



CUPE EMPLOYEES' PENSION PLAN REPORT TO MEMBERS 2014

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www.cepp.ca

Ce rapport est aussi disponible en français

TRUSTEES' MESSAGE

1998 was the first year your pension plan became jointly trusteeed. The Joint Board of Trustees (JBT) decided it was a good time to provide some historical comparisons as well as report on the 2014 status of the CUPE Employees Pension Plan (CEPP). In this Report to Members you will find some interesting comparisons as well as a listing of all the Trustees and Alternate Trustees since inception.

2014 was a good year overall for the Plan. We had a gross return of 10.39% and our assets grew by more than 53 million dollars. Our investment managers continue to do a good job for us and we continue to look for additional income from our assets. To that end we have hired an additional asset manager (TD Asset Management) to invest using a specialized fixed asset (bond) portfolio. As well, late in 2014, the Investment sub-committee reported back with recommendations to add one more asset manager who would focus on smaller Canadian companies. We will report on that project with our 2015 report. These changes to our investment practices are all part of continued good governance practices of diversification of our asset mix while controlling the cost of our investment managers.

Lower interest rates have continued to be a problem with this plan and others, by increasing the pension liabilities owed. The good news is that we still have a going concern surplus. The bad news is we still have a solvency shortfall which plagues us. This means higher costs going forward if interest rates do not go up substantially.

We, as Trustees are very conscious of being the best we can be with your Plan and its assets. We continue to promote ongoing Trustee education to keep up with best practices. The JBT has decided to publish on a twice yearly basis a newsletter which will keep you updated on some of the activities of the JBT and matters that affect the Plan. Our first issue, should be ready for publication in October with the second in May of 2016. That will mean; including the Report to Members, you will receive information from the JBT three times each year.

As part of good governance we need to know if there is something else we should be doing as a board. How do we control the growing work load? Are there things we should do differently? Are we doing fine? The JBT in 2015 will undergo a Needs Review to provide some analysis for the Board to look at these issues. We are hiring a firm to undertake this review for us. More information will be forthcoming in the future.

Pension Plans are not always the easiest structures to understand. The JBT in the interest of providing you with more information and greater transparency have had our Web site updated. You have already received information about the Web site and we wanted to remind you about just how much information you can find on the site. It is located at cepp.ca. In the future we will be adding a highlights section so we can post important issues shortly after they arise. Let us know what you think.

We need to report that there will be no inflation protection payment for 2014. The Trustees have reviewed with our actuary the availability of funds to make this payment as required by the Plan. Since there is a shortfall on a solvency basis there will be no payment.

On behalf of the Joint Board of Trustees,



Brian Edgecombe, Chair



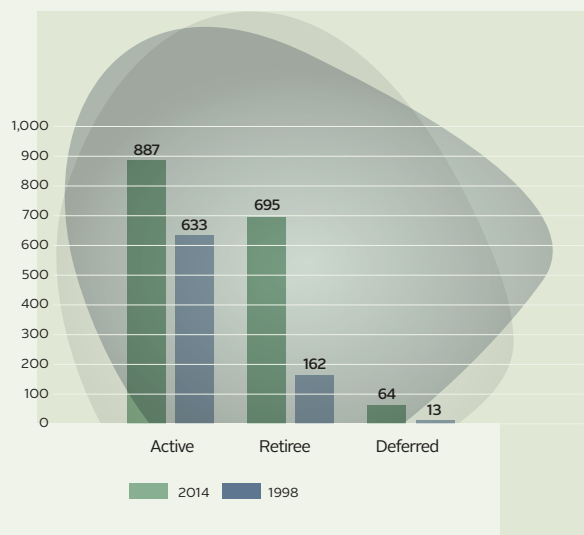
Charles Fleury, Vice-Chair

AT A GLANCE

The CUPE Employees' Pension Plan (CEPP) is a contributory defined benefit plan which provides you with a guaranteed lifetime retirement benefit based on your number of years of credited service under the Plan (maximum 35 years) and your highest final average salary based on three non-overlapping continuous years of employment. Your base pension benefit is equal to 2% for each year of credited service and you may be entitled to a bridge benefit.

