Faculty Pension Plan
101

UBC Okanagan
October 4, 2016

Lily Lee
Member Services Associate
Agenda

1. Welcome
2. About the Plan
3. Investment Principles
4. Investment Options
5. Your Responsibilities
6. Options at Retirement
About the Plan

UBC Faculty Pension Plan

Defined Contribution Pension Plan

Regulators:
- British Columbia Pension Benefits Standards Act
- Canada Revenue Agency (Income Tax Act)
Pension Contributions

Employee Contributions

Employer Contributions

Defined Contribution Pension Plan
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Dr. Lorenzo Garlappi
Sauder School of Business

Dr. Joyce Boon
Barber Arts & Sciences, UBCO

Mr. Vijay Verma
Researcher Emeritus, TRIUMF
Plan’s Mission Statement

The main purpose of the Plan is to provide a well-managed, cost-effective retirement plan, designed to assist members in meeting their financial responsibilities, both leading up to retirement and, if the member chooses, through retirement.
Plan Considerations

- Lower risk through broad diversification
  - 12 Managers
  - 13 Mandates
- Provide flexibility regarding contribution, investment, retirement and withdrawal options
- Low cost
- High level of member service
- One part of member’s overall retirement plan
Statistics as at December 31, 2015

**Financial:**
- **Market Value of Funds**
  - Balanced $1,655.7 M (82% of Total Funds)
  - Bond $50.7 M (3% of Total Funds)
  - Canadian Equity $125.5 M (6% of Total Funds)
  - Foreign Equity $126.2 M (6% of Total Funds)
  - Short Term Investment $34.4 M (2% of Total Funds)
  - Guaranteed Investment Certificates $16.6 M (1% of Total Funds)

**Membership:**
- **Number of Members**
  - 1975: 2,243 (Active: 1,719, Deferred: 418, Retired: 106)
  - 1985: 3,014 (Active: 1,935, Deferred: 857, Retired: 222)
  - 1995: 3,512 (Active: 2,176, Deferred: 1,083, Retired: 253)
  - 2005: 4,675 (Active: 3,054, Deferred: 1,198, Retired: 423)
  - 2015: 5,868 (Active: 3,427, Deferred: 1,480, Retired: 961)
2015 Annual Report

- Visit faculty.pensions.ubc.ca > Plan Governance > Annual Reports & Financial Statements
What if…

- I take a leave of absence
- I take parental leave
- I leave the university before retirement?
- I am totally disabled before retiring?
- I die before retiring?
Am I able to…

- make voluntary contributions?

Yes, *if you have room*

- Sign into your account online
- Under *Requests*:
  - select *Contribute*
- Send your inquiry to the Pension Administration Office
- Voluntary Contribution Enrolment Form
Contribute
FPP contribution estimator

This tool will estimate your required and voluntary contributions to the Faculty Pension Plan (FPP) and if applicable, the UBC Supplemental Arrangement for the current tax year. The results provided by this estimator assume you are enrolled in the plan for the full calendar year.

Contributions made during your last pay period may not yet have processed on the Sun Life recordkeeping system. Your year to date contribution amounts may not include the latest contributions.

Salary details

<table>
<thead>
<tr>
<th>Contribution year</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual pensionable earnings</td>
<td>$</td>
</tr>
<tr>
<td>Maximum FPP contributions</td>
<td>$</td>
</tr>
</tbody>
</table>

Results

<table>
<thead>
<tr>
<th>Required contributions</th>
<th>Yearly amounts</th>
<th>Year-to-date contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member required contributions</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>UBC required contributions</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

Available room

<table>
<thead>
<tr>
<th>Voluntary contributions</th>
<th>Year-to-date contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Click here to receive verification of your contribution room from the UBC Pension Administration Office and/or to set up payroll deductions for Voluntary Contributions.
Am I able to…

• transfer in external registered plans?

Yes

✓ Registered plans held at an external financial institution (RRSPs, LIRAs)
  - Transfer out fees
  - Application for Direct Transfer of Assets Form

✓ Registered Pension Plans from another employer
Am I able to...

