



## DEFINED CONTRIBUTION (DC) INVESTMENTS – ROUND 2

Special Edition Newsletters Will Assist Your Understanding

It's the beginning of 2013, we just got the new Defined Contribution plan in place with a new line-up of investment options and a breather seemed to be in order. Not so—our long-time Canadian Equity Fund manager, “Jarislowsky Fraser,” has undergone a number of organization and structural changes including the departure of a number of senior level staff (including the president and chairman) that make up their Investment Strategy Committee. In addition, they have changed the way investment decisions are made and they have had a significant amount



of fund redemptions. The Board of Managers (BOM – the board responsible for the management of the pension and investment program) was concerned about the effectiveness of decision-making going forward.

After discussions and recommendations from both Sun Life Financial and our Towers Watson investment consultant, the BOM decided to change the Canadian equity manager to Beutel Goodman. Both Sun Life and our Towers Watson investment

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### IMPORTANT DATES ON THE TIMING OF FUND CHANGES



**July 9, 2013** – Beutel Goodman Canadian Equity Fund will be added to the DC Plan Investment Options.

**September 26, 2013** – Jarislowsky Fraser Canadian Equity Fund will be removed from the DC Plan.

You will have until **3 p.m. ET on Thursday, September 26, 2013** to:

- Move your **existing account balances** (both employee and employer money) from the

Jarislowsky Fraser Canadian Equity Fund to another fund option.

- Re-allocate your **future contributions** that are currently going into the Jarislowsky Fraser Canadian Equity fund to one of the other fund options.

If you do not make an investment selection by the times noted above, existing balances and future contributions to the Jarislowsky Fraser Canadian Equity Fund will be transferred to Beutel Goodman Canadian Equity Fund. □

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consultant recommended Beutel Goodman as a suitable replacement for Jarislowsky Fraser because of their stability and low staff turnover, their management style (value manager), their experienced research team, and investment track record (top quartile of similar investment managers).

See page 1 for important dates and what you need to do. □



## HOW TO MAKE INVESTMENT FUND CHANGES



You can change your investments through the Sun Life website at [www.sunlife.ca/member](http://www.sunlife.ca/member) or by calling Sun Life's Customer Care Centre at 1-866-733-8613 (toll free) 8:00 a.m. - 8:00 p.m. Eastern Time.

### DON'T HAVE A SUN LIFE ACCESS ID OR PASSWORD?

Sign in to [www.sunlife.ca/member](http://www.sunlife.ca/member) using your account number (see your DC statement or Welcome letter for this number) and select **Register now.**

Forgot your access ID? Select **Forgot you access ID?**

Forgot your password? Select **Forgot your password? □**

## WHO IS BEUTEL GOODMAN?

**B**eutel Goodman is a Toronto-based investment manager founded in 1967 with over \$30 billion of assets under management.

- The majority ownership is by its employees.
- They are a value manager looking to invest in firms that are trading at a discount or less than their value.

- Low portfolio and staff turnover.
- Fund holds 25 - 40 stocks at any one time.
- Fund may invest in small cap stocks (companies with market capitalization of less than \$1 billion). □

## RETIREMENT SAVINGS – THE COST OF PROCRASTINATION



**I** was thinking about joining a Procrastination Club but I kept putting it off! Like this old joke says, we all procrastinate at something but there are some things that have real implications if you procrastinate too long and retirement savings is one of them. Unlike doing your spring cleaning or whatever else you're not getting to on your "To Do" list, starting your

retirement saving too late or worse, never starting it, can have a big impact on when you retire and the lifestyle you will enjoy when you do retire. Procrastination researchers at Carleton University found that once people started doing a task, they didn't find it as dreadful as they thought it would be. Let's hope you find it to be the same for you when it comes to retirement savings. Maybe the following example will inspire

you to get going.

Let's say you want to save \$100,000. It sounds like a lot of money but when you consider that you may live for 30 or more years after retirement it isn't so much. We'll assume this is one of your retirement income sources, along with your income from the LCC plan and government benefits. The chart at right shows

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## BOARD OF MANAGERS (BOM) MONITORS DC INVESTMENTS

You may not be aware that the Board of Managers (BOM), the board responsible for the management of the pension and benefits programs, also monitors the investments under the DC plan. The BOM regularly reviews the performance of the DC investment options, looking at the quantitative and qualitative measures in the chart at right.