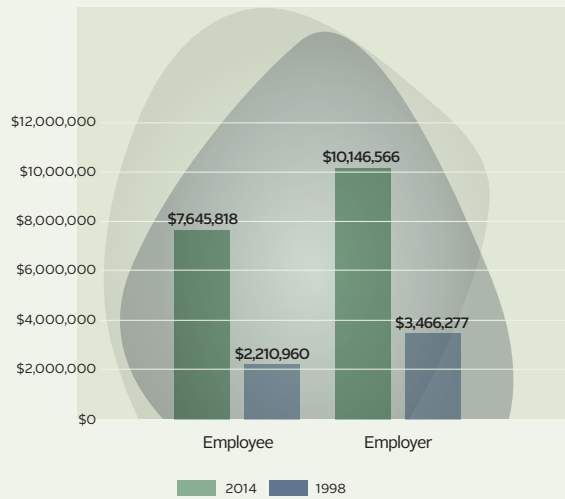
The following tables show the growth of the Plan since 1998.

MEMBERSHIP 2014 VS 1998



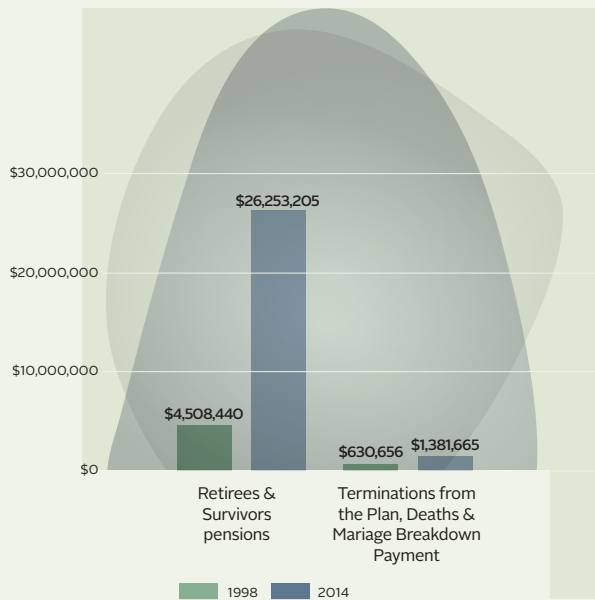
Plan membership has more than doubled over the period. There currently is a total of 1,646 members compared to only 808 members in 1998, an increase of 104%.

EMPLOYEE AND EMPLOYER CONTRIBUTIONS - 2014 VS 1998



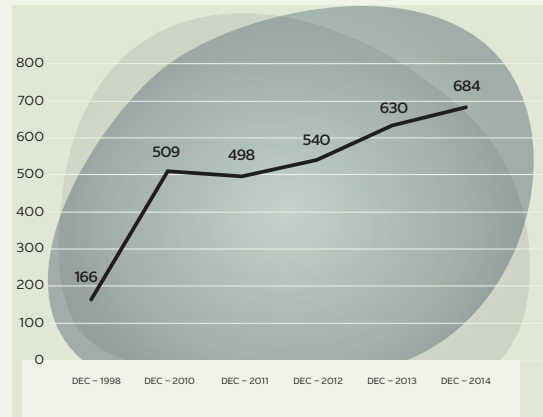
Active member contributions in 1998 were 6% of pensionable salary and the employer contributions were 11.5%. In 2014, the employee contribution rate is 9.7% and the employer is paying 13%.

PAYMENTS - 2014 VS 1998



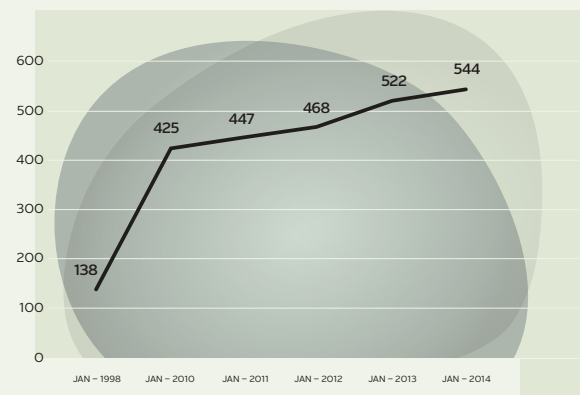
Since 1998 pension payments have grown almost 6 times.

