



I am pleased to present the results of the Canadian Forces Non-Public Funds Employees Pension Plan's performance. In 2017, we saw the number of active members increase by 3% and the number of pensioners and survivors increase by 6%. Our portfolio of diverse investments puts us in a stable position and our investment results continue to be above our performance objective.

In 2017, one of the main activities of the Pension Board was the completion of the pension review. The Board wanted to determine the best approach for securing the Plan's long-term sustainability and protecting plan members' promised benefits.

In February 2018, we announced upcoming changes to our pension plan. The changes come into effect on 8 July 2019, and only apply going forward from that date. Regardless of a member's retirement date, all the benefits of service prior to 8 July 2019 will remain completely unaffected. Currently retired members remain unaffected by the changes.

We will continue to communicate with you through website updates, emails and "Ask the Experts" sessions to address questions related to the upcoming plan changes.

Commodore Sean Cantelon,  
CEO, Staff of the Non-Public Funds, Canadian Forces

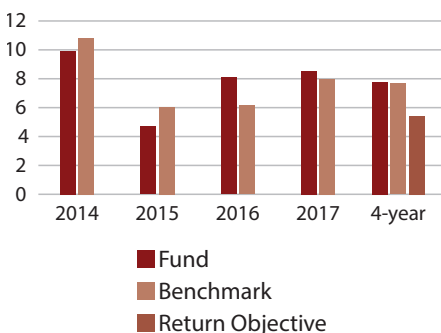
### Investment Results

2017 Net Rate of Return: 8.4%

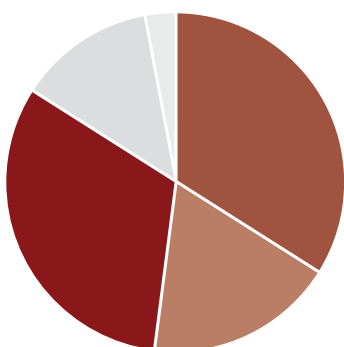
2016 Net Rate of Return: 7.6%

2015 Net Rate of Return: 4.3%

### Pension Investment Performance



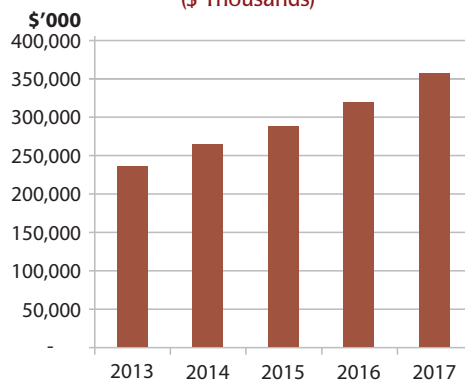
### Investment Allocation (current as of end 2017)



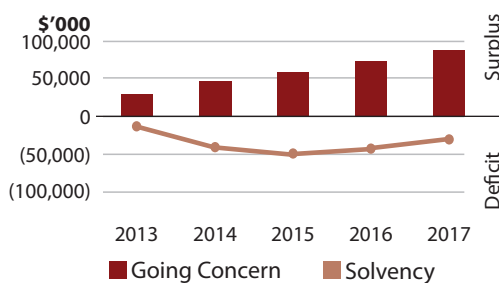
- Fixed Income 34%
- Canadian Equities 18%
- Short Term Investment 3%
- Global Equities 32%
- Alternatives 13%

### Plan Funding

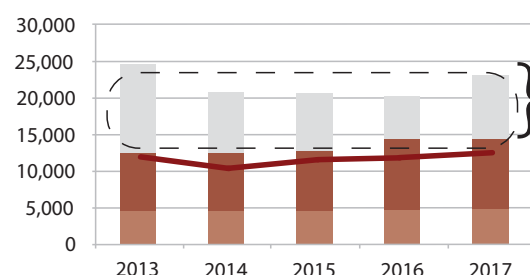
#### Net Assets (\$ Thousands)



### Annual Valuation



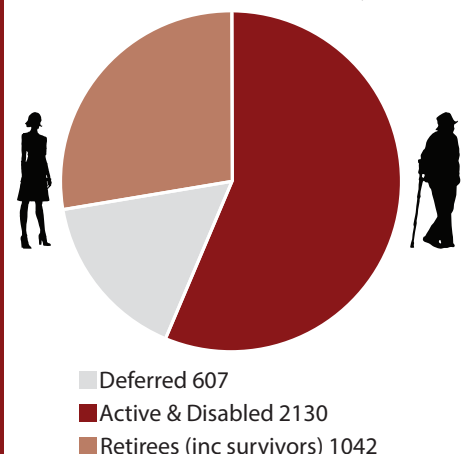
### Contribution vs Pension Benefit Payments



- Employer Contributions - Special Solvency
- Employee Contributions
- Employer Contributions - Regular
- Total Pension Benefit Payments (including refunds)

### Membership

Average age of active member = 44.4 yrs  
Average age of retiree = 71.9 yrs



#### Going Concern Explained:

If the pension plan continued indefinitely, it would be able to pay for plan members' pensions as they retire over time. This shows that our plan is in good health.

