PROVINCIAL AUDITOR
of Saskatchewan

July 26, 2024

S. Brown
Chair, Board of Governors (via Email)
University of Saskatchewan
E240 Administration Building
105 Administration Place
Saskatoon, SK S7N 5A2

Dear S. Brown:

Re: University of Saskatchewan 1999 Academic Pension Plan Financial Statements

We enclose the financial statements of the University of Saskatchewan 1999 Academic Pension Plan for the year ended December 31, 2023 and our report on these financial statements.

We issue audited financial statements and other final documents electronically using the Office's secure file-share program. Please whitelist the email account saskauditor@auditor.sk.ca to ensure it is not blocked or sent to junk.

Yours truly,

T. Clemett

Tara Clemett, CPA, CA, CISA
Provincial Auditor

Enclosure

cc: (via Email)
- P. Stoicheff, President and Vice-Chancellor, University of Saskatchewan
- The Honourable C. Young, Minister of Advanced Education
- L. Michaud, Deputy Minister, Ministry of Advanced Education
- K. Martell, Chair, Audit and Finance Committee, University of Saskatchewan
- D. Boehm, Assistant Deputy Minster, Corporate and Student Services, Ministry of Advanced Education
- G. Fowler, Vice President Administration and Chief Operating Officer, University of Saskatchewan
- D. Henne, Chief Financial Officer, University of Saskatchewan
- T. Batters, Controller and Director, Financial Operations, University of Saskatchewan
- K. Killick, Interim Human Resources Director, University of Saskatchewan
- S. Baptiste, Manager, Financial Reporting, University of Saskatchewan

File: 553-24

University of Saskatchewan 1999 Academic Pension Plan

For the Year Ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the University of Saskatchewan 1999 Academic Pension Plan, which comprise the statement of financial position as at December 31, 2023, and the statement of changes in net assets available for benefits, and statement of changes in pension obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University of Saskatchewan 1999 Academic Pension Plan as at December 31, 2023, and the changes in net assets available for benefit and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University of Saskatchewan 1999 Academic Pension Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the University of Saskatchewan 1999 Academic Pension Plan's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the University of Saskatchewan 1999 Academic Pension Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the University of Saskatchewan 1999 Academic Pension Plan's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Saskatchewan 1999 Academic Pension Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University of Saskatchewan 1999 Academic Pension Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the University of Saskatchewan 1999 Academic Pension Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

T. Clemett

Regina, Saskatchewan
July 24, 2024

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

UNIVERSITY OF SASKATCHEWAN
1999 ACADEMIC PENSION PLAN

STATEMENT OF FINANCIAL POSITION
As at December 31

Statement 1

	2023	2022
Assets		
Investments (Notes 3 & 4):		
Equities	$ -	$ 26,020,015
Pooled funds		
Equities	48,762,386	34,561,492
Bonds and money market	88,316,741	70,459,508
Real estate	24,443,332	27,352,334
	161,522,459	158,393,349
Receivables:		
Employee contributions	13,156	14,152
Employer contributions	13,156	14,152
Accrued investment income	2,969	22,999
Investment redemption receivables (Note 7)	2,700,000	-
	2,729,281	51,303
Cash	1,800	210,973
Total assets	164,253,540	158,655,625
Liabilities		
Bank Overdraft (Note 7)	2,631,919	-
Accounts payable	210,164	261,014
Total liabilities	2,842,083	261,014
Net assets available for benefits (Statement 2)	161,411,457	158,394,611
Pension obligations (Statement 3)	149,323,000	147,233,000
Defined contribution component (Note 1a)	125,319	124,133
Surplus	$ 11,963,138	$ 11,037,478

(See accompanying notes)

UNIVERSITY OF SASKATCHEWAN
1999 ACADEMIC PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the year ended December 31

