

The background of the cover is a scenic photograph of a mountain lake. On the left, a steep, rocky mountain slope covered in dense evergreen forest rises from the water's edge. The lake itself is a vibrant turquoise color, reflecting the surrounding greenery and the distant mountains. In the background, several jagged, snow-capped mountain peaks are visible under a clear sky. The right side of the image is partially obscured by a semi-transparent teal overlay where the text is located.

JBT

Joint Board of Trustees of the CUPE Employees' Pension Plan
Le Conseil de fiducie mixte du régime de retraite des employé(e)s du SCFP

CFM

REPORT TO MEMBERS

20
20

Mission Statement

“ 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. ”

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www.cepp.ca

Ce rapport est aussi disponible en français



Trustees' Message

Needless to say, 2020 has been a tumultuous year and will go down in history as one of the most memorable year...

The COVID-19 pandemic, the uncertainty of the U.S. presidential election, and the Brexit negotiations are just a few examples of triggering economic events that occurred during this unforgettable year. The global pandemic alone was responsible for massive layoffs, mandated lockdowns, and travel cancellations that ultimately plunged the country into recession.

However, despite the volatility and economic uncertainty, 2020 ended on a positive note from a market perspective. The fourth quarter in particular saw equity markets rally in response to investor reaction to the U.S election outcome and the long-awaited approval of COVID-19 vaccines.

Concurrently, the JBT continued its work in 2020 to optimize the risk-return profile of the CEPP fund and made several subsequent changes to the CEPP Fund's investment strategy. Funds were reallocated among several fund managers to allow for the reduction from 30% to 15% of Canadian equity in favor of Global equity. The Balanced Mandates were also fully liquidated by year end. As a result, the CEPP fund grew from \$823M at the end of 2019 to \$868M as at December 31, 2020, with a gross rate of return of 4.61%.

In 2020, the employer made regular contributions at a rate of 14.92%, an increase of 1.29% over the previous year. Employee contributions remained at 9.7%, the same level as 2019. In terms of plan funding, the funded ratio was 121.2%, down from 122.3% for the last filed actuarial valuation as at January 1, 2020. For the same period, the solvency ratio declined to 79.6%, down from 85.2%. That said, the Plan remains fully funded, meaning that the CEPP has sufficient assets to provide for all accrued benefits owed.

As a result of the January 1, 2021 actuarial valuation and in accordance with the Plan's provisions, all members that retired by January 1, 2020 shall see their pension benefits payable from the CEPP increased by 0.67% effective January 1, 2021. The increase will be adjusted proportionally for those who retired in 2020.

Finally, we would like to thank Brian Edgecombe for his dedication to the administration of the CEPP since 2008 and wish him a long and well-deserved retirement. The JBT is pleased to inform you that Susan Arab became Co-Chair in December 2020 to complete Brother Brian's term (2020-2021).

We would also like to take this opportunity to welcome the new Trustees and thank Marie-Andrée Bourgoïn and Linda Duchesne who left the JBT in 2020. We also welcome all plan members who joined the CEPP in 2020 and wish the new retirees the very best in this new chapter of their lives.

As always, we encourage you to visit the CEPP Web site at www.cepp.ca to find a wealth of information about the pension plan.

