

University of Saskatchewan

2000 Academic Money Purchase Pension Plan

Expense Policy

I Introduction

The Plan document states in general terms the duties and responsibilities of the Academic Money Purchase Pension Committee with respect to the fees for services and other expenses reasonably and properly incurred by the University and the Academic Money Purchase Pension Committee in the administration and operation of the Plan and Fund. The primary objectives of this Expense Policy are to specify in detail the nature of these fees and other expenses and to identify the method by which they shall be charged to Participants' Accounts (defined below). It is intended that this Expense Policy be in compliance with the Plan document. In the event of a discrepancy between this document and the Plan document, the Plan document shall prevail.

This Expense Policy distinguishes between two types of expenses: (1) those that represent fees for services in accordance with contracts signed between the University and Agents of the Plan and (2) other recurring and non-recurring expenses reasonably and properly incurred by the University and the Academic Money Purchase Pension Committee in the administration and operation of the Plan and Fund.

II Definitions

For the purposes of this document the following words, phrases and abbreviations are assigned.

(a) Agent(s):

Such companies or other persons appointed by the Board from time to time to provide services in relation to the Plan. Agents include Investment Managers, Investment Consultant(s), a Pension Consultant and a Service Provider.

(b) Academic Money Purchase Pension Committee (AMPPC):

This is a committee, formerly named the Fringe Benefits Committee in the Plan document, consisting of six persons, three appointed by the Board, three by the University of Saskatchewan Faculty Association.

(c) Account:

That portion of the Fund credited to the Participant and which is held in the Participant's Account with the Service Provider.

(d) Administrator:

"Administrator," means the Board of Governors of the University of Saskatchewan.

- (e) Board:
“Board,” means the Board of Governors of the University of Saskatchewan.
- (f) Director of Benefits:
The employee of the University designated by the Board (or its designate) to carry out certain administrative responsibilities for the Board in respect of the Plan and Fund.
- (g) Expense Account:
“Expense Account,” means the account held by the Service Provider for the purpose of accumulating funds transferred from Participants’ Accounts in order to pay expenses incurred in the administration of the Plan and Fund.
- (h) Fund:
“Fund,” means the assets of the Plan.
- (i) Investment Consultant:
Such company or other persons as the Board may appoint from time to time to provide strategic advice regarding the Plan’s investment policy, investment managers and investment performance issues.
- (j) Investment Manager(s):
Such company(ies) or other persons as the Board may appoint from time to time to invest a portion of the assets in the Fund in accordance with a mandate specified in the Statement of Investment Policies and Procedures.
- (k) Participant:
“Participant,” means a Member or Inactive Member of the Plan as defined in the Plan document.
- (l) Pension Consultant:
Such company or other persons that the Board may appoint from time to time to provide strategic advice regarding Plan design, communication and education for Plan Participants and other matters that would affect the Plan.
- (m) Plan:
The University of Saskatchewan 2000 Academic Money Purchase Pension Plan (the “Plan”).
- (n) Service Provider:
Such trust company or insurance company appointed by the Board from time to time to act as custodian of the Fund in accordance with the Plan and to provide support in the administration of the Plan, including the investment options offered under the Plan’s investment structure, and record keeping for individual Participant Accounts.
- (o) Specialty Fund:
A specific asset fund defined in Section 2.04 of the Statement of Investment Policies and Procedures.

III Contracted Fees for Services

III.1 All contracts between Agents of the Plan and the University of Saskatchewan shall be recommended by the AMPPC and approved by the Board.

III.2 Fees arising in accordance with contracts between Agents of the Plan and the Board shall be paid and charged to Participants' Accounts in accordance with the procedures of Section V herein without prior approval of the AMPPC.

III.3 Fees in excess of contracted amounts shall be reviewed and approved by the AMPPC prior to being incurred and paid. Upon approval by the AMPPC, these fees shall be charged to Participants' Accounts in accordance with the procedures of Section V herein.