#### Solvency Deficit Explained:

If the pension plan closed tomorrow, it would not be able to pay all of the benefits it owes to the plan's members. From this perspective, we are in a deficit and the employer continues to make deficit payments each year. We are currently 92.4% solvent (up from 88.5% last year).

## Changes to the Canadian Forces Non-Public Funds Employees Pension Plan

It is important to understand the defined pension plan you're enrolled in and what you can expect to receive from it. If you haven't done so already, visit [www.cfmws.com/pension](http://www.cfmws.com/pension) to review the pension booklet and changes overview.

### What's New!

#### Check out the Pension Estimator

Visit [www.cfmws.com/pensionestimator](http://www.cfmws.com/pensionestimator) to access the pension estimator available through Coughlin's Plan Member Portal. In March 2018, Coughlin mailed you a personal identification code and temporary password. If you did not receive this information or lost/forgot your password, please contact Coughlin at [npfpension@coughlin.ca](mailto:npfpension@coughlin.ca) or call toll-free at 1-888-613-1234. Plus, you can now print your results!

#### We've updated the FAQs

Visit [www.cfmws.com/pensionfaq](http://www.cfmws.com/pensionfaq) for the most up-to-date questions and answers regarding the pension changes including the most popular subjects of split service and bridge benefit.

#### Ask the Experts sessions transcripts available upon request

Missed the "Ask the Experts" sessions held in May? The transcripts are available upon request. Simply email [pensionplan@cfmws.com](mailto:pensionplan@cfmws.com) to request a copy. We will be hosting a second round of "Ask the Expert" sessions in 2019 so that we're all prepared for the 8 July 2019 changes.

### Start Planning for Your Retirement

It's never too soon to start planning for your retirement. Don't forget to consider having several sources of retirement income. Your total retirement income may come from different sources including our, or other employer, pension plan(s), Government pension benefits, employment benefits and personal savings.

Accumulating personal savings for your retirement is a personal choice. Two of the most popular methods are a Registered Retirement Savings Plan (RRSP) or a Tax-Free Savings Account (TFSA). Get more information through your financial institution, financial planner, investment brokers, mutual fund companies, newspapers, books, seminars and libraries. You can also check out the Tools and Resources section of the website.

Plus! Did you know that Staff of the Non-Public Fund employees are eligible to participate in a Group Retirement Savings Plan? It's a retirement savings plan similar to an individual RRSP but administered on a group basis by Great-West Life. For more information visit [www.cfmws.com/en/Employee-Zone/HumanResources/Pages/Group-Savings-Plan.aspx](http://www.cfmws.com/en/Employee-Zone/HumanResources/Pages/Group-Savings-Plan.aspx) or call the Great-West Life Customer Service line at 1-800-724-3401 or visit [www.grsaccess.com](http://www.grsaccess.com). Our Access ID is CFMWS04 and the Password is EKjn58Jx.

### Thinking About Retiring?

Planning for retirement is an exciting event in your life; however, it is also a time to make some important decisions. Discussing your plans with your spouse or partner and family members is an important part of the retirement decision.

When making your decision about retiring, you may want to consider that the upcoming Pension Plan changes only affect the pensionable service you accrue after 8 July 2019. In addition, in a defined benefit pension plan, as you continue to work, your pensionable service increases, your pensionable earnings increase, and you are less likely to incur early retirement reductions.

You may want to speak with a financial advisor to help you set a plan to meet your income needs in retirement. It may also be a good time to review your investment goals and adjust your investments. Check out the Thinking About Retiring section of our pension website.

### Keeping track of plan members...

To ensure you're receiving information about your defined pension plan, please ensure your mailing address is kept up to date. If you would like more information about your defined benefit pension plan, there are several options available to you:

- Contact Coughlin and Associates by email at [npfpension@coughlin.ca](mailto:npfpension@coughlin.ca) or call toll-free at 1-888-613-1234.

Staff of the Non-Public Funds, Canadian Forces employees can also:

- Visit the pension website at [www.cfmws.com/pension](http://www.cfmws.com/pension)
- Contact your local Human Resources professional