

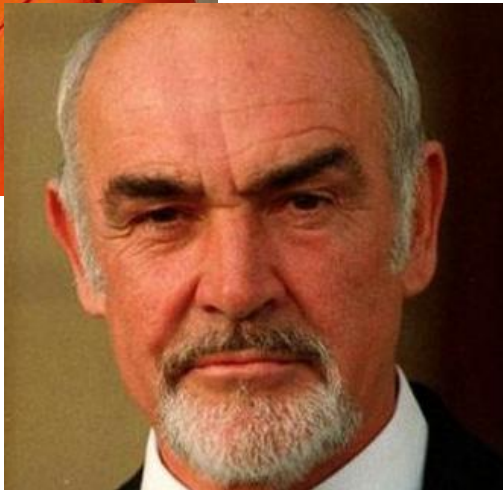
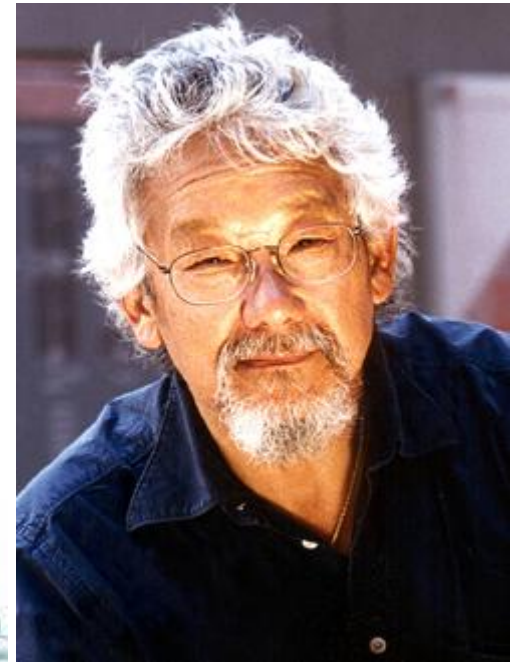
Your Plan: Ready to address the challenges and expectations of the future

