



PENSION PLAN FOR FACULTY, LIBRARIANS AND SENIOR ADMINISTRATIVE OFFICERS OF MOUNT ALLISON UNIVERSITY

COVID-19, your savings and next steps

We have been saturated with media coverage of COVID-19 and its ripple effects – with many recent headlines focusing on how consumers, supply chains, and ultimately, stock markets are affected. So you're not alone if you have been thinking about the status of your own investment portfolio or asked yourself questions like:

- How sharp will this downturn be?
- How long will this downturn last?
- Will this market correction be more severe than what we've experienced in the past?

The good thing is that your best course of action doesn't rely on getting the answers to any of these questions.

Regardless of what's happening in the markets - before making any investment decisions - the first step is to think about when you'll actually need to use your savings.

As markets show signs of volatility or weakness, it can be easy to give into one's natural instincts to seek safer investment opportunities like money market or cash. But when you are saving for retirement or saving for a long-term goal, the research shows you should do exactly the opposite.

Staying the course and remaining invested (so that you don't miss out when the market recovers) has proven to be good advice when looking back throughout history. When markets pull back, they may not bounce back quickly, but history shows that markets always recover...eventually.

Remember, within the Pension Plan and the Group TFSA program, your savings are managed by professional advisors at very low investment fees. The University is carefully monitoring this situation, and will provide Plan members with ongoing support to get through this challenging time.

Savings in the Pension Plan

The savings you have accumulated in the Pension Plan are specifically earmarked for your retirement. Even if you are nearing retirement, keeping a long-term perspective on money is critical. It's important to determine the long-term investment strategy that is right for your retirement savings, and stick with it.

Savings in the Group TFSA

Many people think of their savings in the Group TFSA as savings for retirement. If your TFSA savings are for retirement, then the comments regarding pension savings apply.

Others take advantage of these savings before retirement – for example, savings for a down payment on a home or vehicle. The default investment option for the TFSA reflects a lower risk tolerance anticipating savings in the TFSA may not be as long term as for retirement.

NEXT STEPS:



Understand when you will need to use your savings:

Even if you are near retirement, consider how much money you will actually need per year. You may only need to draw on a small portion of your total savings in any given year.



Target Date Portfolio Investors:

The target date portfolios available through the Pension Plan make it easy to find the investment mix that provides a good fit for most Plan members. The target date portfolios are well-diversified, automatically rebalance as markets move, and gradually adjust your risk level as you get closer to retirement.

Investors Who Build Their Own Portfolios:

Consider the right mix in your investment portfolio based on your risk profile. If you have a long-term investment horizon, diversify your investments. The MtA Non-Traditional Growth portfolio can be helpful in diversifying your equity risk.



If you need further guidance:

Contact the Sun Life customer contact centre at 1-866-733-8612 (Monday through Friday 9 a.m. to 9 p.m. ADT) or go to www.mysunlife.ca for additional resources and tools.

We know that everyone's financial situation is unique and that not everyone has the time or confidence to personally build an investment strategy in which they can take comfort. That's why the Pension Plan has made Target Date Portfolios available to Plan members: these investment options take some of that pressure off for those using them. If you're still feeling concerned, it may make sense to meet with a licensed financial advisor. When meeting with your advisor or choosing an advisor for the first time, ask about fees (hidden fees included) and key elements of how you can achieve your goals. Not all advisors are the same and it is important you find an advisor that is right for you.

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