure to the other Canadian DC pension plans. Some of the findings are summarized as follows:

	<b><u>SMU</u></b>	<b><u>Survey Data</u></b>
Formal policy on plan objectives and goals	Yes	53% have written policy
Formal monitoring and governance structure	Yes	49% have formal structure
Existence of formal committee	Yes	73% have committee
Existence of Investment Policy Statement	Yes	68% have written statement
Maximum plan contribution – Employer	8%	Median 5%
Maximum plan contribution – Employee	6%	Median 5%
Nature of Recordkeeper relationship	Alliance	51% alliance

Participant control of investment decisions	Yes	83% participant control
Number of investment options	11	Median 9
Number of investment managers	4	Median 3

We learned from the survey that our direction for pension governance is substantially in line with the current thinking for DC plans. Also, we learned that our planning for the future is appropriate. We are moving towards expanded monitoring of investments and agents, creation of investment and pension seminars, and better communication with plan members.

**Committee Members**

There have been a few changes in membership on the pension committees. As Chair of the two pension committees, I want to recognize and thank the committee members who work on pension issues on your behalf.

Faculty and Administration Pension Committee

Darryl Bruce	Jeff Power
Larry Corrigan	Kim Squires
Walt Finden	Kevin Webb
Lori Francis	Nicola Young
Keith Hotchkiss	

Support Staff Pension Committee

Larry Corrigan	Robert MacDonald
Keith Hotchkiss	Kim Squires
David Lane	

Committee Advisors (non-voting)

Ron Cochrane, Director, Finance  
 Karen Henderson, Pension Consultant, Mercer Human Resource Consulting  
 Karen Reedman, Benefits Officer

Your first pension statement from Sun Life is expected in mid-July. Meanwhile, the pension committees will continue to work toward our governance and other administrative goals.



Larry Corrigan, MBA, FCGA  
 Vice-President, Finance  
 Chair, Faculty and Administration Pension Plan Committee  
 Chair, Support Staff Pension Plan Committee