**OCRA General Meeting
October 29, 2009**

**Derek Dobson
CEO and Plan Manager
CAAT Pension Plan**



Influential and active



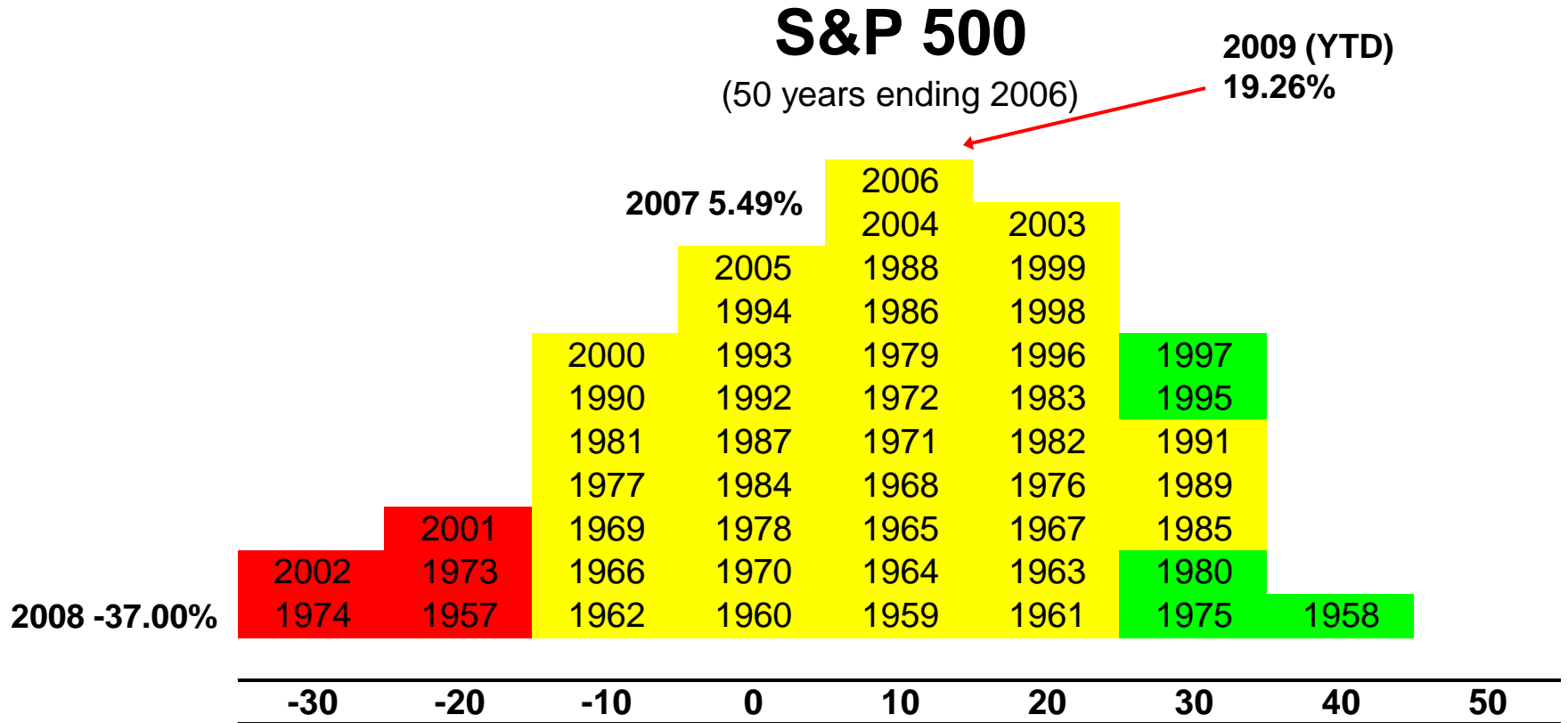
Pensions are a hot topic

- Increased profile of pensions
 - National and international media coverage
 - Focus during bankruptcy proceedings
 - Significant impact on corporate balance sheets
 - Growing interest from politicians
- Shifting focus
 - From improving benefits to benefit security and affordability
 - Concerns mounting over decline in coverage
- Public vs private pensions debate increasing
- Changes to law here or coming

Changes coming?

- Ontario Expert Commission on Pensions+
- Advocacy – solvency funding exemption
- Government interest
- CPP

Where does 2008 stack up?