• take my account balance in cash if I leave the university before retiring?

*Depends*

✓ Small Benefits Rule
✓ Non-Resident
Investment Principles
Cost of Investing

• Management Expense Ratios (MER)
• Manager expertise, research, custodial charges, operating expenses, etc.
• How are these fees charged?
## Impact of Fees

Example: $100,000 @ 5.75% annual return for 20 years

<table>
<thead>
<tr>
<th>MER</th>
<th>0.50%</th>
<th>1.50%</th>
<th>2.50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average annual cost</td>
<td>$923</td>
<td>$2,785</td>
<td>$4,666</td>
</tr>
<tr>
<td>Net Value after fees</td>
<td>$287,451</td>
<td>$250,224</td>
<td>$212,601</td>
</tr>
</tbody>
</table>
# Fund Management Fees

**As at August 31, 2016**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Annualized Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>UBC FPP Balanced Fund</td>
<td>0.49%</td>
</tr>
<tr>
<td>UBC FPP Bond Fund</td>
<td>0.37%</td>
</tr>
<tr>
<td>UBC FPP Canadian Equity Fund</td>
<td>0.47%</td>
</tr>
<tr>
<td>UBC FPP Foreign Equity Fund</td>
<td>0.51%</td>
</tr>
<tr>
<td>UBC FPP Short Term Investment Fund</td>
<td>0.19%</td>
</tr>
</tbody>
</table>

Access FPP fund management fee information by signing into your account at mysunlife.ca/ubcfpp and selecting *my financial centre > Accounts > Account fees.*
Inflation takes a bite

1990: $1.00
1995: $1.28
2000: $1.63
2005: $2.08
2010: $2.65
## Asset Classes

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Risk Profile</th>
<th>Potential Returns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Low risk</td>
<td>Lowest returns</td>
</tr>
<tr>
<td>Bonds</td>
<td>Low to medium risk</td>
<td>Low returns</td>
</tr>
<tr>
<td>Property</td>
<td>Medium risk</td>
<td>High returns</td>
</tr>
<tr>
<td>Equity</td>
<td>Higher risk</td>
<td>Highest returns</td>
</tr>
</tbody>
</table>
Risk and return are related

Risk: Cash, Gov't Bonds, Corporate Bonds, Property, Equities, Small Cap Equities, Emerging Markets

Return:
Diversification
Asset Allocation

Defined:
Asset allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon.
Look to the long term

Performance of a $10,000 investment between January 3, 1995 and December 31, 2014

Six of the 10 best days occurred within two weeks of the 10 worst days

This chart is for illustrative purposes only and does not represent the performance of any investment or group of investments.

Source: Prepared by J.P. Morgan Asset Management using data from Lipper. 20-year annualized returns are based on the S&P 500 Total Return Index, an unmanaged, capitalization-weighted index that measures the performance of 500 large capitalization domestic stocks representing all major industries. Past performance is not indicative of future returns. An individual cannot invest directly in an index. Data as of December 31, 2014.
### Annual Return of Asset Classes (Cdn$)