MARKET VALUE OF ASSETS (IN MILLION \$)

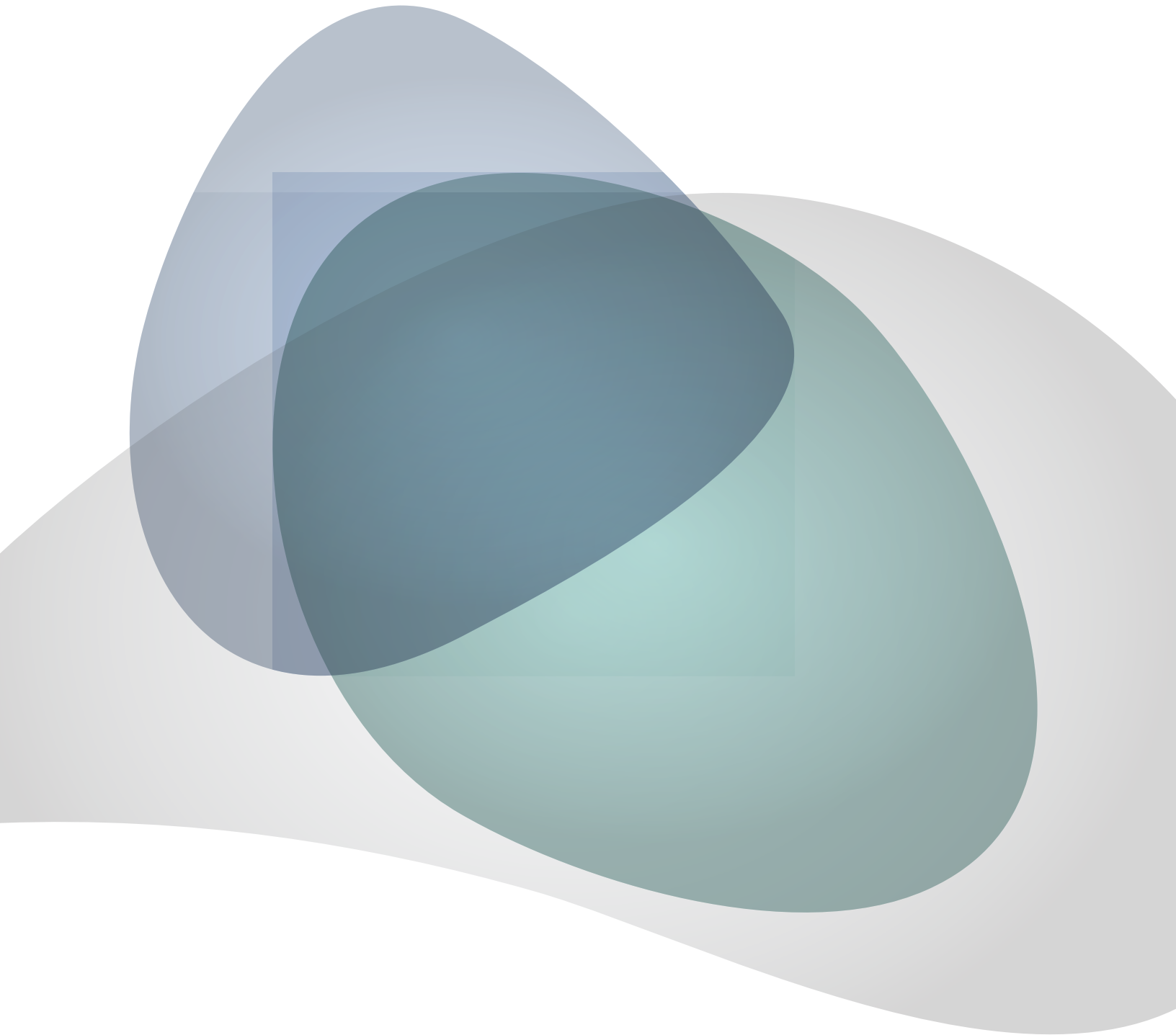


The above chart shows the growth of net assets available for pension benefits from 1998 to 2014.

GOING CONCERN LIABILITIES (IN MILLION \$)



As these two charts show, assets have grown almost 312% and liabilities have grown close to 294%. This is due primarily to lower interest rates and the huge increase in retired members.



MEMBER'S PROFILE

All data in the following tables is from the 2015, 2014 and 1998 actuarial valuations.