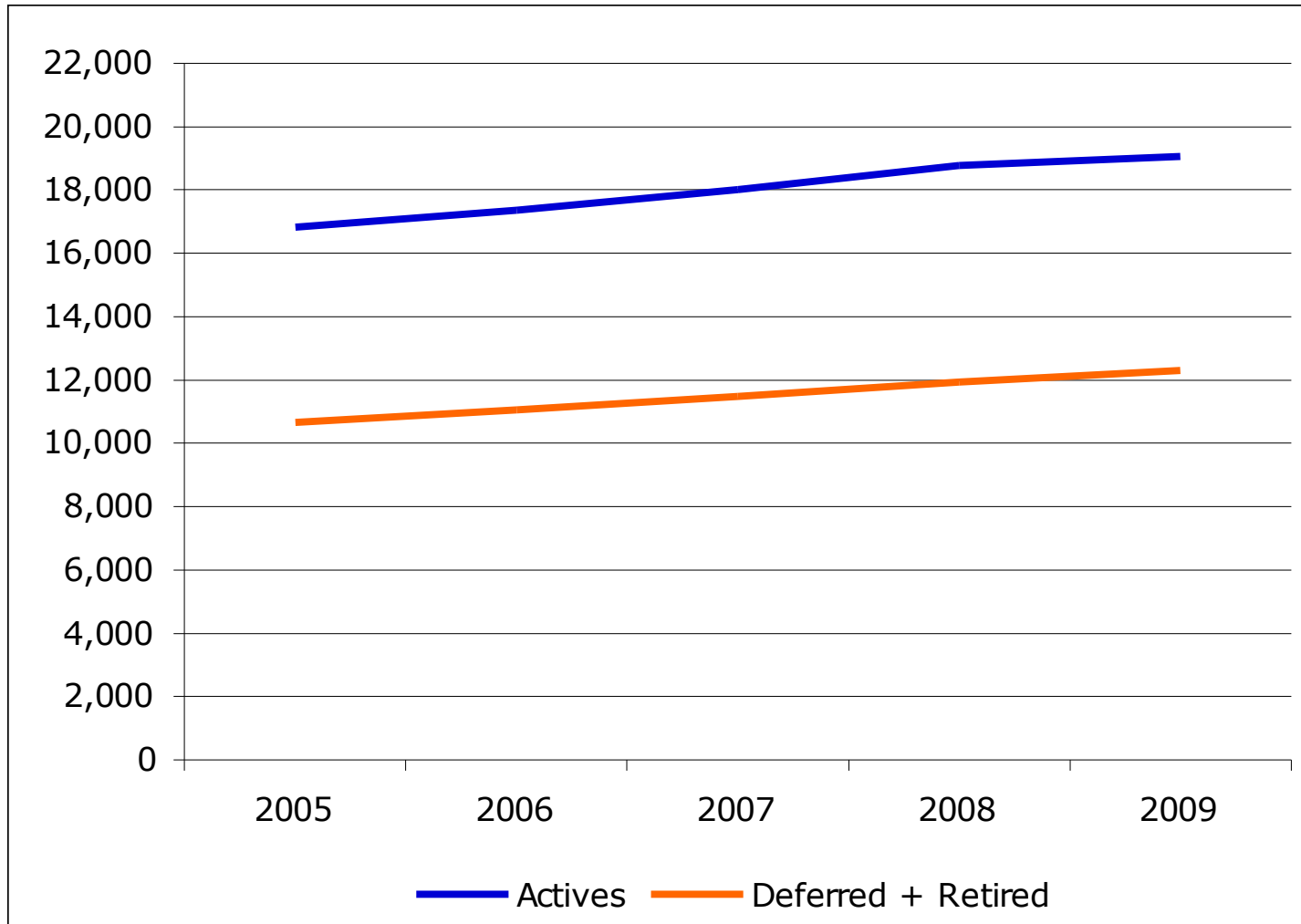
Over the long-term...

Period	Average Rate of Return on the Median Pension Fund	Average Inflation Rate	Average Real Rate of Return on the Median Pension Fund
1960s	5.8%	2.7%	3.1%
1970s	7.6%	7.6%	0.0%
1980s	13.6%	6.2%	7.4%
1990s	11.1%	2.1%	9.0%
2000s (9 years)	6.4%	2.1%	4.3%
1960 – 2009	8.9%	4.1%	4.8%