Statement 2

	2023	2022
Increase in Assets		
Investment income:		
Interest	$ -	$ 110
Dividends - equities	232,125	377,951
Distributions - pooled funds	6,138,857	2,249,664
	6,370,982	2,627,725
Current period change in fair values of investments - increase/(decrease)	7,883,778	(20,645,406)
Contributions:		
Employee	329,547	372,102
Employer	329,547	372,102
	659,094	744,204
Total increase/(decrease) in assets	14,913,854	(17,273,477)
Decrease in Assets		
Plan expenses (Note 8)	809,182	859,917
Pension benefits paid	11,078,494	10,876,691
Refunds and transfers:		
Retirement benefits	9,332	149,327
	9,332	149,327
Total decrease in assets	11,897,008	11,885,935
Net change in net assets available for benefits	3,016,846	(29,159,412)
Net assets available for benefits at beginning of year	158,394,611	187,554,023
Net assets available for benefits at end of year (to Statement 1)	$ 161,411,457	$ 158,394,611

(See accompanying notes)

UNIVERSITY OF SASKATCHEWAN
1999 ACADEMIC PENSION PLAN

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the year ended December 31

Statement 3

	2023 (Note 9)	2022 (Note 9)
Pension obligations, beginning of year	$ 147,233,000	$ 168,699,000
Increase in pension obligations:		
Interest on accrued benefits	8,319,000	7,423,000
Benefits accrued with interest	868,000	1,256,000
Changes in assumptions	4,498,000	-
	13,685,000	8,679,000
Decrease in pension obligations:		
Benefits paid with interest	11,387,000	11,205,000
Changes in assumptions	-	18,466,000
Experience gain	208,000	474,000
	11,595,000	30,145,000
Pension obligations, end of year (to Statement 1)	$ 149,323,000	$ 147,233,000

(See accompanying notes)

1. Description of the Plan

The following description of the University of Saskatchewan 1999 Academic Pension Plan (Plan) is a summary only. For more complete information, reference should be made to the Plan Agreement.

a) General

The Plan was established as a defined benefit pension plan registered under *The Pension Benefits Act, 1992 (Saskatchewan)* and the *Income Tax Act (Canada)*. The Plan is closed to new members.

Effective June 1, 2007 to August 31, 2010, a supplemental defined contribution component was added to the Plan to which the University and active academic and senior administration members each contributed an additional 0.5% of pensionable earnings.

b) Administration

The Academic Defined Benefit Pension Committee (Committee), composed equally of appointees of the Board of Governors and the Faculty Association, provides oversight for the Plan as delegated by the Board of Governors. The Committee provides recommendations to the Board of Governors in matters of Plan amendments and investment policy and also maintains liaison with all those concerned with the operations of the Plan, including the Board of Governors, the trustee, the investment advisors, the actuary and the members of the Plan.

c) Retirement Benefits

The normal retirement date of a member is the June 30th coincident with or next following the attainment of age 67. The annual amount of pension is determined as follows:

A past service pension of:

1) 2% of the member's best four years average pensionable salary multiplied by the member's service prior to July 1, 1965; less

2) the amount of pension payable under the terms of the prior plans.

Plus a current service pension of:

3) 2% of the member's best four years average pensionable salary multiplied by the member's service after July 1, 1965; less

4) 0.04% multiplied by the member's service after December 31, 2005 (to a maximum of 35 years) multiplied by the average Canada Pension Plan earnings ceiling in the year of retirement and the two previous years.

   The above is a normal form of pension which provides for monthly payments for life with a minimum of 120 monthly payments being guaranteed.

   Prior to July 1, 2015, a retiring member could elect the greater of the commuted value of the monthly retirement benefit or the total contributions together with accrued interest, and transfer this amount to a locked-in registered retirement savings vehicle or a prescribed registered retirement income fund, within the maximum tax shelter rules, with any excess being paid in cash. This transfer option was removed from the Plan for any members retiring after June 30, 2015.

d) Disability Retirement Benefits

The annual amount of pension is determined by applying the regular retirement benefit formula. Article V, Section 2(b) of the Plan document provides that during a period of disability the member will be deemed to have received earnings at the member's full normal rate of pay.

e) Termination Benefits

Upon termination of employment a member may elect:

1) to receive a deferred retirement benefit; or

2) to transfer an amount equal to the greater of:

   a) employee contributions together with the University's contributions and interest; or

   b) the commuted value of the monthly retirement benefit

   to a locked-in registered retirement savings vehicle or deferred annuity, within the maximum tax shelter rules, with any excess being paid in cash.

f) Death Benefits

The beneficiary of an employee who dies before retirement will be entitled to receive an amount equal to the greater of:

1) the sum of the member's and the University's accumulated contributions with interest; or

2) the commuted value of the monthly retirement benefit.