On behalf of the Joint Board of Trustees,



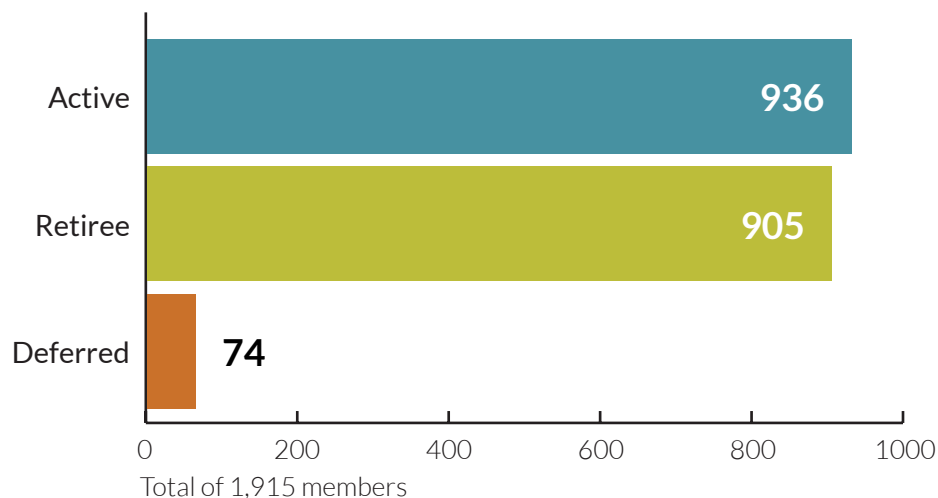
Susan Arab, Chair



Charles Fleury, Vice-Chair

At a Glance

Membership on January 1, 2021

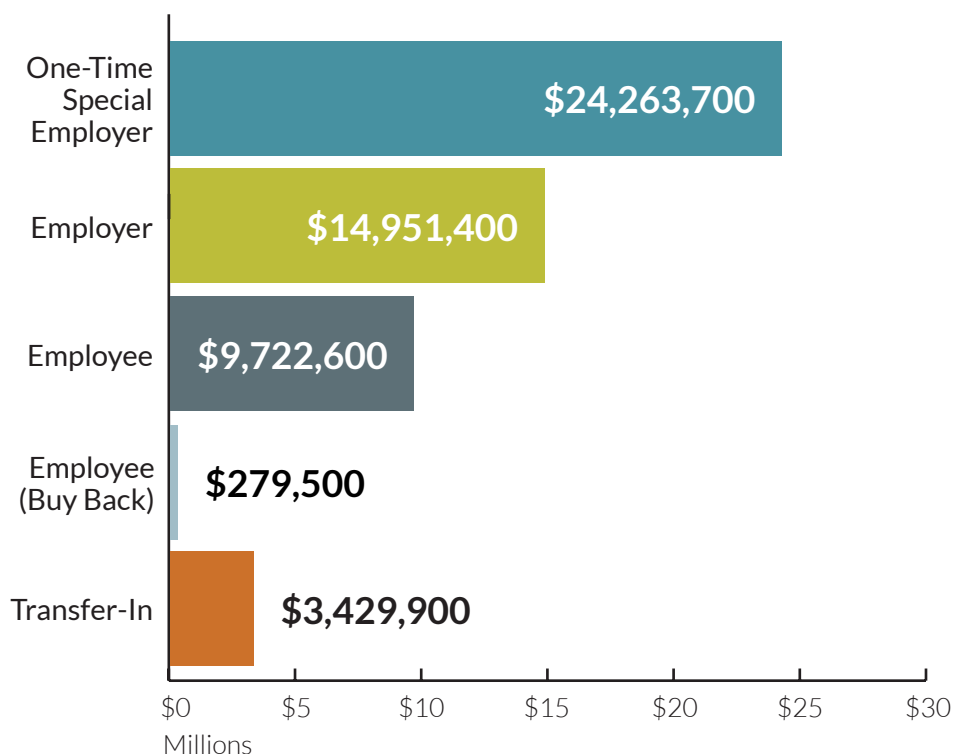


In accordance with the provisions of the CEPP, the employer must pay into the CEPP Fund the required contributions as per the last filed actuarial valuation. Pursuant to the filed actuarial valuation as at January 1, 2020, this corresponds to employer contributions of 13.82% of members' pensionable salary.

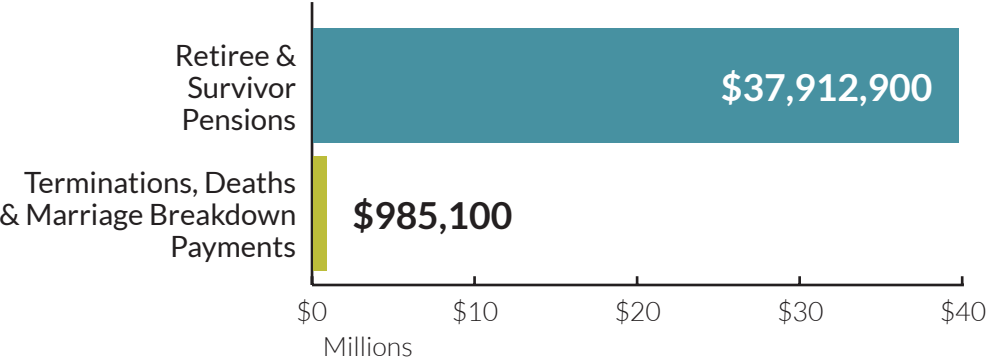
This actuary's recommendation is then compared to the minimum employer contribution rate of 12.2% of members' pensionable earnings, plus applicable expenses, as applicable under the collective agreements between CUPE and the staff unions. In addition, if the Plan's going concern funded ratio is less than 130% at its latest measurement date, the required employer contribution rate or the minimum employer contribution rate is increased by 1%.

Taking into account a 0.10% allowance for expenses, this represents an employer contribution rate of 14.92% for 2020. This is an increase from its previous value of 13.63% for 2019. No change was made to employee contribution rate for 2020, which remained at 9.7%.

2020 Employee and Employer Contributions and Transfer-In



2020 Pension Payments



In 2020, the CEPP paid \$37.9M in retirement benefits to retirees and surviving spouses, which represents 97% of all pension benefits. \$985K were also paid for terminations from the Plan, deaths and marriage breakdown pension benefits. This represents approximatively 3% of all pension benefits.

\$868M	4.61%	79.6%
Net Assets	Rate of Return	Solvency Ratio
\$156.1M	121.2%	
Funding Surplus	Funding Ratio	

Members' Profile

All data in the following tables is from the January 1, 2021 and the January 1, 2020 actuarial valuations.

Active Members

	2021	2020
Total Active Members	936	914
Females	590	580
Males	346	334
Average Age	49.2	49.2
Average Salary	\$110,800	\$108,100
Average Current Service	11.7	11.7

Retirees

	2021	2020
Total Retirees	905	879
Average Age	69.7	69.3
Average Annual Pension*	\$42,300	\$42,300
Average Annual Life Pension	\$38,856	\$38,592
Average Annual Bridge Benefit	\$12,132	\$12,336

*The average annual bridge benefit does not take into account people who do not receive a bridge benefit, while the average total annual pension indirectly includes a \$0 bridge benefits for people who are over 65.

Deferred Members

	2021	2020
Total Deferred Members	74	74
Average Annual Pension Liability	\$5,112	\$5,040

Membership Changes

	2021	2020
New Entrants	71	64
Terminations, Vested & Deferred	16	24
New Retirees	38	46
Deaths	18	24

All data in the table above is as at December 31st.

In 2020, the CEPP welcomed 71 new members while 16 members left following their termination of employment. Additionally, 38 plan members retired in 2020, with an average retirement age of 60.1, which is slightly lower than last year. Finally, 18 plan members unfortunately passed away in 2020, including 1 active member and 17 retirees.

