



Saint Mary's University

Vice-President, Finance

Date: March 14, 2005

To: Members of the Faculty and Administration Pension Plan and
Members of the Support Staff Pension Plan

Subject: Pension Plan Update

This report is to update you on progress by the pension committees on a variety of retirement matters.

1. New fund manager for Canadian equities

One of the pension committees' key responsibilities as administrator of the pension plans is a regular review of the investment options available. Based on our recent review of the plans' investment options, a new fund manager for the Canadian equity option has been selected.

On April 1, 2005, the BGI Active Canadian Equity Fund will replace the current Canadian equity fund option, the Jarislowsky Fraser (JF) Canadian Equity Fund. The transition to the BGI Active Canadian Equity Fund requires no action on the part of plan members. This will be handled administratively by Sun Life. Here is what will happen on April 1, 2005:

If you invest according to a "Hands on Strategy"

- All assets that you currently hold in the JF Canadian Equity Fund will be transferred automatically to the BGI Active Canadian Equity Fund.
- Any investment instructions for future contributions relating to the JF Canadian Equity Fund will be transferred automatically to the BGI Active Canadian Equity Fund.
- If you choose to move your JF Canadian Equity assets to another fund option before the automatic transfer, you may do so by making changes to your existing investment mix and your investment directions for future contributions prior to March 31, 2005, 4:00 p.m. AST.

If you invest in a "Saint Mary's University Asset Allocation Portfolio"

- The BGI Active Canadian Equity Fund will become the Canadian equity component of all Saint Mary's University Asset Allocation Portfolios as of April 1, 2005. All of your portfolio holdings in the JF Canadian Equity Fund will automatically be transferred to the BGI Active Canadian Equity Fund on that date.

If you have any questions about the BGI Active Canadian Equity Fund, or the transition process, please call the Sun Life Financial Customer Care Centre at 1-866-733-8612. More information on this matter will be provided at the annual general meeting (see below).

2. Investment Performance

The pension committees have engaged Mercer Investment Consulting to monitor the pension investments. After our year-end, March 31, 2005, a qualitative and quantitative assessment report will be provided by Mercer to the pension committees. This will also be presented at the annual general meeting.

The most recent one-year performance (at February 28, 2005) for the various SMU funds was:

- Money Market Fund 2.4%
- Bond Fixed Income Fund 5.3%
- Canadian Equity 25.6%
- US Equity -2.4%
- International Equity 7.7%

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3. Information for Employees Nearing Retirement

Information sessions will continue to be offered each November to members nearing retirement age. HR will contact specific employees to confirm interest in attending a retirement planning session specially designed for Saint Mary's University. We have decided to move from a two-day format to a one-day format.

Financial Planning (delivered by Mercer Human Resource Consulting) - Presentations on the following topics: SMU pension plan benefits and options, government benefits, estate planning, preparing for individual counseling, RRSP's, budgeting and saving, other topics. The pension committees have agreed that members be allowed to attend more than one group session as they approach retirement.

The "lifestyle" session formerly offered by KWA Partners will be eliminated. It was felt that this learning can be obtained from written materials. Each member attending the one-day pension session will receive a free retirement lifestyle planning "best-seller" book. This will be selected and funded by the pension committees.

The pension committees also agreed to begin to offer paid 1 hour one-on-one pension consulting sessions with Mercer for those, within one year of retirement, who have attended a group session.

4. Capital Accumulation Plan Guidelines Assessment

The Joint Forum of Financial Market Regulators released the final version of the Capital Accumulation Plan (CAP) Guidelines on May 28th, 2004. This affects the SMU defined contribution pension plans. The CAP Guidelines are intended to outline and clarify the rights and responsibilities of sponsors, service providers and members; and to ensure that members are provided the information and assistance that they need to make investment decisions in a capital accumulation plan.

The Guidelines represent the best practices in the pension industry. Regulators expect the Guidelines to be followed in full by December 31, 2005. The SMU pension committees have set a goal to adopt all of the recommendations into our pension governance system. We have already completed an initial assessment with the assistance of a pension consultant and we are confident that the SMU plans will be fully compliant prior to the end of this year.

5. Annual General Meeting (AGM) and Pension Plan Members Luncheon

The AGM of pension plan members will be held on June 7, 2005 from 10:30 a.m. until noon in the McNally Theatre Auditorium. This will include information on pension investments and performance, how to assess the adequacy of your pension assets, progress report on pension governance, how to use the pension website, and, of course, members will have the opportunity to ask questions and make suggestions.

After the AGM, those in attendance are invited to participate in a luncheon sponsored by the pension committees. This will be an opportunity to informally mingle with committee members and our pension consultants. We hope to see you there. Further details on the AGM and members luncheon will be circulated at a date closer to the event.

Please keep in mind that plan members can always find general investment planning and pension related information on the Sun Life website (www.sunlife.ca/member).



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Chair, Faculty and Administration Pension Plan Committee
Chair, Support Staff Pension Plan Committee