For an employee who is deceased after retirement, the surviving beneficiary will be entitled to receive the benefit outlined by the form of pension elected by the member at the member's retirement date.

g) Plan Improvements

Article XIX of the Plan document makes provision for the use of any actuarial surplus to be applied firstly to the declaration of bonus pensions to existing pensioners, with any remaining surplus to be used to improve the benefits of members in the Plan if an adequate reserve for contingencies exists.

h) Funding

The University, on the advice of the Actuary, contributes to the Plan such amounts as are required to maintain the Plan at a level that at least meets the minimum funding requirements prescribed by *The Pension Benefits Act, 1992*.

The following table summarizes the monthly contributions as recommended by the actuary in the valuation filed as at December 31, 2022:

Fixed rate contributions (percentage of earnings)	
Employee contribution rate	8.50%
Employer contribution rate	8.50%

The December 31, 2022 valuation was filed with the regulators in June 2023. As the valuation revealed a going concern surplus, no additional contributions are required to fund going concern deficiencies.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans. These standards include reference to guidance found in International Financial Reporting Standards with respect to the fair value measurement for investment assets and liabilities. For accounting policies that do not relate to its investments or pension obligations, the financial statements comply with Canadian accounting standards for private enterprises, to the extent that these standards do not conflict with the standards for pension plans.

The following policies are considered significant:

a) Basis of Presentation

These financial statements are prepared using the accrual basis of accounting and on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members.

b) Investments

Investments are classified as held for trading and are stated at fair value. Bonds, pooled funds, and equities are determined with reference to year end prices from recognized security dealers. Short-term investments are valued at cost, which approximates fair value. Investment transactions are recorded on the trade date.

c) Foreign Currency Translation

The Plan's financial statements are presented in Canadian dollars. Transactions conducted in foreign currency are translated into Canadian dollars using the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at year end.

d) Use of Estimates

The preparation of financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Changes in estimates are recorded in the period when identified. Significant estimates and assumptions are used primarily in the determination of investments and pension obligations.

e) Pension obligations

Pension obligations represent the present value of the obligation for pension benefits under the Plan. The pension obligation is determined pursuant to an actuarial valuation or extrapolation. Any change in the liability pursuant to the valuation or extrapolation is recognized as an increase or decrease in that year's Statement of Changes in Pension Obligations.

3. Capital Management and Investment Performance

The Plan receives capital from employee and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The objective of the Plan is to meet future pension obligations and to generate sufficient cash flow to meet pension payments, while complying with *The Pension Benefits Act, 1992* and Canada Revenue Agency regulations.

In accordance with regulatory requirements, the Academic Defined Benefit Pension Committee and the Board of Governors have established a Statement of Investment Policies and Procedures (SIPP) which sets out the investment principles, guidelines and monitoring procedures. The SIPP sets out benchmarks and asset allocation ranges that are intended to best secure the obligations for the pension benefits and result in a reasonable risk-adjusted return on investment. Individual investment decisions are delegated to investment managers subject to the constraints of the SIPP and individual manager mandates. As required, the Committee reviews the SIPP at least annually. With the assistance of an investment consultant, the Committee regularly monitors the asset mix of each manager to ensure compliance with the SIPP.

The Academic Defined Benefit Pension Committee and the Board of Governors implemented a de-risking investment strategy in order to minimize the volatility on the Plan's funding position and required contributions. The fund will adjust dynamically with the financial position of the Plan. The dynamic allocation is defined by a glide path where the asset allocation is adjusted as the financial position varies. The future target asset mix is outlined in the table, below. At December 31, 2023, the asset mix is in the 90.00%-94.99% range.