<table>
<thead>
<tr>
<th>Year</th>
<th>Best</th>
<th>Worst</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>33.09%</td>
<td>17.08%</td>
</tr>
<tr>
<td>1997</td>
<td>39.24%</td>
<td>19.95%</td>
</tr>
<tr>
<td>1998</td>
<td>38.36%</td>
<td>16.66%</td>
</tr>
<tr>
<td>1999</td>
<td>72.10%</td>
<td>8.08%</td>
</tr>
<tr>
<td>2000</td>
<td>15.52%</td>
<td>2.04%</td>
</tr>
<tr>
<td>2001</td>
<td>15.25%</td>
<td>-1.03%</td>
</tr>
<tr>
<td>2002</td>
<td>56.61%</td>
<td>23.75%</td>
</tr>
<tr>
<td>2003</td>
<td>16.78%</td>
<td>12.55%</td>
</tr>
<tr>
<td>2004</td>
<td>55.01%</td>
<td>12.78%</td>
</tr>
<tr>
<td>2005</td>
<td>34.90%</td>
<td>10.16%</td>
</tr>
<tr>
<td>2006</td>
<td>31.64%</td>
<td>8.37%</td>
</tr>
<tr>
<td>2007</td>
<td>10.51%</td>
<td>4.64%</td>
</tr>
<tr>
<td>2008</td>
<td>0.17%</td>
<td>-1.90%</td>
</tr>
<tr>
<td>2009</td>
<td>-6.50%</td>
<td>-18.7%</td>
</tr>
<tr>
<td>2010</td>
<td>-13.84%</td>
<td>-23.37%</td>
</tr>
<tr>
<td>2011</td>
<td>-16.18%</td>
<td>-26.7%</td>
</tr>
<tr>
<td>2012</td>
<td>-13.43%</td>
<td>-17.12%</td>
</tr>
<tr>
<td>2013</td>
<td>-11.55%</td>
<td>-14.66%</td>
</tr>
<tr>
<td>2014</td>
<td>-10.45%</td>
<td>-14.02%</td>
</tr>
<tr>
<td>2015</td>
<td>-10.76%</td>
<td>-13.75%</td>
</tr>
</tbody>
</table>

Source: Morningstar Research Inc., December 31, 2015

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Visit www.franklintempleton.ca for more information.
Annual Return of Asset Classes (Cdn$)

Legend:

- **Canadian Large Caps**
  - S&P/TSX 60 TRI

- **Canadian Small Caps**
  - BMO Nesbitt Burns Small Cap TRI

- **U.S. Large Caps**
  - S&P 500 TRI

- **U.S. Small Caps**
  - Russell 2000 TRI

- **Global Equities**
  - MSCI World GRI

- **Global Small Caps**
  - MSCI ACWI Small GRI

- **Foreign Equities**
  - MSCI EAFE GRI

- **European Equities**
  - MSCI Europe GRI

- **Emerging Markets Equities**
  - MSCI EM GRI

- **BRIC Equities**
  - MSCI BRIC GRI

- **Canadian Bonds**
  - FTSE TMX Canada Universe Bond Index

- **U.S. Bonds**
  - Barclays U.S. Aggregate Bond TRI

- **Global Bonds**
  - Barclays Global Aggregate Bond TRI

- **Global High Yield Bonds**
  - Credit Suisse First Boston High Yield Return Index
Long Term Asset Class Returns

Investment Results
(Growth of $100 from December 1949 to December 2015)

- **US Equities in $CDN:** $135,661 (11.6%)
- **Canada Equities:** $43,194 (9.6%)
- **Bonds:** $11,759 (7.5%)
- **T-Bills:** $3,180 (5.4%)
- **Inflation:** $1,038 (3.6%)

Value of $100 (Annualized Rate of Return)
Investment Options

**Investment Funds**
- UBC FPP Balanced Fund
- UBC FPP Bond Fund
- UBC FPP Canadian Equity Fund
- UBC FPP Foreign Equity Fund
- UBC FPP Short Term Investment Fund

**and GIC’s**
- Sun Life Financial
- Terms - 1 to 5 years
- Redeemable, subject to market value adjustment
  
  *Fund rates of return and GIC rates are available by signing into your account online and selecting Accounts > Investment Performance.*
Variability versus Returns

- Short-Term Investment Fund
- Bond Fund
- Balanced Fund
- Canadian and Foreign Equity Funds

Variability of Returns

Rates of Return
# Investment Policy Asset Mix

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Balanced Fund</th>
<th>Bond Fund</th>
<th>Canadian Equity Fund</th>
<th>Foreign Equity Fund</th>
<th>Short-Term Investment Fund (STIF)</th>
<th>GICs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Equities</td>
<td>20%</td>
<td></td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign Equities</td>
<td>30%</td>
<td></td>
<td></td>
<td>100%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real Estate (CAD)</td>
<td>10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government, corporate and real return bonds</td>
<td>40%</td>
<td>100%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Treasury bills and short-term paper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Assets (Millions) June 30, 2016</td>
<td>$1,670.0</td>
<td>$55.4</td>
<td>$139.2</td>
<td>$112.5</td>
<td>$35.1</td>
<td>$18.3</td>
</tr>
</tbody>
</table>
Is this indicative of your investment portfolio?