Ratio of Actives/Retirees

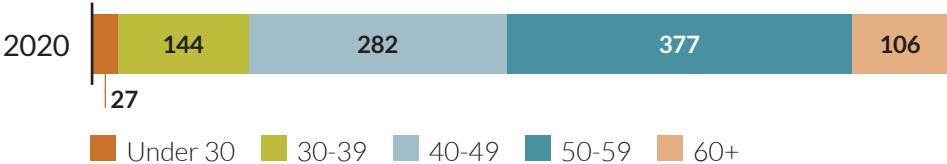
	2021	2020
Ratio of Actives/Retirees	1.03	1.04

A pension plan is a “mature plan” when the number of retirees is equal to the number of active members. As at January 1, 2021, the active to retiree ratio continues to gradually converge towards 1.0.



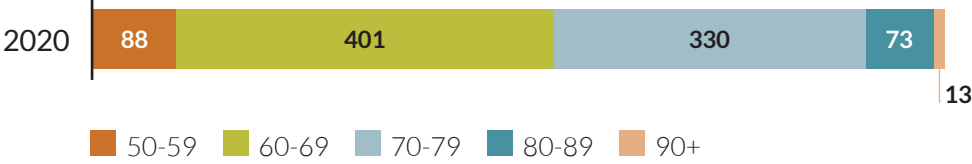
Active Members by Age

As of January 1, 2021, the Plan had 936 active members. More than 50% of active members are at least 50 years old and therefore eligible to retire. Members may retire as early as age 50, with a reduction if the 80 Factor is not met.



Retired Members by Age

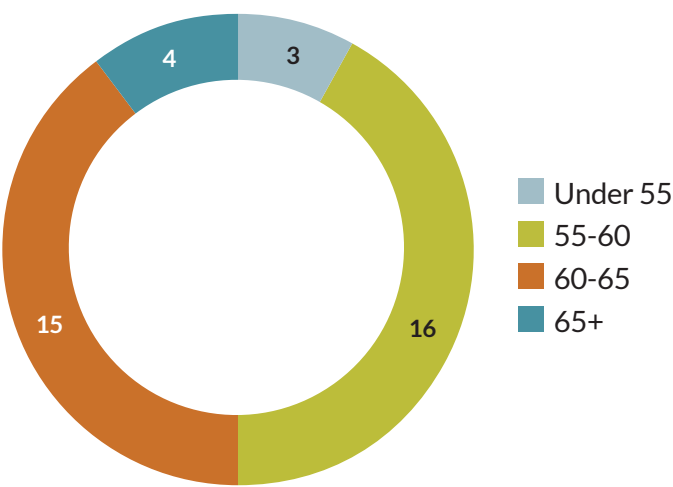
There were 905 retired members as at January 1, 2021.



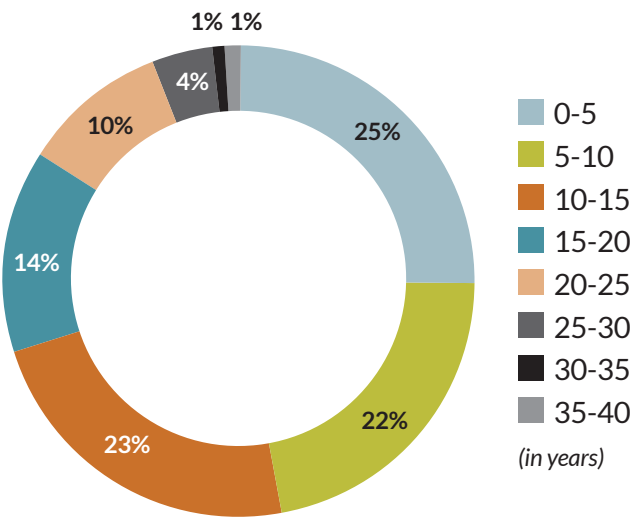
Retirees Interesting Statistics

- Of all the new CEPP retirees in 2020, exactly half were under the age of 60 when they retired. In comparison, the average age of retirement in Canada in 2020 is 64.5 years old according to Statistics Canada.
- Did you know that as at December 31, 2020, 13 CEPP pensions have been in payment for over 30 years, including any payments made to a surviving spouse?
- Surviving spouses represent about 8.5% of all pensioners.
- The oldest member of the CEPP is 99 years old!

Age at retirement in 2020



Pension duration as at December 31, 2020



Financial Status of the CEPP

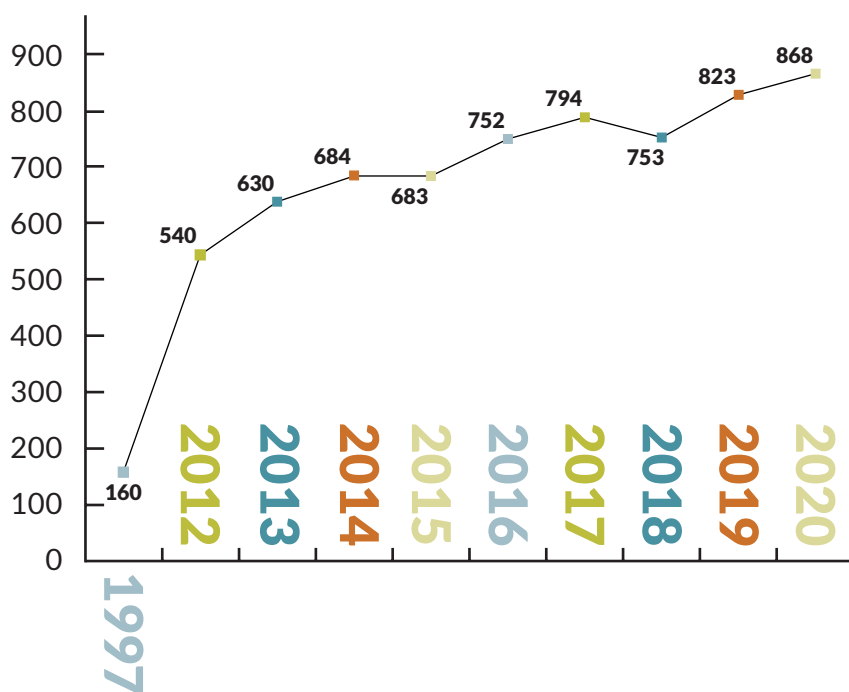
Audited Financial Statements (as at December 31, 2020)