III.4 On an annual basis, the Director of Benefits shall provide the AMPPC with audited financial statements that enable the AMPPC to determine whether contracted fees for services charged to Participants' Accounts are in accordance with contracts signed by the Board, or as approved by the AMPPC in accordance with III.3 herein.

IV Other Expenses

IV.1 By January of each year the Director of Benefits shall submit to the AMPPC the draft annual administrative budget for the calendar year, for review and recommendation to the Board. The AMPPC shall determine that portion of the administrative budget that may be charged to Participants of the Academic Money Purchase Pension Plan and this portion shall be charged to Participants' Accounts in accordance with the procedures of Section V herein.

IV.2 Any expenses proposed to be charged to Participants' Accounts, in addition to contracted amounts addressed in Section III and those in the administrative budget as approved by the Board, must first be approved by the AMPPC prior to being charged to Participants' Accounts in accordance with the procedures of Section V herein, provided such expenses are reasonably and properly incurred by the University or the AMPPC in the administration of the Plan and Fund.

IV.3 On an annual basis, the Director of Benefits shall provide the AMPPC with audited financial statements that enable the AMPPC to determine whether all other expenses charged to Participants' Accounts in the calendar year have been approved by the AMPPC.

V Method Of Allocation of Approved Expenses to Participants' Accounts

V.1 Investment Management Fees

- (a) On the last day of each month the Service Provider shall estimate the investment management fees for each Specialty Fund inclusive of GST.
- (b) On the last day of each month, the Service Provider shall calculate each Participant's share of the estimated management fees prorated on the basis of each Participant's balances in each Specialty Fund. On the first day of the following month, the fees shall be deducted from each Participant's Account and transferred to the Expense Account.
- (c) Funds in the Expense Account shall be invested in the Money Market Fund.
- (d) The Investment Managers shall invoice for fees quarterly in arrears. Once received and properly authorized by the Director of Benefit, the invoices shall be sent to the Service Provider for payment from the Expense Account.
- (e) The Service Provider shall account for any discrepancy between the quarterly investment management fees actually paid out of the Expense Account and the monies transferred in from Participants' Accounts by adjusting the estimated investment management fees at the next month end by the amount of the discrepancy.
- (f) The annual interest earnings of funds in the Expense Account shall be applied to the following year's administrative expenses and reflected in that year's administrative budget in accordance with Section V.3(d) herein.
- (g) The annual rebate of GST on investment management fees shall be applied to the following year's administrative expenses and reflected in that year's administrative budget in accordance with Section V.3 herein.

V.2 Service Provider Fees

- (a) The Service Provider fee to be charged to each Participant's Account shall be calculated on a monthly basis and shall be deducted from each Participant's Account on the last day of the month. There is no GST applicable on this fee.

V.3 Administrative Expenses

- (a) Each year the Director of Benefits shall prepare an estimate of the administrative expenses for the Plan and Fund for the following calendar year and submit this estimate to the AMPPC for approval. This estimate shall include contracted fees for services of the Investment Consultant and other Agents of the Plan (excluding

Investment Managers and the Service Provider), and all other expenses approved in accordance with Section IV herein net of the surplus (deficit) in the Expense Account from the previous year and net of the annual rebate of GST on investment management fees from the previous year. Once the AMPPC has approved the estimated administrative expenses, the Director of Benefits shall provide the Service Provider with this estimate of administrative expenses.

- (b) The Service Provider shall calculate the estimate of the annual administrative expenses as a percentage of the Fund on December 31 of the previous year. On the last day of each month, each Participant's share of the administrative budget shall be calculated by applying 1/12 of this percentage to the Participant's Account. The amounts so calculated shall be deducted from each Participant's Account and transferred to the Expense Account on the first day of the following month.
- (c) Administrative expenses shall be paid from the Expense Account by the Service Provider upon receipt of proper authorization from the Director of Benefits.
- (d) Any surplus (deficit) in the Expense Account on December 31 of each year shall be applied to the estimated administrative expenses for the following year.