“Yes, our investments are diversified: 20% out the window, 65% down the drain, and 15% gone with the wind.”
Your Responsibilities
What approach do you take to fund your future?

- How many Canadians play the lottery?
  ________

- What are the odds of winning 6/49?
  ________

- How many people invest in RRSPs?
  ________

- Odds of a portfolio earning positive returns over 10 years
  ________
It’s about the time in the market...

Positive versus negative returns for the S&P 500 from 1926 to 2012

- 1-year holding periods:
  - Positive: 72%
  - Negative: 28%

- 5-year holding periods:
  - Positive: 86%
  - Negative: 14%

- 10-year holding periods:
  - Positive: 95%
  - Negative: 5%
Historical Returns by Holding Period

Range of stock, bond and blended total returns
Annual total returns, 1950-2015

<table>
<thead>
<tr>
<th>Annual avg. total return</th>
<th>Growth of $100,000 over 20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stocks</td>
<td>11.1%</td>
</tr>
<tr>
<td>Bonds</td>
<td>6.0%</td>
</tr>
<tr>
<td>50/50 portfolio</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

Returns shown are based on calendar year returns from 1950 to 2015. Stocks represent the S&P 500 and Bonds represent Strategas/ibbotson for periods from 1950 to 1980 and Barclays Aggregate after index inception in 1980. Growth of $100,000 is based on annual average total returns from 1950 to 2015. Guide to the Markets – U.S. Data are as of December 31, 2015.
Key Strategies

1. Understand limits of our own knowledge
2. Determine your investment objective(s)
3. Take view consistent with your time horizon
4. Take risk consistent with your tolerance
5. Take a holistic view and consider your total assets
6. Clearly document your strategy
7. Asset allocation and rebalancing
8. Take advantage of expert advice
9. Keep fees low
Establish the right mix

“The only investors who shouldn't diversify are those who are right 100% of the time”

– Sir John Templeton
Establish the right mix

- Right mix depends on your personal profile and objectives
- Your profile reflects your age, time horizon, risk tolerance, investment knowledge and financial situation
- Optimal mix also reflects market expectations
- Consider the nature of the UBC Faculty Pension Plan investments
Sample Asset Mixes

Risk

Acceptable volatility (long-term)

Potential Return

- Risk-averse (20% equities, 80% fixed-income securities)
- Conservative (35% equities, 65% fixed-income securities)
- Moderate (50% equities, 50% fixed-income securities)
- Aggressive (65% equities, 35% fixed-income securities)
- High-risk tolerance (80% equities, 20% fixed-income securities)

Equities

Fixed-income securities
Sample Life Cycle Investing

<table>
<thead>
<tr>
<th>Age</th>
<th>Asset Mix</th>
<th>Equity %</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-40</td>
<td>Balanced</td>
<td>50%</td>
</tr>
<tr>
<td></td>
<td>Canadian Equity</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td>Foreign Equity</td>
<td>25%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>75%</td>
</tr>
<tr>
<td>40-50</td>
<td>Balanced</td>
<td>70%</td>
</tr>
<tr>
<td></td>
<td>Canadian Equity</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Foreign Equity</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>65%</td>
</tr>
<tr>
<td>50-60</td>
<td>Balanced</td>
<td>90%</td>
</tr>
<tr>
<td></td>
<td>Bond Fund</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>45%</td>
</tr>
<tr>
<td>60-70</td>
<td>Balanced</td>
<td>80%</td>
</tr>
<tr>
<td></td>
<td>Bond</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td>GIC</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40%</td>
</tr>
<tr>
<td>70+</td>
<td>Balanced</td>
<td>60%</td>
</tr>
<tr>
<td></td>
<td>Bond</td>
<td>30%</td>
</tr>
<tr>
<td></td>
<td>GIC</td>
<td>10%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>30%</td>
</tr>
</tbody>
</table>
Asset Allocation Tool

Investment Risk Profiler

- Sign into your account online
- Under *Resource Centre*:
  - select *my money tools*
  - *Asset allocation*
- Eight questions
- Five Risk Profiles
- Asset Allocation recommendations
Investment Risk Profiler

For plan: FPP Account (FPP)

The Investment risk profiler will help you determine your comfort with investment risk and help you choose the investment options that are right for you.