Pension plans with assets in excess of \$10 million at their plan year-end are required to file audited financial statements of the pension fund annually with the Financial Services Regulatory Authority of Ontario.

As at December 31, 2020, \$868M of net assets were available for pension benefits. This represents an increase of \$45M in 2020. More information on investment performance can be found in further sections of this report.

The CEPP Audited Financial Statements for the year ending December 31, 2020 and the most recent Statement of Investment Policies and Procedures (SIP&P) are available on the CEPP website.

Market Value of Assets as at December 31st (in Million \$)

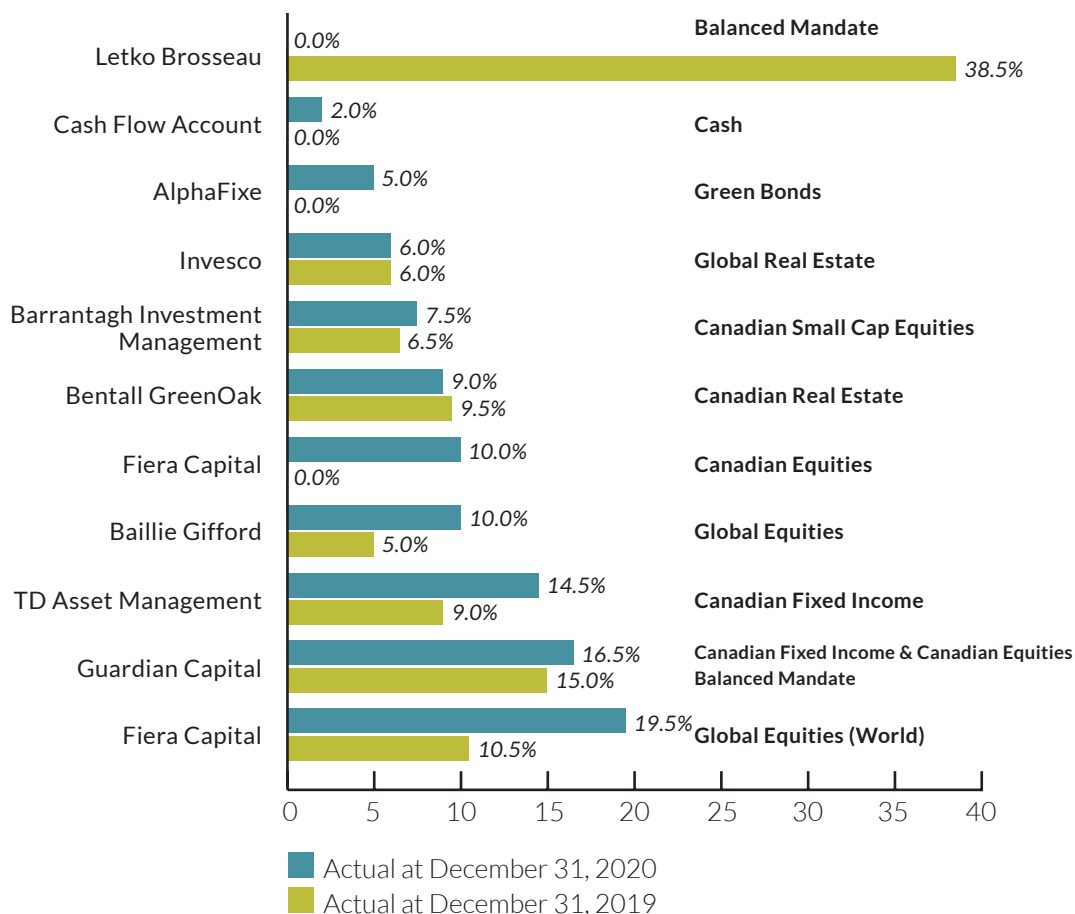


Our Investments

Multiple changes were made to the CEPP Fund's investment strategy in 2020 to optimize its risk-return profile. The allocation to Canadian Equity was reduced from 30% to 15% in favor of Global Equity Mandates, while a new Specialized Fixed Income Investment Mandate, a new Canadian Equity Investment Mandate and a new Green Bonds Mandate were introduced. The Balanced Mandates were also fully liquidated by year end.