Solvency Ratio	**<90.00%**	**90.00%-94.99%**	**95.00%-99.99%**	**100.00%-104.99%**	**105.00%-109.99%**	**>=110.00%**
Liability-Matching Component	50.00%	**55.00%**	60.00%	65.00%	70.00%	75.00%
Growth Component	50.00%	**45.00%**	40.00%	35.00%	30.00%	25.00%
Target Asset Mix						
Liability-Matching Component						
Universe Bonds (*FTSE Canada Universe Bond*)	25.00%	**27.50%**	30.00%	32.50%	35.00%	37.50%
Long Bonds (*FTSE Canada Long Term Bond*)	25.00%	**27.50%**	30.00%	32.50%	35.00%	37.50%
Growth Component						
Global Equities (*MSCI ACWI Net TR [CAD]*)	17.86%	**16.07%**	14.29%	12.50%	10.72%	8.93%
Global Low Volatility Equities (*MSCI World Net TR [CAD]*)	17.86%	**16.07%**	14.29%	12.50%	10.72%	8.93%
Real Estate (*MSCI/REALPAC Canada Property Fund*)	14.29%	**12.86%**	11.43%	10.00%	8.57%	7.14%

The current asset component ranges are as follows:

	Liability-Matching Component			**Growth Component**		
Financial Position	**Minimum**	**Target Allocation**	**Maximum**	**Minimum**	**Target Allocation**	**Maximum**
<90.00%	46%	50%	54%	46%	50%	54%
90.00% - 94.99%	**51%**	**55%**	**59%**	**41%**	**45%**	**48%**
95.00% - 99.99%	56%	60%	64%	36%	40%	44%
100.00% - 104.99%	61%	65%	69%	31%	35%	39%
105.00% - 109.99%	67%	70%	73%	27%	30%	33%
>=110%	72%	75%	78%	22%	25%	28%

The primary long-term investment performance objective is to out-perform the benchmark portfolio. The following is a summary of the Plan's investment performance:

As of December 31, 2023	1 year	4 year
Plan Return	9.3%	3.0%
Benchmark	10.6%	3.5%

The annual returns are gross of investment management fees and plan expenses.

4. Investments

Equities

The Plan's investment policy restricts individual holdings to a maximum of 12% of the market value of the equity portfolio and to a maximum of 10% of the common stock in any corporation. In September 2023 the plan liquidated its segregated equity investments in favour of a pooled global equity fund. Prior to redemption, the annualized average dividend rate in 2023 was 1.3% (2022 – 1.3%).

	2023	2022
Canadian	$ -	$ 10,735,769
U.S.	-	15,284,246
	$ -	$ 26,020,015

Pooled Funds

The Plan holds units in pooled funds which have no fixed interest rate and its returns are based on the success of the manager. An investment in a pooled fund should not exceed 10% of the market value of the pooled fund. The Plan's pooled funds are comprised of the following:

	2023	2022
Arrowstreet Global Equity Fund	$ 24,467,315	$ -
BlackRock Canada Long Bond Index Fund	44,025,528	34,780,019
BlackRock Canada Universe Bond Index Fund	44,291,213	35,493,256
Jarislowsky Fraser Money Market Fund	-	186,233
Jarislowsky Fraser Special Equity Fund	-	823,922
Jarislowsky Fraser International Equity Fund	-	9,095,462
TD Emerald Global Equity Shareholder Yield Pooled Fund Trust	24,295,071	24,642,108
TD Greystone Real Estate Fund	24,443,332	27,352,334
	$ 161,522,459	$ 132,373,334

Fair Value

The Plan has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The Plan's investments at year end are classified as follows:

		2023		
	Level 1	Level 2	Level 3	Total
Pooled Funds				
Fixed Income	$ -	$ 88,316,741	$ -	$ 88,316,741
Equities	-	48,762,386	-	48,762,386
Real Estate	-	-	24,443,332	24,443,332
Total	$ -	$ 137,079,127	$ 24,443,332	$ 161,522,459

		2022		
	Level 1	Level 2	Level 3	Total
Equities	$ 26,020,015	$ -	$ -	$ 26,020,015
Pooled Funds				
Money Market	-	186,233	-	186,233
Fixed Income	-	70,273,275	-	70,273,275
Equities	-	34,561,492	-	34,561,492
Real Estate	-	-	27,352,334	27,352,334
Total	$ 26,020,015	$ 105,021,000	$ 27,352,334	$ 158,393,349

There were no items transferred between levels in 2023 or 2022.

