



# UBC Faculty Pension Plan

## Investment Update Q&A - December 2020

The UBC Faculty Pension Plan is also frequently referred to as **the FPP** or **the Plan**.

**Q1. When a new investment option such as the Fossil Fuel Free Equity and Bond Fund is added, there are expenses to the Plan that must be incurred. As an investor who has no interest in such an option, can I be assured that I am not bearing any fraction of those expenses and that they are being directly charged to those who are investing in it?**

Yes, all costs associated with the Fossil Fuel Free Fund are paid only by investors of that Fund. Investors of the Fossil Fuel Free Fund are fortunate that the Fund manager (Jarislowsky Fraser) is allowing us to combine our assets with the assets of all University entities for the purpose of calculating management fees; this provides a significant reduction in fees.

**Q2. What are the options when I retire?**

Information on your retirement income options can be found on our website, [faculty.pensions.ubc.ca](https://faculty.pensions.ubc.ca), and then selecting [Life Events](#) > [Retiring](#). We recommend that you attend a pension seminar that will explain the options in detail. If you would like to register for the next *Understanding Your Retirement Income Options* seminar, visit our website and select [News & Events](#) > [Upcoming Pension Seminars](#).

**Q3. What role do Exchange Traded Funds (ETFs) play in the allocation within sectors? Since we are not interested in timing or outperforming the market, these seem to fit the outlined strategy.**

We currently do not utilize ETFs in the Plan; however, we do utilize institutional index funds, which are similar in concept (rules-based and passive) and low-cost. The primary difference is strategic, in that we use index funds to track broad market indices rather than sectors or themes. Currently, we utilize fixed income and global equity index funds, but we are reviewing the possibility of investing passively in other asset classes.

Until recently, Sun Life and their competitors were not able to efficiently house ETFs on their platforms. Dialogue has only recently begun concerning the potential use of ETFs for pension plans such as ours.

**Q4. Why is there a fossil fuel free fund in the global equity category of the Balanced Fund?**

There are no fossil fuel free dedicated funds in the Balanced Fund or in the Foreign Equity Fund. Fossil fuel free investments are included only in the UBC FPP Fossil Fuel Free Equity and Bond Fund. When we (FPP Board and management) review performance of all the global managers, we of course review all of the managers involved in our Plan, including Jarislowsky Fraser (the firm that manages the global equity component of the Fossil Fuel Free Equity and Bond funds).

**Q5. Thank you for your presentation. This may be on a different topic, but I would like to know how to assess whether I have enough savings to secure my retirement?**

Our Retirement Income Estimator tool provides illustrations and retirement forecasts based on your account information and customized information that you can provide. It is a good way to see if you are on track to meet your retirement goals.

The tool can be accessed by signing into your account at [mysunlife.ca/ubcfpp](https://mysunlife.ca/ubcfpp), and under the **Resource Centre** or **Quick Links**, select **my money tools > Retirement Income Estimator**. Also, the [How to use the Retirement Income Estimator PDF](#) provides detailed information on how to access and use the tool.

**Q6. Did the Fossil Fuel Free Fund outperform the Balanced Fund in the first, second and third quarters of 2020?**

The Fossil Fuel Free Fund was introduced on April 1, 2020, and therefore we now have almost three quarters of performance. Please see the following table for a comparison between the two funds. As would be expected, the performance of the energy sector will largely dictate the relative performance between the two funds.

	<b>3 months* June 30</b>	<b>3 months Sept 30</b>	<b>3 months Nov 30</b>
Balanced Fund (gross)	9.69%	2.79%	3.72%
Balanced Fund's Benchmark	9.59%	2.87%	2.92%
Value Add vs. Benchmark	0.10%	-0.08%	0.80%
FFF** Equity & Bond Fund (gross)	11.04%	3.77%	3.85%
FFF Equity & Bond Fund's Benchmark	10.82%	3.27%	3.08%
Value Add vs. Benchmark	0.22%	0.50%	0.77%
FFF** Equity & Bond Fund (gross)	11.04%	3.77%	3.85%
Balanced Fund (gross)	9.69%	2.79%	3.72%
FFF relative to Balanced	1.35%	0.98%	0.13%

\* this is quarter without one day for FFF Equity and Bond Fund

\*\* FFF= Fossil Fuel Free

**Q7. Are there any efforts to offer an option for arms-free (i.e. no military) investments similar to the Fossil Fuel Free Fund?**

We are not planning to add such an option at this time.

**Q8. Do the fees reported include the costs of the office at UBC? Can you provide cost to a member for each fund?**

The total fees include investment manager fees, and all operational and administration costs associated with each fund, including the cost of the UBC Pension Administration Office and Sun Life. The cost to a member for each fund is in the table below.

<b>Total Fund Fees as of December 31, 2020</b>	
<b>Fund</b>	<b>Annualized Percentage</b>
UBC FPP Fossil Fuel Free Equity and Bond Fund	0.40%
UBC FPP Balanced Fund	0.44%
UBC FPP Bond Fund	0.28%
UBC FPP Canadian Equity Fund	0.40%
UBC FPP Foreign Equity Fund	0.51%
UBC FPP STIF	0.13%

For the most current fee information, sign in to your member account at [mysunlife.ca/ubcfpp](https://mysunlife.ca/ubcfpp) and select **Accounts > Account Fees**.

**Q9. Thank you for a very informative session. When will you be offering the next session?**

We are are planning to hold our annual FPP Pension Forum in May 2021.

*This content has been compiled by the UBC Pension Administration Office. If there is any inconsistency between the contents of this communication and the pension plan documents or legislation, the plan documents and legislation will prevail. Updated January 11, 2021.*

*If you have further questions about the UBC Faculty Pension Plan, reach out to us at [fpp@hr.ubc.ca](mailto:fpp@hr.ubc.ca), or visit the website at [faculty.pensions.ubc.ca](https://faculty.pensions.ubc.ca).*