If, in any quarter, a DC manager does not meet the qualitative measures noted in the chart, the manager is immediately placed “Under Review.” To determine what direction to take, the following action may be undertaken by the BOM:

- A discussion with Sun Life on actions they plan to take, concerns they may have, and the potential impact.
- A discussion with our investment

QUANTITATIVE	QUALITATIVE
<ul style="list-style-type: none"> <li>• Short- and long-term returns against established benchmarks (i.e., S&amp;P/TSX, S&amp;P 500)</li> </ul>	<ul style="list-style-type: none"> <li>• Managers have operated within their mandate or as specified under the investment policy</li> </ul>
<ul style="list-style-type: none"> <li>• The funds return against other managers who manage other similar funds (relative returns)</li> </ul>	<ul style="list-style-type: none"> <li>• Changes to the fund managers’ investment process</li> </ul>
<ul style="list-style-type: none"> <li>• Investment Consultant rating (by an investment expert)</li> </ul>	<ul style="list-style-type: none"> <li>• Change to key personnel within the fund’s organization</li> </ul>

consultants and their assessment of the impact.

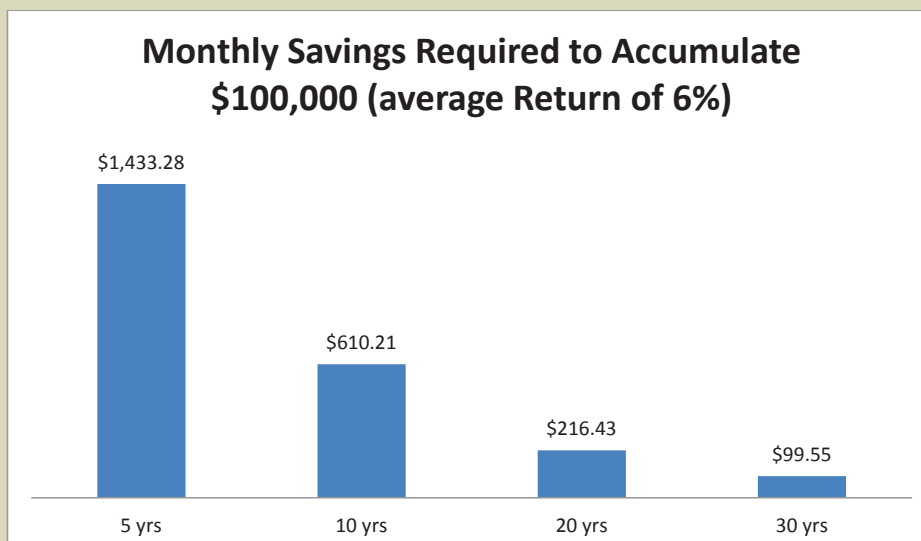
- Discussions with industry colleagues and other pension plans as to their reaction and the actions they are taking.
- Discussions with the Pension and Benefits Advisory Committee on their concerns and member impact.

The outcome of the “Under Review” process could be any of the following:

- The fund continues to be under review either because:
  - o the issue or transgression is minor, or
  - o the issue is still in the process of resolution, or

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*Procrastination, continued from page 2*



that procrastination has a high price tag.

If you start now with 30 years to retirement you only have to save \$99.95 monthly, but if you wait until five years before retirement you have to put in \$1,433.28 per month.

So *just get started* and realize it gets easier and will eventually help you get closer to your long-term retirement goals. □

## MONITORING INVESTMENTS, CONTINUED...

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- o there are no other viable fund options at the time of the review.
- A decision is made to terminate the fund manager either because:
  - o the departure of key personnel without an appropriate successor, or
  - o there is a fundamental change in the investment process, or
  - o there is a serious investment breach of the manager's mandate.

If a new manager search is undertaken, employees will be provided with as much notice as possible.

If a DC manager fails to meet the return expectations the following steps are taken:

- An assessment of the degree of underperformance will be undertaken, if the underperformance is minimal, the manager will be put on "Under Review" status for the six months and the actions outlined above while "Under Review" will be taken.



- If performance does not improve within six months or if the degree of underperformance is significant the BOM will consider the following in deciding to terminate the current manager and beginning a search for a new DC manager:
  - o The magnitude of the underperformance
  - o Whether the manager's style is out of favour due to market cycles

- o other conditions and if it is expected to change or come back into favour.
  - o Are there other issues or problems (lack of depth, retirement of a mentor etc)?
  - o What is performance, relative to benchmark, of managers of similar funds
    - o The opinion of the consultant or other experts
      - o Is the time frame for corrective action sufficient? Should further time be permitted for an improvement to occur?
    - o The opinion of the Pension and Benefits Advisory Committee and feedback from plan members.
- Information on fund performance is available on the Sun Life website, on employees' annual DC Pension Statement (sent out once a year in hard copy by Sun Life and available online any time). □

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If you have questions or comments about this information, please e-mail one of the following contacts or call Worker Benefits Plan (WBP) at 1-800-588-4226 (toll free) at one of the extensions listed.

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Contacting Sun Life

Phone: 1-866-733-8613 (toll free; 8:00 a.m. - 8:00 p.m. Eastern Time) Internet: [www.sunlife.ca/member](http://www.sunlife.ca/member)