



2009 JOINT PENSION BOARD ANNUAL RETREAT
“Managing Risk”
September 9, 2009
Windermere Manor

FINAL PROGRAM

- 8:00-8:30 a.m.** **Breakfast**
- 8:30-9:15 a.m.** **Welcome and Introductions**
Review of Joint Pension Board Principles
In this session we will lay out the objective of the retreat, which is to answer the question: *“What would be the most helpful to work on for the success of the retirement plans, with a focus on improving our risk management practices?”*
We will also review some decisions made over the past year and how they align with the board’s principles. Participants will be asked to look at the 7 board’s principles and come up with examples of decisions made in 2008 that met or didn’t meet those principles.
- 9:15-10:30 a.m.** **Retirement Plan Analysis**
Every year, the pension staff prepares a report titled “Results, Analysis and Management Comments” and presents it to the Joint Pension Board. The report contains information such as: membership trends for the three plans, breakdown of membership, equity exposure by age group and member service (pension plans and RIF), changes in membership, servicing levels, contribution levels (required and voluntary), allocations by funds (# of members and dollar amounts), investment changes per month, individual investment performance, projected benefits and replacement rates, assets under administration per plan, return on investment, retirement plan financial results, governance statistics and counseling appointments.

At the 2008 retreat, the Joint Pension Board agreed, among other things, to investigate adding lifecycle funds to the plans, investigate adding diversifiers to the Diversified Equity Fund, review the number of investment options, monitor members' investment choices and encourage more voluntary contributions. After reviewing the data, we should be able to have a discussion on either the success of the measures that have already been implemented and the pertinence to continue working on others.

Speaker: Martin Bélanger, UWO

10:30-10:45 a.m. Refreshment Break

10:45-12:00 p.m. Risk Management and Governance Review

The risk of our retirement plans needs to be carefully managed at all time, but especially during times of extreme market volatility.

In this session we will review the investment, operational and legal risks facing our retirement plans, along with our governance procedures to address these risks, with a particular focus on the following programs and processes:

- Compliance and Legal Risk
 - CAPSA governance principles
 - CAPSA governance questionnaire
 - FSCO governance review of OMERS
 - Legislative update
- Investment manager compliance
 - Oversight and monitoring
- Fund audit
- Identify emerging risk issues for Defined Contribution Pension Plans
- Establish risk management priorities and strategies for 2009/2010

Speakers: Andrea Magahey, UWO, Louise Koza, UWO

12:00-1:00 p.m. Lunch

1:00-2:15 p.m. Active Management Review

The Joint Pension Board's beliefs on active management is that in general active investment management cannot be expected to outperform passive management on a risk adjusted basis.

Possible grounds for exception to the general principle of passive management would include the following:

1. Implementation problems: for some asset classes it may be difficult to adopt a completely passive management policy.
2. Attractive active management: in some instances there may be good reasons to believe that such a manager could achieve out-performance and be easily monitored as to effectiveness.
3. No clearly attractive passive benchmark available.

The Western Retirement Plans currently use active management for the following asset classes: Canadian equities, EAFE equities, global equities, U.S. small cap equities, global fixed income and money market. Passive management is used for U.S. large cap equities, U.S. mid cap equities and Canadian fixed income.

In this session, which will be in a debate format, we will review how well our active management strategy has worked in recent years and we'll compare the pros and cons of passive and active management.

Speakers: Bruce Curwood, Russell Investments, Stephen Foerster, UWO, Martin Bélanger, UWO

2:15-3:15 p.m.

Statement of Investment Beliefs

The composition of the Joint Pension Board is expected to continuously change over time due to the fact that terms are staggered. Each new member comes in with his/her own beliefs and preferences about investing.

The goal of a Statement of Investment Beliefs is to formalize the Joint Pension Board's preferences regarding several aspects of the management of the Retirement Plans, such as: active versus passive management, currency hedging, foreign investing, alternative investments, market timing, small cap investing, delegation of responsibilities between the Joint Pension Board and management, etc.

The establishment of a Statement of Investment Beliefs will provide several benefits: it make it easier to make changes to the Retirement Plans in the future by not having to revisit the framework within which new decisions are made, which will reduce the amount of time necessary to implement those changes; it will be useful to orient new members; and it will provide flexibility in unusual markets.

In this session, Joint Pension Board members will provide directions for the creation of a Statement of Investment Beliefs.

Speakers: Bruce Curwood, Russell Investments, Martin Bélanger, UWO

3:00-3:15 p.m.

Break

3:15-4:15 p.m.

Establishment of Priorities

The past 12 months have been testing for the Western Retirement Plans and we are still facing some challenges. After a full day of reviewing the strengths and weaknesses of the plan, discussing how to monitor risk and defining our beliefs on key issues such as active management, we'll use this last session to establish priorities for the coming years. Potential topics to discuss include:

- What risk management practices should we be adding?
- What are the greatest challenges facing our plans?
- Should we move completely to active or passive investing?
- Should we make changes to the plans' investment options?
- What would enhance our education programs?
- Should we monitor differently our members' investment choices?
- Should we increase our efforts to enroll part-time members?
- Should we encourage more voluntary contributions?
- Should we allow terminated members to stay in the plans?
- Are we doing best practices in terms of governance?
- Should we modify/enhance the orientation program for our board members?

Moderators: Jane O'Brien, UWO, Martin Bélanger, UWO

4:15-4:30 p.m.

Closing Remarks