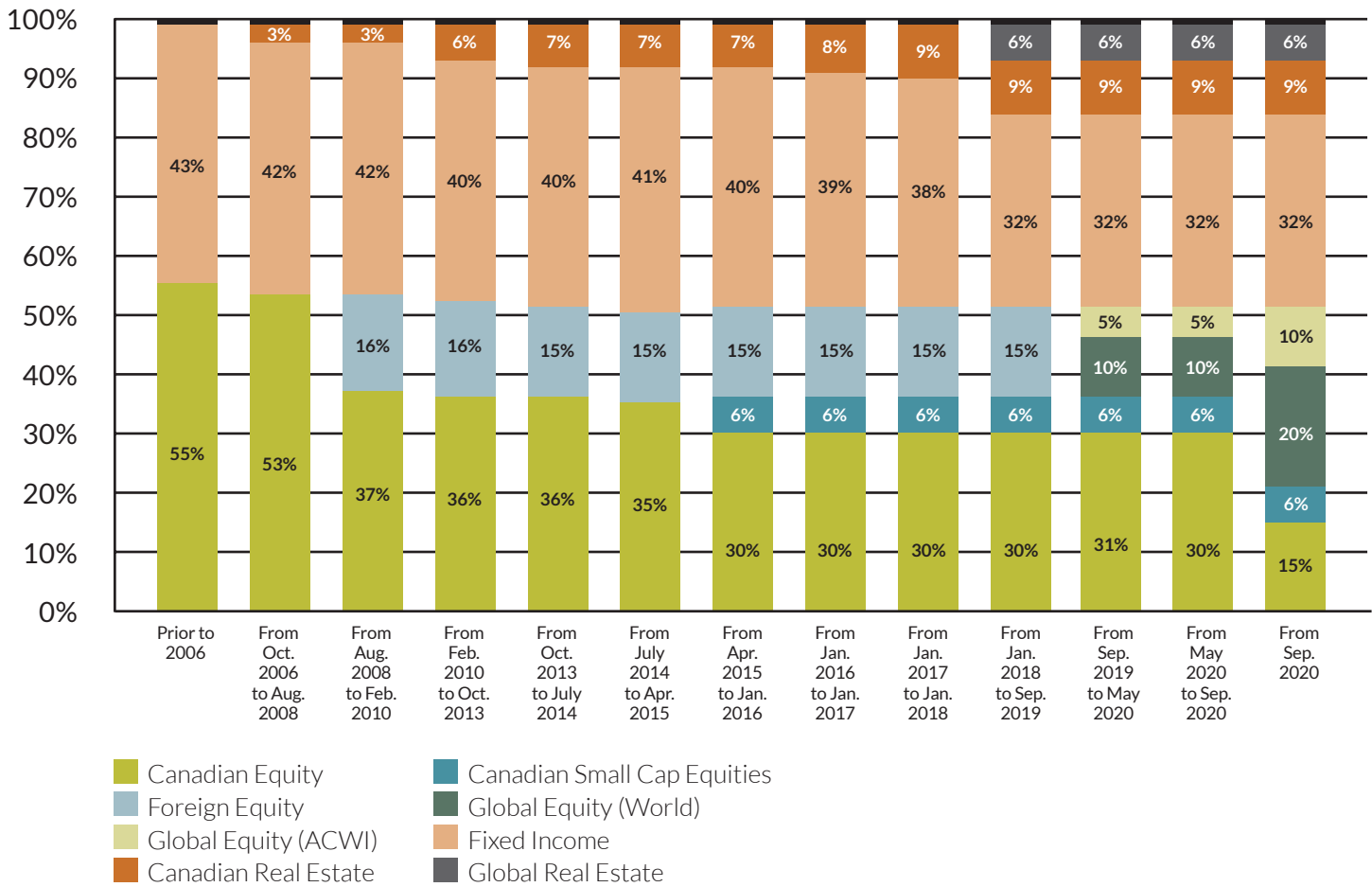
The proportion invested with each fund manager as at December 31, 2020 and December 31, 2019 is illustrated in the chart below.