Answer each of the following questions, keeping your objective for this plan in mind.

1. Which statement best describes your comfort level with fluctuations in the value of your investments?
   - I’d be very upset if my investments dropped in value over any period of time.
   - I’m willing to accept a lower, more predictable rate of return as long as fluctuations in the value of my investments are small.
   - I’m willing to accept some fluctuations in the value of my investments as I’m seeking a higher rate of return.
   - I want the highest rate of return possible, and understand the value of my investments can fluctuate significantly.

2. How long will you leave this money invested before you’ll need a significant portion of it for your stated objective?
   - Less than 5 years
   - 5-10 years
   - 11-20 years
   - More than 20 years

3. How likely is it that you’ll need access to a large portion of this money earlier than expected? (E.g. taking early retirement, which is defined by pension legislation and can vary by province).
   - Very likely
   - Somewhat likely
   - Unlikely
   - I won’t need access to any of the money in this plan early.
Investment Risk Profiler

4. Which of the following pattern of returns would you be most comfortable with? Assume an initial amount of $5,000 invested for 10 years.
   - Your investment grows without losses to $8,100. However, in one of the years the value of your portfolio does not increase.
   - Your investment grows to $10,100 in year 10, but slightly declines in value in two of the years.
   - Your investment grows to $12,400, but significantly declines in value in three of the years and was worth only $3,500 after the first year.

5. With the four results below, how would you invest $10,000?
   - A guaranteed return of $500.
   - The potential of earning $800 but the risk of earning only $300.
   - The potential of earning $1,200 but the risk of earning nothing.
   - The potential of earning $2,500 but the risk of losing $1,000.

6. If your investment dropped in value by 20% in one month, how would you react?
   - I’d cash in my investment immediately.
   - I’d make no changes until the value recovers and then re-evaluate.
   - I’d do nothing. I understand my investments will fluctuate from day to day, but believe they will grow over the long term.
   - I’d invest more while the prices are low.

7. How would you describe your investing personality?
   - I don’t like risk and can only tolerate moderate losses.
   - I’m willing to take some risk and can tolerate one year of poor returns.
   - I can tolerate more than one year of poor returns.

8. Which of the following statements best describes your investment knowledge?
   - I’m a novice investor.
   - I have some knowledge.
   - I have good working knowledge.
   - I consider myself an investment pro.
Your Results

Conservative
- 20% Cash and Equivalents
- 50% Fixed Income
- 15% Canadian Equity
- 10% U.S. Equity
- 5% International Equity

Moderate
- 10% Cash and Equivalents
- 40% Fixed Income
- 20% Canadian Equity
- 15% U.S. Equity
- 15% International Equity

Balanced
- 40% Fixed Income
- 25% Canadian Equity
- 20% U.S. Equity
- 15% International Equity

Growth
- 30% Fixed Income
- 25% Canadian Equity
- 25% U.S. Equity
- 20% International Equity

Aggressive
- 20% Fixed Income
- 30% Canadian Equity
- 25% U.S. Equity
- 25% International Equity
Asset Mix

**Investment Profile**
- **Conservative**
  - 40% UBC FPP Balanced Fund
  - 30% UBC FPP Bond Fund
  - 5% UBC FPP Canadian Equity Fund
  - 5% UBC FPP Foreign Equity Fund
  - 20% UBC FPP STIF or GIC's

- **Moderate**
  - 50% UBC FPP Balanced Fund
  - 20% UBC FPP Bond Fund
  - 10% UBC FPP Canadian Equity Fund
  - 10% UBC FPP Foreign Equity Fund
  - 10% UBC FPP STIF or GIC's

- **Balanced**
  - 100% UBC FPP Balanced Fund

- **Growth**
  - 70% UBC FPP Balanced Fund
  - 10% UBC FPP Canadian Equity Fund
  - 20% UBC FPP Foreign Equity Fund