ACTIVE MEMBERS

	2015	2014	1998
Total Active Members	887	874	633
Females	578	568	381
Males	309	306	252
Average Age	49.2	49.1	46.8
Average Salary	\$96,099	\$93,565	\$57,684
Average Current Service	11.8	11.9	11.8

DEFERRED MEMBERS

	2015	2014	1998
Total Deferred Members	64	61	13
Average Annual Pension Liability	\$4,944	\$4,764	\$10,032

RETIREES

	2015	2014	1998
Total Retirees	695	662	162
Average Annual Pension	\$38,544	\$38,580	\$24,264

The average age of new retirees is 59.4 years. This is very close to the expected age of retirement.

RATIO OF ACTIVES/RETIREES

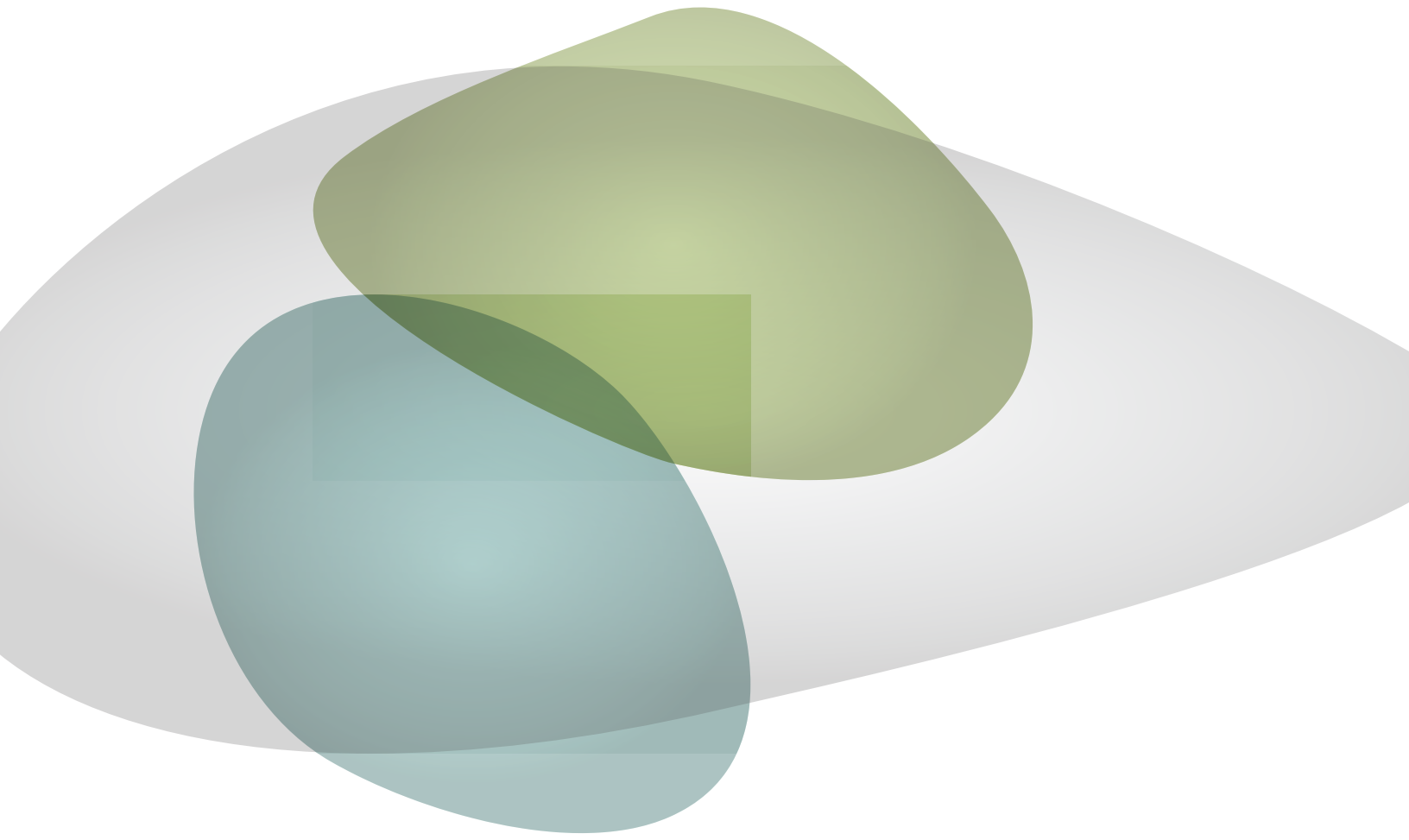
	2015	2014	1998
Ratio of Actives/Retirees	1.3	1.3	3.9

All data in the following table is from December 31.