Investment Managers

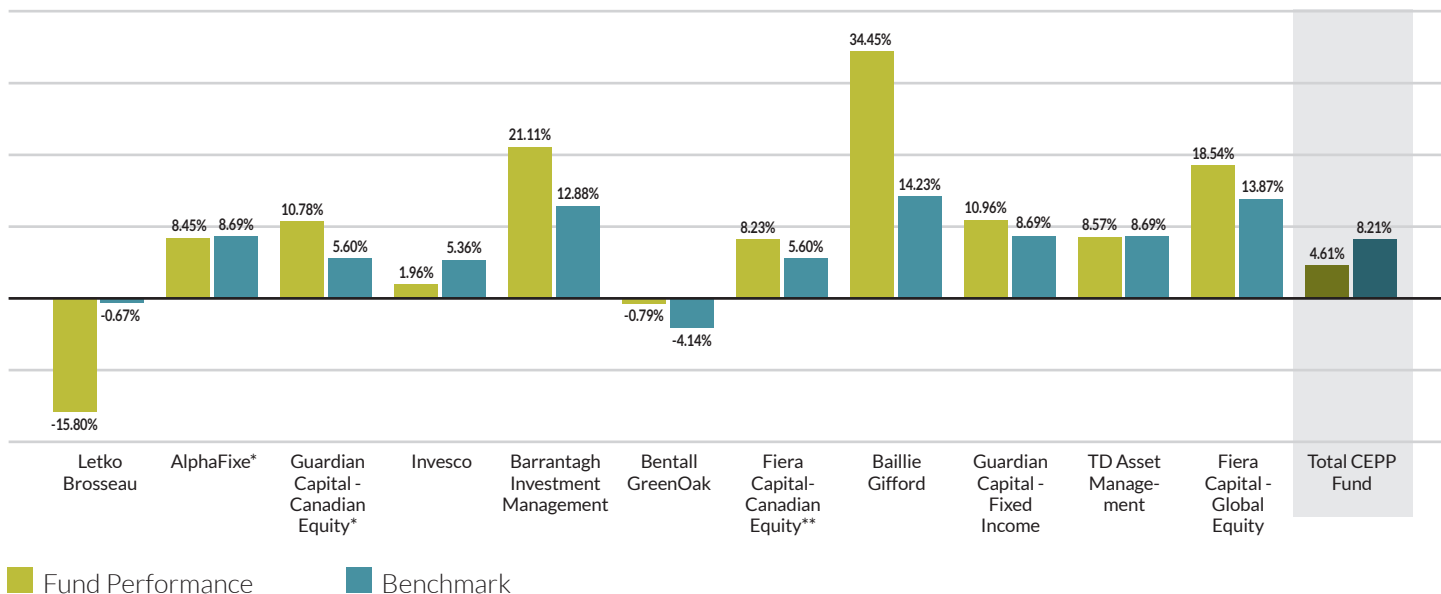


The following chart shows the evolution of the CEPP's investment structure over the history of the Plan, including the changes introduced in 2020.

Investment Portfolio



Investment Performance in 2020



* Reflects results since December 2020 only

** Reflects results since May 2020 only

While there are still eight Fund managers making investments on behalf of the CEPP at the end of 2020, two Fund managers each manage two separate mandates. The chart above displays the investment performance of these managers in 2020 relative to their benchmark.

For a year marked by the increased volatility and uncertainty in the markets of the global economy due to COVID-19, the equity markets performed particularly well while real estate suffered a down year. It is worth noting that returns were positive for all managers, with the exception of Letko Brosseau, whose mandate was terminated in 2020, and Bentall GreenOak, which manages Canadian real estate. For the year 2020, this results in a gross rate of return of 4.61% for the CEPP Fund.

Overall, the CEPP's investment portfolio achieved a net investment return of 7.00% in 2020, measured over a 10-year moving average period. The CEPP Fund's objective, in accordance with the provisions of the Plan's Statement of Investment Policies and Procedures (SIP&P) for the same period, was 5.33% (CPI + 3.75%).



Actuarial Valuation Reports Results

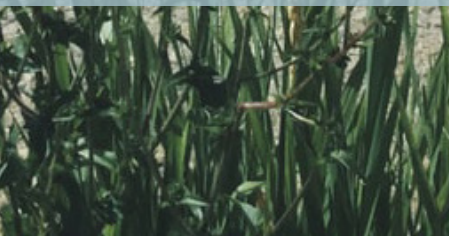
An actuarial valuation is performed annually by an actuary to assess the financial health of the CEPP at a defined date. In addition, an Actuarial Valuation Report (AVR) must be filed with the Financial Services Regulatory Authority (FSRA) and the Canada Revenue Agency (CRA) at least once every three years.

The funded status of the Plan is determined by comparing the assets and liabilities of the pension fund using a set of long-term assumptions. The valuation can be done on a going-concern basis, which assumes the pension plan will continue indefinitely, or on a solvency basis, which values the Plan assuming it will terminate on the valuation date.

The actuarial valuation prepared for the CEPP as at January 1, 2020 was filed with the regulators in September 2020. In accordance with the regulations of the Pension Benefits Act (Ontario), the next actuarial valuation of the Plan will be required no later than January 1, 2023, or the date of an earlier amendment to the Plan, if an amendment was made that would have a material impact on the valuation results.

The following tables summarize the results of the most recent actuarial valuation undertaken as of January 1, 2021, and of the most recently filed AVR as at January 1, 2020.

The goal of a funding (or going concern) valuation is to assess the long-term sustainability of a pension plan. It provides an assessment of its financial position at a valuation date assuming the plan will continue in the future indefinitely.



Funding (Going Concern) Valuation

	Actuarial Valuation January 1, 2021* (not filed)	Filed Actuarial Valuation Report January 1, 2020
Actuarial Value of Assets	\$894,220,500	\$859,278,900
Funding Liabilities		
Active	\$298,787,600	\$276,543,300
Deferred	\$4,223,100	\$4,128,200
Pensioners	\$435,091,300	\$422,049,700
Total Funding Liabilities	\$738,102,000	\$702,721,200
Funding Surplus before PfAD	\$156,118,500	\$156,557,700
Funding Ratio before PfAD	121.2%	122.3%

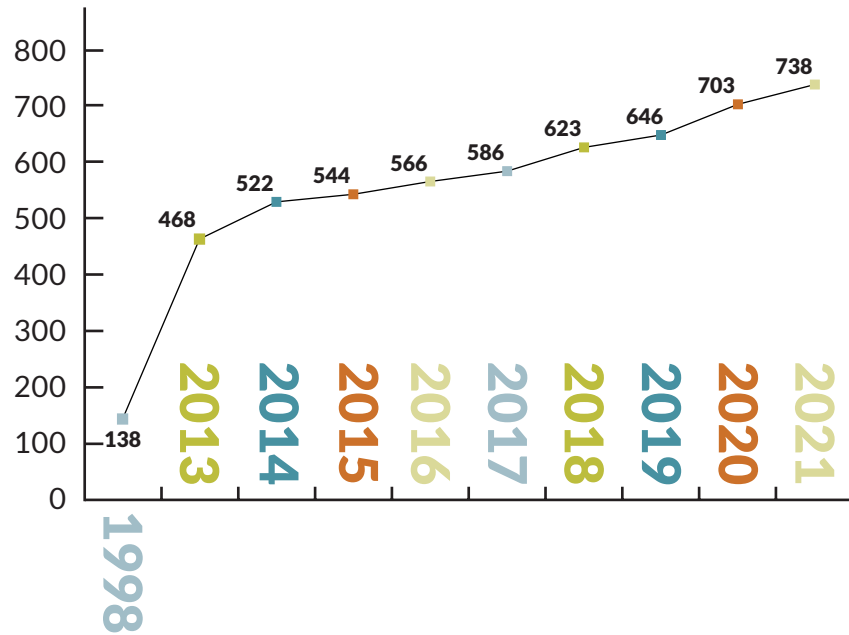
* The next required actuarial valuation to be filed with government authorities should be performed no later than January 1, 2023.

