

Meeting Minutes

Saint Mary's University Pension Committee

Committee Members – Present		Regrets	Committee Support - non voting
Gabe Morrison	Keith Hotchkiss	John Irving	Darrell Rooney, Financial Services
Kim Squires	Jeff Power		Maureen Hayward, Treasury
Cindy Harrigan	Lori Francis		Sheree Delaney, HR Officer
Joe Chrvala	David Lane		Todd Saulnier, Pension Consultant, Mercer
Nicola Young	Marc Patry		Lori Park, Pension Consultant, Mercer
Rob Thacker			

1. Call to Order

The Chair called the meeting to order at 9:40 a.m.

2. Introduction of new member – John Irving

The item was deferred until next meeting as John Irving had sent regrets.

3. Target Date Funds (Investment Subcommittee (ISC)) – Rob Thacker/Todd Saulnier

MOTION: To adopt the following recommendations regarding the construction of the TDF portfolios, underlying funds, and glidepath.

1. Number of funds
 - a. Establish seven TDF's based on five-year increments, covering a career path of 40 years. The asset allocation of these funds will change over time in accordance with the glidepath.
 - b. Create a Retirement Fund in which retired members may invest their plan balances. This fund will have a set asset allocation. The targeted volatility of the Retirement Portfolio will be no more than 6%.
2. Portfolio construction – the TDF's and the Retirement Fund will be comprised of a Base Portfolio and a Growth Portfolio. The asset allocation between the two will change over time in accordance with the glidepath.
3. Base Portfolio – to be comprised of Canadian bonds using the bond fund in the plan.
4. Growth Portfolio – to be comprised of a well-diversified selection of asset classes which provide growth opportunity. The targeted volatility of the growth portfolio to be no more than 14%. The Growth Portfolio will be rebalanced to the target allocations quarterly. To be constructed using the equity funds in the plan and adding additional funds as indicated with "*" for further diversification.

Canadian large-cap equity	18%
US large-cap equity	13%
Non-North American large-cap equity	12%
Global low volatility equity*	10%
Global or Canadian small-cap equity*	7%
Emerging market equity*	10%
Growth fixed income*(including global bonds, high yield and emerging market debt)	15%
Canadian real estate*	15%
Total Growth Portfolio	100%

5. Glide path – the glide path will be constructed to cover a 40 year career path. During the first 10 years when the members’ balances are lowest and their tolerance for volatility is the highest, the TDF’s will be invested 100% in the Growth Portfolio. During the next 30 years, as the plan members’ balances grow in size and the tolerance for volatility declines, the allocation to the Growth Portfolio will be reduced from 100% to 46%, as shown in Appendix A. The TDF’s will be reset on an annual basis along the glide path.
6. Custom-built portfolios – The five new asset classes to be added to the Growth Fund for the TDF’s will not be offered on a standalone basis to plan members for inclusion in a custom-built portfolios. The ISC was concerned about confusing members by offering a large number of standalone funds and the risk that a member may not understand the inherent risks related to certain asset classes. Consequently, these new funds will be bundled together and offered in the Diverse Growth Portfolio.

Motion: Rob Thacker
Second: Jeff Power

In Favour: 10
Opposed: 0
Abstentions: 0
Carried

Keith Hotchkiss questioned if member retires, could they elect these funds. Todd Saulnier noted that there would need to be a discussion with SunLife regarding whether the funds and the fees would be available to retirees and that this was a discussion for another time.

Rob Thacker noted that this is a strong Defined Contribution plan with overall good returns and low volatility and he believes it will standup really well over time. Rob Thacker wanted to bring to the attention of the Pension Committee that additional voluntary contributions make a difference and that the Education Subcommittee needs to look at providing more education surrounding this issue.

Todd Saulnier mentioned that the Investment Subcommittee had completed a lot of work and that the new offerings will narrow the range of outcomes for members and that members’ pensions would be more predictable.

Maureen Hayward indicated that the draft Statement of Investment Policy & Goal (SIP&G) had been included for information purposes only and will be brought forward at another meeting for approval.

Maureen Hayward indicated that the next steps would be that ISC would meet with Mercer to review the options for the new asset classes and the Pension Committee would meet prior to

the end of January 2015 to select and approve the selections. The Education Subcommittee along with SunLife and Mercer would prepare the communication pieces.

Rob Thacker wanted to bring to the attention of the Pension Committee that there is one outstanding issue. SunLife currently does not have a small cap fund on their platform but the ISC believes this is not a significant enough issue for the Pension Committee not to move forward and the issue has been addressed by indicating that the percentages for the other funds would be reallocated accordingly.

4. Other Business

- a. Next meeting – January 2015.

5. Adjournment

The meeting adjourned at 10:00 a.m.