Our Pension Plan

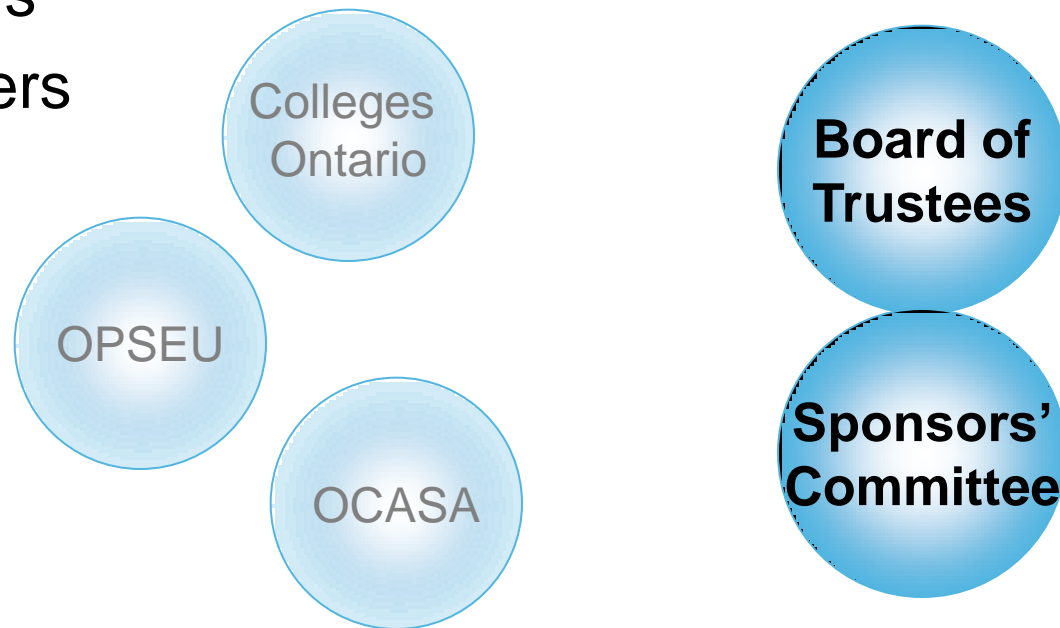
- CAAT Plan founded in 1967
- 19,000 active members and growing
- 12,000 retired and deferred members and growing
- Assets as of September 2009: \$4.7 billion
 - Average age at retirement: 60.4 years old
 - Average service among active members: 11.4 years

Our Pension Plan



Board of Trustees and Sponsors' Committee

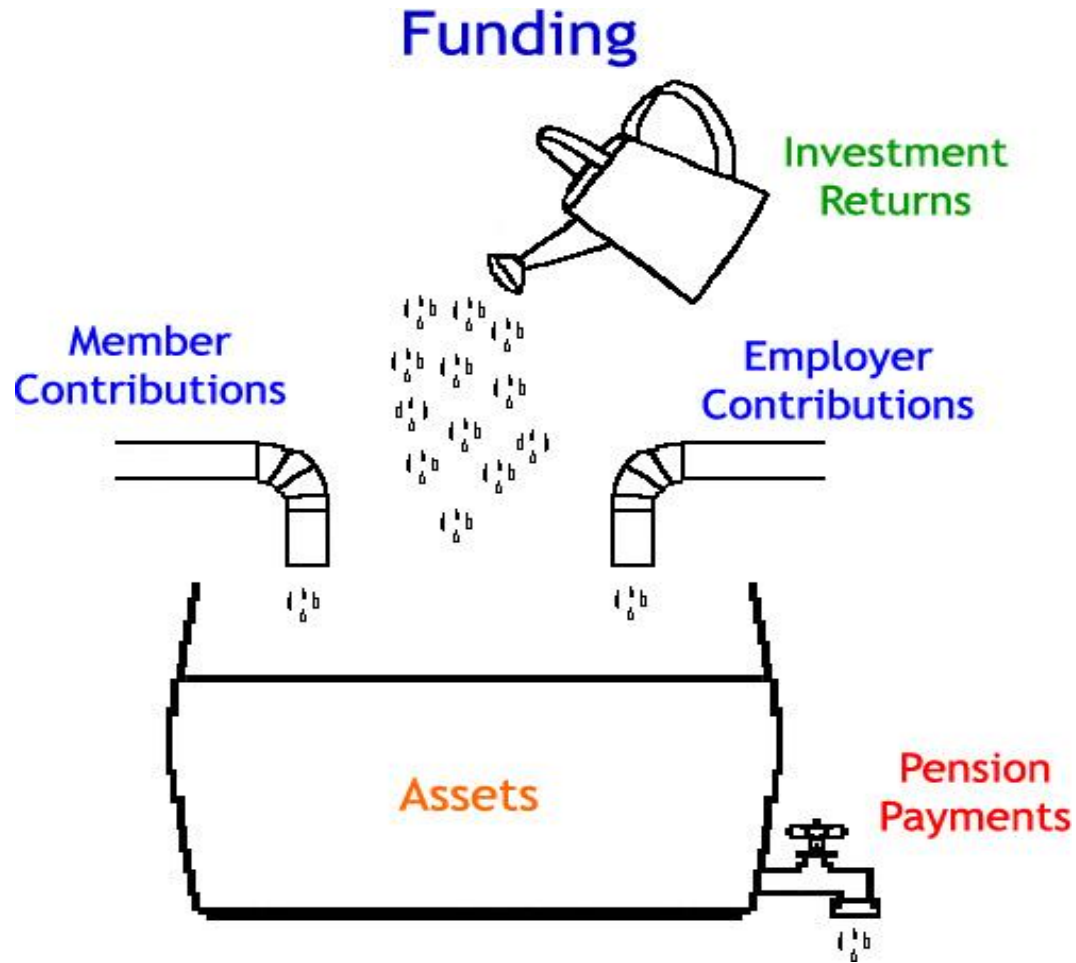
- Joint sponsorship means the parties that bear the risk are the parties that make the decisions
 - Members
 - Employers