MEMBERS' CHANGES

	2014	2013
New Entrants	60	60
Deaths, Terminations, Vested & Deferred	12	13
New Retirees	38	42

In 2014, the new members' average age is 42.3.



FINANCIAL STATUS OF THE CEPP

AUDITED FINANCIAL STATEMENTS (AS AT DECEMBER 31, 2014)

An audit of the statement of financial position, statement of changes in net assets available for pension benefits and statement of changes in pension obligations must be carried out every year by an independent auditor.

At the end of the year, \$683,637,154 of net assets were available for pension benefits, representing a total increase of \$53,140,365 in 2014. The CEPP Fund gross rate of return was 10.39%.

The Audited Financial Statements for the year ending on December 31, 2014 are available on the CEPP Web site.

INVESTMENT MANAGERS

The Plan continues to use Letko Brosseau and Guardian Capital as our balanced asset managers. In addition, Bentall Investment Management LTD is our Canadian Real Estate manager and TD Asset Management, is a new (in 2014) manager with a specialized fixed income mandate.

INVESTMENT MANAGERS RESULTS

The JBT monitors the investment performance of the CEPP Fund and the investment managers.

The Fund as a whole increased by 10.39% in 2014, well above our expected rate of return.

To obtain a copy of the last Statement of Investment Policies and Procedures (SIP&P) and more details regarding the investment policy visit the CEPP Web site.

ACTUARIAL VALUATION REPORTS RESULTS

An actuarial valuation is conducted as at January 1 of each year to establish the financial position of the CEPP Fund. An actuarial valuation must be filed with the Financial Services Commission of Ontario (FSCO) and the Canada Revenue Agency (CRA) at least once every three years.

The following tables show the summary of results of the last undertaken actuarial valuation reports effective January 1, 2015 and the summary of results of the last filed actuarial valuation reports performed on January 1, 2014.

Solvency Valuation

	Draft Actuarial Valuation Report January 1, 2015 *	Filed Actuarial Valuation Report January 1, 2014
Assets (Market Value)	\$683,847,300	\$630,527,100
Liabilities (Market Value)		
Active	\$363,696,900	\$310,551,200
Deferred	\$4,957,500	\$4,467,200
Pensioners	\$403,804,700	\$335,795,200
Total Liabilities	\$772,459,100	\$650,813,600
Solvency Deficiency	(\$88,611,800)	(\$20,286,500)
Solvency Ratio	88.5%	96.9%

A Solvency Valuation assumes that the plan is discontinued on the date of the valuation. It determines whether or not the present assets could cover the accrued benefits.

Funding (Going Concern) Valuation

	Draft Actuarial Valuation Report January 1, 2015 *	Filed Actuarial Valuation Report January 1, 2014
Actuarial Value of Assets	\$628,320,600	\$584,664,700
Funding Liabilities		
Active	\$242,343,700	\$234,814,200
Deferred	\$3,442,900	\$3,788,100
Pensioners	\$298,254,000	\$283,699,400
Total Funding Liabilities	\$544,040,600	\$522,301,700
Funding Surplus	\$84,280,000	\$62,363,000

A Funding Valuation is an actuarial valuation prepared to determine whether or not the present assets of the pension plan would cover the accrued benefits of the plan, assuming the plan is a continuing pension plan. Smoothing methods have been used as allowed by legislation.

As you can see the solvency deficit and the funding surplus have increased since the last filed actuarial valuation report.

To obtain a copy of the last filed actuarial valuation report and more details on the actuarial process visit the CEPP Web site.

* The results of the January 1, 2015 valuations may not be finalized before September 2015 and may be different than these draft results.



2014 PLAN AMENDMENTS

No amendments were made to the CEPP plan text in 2014.

PRE-RETIREMENT SEMINARS

Members of the CEPP who are 45 years of age or older and have at least five years of total credited service under the CEPP are eligible to attend with their spouse a pre-retirement planning seminar.

The following topics are covered in the seminar:

- Psychological adaptation to retirement;
- Pension and benefit entitlements;
- Financial planning.

Four pre-retirement seminars were held in 2014: Saint-John, Montreal, Ottawa and Toronto. In total, 64 members including spouses took part in these very worthwhile sessions.

To obtain a copy of the policy and more details on the pre-retirement seminar visit the CEPP Web site.