According to the actuarial valuation as at January 1, 2021, the CEPP stands 121.2% funded on a going-concern basis, with a funding surplus of \$156.1M. This means that there is \$1.21 set aside in the Plan for every dollar of pension earned by CEPP members.

The Provision for Adverse Deviation (PfAD) is a prescribed additional level of funding by which a pension plan will fund a reserve to protect against future adverse plan experiences, thereby providing greater benefits security to plan members. As at January 1, 2021, the required PfAD level on the funding liabilities is 18.4% or \$135.8M. Therefore, no additional funding is required on a going concern basis as the CEPP's funding ratio is above the required level of 118.4% (i.e. 121.2%).

In accordance with the provisions of the Plan, pension indexation will become effective January 1, 2021. The increase will be 91% of the annual rate of increase of the Consumer Price Index (CPI) for the preceding calendar year, which was 0.73%. This results in an indexation rate of 0.67% for those who retired on or before January 1, 2020, and proportionately for those that retired during 2020.

Funding Liabilities as at January 1st (in Million \$)

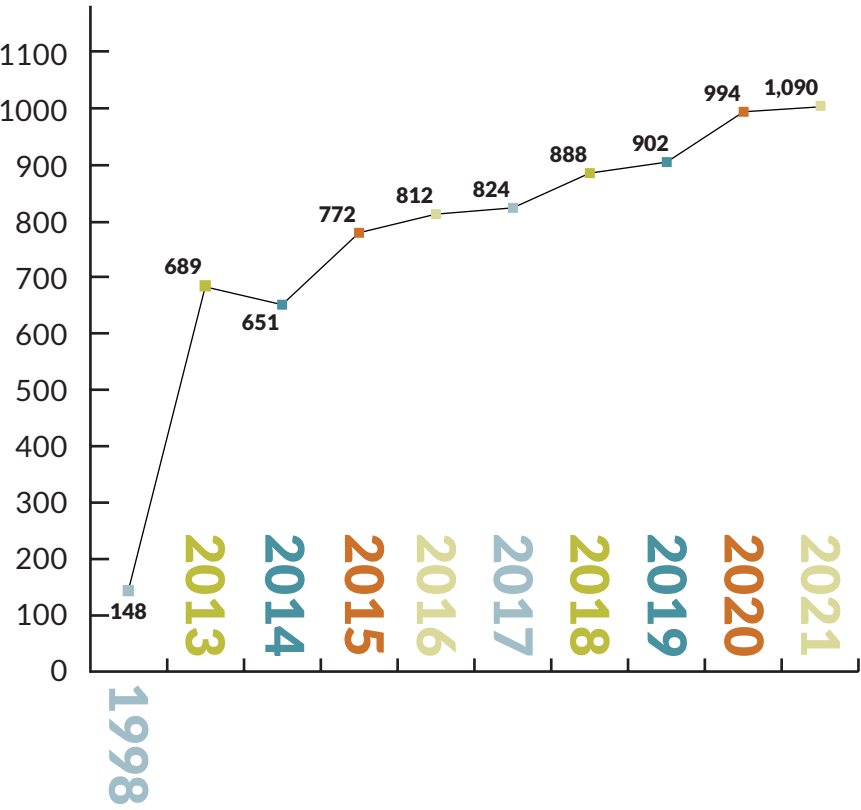


The purpose of the solvency valuation is to determine the plan's assets and liabilities and any additional funding requirements assuming the plan is terminated on the valuation date and all benefits are paid, regardless of how unlikely this event is.

Solvency Valuation

	Actuarial Valuation January 1, 2021* (not filed)	Filed Actuarial Valuation Report January 1, 2020
Assets (Market Value)	\$868,178,500	\$846,759,500
Liabilities (Market Value)		
Active	\$480,207,600	\$421,039,100
Deferred	\$6,809,700	\$6,398,600
Pensioners	\$603,169,300	\$566,765,100
Total Liabilities	\$1,090,186,600	\$994,202,800
Solvency Deficiency	(\$222,008,100)	(\$147,443,300)
Solvency Ratio	79.6%	85.2%

Solvency Liabilities as at January 1st (in Million \$)



For years 2020 and 2021, solvency special payments are based on the January 1, 2020 actuarial valuation and are nil, as the plan’s solvency ratio was certified to be above 85% (i.e. 85.2%).

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

2020 Plan Amendments

No amendments were made to the CEPP plan text in 2020.

Pre-Retirement Seminars

CEPP members who are 45 years of age or older and have accrued at least 5 years of credited service under the CEPP are eligible to attend a pre-retirement planning seminar with their spouse.

The following topics are covered during the seminar:

- Psychological preparation to retirement
- Pension and benefit entitlements
- Financial Planning

No pre-retirement seminars were held in 2020 due to the ongoing COVID-19 pandemic.

Pre-Retirement Counselling

In addition to the Pre-Retirement Seminars, the CEPP offers a one-on-one counselling session to plan members near retirement. Spouses are welcome to attend the session. The one-on-one counselling is very informative and will review the members' pension benefits at retirement. In 2020, 30 CEPP members attended a one-on-one counselling session. Of this number, 26 counselling sessions were held by video conferencing.

