

Brock University Pension Plan

Short Term Fund Information Summary

1. What is the Short Term Fund (STF)?

The STF was created in 1998 to allow active Plan members to transfer a portion of their Money Purchase Account to a short term fund, on a voluntary basis, in the few years immediately preceding their normal retirement date.

2. Why was the STF created?

Some members of the Brock University Pension Plan expressed a desire to stabilize the value of their Money Purchase Account in the years immediately before retirement. Their objective was to improve their ability to plan for retirement by removing some of the uncertainty that comes from fluctuating investment returns experienced by the Money Purchase Fund.

3. Who is eligible to transfer a portion of their Money Purchase Account to the STF?

All active members who have attained age 62 (or who will attain age 62 before the end of the current calendar year) are eligible. The transfer happens once a year and is made as close as possible to November 1st of each year.

4. How can I elect to transfer a portion of my Money Purchase Account to the STF?

If you meet the eligibility requirements, you will receive an option form which outlines the maximum portion of your June 30th account balance that can be transferred to the STF. This form is distributed in mid-September to members who meet eligibility requirements.

If you wish to transfer a portion of your Money Purchase Account to the STF, you are required to complete and return the option form to the Human Resources Department by the date indicated on the form. If your signed (and witnessed) form is not received by this date, no transfer can be made this year. No exceptions can be made and there will not be a follow up reminder regarding the transfer. It is your responsibility to ensure the option form is returned on time if you wish to make a transfer in any given year.

5. How much can I elect to transfer?

The maximum amount that an eligible member can elect to transfer in a given year is based on a percentage of the Money Purchase Account balance on June 30th preceding each November 1st transfer date. The percentage of the Money Purchase Account balance that can be transferred varies by age and is:

- Up to 50% of the June 30 balance in the calendar year the member reaches age 62
- Up to 75% of the June 30 balance in the calendar year the member reaches age 63
- Up to 100% of the June 30 balance in the calendar year the member reaches age 64 and every year thereafter until retirement from the Plan

6. Is the amount I elect to transfer adjusted for rates of return between July 1 and October 31?

Yes, the transfer amount that you request will be adjusted for rates of return on the Money Purchase Account between July 1st and Oct 31st. The actual amount transferred will be the lesser of:

- The adjusted amount using rates of return known at the time of transfer (normally this would include rates of return up to Sept 30th); and,
- The adjusted amount using the rate of return up to October 31st.

Members who request a transfer of funds to the STF will receive a letter from Human Resources in late November (once the October rate of return is known) confirming the actual amount of funds transferred.

7. Who manages the investment of funds in the STF?

The STF is managed by Mawer Investment Management Ltd.

8. How much are the investment management fees for the STF?

Current investment management fees incurred by STF members are 5 basis points. For example, a member with \$1,000 in the STF would pay investment management fees of \$0.50 for a 12-month period.

9. What is the STF invested in?

The funds in the STF are invested in the Mawer Money Market Fund.

10. What is the Mawer Money Market Fund invested in?

The Mawer Money Market Fund (the Fund) invests in government treasury bills and bonds and corporate obligations maturing in 365 days or less. The Fund will have a dollar-weighted average term to maturity of no more than 180 days, and no more than 90 days when calculated on the basis that the term of a floating rate obligation is the period remaining to the date of the next rate setting. The proportion invested in each type of security will vary with market conditions. The cumulative rate of return for the STF for the Plan year ending June 30, 2020 was 1.2889%.

The objective of the Fund is to preserve capital through investments in low risk money market instruments.

11. How will I know how much is in my Short Term Account after my initial transfer?

As noted above, members who request a transfer of funds to the Short Term Fund will receive a letter from Human Resources confirming the actual amount of funds transferred once the October rate of return is known.

From that point in time, your annual pension statement (which is prepared as of June 30th) will show a breakdown of the amount of your funds that are in the Money Purchase Fund and the amount that are in the Short Term Fund.

12. If I transfer a portion of my Money Purchase Account to the STF now, can I choose to transfer those assets back at a later date?

No. Any portion of your Money Purchase Account balance that is transferred to the STF will remain in the STF until your retirement from the Pension Plan.

13. What happens to the funds in my Short Term Account when I retire from the Plan?

When you retire from the Plan, the value in your Short Term Account will be transferred back to the Money Purchase Fund and used to provide a monthly pension through the Variable Annuity Account (if you elect to take a pension from the Plan) or will be transferred to your Locked-in Retirement Account (if you elect to transfer your funds from the Plan).

14. Should I transfer funds to the STF?

The decision to transfer funds to the STF is a very personal decision and must be made in accordance with your individual circumstances and risk tolerance. It should also be in alignment with your overall retirement plan. **Members are advised to consult with their financial planner when making their decision.**

15. Who do I contact if I have questions regarding the STF transfer option?

Contact pension staff at 905-688-5550 x6616 or by email: pension@brocku.ca