PRE-RETIREMENT COUNSELLING

As Plan members near retirement, the CEPP offers a one-on-one counselling session to review their pension benefits in retirement. This session is very informative and should be held within three years of the anticipated retirement date. Spouses are welcome to attend the session. In 2014, 42 CEPP members had their one-on-one counselling session.

To obtain a copy of the policy and more details on the counselling sessions visit the CEPP Web site.

2014 RETIREES

We congratulate the following Sisters and Brothers who retired in 2014 and wish them a long and healthy retirement.

Alain Anglehart

Richard Balnis

Judy Barry

Gordon Black

Sylvain Blanchette

Jean-Pierre Cabana

Paulette Charbonneau

Constance M. Credico

Robert Cull

Patricia Daley

Faye Douglas

Stephen Edwards

Brian Ellis

Margaret Evans

Bonnie M. Ferguson

Dorritta Fode

René Fréchette

Linda Fuhrman

Kathrine Hutton

Sylvie Jones

James Keenan

Diane Lamoureux

Danielle Laramée

Danielle Letarte

Donald MacAskill

Shirley Mathieson

Doug McLaughlin

Maureen Morrison

Daunine Rachert

Dianna Rienstra

Ann Robins

Susan Ruffo

Cora-Lee Skanes

Sylvie St-Pierre

Anna Sweet

Pierre Thériault

Marian Wiwchar

Carol Zarubiak

Do you know that ...

The current oldest retiree under the Plan is 93 years old and has been retired for 28 years, while the youngest retiree is 50 years of age.

Do you know that ...

The longest retired member has been for 29 years and is 86 years old.

2014 REMEMBRANCE

In 2014, the JBT was saddened to hear of the passing of:

ACTIVE MEMBERS, SISTER AND BROTHER:
Jane Inkman, Christopher Sax

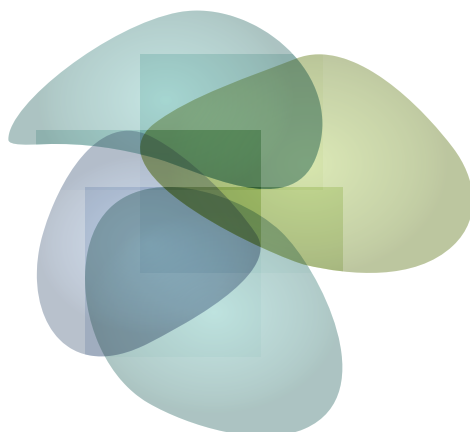
RETIRED MEMBERS, SISTERS AND BROTHERS:
Margaret Barclay, Julie Davis, Daniel MacLean, George Kevin MacNeil,
Roger Neeley, Jacques Sirois

SPOUSE OF ACTIVE MEMBER:
Richard Monahan, spouse of Sister Betty Sommers

SPOUSES OF RETIRED MEMBERS:
Boyd Brooks, spouse of Sister Marjorie Brooks

SURVIVING SPOUSES OF RETIRED MEMBERS:
Doreen Atkinson, spouse of late Howie Atkinson
Marie Moynes, spouse of late Elgin Moynes

THE JOINT BOARD OF TRUSTEES (JBT)



MISSION STATEMENT

The Joint Board of Trustees (JBT) of the CUPE Employees' Pension Plan (CEPP) has adopted the following Mission Statement as a reflection of its overall mandate under the CEPP.

"Our Mission is to ensure the timely and accurate delivery of benefits to CEPP members and their beneficiaries in accordance with the CEPP terms and conditions by ensuring the proper funding and investment of the Pension Fund and the implementation of effective administrative procedures."

TRUSTEES SINCE INCEPTION OF THE JBT

The CEPP is administered by the JBT which is composed of Employer, Union, Retiree Trustees and Alternate Trustees. Each Trustee has a fiduciary responsibility to act in the best interest of Plan members.

Since inception of the JBT (January 1, 1998), many Sisters and Brothers have served as Trustee or Alternate Trustee and contributed to the good governance of the CEPP.