To obtain a copy of the policy and more details on pre-retirement seminars and counselling sessions, please visit the CEPP website.

2020 RETIREES

We congratulate the following participants who retired in 2020 and wish them a long and healthy retirement.

Audrey Benoit
Martine Busque
Karen Carle
Luce Charbonneau
Cheryl Colborne
Francis Dagenais
Denene Dawson
Guy De Blois
Jo-AL Dench
Ann Duprey
Sylvie Foucault
Liette Garceau
John Gillies
Laurie Guertin
Isabel Hermano-Lau
Gwen Hewitt
Josée Langlois
Carole Larone
Christopher Lawson

Derek Lue
Leanne MacMillan
Carole Malboeuf
Sandra McNama
Charlotte Monardo
Jennifer Moniz
Marilyn Mottola
Beverley Patchell
Peter Paulekat
Lisa Pheaton
Céline Poitras
Carol Proulx
Carol Reardon
Denis Régimbald
Catherine Remus
Alain Richard
Jo-Anne Tremblay
Janice Valentine
Éric-Jan Zubrzycki



2020 REMEMBRANCE

In 2020, the JBT was saddened to hear of the passing of:

Active member:

Kristine Taggart

Retired members:

Yvonne Fast
Normand Fraser
Eugene Kostyra
Harold Martell
Shirley Mannion
Roger Laramée
Sheila Mantell
Joan Blacquier
Joseph (Joe) Mele
Ruby Chisholm
Catherine Cheeseman
Judith Wegren
John Malthouse
Susan Barton
Richard Anderson
Edward (Ed) Finn

Spouses of retired members:

Gloria Sarookanian, spouse of David Sarookanian
Sharlene Hertz, spouse of Keith Reynolds
Stephen Bellinger, spouse of Darlene Bellinger
James B (Sr) Schneider, spouse of Susan Attenborough
Robert Lunau, spouse of Doris Cartwright
Jean-Guy Bourbonnais, spouse of Hélène Bourbonnais
Dolores O'Connor, spouse of Terrance (Terry) O'Connor

Surviving spouse of retired member:

Clara MacMillan, spouse of the late John MacMillan

The Joint Board of Trustees (JBT)

JBT Trustees

JBT members and their affiliations as at December 31, 2020 are listed below.

Trustee	Affiliation
Susan Arab	CSU Trustee
Benoît Bouchard	CUPE Alternate Trustee
Trevor Davies	CUPE Alternate Trustee
Heather Dillabaugh	COPE Trustee
Brian Edgecombe	CSU Trustee
Charles Fleury	CUPE Trustee
Joanie Fortin	Unifor Local 2023 Alternate Trustee
Amessan Gnawa	CSU Alternate Trustee
Tammy Griffin	CUPE Trustee
Judy Henley	CUPE Trustee
Sherry Hillier	CUPE Alternate Trustee
Cavelle Lane	CUPE Alternate Trustee
D'Arcy Lanovaz	CUPE Alternate Trustee
John Lepine	CUPE Trustee
Lindsay Mills	COPE Alternate Trustee
Nancy Parker	Retiree Trustee
Pierre-Alexandre Prigent	Unifor Local 2013 Trustee
Candace Rennick	CUPE Trustee
Barry Thorsteinson	Alternate Retiree Trustee
Gary Yee	CSU Alternate Trustee

We want to take this opportunity to thank all those Trustees who have left the Board in 2020 for their hard work and commitment to the CEPP.

JBT Sub-Committee Members and Mandates

Over the years, the JBT has determined that the most efficient way to manage some of the tasks and workload that is done each and every year is to create a series of sub-committees. These sub-committees are not decision makers with some very controlled exceptions. Their job is to undertake preliminary work and bring it back to the JBT for decisions. The 2020 sub-committees are:

Finance and Audit – Chair: Tammy Griffin

Ensures that the JBT's finances, accounting practices and staffing needs are reviewed and reported on annually.

Benefits and Member Communications – Chair: Heather Dillabaugh

Provides member education (i.e. pre-retirement seminars), communications with plan members (Report to Members, Website, Member Booklet, Pension Connection newsletter); monitors and reports to the JBT on benefit related issues as they arise.

Investment – Chair: Judy Henley

Reviews and oversees the investment policies, performance of fund managers, overall performance of the JBT investments, reviews and updates the list of foreign eligible companies, and oversees the performance of our proxy voting service as well as the responsible investing policy.

Governance – Chair: Barry Thorsteinson

Undertakes annually a review of Trustee/Board performance; sub-committee structure including mandates and performance; governance policies of the JBT; performance of legal counsel. Reviews plan text amendments. Works with legal counsel and the actuary on legal and legislative issues or updates. Addresses pension plan administrative issues and recommends and arranges Trustees' education.

Each Trustee and Alternate Trustee is assigned by the JBT to these sub-committees.

Administration Team

CUPE is the Administrative Agent of the CEPP and has appointed Sylvie Ouellet 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 and Ottawa Area Office only), Quebec and all retirees across Canada contact:

Louise Payette

Administrative Assistant
lpayette@cupe.ca

For pre-retirement seminar registration contact:

Nathalie Lavictoire

Clerk-Typist
nlavictoire@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:

Sylvie Ouellet

Pension Administrative Officer
syouellet@cupe.ca

or

Myrianne Sellier

Pension Analyst
msellier@cupe.ca

To contact the Joint Board of Trustees (JBT):

Caroline Perron

Recording Secretary to the JBT
pension-jbt@cupe.ca



The Administration Team mailing address, telephone and fax numbers:

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