The Level 3 investments are made up of the TD Greystone Real Estate pooled fund. The below table presents the activity of the Level 3 investments:

Level 3 Investments	2023	2022
Opening Balance	$ 27,352,334	$ 30,615,607
Purchases	-	-
Sales	(2,161,735)	(4,142,975)
Transfers in/(out)	-	-

Gains/(losses)*	(747,267)	879,702
Closing Balance	$ 24,443,332	$ 27,352,334

* Gains/(losses) are included in Current period change in fair values of investments, per Statement 2

5. Financial Risk Management

The nature of the Plan's operations results in a statement of financial position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk.

Financial risks are related to the Plan's investments. These financial risks are managed by having an investment policy, which is approved by the Board of Governors. The investment policy provides guidelines to the Plan's investment managers for the asset mix of the portfolio regarding quality and quantity of fixed income and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. The Committee reviews regular compliance reports from its investment managers as to their compliance with the investment policy.

Credit risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from certain investments. The maximum credit risk to which it is exposed at December 31, 2023 is limited to the carrying value of the financial assets summarized as follows:

	2023	2022
Accounts receivable	$ 2,729,281	$ 51,303
Investments [1]	88,316,741	70,459,508

[1] includes fixed income and money market pooled funds.

Credit risk within investments is primarily related to bond and money market instruments. It is managed through the investment policy that limits fixed income investments to those of high credit quality (minimum rating for bonds is BBB, and for money market instruments is R-1 Low) along with limits to the maximum notional amount of exposure with respect to any one issuer. The following shows the percentage of bond holdings, in the each bond pooled fund, by credit rating:

Credit Rating – Canada Long Bond Index	2023	2022
AAA	18.9%	17.7%
AA	32.7%	28.3%
A	39.0%	43.8%
BBB	9.4%	10.2%
Total	100.0%	100.0%

Credit Rating – Canada Universe Bond Index	2023	2022
AAA	40.6%	38.9%
AA	18.5%	16.1%
A	29.1%	32.7%
BBB	11.8%	12.3%
Total	100.0%	100.0%

Within the bond pooled fund, there are no holdings from one issuer, other than the Government of Canada or government guaranteed agencies, over 10% of the market value of the combined bond and short-term investment portfolios. No holding of one corporate issuer rated less than A is to exceed 5% of the market value of the bond portfolio.

Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest rate risk

The Plan is primarily exposed to changes in interest rates in its bond pooled funds. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 1% change in interest rates would change net assets available for benefits by $9,841,544, representing 11.1% of the $88,316,741 fair value of fixed income assets, and 6.1% of the total net assets available for benefits.

Foreign exchange

The Plan is subject to changes in currency exchange rates for its global investments. U.S. dollar and EAFE (Europe, Australasia and Far East) are the predominant currencies impacting the foreign exchange risk of the Plan. At December 31, 2023, the Plan's exposure to global investments was 30.2% (2022 – 30.9%).

At December 31, 2023, a 10% change in the Canadian dollar versus U.S. dollar and EAFE currencies would result in approximately a $4,876,239 change in the net assets available for benefits.

Equity Prices

The Plan is exposed to changes in equity prices in Canadian, U.S. and EAFE markets. At December 31, 2023 equities comprise 30.2% (2022 – 38.2%) of the fair value of the Plan's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee represents greater than 10% of the fair value of the Plan.

The following table indicates the approximate change that could be anticipated to the net assets available for benefits based on changes in the Plan's benchmark indices at December 31, 2023:

	10% increase	10% decrease
MSCI ACWI Net TR Index	$ 2,446,732	$ (2,446,732)
MSCI World Net TR Index	2,429,507	(2,429,507)

Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed daily based on anticipated cash flows.

6. Fair Value of Financial Instruments

Accounts payable and receivables are non-interest bearing and are due or payable within the next year. Due to their immediate or short-term maturity, the fair value of these financial instruments approximates carrying value.

Fair values of investments are disclosed in Note 4.

7. Investment Redemption Receivables and Bank Overdraft

Investment redemption receivables consist of proceeds from a partial redemption of the BlackRock Long Bond Index fund and BlackRock Universe Bond Index fund. The $2,700,000 redemption was made prior to the end of 2023, but the proceeds did not settle until January 4, 2024.