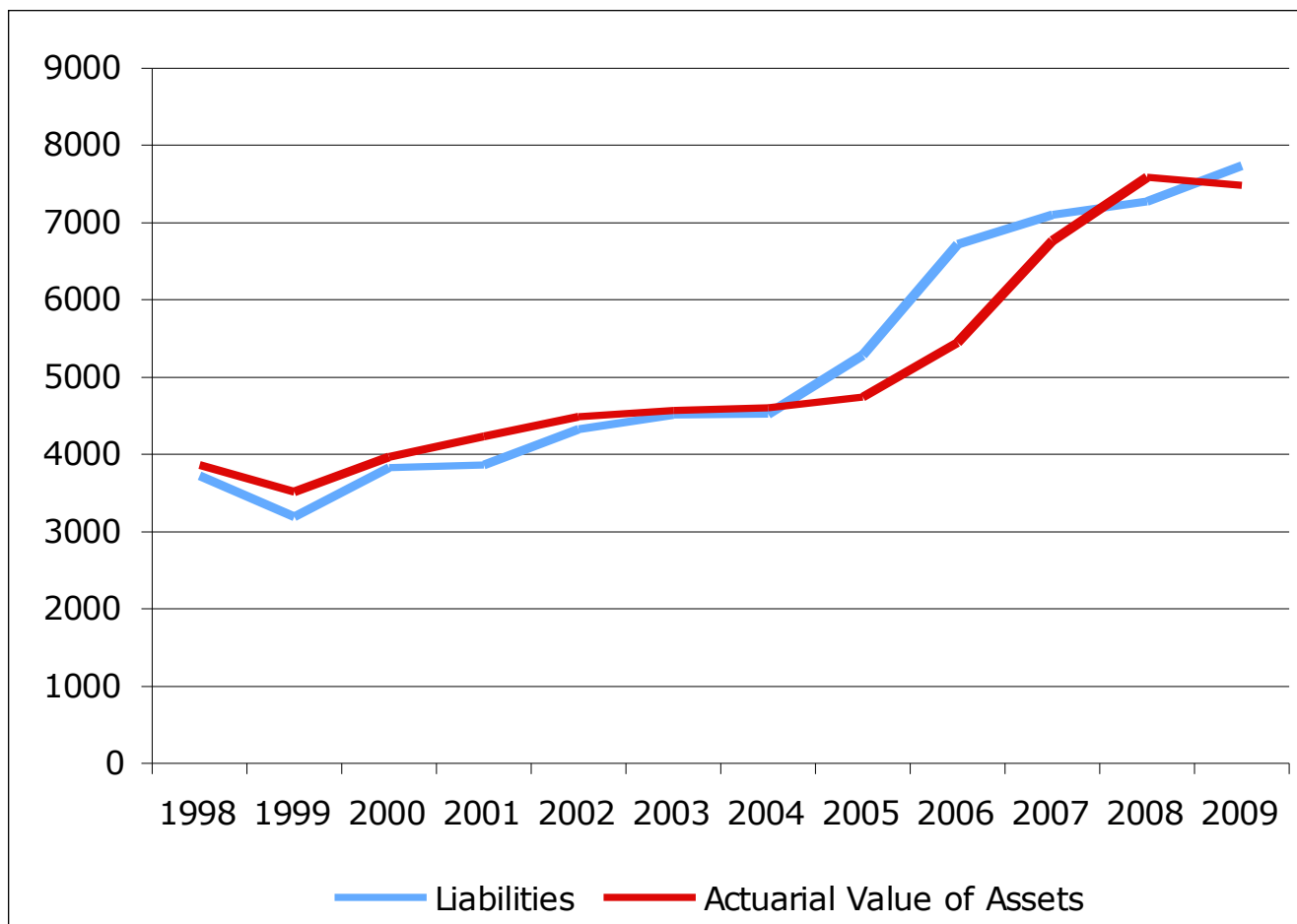
Our focus is on the long-term

- Long-term sustainability is key focus
- Reduce volatility in contribution rates
- Keep contributions reasonable
- Consider Intergenerational equity
- Open member and employer communication and disclosure

How is the Plan funded?



Pension security over time



Changes to balance the books

- In 2004, increased base contributions by 3% (1.5% + 1.5%) of pay to recognize changing environment and liabilities
- Formal funding policy (2006) demonstrates prudence of establishing blend of managing reserves, contributions and benefits through market cycles
 - Introduced conditional indexing on post-2007 service
 - Phased-in supplemental contribution rates of 6% (3% + 3%) of pay to improve plan financials (2008/2009/2010)
- Use smoothing and other actuarial methods to manage contribution volatility

Other changes made

- Integration of investment strategy with funding policy objectives
 - Bond portfolio duration extended
 - Increase in allocation to infrastructure, real estate, real return bonds
 - Currency hedging
 - Target is fully funded plan (Surplus at Risk)
- Member communication program focused on transparency and proper disclosure
 - Funding policy communicated and publicly available
 - Going concern and solvency valuation results disclosed annually (even if not filed with regulators)

Future of our pension plan

- Strategic direction
 - Engage members and colleges