- **Aggressive**
  - 50% UBC FPP Balanced Fund
  - 20% UBC FPP Canadian Equity Fund
  - 30% UBC FPP Foreign Equity Fund

**Mix by Asset Class**
- **Conservative**
  - 46% Fixed Income
  - 13% Canadian Equity
  - 17% Foreign Equity
  - 4% Real Estate
  - 20% Cash and Equivalents

- **Moderate**
  - 40% Fixed Income
  - 20% Canadian Equity
  - 25% Foreign Equity
  - 5% Real Estate
  - 10% Cash and Equivalents

- **Balanced**
  - 40% Fixed Income
  - 20% Canadian Equity
  - 30% Foreign Equity
  - 10% Real Estate

- **Growth**
  - 28% Fixed Income
  - 24% Canadian Equity
  - 41% Foreign Equity
  - 7% Real Estate

- **Aggressive**
  - 20% Fixed Income
  - 30% Canadian Equity
  - 45% Foreign Equity
  - 5% Real Estate
World Stock Market Capitalization

Relative sizes of world stock markets, end-1899

- Germany 13%
- USA 15%
- UK 25%
- Not in Yearbook 2%
- Russia 6.1%
- Austria 5.2%
- Belgium 3.5%
- Australia 3.5%
- South Africa 3.3%
- Netherlands 2.5%
- Italy 2.1%
- Smaller Yearbook 7.7%

Relative sizes of world stock markets, end-2015

- USA 52.3%
- Japan 8.8%
- UK 6.9%
- Switzerland 3.2%
- France 3.2%
- Germany 3.1%
- Canada 2.5%
- Australia 2.4%
- China 2.3%
- Smaller Yearbook 7.0%
- Not in Yearbook 8.3%

Source: Elroy Dimson, Paul Marsh and Mike Staunton, Credit Suisse Global Investment Returns Sourcebook 2016.
Weight in MSCI All Country World Index

% global market capitalization as at August 31, 2016

- United States: 53%
- Emerging markets: 11%
- Europe ex-U.K.: 15%
- U.K.: 6%
- Japan: 8%
- Pacific: 4%
- Canada: 3%

Source: FactSet, MSCI, Standard & Poor’s, J.P. Morgan Asset Management. All return values are MSCI Gross Index (official) data. Chart is for illustrative purposes only.
# Top 3 Sector Weightings

As at August 31, 2016

<table>
<thead>
<tr>
<th>Sector</th>
<th>TSX</th>
<th>S&amp;P 500</th>
<th>MSCI EAFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financials</td>
<td>35.8%</td>
<td>21.0%</td>
<td>23.4%</td>
</tr>
<tr>
<td>Energy</td>
<td>20.0%</td>
<td>16.3%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Materials</td>
<td>12.7%</td>
<td>14.6%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Total</td>
<td>68.5%</td>
<td>Total</td>
<td>51.9%</td>
</tr>
</tbody>
</table>

Total | 50.0%
My current portfolio mix:

The investment mix summary shows how your assets in this plan are split between major asset classes. The assets within investment options that invest in more than one asset class, such as balanced funds, are allocated to the underlying major asset classes based on their benchmark asset mix.

NOTE: Your actual current asset mix may differ slightly from what is shown above because the percentages here are based on your funds’ benchmark investment mix. Fund investments may differ from the benchmark asset mix.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Value ($)</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; equivalents</td>
<td>$ 0.00</td>
<td>0.00%</td>
</tr>
<tr>
<td>Fixed income</td>
<td>$286.20</td>
<td>28.62%</td>
</tr>
<tr>
<td>Canadian equity</td>
<td>$518.60</td>
<td>51.86%</td>
</tr>
<tr>
<td>U.S. equity</td>
<td>$130.10</td>
<td>13.01%</td>
</tr>
<tr>
<td>International equity</td>
<td>$65.10</td>
<td>6.51%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1000.00</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

NOTE: The values are subject to verification.
Investment Allocation Changes

- Online at mysunlife.ca/ubcfpp
- Contact Sun Life Financial’s Customer Care Centre at 1-844-822-3131, option 2
- Daily cut-off at 1:00pm PT
- Short-term Trading Fees
Portfolio Rebalancing