Due to the timing of settlement, the plan utilized its bank overdraft in the amount of $2,631,919 at December 31, 2023. The bank overdraft bears interest at a rate of "prime, plus 1.00%," which equated to an annualized interest rate of 8.2% at December 31, 2023. The bank overdraft was fully repaid upon settlement of the bond redemptions, on January 4, 2024.

8. Plan Expenses

	2023		2022
	Budget	Actual	Actual
Investment management fees	$ 698,114	$ 583,538	$ 667,529
Actuarial fees	72,000	60,265	67,121
Trustee fees	44,000	48,609	43,086
Investment consulting fees	100,768	94,918	59,836
Administration expenses	25,920	21,852	22,345
Total	$ 940,802	$ 809,182	$ 859,917

9. Pension Obligations

The present value of pension obligations was determined using the projected benefit method prorated on service and management's best estimate assumptions. An actuarial valuation of the Plan was performed by Aon as at December 31, 2023 and December 31, 2022. The next actuarial valuation is expected to be performed at December 31, 2024. Significant long-term actuarial assumptions used in the valuation were:

	2023	2022
Discount rate	5.30%	5.65%
Inflation rate	2.25%	2.25%
Salary escalation rate	*Faculty*: 2.75% per annum *Non-Faculty:* 2.50% in 2024 2.00% in 2025 2.75% per annum, thereafter	*All*: 2.75% per annum
Mortality table	CPM 2014 Public (unadjusted) with mortality improvements in accordance with Improvement Scale MI-2017	CPM 2014 Public (unadjusted) with mortality improvements in accordance with Improvement Scale MI-2017

The actual rates may vary significantly from the long-term assumptions used. The following illustrates the effect of a 1% change to the rates used in the actuarial valuation:

Assumption	**Change Made**	**Change in Pension Obligations**	**Percentage Change in Pension Obligations**
Discount rate	Plus 1%	$ (12,232,000)	(8.2%)
	Minus 1%	14,623,000	9.8%
Inflation	Plus 1%	$ (11,838,000)	(7.9%)
	Minus 1%	13,911,000	9.3%
Salary increase, YMPE increase and *Income Tax Act* Maximum Pension Increase	Plus 1%	$ 592,000	0.4%
	Minus 1%	(518,000)	(0.4%)

The net experience during the year was attributable to several factors as outlined below:

	2023	2022
Active members retiring and terminating different than expected	$ (107,000)	$ (863,000)
Pensionable earnings increases greater/(less) than expected	(241,000)	73,000
Pensioner mortality different than expected	423,000	369,000
Miscellaneous	(283,000)	(53,000)
Experience (gain)/loss	$ (208,000)	$ (474,000)

In addition to the experience (gain)/loss, the change in assumptions had a further effect on the obligation, as outlined below:

	2023	2022
Discount rate assumption	$ 4,535,000	$ (18,466,000)
Salary increase assumption	(37,000)	-
(Gain)/loss on change in assumptions	$ 4,498,000	$ (18,466,000)

To protect the Plan against future adverse demographic or investment experience, the Plan Text, under Article XIX, allows that any surplus which may arise from the operation of the Plan which is not required to meet the actuarial liabilities existing there under shall accumulate as a reserve for contingencies.

The assets, including any potential surplus in the plan, are for the benefit of the members and their beneficiaries. There is no provision that allows the withdrawal of the surplus by the University.

The pension obligations disclosed in these statements differ from that used to determine funding requirements. An actuarial valuation for funding purposes was performed as at December 31, 2022 by Aon and was filed with regulatory authorities. The next valuation to be filed with regulatory authorities will be required effective December 31, 2025.

The pension liability is long-term in nature and there is no market for settling these pension obligations. Therefore, determination of the fair value of the pension liability is not practical.

10. Related Parties

The Plan is related to the University of Saskatchewan and other pension plans sponsored by the University of Saskatchewan.

The Plan pays for plan expenses, including certain administration fees and miscellaneous expenses, which the University of Saskatchewan incurs and charges the Plan. The administrative expenses charged by the University of Saskatchewan in

2023 were $21,852 (2022 - $22,345). At December 31, 2023, the plan owed the University $21,852 (2022 - $22,345).

Account balances resulting from the above transactions are included in the Statement of Financial Position and the Statement of Changes in Net Assets Available for Benefits and are settled on normal trade terms. Other transactions are disclosed separately in these financial statements.