Trustee	Affiliation	Period
Ray Arsenault	Retiree	2001 to 2003; 2007 to 2009
Marie-Andrée Bourgouin	CUPE	2013 continuing
Patty Brockman	COPE Local 491; CSU	2004 continuing
Darcie Beggs	ATSU	1998 to 1999
Ian Clysdale	CSU	2010 to 2013
Jim Costescu	CUPE	1998 continuing
Judy Darcy	CUPE	1998 to 1999
Heather Dillabaugh	COPE Local 491	2014 continuing
Clarence Dungey	Retiree	2002 to 2006
Brian Edgecombe	COPE Local 491	2008 continuing
Charles Fleury	CUPE	2011 continuing
Claude Généreux	CUPE	1998 to 2012
Tom Graham	CUPE	2002 to 2007; 2009 to 2013
Tammy Greaves	CUPE	2008 continuing

Amessan Gnawa	CSU	2014 continuing
Mark Hancock	CUPE	2014 continuing
Sandy Harding	CUPE	2009 to 2011
Judy Henley	CUPE	2010 continuing
Jack Hughesman	Retiree	1998 to 2000
Gary Johnson	CSU; Retiree	1998 continuing
D'Arcy Lanovaz	CUPE	2008 continuing
Raymond Léger	CSU	2002 to 2009
Wayne Lucas	CUPE	1998 to 2001
Donalda MacDonald	CUPE	2002 to 2008
Rick MacMillan	CUPE	2002 to 2007
Cam Masse	CUPE	1998 to 2001
Yolanda McClean	CUPE	2008 to 2008
Geraldine McGuire	CUPE	1998 to 2001
Andy Mele	CSU	2010 to 2014
Judith Mongrain	CUPE	2002 to 2003
Terry Mutton	CUPE	1998 to 2001
Roger D. Neeley	CSU	1998 to 2001
Bev Norman	COPE Local 491	1998 to 1999
Barry O'Neill	CUPE	1999 to 2013
Diane Ouimet	ATSU	2001 to 2009
Nancy Parker	COPE Local 491	1998 to 2003
Peter Paulekat	CSU	2014 continuing
Cathy Remus	CSU	2005 continuing
Donna Ryan	CUPE	2008 to 2009
Ed Scott	Retiree	1998 to 2002
Sylvie Sioufi	ATSU	2001 to 2005
John Spence	ATSU	1998 to 2000
Betty Jean Sutherland	CUPE	2004 to 2009
Randy Sykes	CUPE	1998 to 2007
Barry Thorsteinson	Retiree	2013 continuing
Diane Veilleux	COPE Local 491	1999 to 2007
Maria Wahl	CUPE	2009 to 2010
Russ Whitney	Retiree	2004 to 2012
Donna Wilde	COPE Local 491	2009 to 2014
Gail Wright	ATSU	1999 to 2000

We want to take this opportunity to thank all those Trustees who have left the Board for their hard work and commitment to the CEPP.

Also, we want to remind you that elections of Retiree Trustee and Alternate Retiree Trustee will take place in 2015.

ADMINISTRATION TEAM

CUPE is the Administrative Agent and has appointed Sister Pierrette Perras and her team to provide pension services to members.

If you are a member and need help with any of these matters:

- Plan enrolment
- Past service transfers, buy-backs, etc.
- Pension retirement estimates
- Calculations for purposes of marriage breakdown
- Retirement, termination, death benefits
- Individual pre-retirement counseling session

For active plan members in the provinces of Alberta, British Columbia, Manitoba, Newfoundland and Labrador, Nova Scotia, Ontario, Prince-Edward-Island and Saskatchewan contact:

CAROLE LACHANCE, Administrative Assistant, clachance@cupe.ca

For active plan members in the provinces of New Brunswick, Ontario (National Office only) Quebec and all retirees across Canada contact:

LOUISE PAYETTE, Administrative Assistant, lpayette@cupe.ca

For pre-retirement seminar registration contact:

CAROLINE PERRON, Clerk-typist, cperron@cupe.ca

For questions about:

- Administration of pension fund
- Negotiation and administration of Reciprocal Transfer Agreements (RTAs)
- Administration of policies and procedures
- Arrangement of pre-retirement seminars
- Preparation and filing of annual financial statements
- Preparation and filing of pension plan amendments
- Financial reconciliation of all pension plan transactions

Contact:

PIERRETTE PERRAS, Administrative Agent, pperras@cupe.ca

or

SYLVIE OUELLET, Assistant Administrative Agent, syouellet@cupe.ca

To contact the Joint Board of Trustees (JBT):

M. LYN THRASHER, Recording Secretary to the JBT, pension-jbt@cupe.ca

The Administration Team
mailing address, telephone
and fax numbers:



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