- Resetting the proportions of each asset class back to their original percentage
- Stay on track
- Keeping your portfolio’s risk in check
- How do I rebalance my portfolio?
  - Move existing funds
  - Change allocation of future contributions
    - Dollar-cost averaging
  - Auto rebalancing feature (end on January)
- How often and when should I rebalance my portfolio?
Rebalancing your account

Under **Requests** >

**Change investments**

**FPP**

**Plan Summary**
Plan: FPP Account (FPP)
Asset Allocation

View/Update: Incomplete You should complete the asset allocation exercise; it will help you understand your risk tolerance regarding your investment instructions.

**Automatic Asset Mix Re-balance**

You are invested according to a desired asset mix (between e.g. stocks, segregated funds and guaranteed funds). Periodically re-balancing will help maintain this mix. Your current re-balancing instructions are:

Frequency: Annually
Contributions: Member: No Employer: No

**I want to:**
- Both move my money to different funds and change how my future contributions will be invested
- Change how my future contributions will be invested
- Move my money to different funds

**View Only:**
- See how my future contributions will be invested
Wealth creation is a process . . . not an event

Monitor

Defined Contribution Pension Plan

Investment Decision

Adjust and Rebalance
Tune out the “noise”
Beware of Market Emotions

Stock Market Cycle + Market Emotions

Point of Maximum Financial Risk

Optimism  Euphoria  Thrill  Excitement  Optimism

Denial  Fear  Desperation  Panic  Capitulation  Despondency  Depression  Hope  Relief  Optimism

Point of Maximum Financial Opportunity

Stick to a plan (don’t flee or speculate)

“When faced with a bear, survivalists recommend you stay calm, don’t make any sudden moves and don’t try outrunning it. Such actions will only make things worse.”

– National Post
Seeking Expert Advice

• Investment and Retirement planning
• Tax planning
• Estate Planning
• Debt management
• Knowledge and experience with employee benefit plans
• Assist you in pension decisions in the context of an overall financial plan
• Interview 2 or 3
• Early retirement from age 55
• Mandatory retirement age abolished
• Revenue Canada requires pension income to start by age 71
Options at Retirement

Faculty Pension Plan
Retirement Income Options

Choice and flexibility

- You can use all or part of your account balance for any of your retirement options

UBC Retirement Income Options:

- Variable Payment Life Annuity (VPLA)
- Non-locked funds: RRIF-Type Payment Account
- Locked-in funds: LIF-Type Payment Account
- Transfer out of the Plan
  - Purchase External Life Annuity
  - Non-locked: Cash, RRSP, RRIF
  - Locked-in: LI-RRSP, LIF

Retirement Income Estimator:
- mysunlife.ca/ubcfpp
- faculty.pensions.ubc.ca
Old Age Security
- $570.52 per month at age 65*
- Residency requirements
- Indexed quarterly

Clawback on OAS Income
- Starting at $72,809
- Ending at $118,055

*gradually increases to age 67 for those born after March 31, 1958

Canada Pension Plan
- Maximum = $1,092.50 per month
- Indexed annually
- Available from age 60
- Split payment with your spouse

www.servicecanada.gc.ca
Avoid the common pitfalls...

- Neglecting to develop a plan
- Contributing too little, too late
- Not diversifying investments
- Doing no tax planning
- Not considering the impact of fees
- Investing on one’s own
Resources

• Member Services at the UBC Pension Administration Office

• FPP Website: faculty.pensions.ubc.ca

• E-mail fpp@hr.ubc.ca
Resources

• [mysunlife.ca/ubcfpp](mysunlife.ca/ubcfpp)
Websites

- The Investor Education Fund
  www.getsmartaboutmoney.ca

- The Globe and Mail
  www.theglobeandmail.com/globe-investor/personal-finance
    Investing Calculators:
    www.theglobeandmail.com/globe-investor/personal-finance/investing-calculators/

- Financial Planning Standards Council
  www.fpsc.ca