 - Raise understanding and value of Plan
 - Transactions to knowledge
 - Simplification
 - Effective and efficient administration
 - Manage risk and long-term costs

2010 Inflation Protection

2010 Calculation

Old method

$$114.7 / 115.7 \times 100 - 100 = 0 \times 75\% = \mathbf{0}$$

New method

$$114.2 / 113.6 \times 100 - 100 = 0.528 \times 75\% = \mathbf{0.39}$$

2010 Inflation Protection = 0.4%

on all service



Keeping up with your Plan

Visit our website
Newsletters – 3 / year

T4A
Indexation announcement

The screenshot shows the CAAT Pension Plan website. At the top, the logo and tagline "Since 1967 - The foundation of your future" are visible. Below the logo, there are navigation links for "Members", "Pensioners", "Administrators", and "Investments". The main content area features a "Quick FACTS" sidebar on the left and a central section with three columns: "Members", "Pensioners", and "Administrators". Each column contains a brief description and a "Read more" link. Below these columns, there are sections for "Investments", "Publications", and "Contact Us". The "Publications" section lists various documents like "Member Handbook" and "Pensioner Handbook". The "Contact Us" section includes a link for "Questions for CAAT staff?". On the right side, there is a "Take NOTE" section with a link to "CAAT Plan annual return for 2008".

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Questions?

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