To: Members of the McGill University Pension Plan (MUPP)
From: Pension Administration Committee of the MUPP
Date: April 2020
Subject: COVID-19 (coronavirus)

As the community copes with spread of the COVID-19 (coronavirus) we hope you and yours are in good health during these stressful times.

The Pension Administration Committee (PAC) understands that given the financial news being reported during the COVID-19 crisis you may have questions and concerns about the pension plan’s financial stability. The reaction of the financial markets to the COVID-19 virus has introduced a period of unusual volatility in the stock markets. The PAC would like to assure you that the Office of Investment and the Pension Administration Office are working diligently to manage the situation as best as possible for the investment options offered and, like the rest of the University, are doing it from their homes.

In the Plan you have a choice of different investment pools or options to choose from; Balanced Account, Equity Pool, Fixed Income Pool, Money Market Pool and the SRI (Socially Responsible Investment) Pool as well as Glide Paths. Your investment choice (asset allocation) should be consistent with your long-term risk tolerance and how close you are to retirement. If you are in the Balanced Account you have exposure to a diversified portfolio that includes the following target weights: equities (45%), fixed income (35%) and alternative investments (20%). The account has in place investment policy ranges and guidelines that ensure proper diversification and reduced risk.

Part A (joined prior to January 1, 2009) members will see their minimum Defined Benefit balance increasing to provide the expected protection against any equity losses. Part B (joined on or after January 1, 2009) members should remember a guiding investment principle worth recalling: Emotion should have no place in your investment strategy. Reacting to short term market events by making dramatic portfolio changes makes it very difficult to stay on course to achieve your investment goals. History shows that the disciplined, patient investor will often be the one rewarded when markets return to their long-term path. In addition, major declines are generally followed by major recoveries and those recoveries can happen rather quickly. Shifting allocation or being out of the market can prevent from participating in gains when market bounces back.

You should consult your financial or investment advisors if you have any questions about your investment allocation.