

# **Governance Document**

## **University of Saskatchewan 1999 Academic Pension Plan**

**Effective July 1, 2007**

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# Section 1: Introduction and Definitions

## 1. Introduction

The University of Saskatchewan 1999 Academic Pension Plan, is a closed defined benefit pension plan sponsored by the University of Saskatchewan. The University of Saskatchewan, acting through the Board of Governors, is the Plan's administrator and as such, shall fulfill the responsibilities and, either directly or through delegation, ensure that the duties as prescribed by the applicable legislation and regulations are carried out.

The purpose of this document is to outline the structure and processes for overseeing, managing and administering the University of Saskatchewan 1999 Academic Pension Plan to ensure the fiduciary and other obligations of the plan are met and to ensure that the Plan operates in compliance with the Saskatchewan Pension Benefits Act and the Income Tax Act.

## 2. Definitions

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

- (a) "Actuary" means such actuary as the Board may from time to time appoint for purposes of making actuarial valuations and of performing other services in connection with the Plan.
- (b) "Agent" means any person or company retained by the Board for services related to the administration and operation of the Plan or Fund. Agents include, but are not limited to, Actuary, Investment Consultant, Investment Managers and Custodian.
- (c) "Association" means the University of Saskatchewan Faculty Association.
- (d) "Board" means the Board of Governors of the University of Saskatchewan.
- (e) "Collective Agreement" means the Collective Agreement between the University and the Association.
- (f) "Custodian" means a trust company appointed by the Board to act as custodian of the Fund in accordance with the Plan and be responsible for safekeeping of the assets, income collection, settlement of investment transactions and accounting for the investment transactions of the Fund.
- (g) "Director of Pensions" means an employee of the University designated by the University Administrator to carry out administrative responsibilities in respect of the Plan and Fund.

- (h) “FBC” means the Fringe Benefits Committee, which is a joint Committee, consisting of 6 persons: three appointed by the Board and three by the Association.
- (i) “Fund” means the assets of the Plan.
- (j) “Investment Committee” means the Internal Investment Committee of the University of Saskatchewan which is responsible for reviewing substantive changes to the Statement of Investment Policies and Procedures, as recommended by the FBC, and reporting these changes to the Board for approval.
- (k) “Investment Consultant” means 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.
- (l) “Investment Manager(s)” means such company(ies) or other persons as the Board may appoint from time to time for the purpose of investing a portion of the assets in the Fund in accordance with a mandate specified in the Statement of Investment Policies and Procedures.
- (m) “Member” means a person who has become a Member of the Plan as defined in the Plan Document.
- (n) “Plan” means the University of Saskatchewan 1999 Academic Pension Plan.
- (o) “Plan Document” means the text of the Plan as amended from time to time in accordance with the Collective Agreement.
- (p) “SIPP” means the Statement of Investment Policies and Procedures approved by the Board for the investment of the Fund as amended from time to time.
- (q) “University” means the University of Saskatchewan.
- (r) “University Administrator,” means an officer of the University designated by the Board to carry out the responsibilities of the Board in respect of the Plan and Fund.

## Section 2: Mission Statement

The mission of the University of Saskatchewan 1999 Academic Pension Plan is to assist its Members to provide a retirement income in relation to service with the University that supplements other retirement income available from government sponsored programs and personal savings.

The pursuit of this mission will be supported by:

1. Compliance with the Plan Document, the SIPP, all relevant provisions of the Collective Agreement between the University and the Association and statutory and fiduciary obligations;
2. An investment policy that allows the Plan to diversify its assets amongst a broad range of investments;
3. An information and communication policy to assist Members in making informed decisions about their benefits;
4. The provision of accurate and timely Plan administration services to Members;
5. Providing equity among members for any future benefit improvements as a result of surplus;
6. Open and timely communication between the University, the Association, the FBC and all Plan Members; and
7. Clear identification and delineation of the duties and responsibilities of all participants in the governance, management, and operation of the Plan and Fund.

# Section 3: Statement of Governance Objectives and Principles

## **A. GOVERNANCE OBJECTIVES**

The objectives of the governance system are to:

1. Ensure compliance with the Plan Document, the SIPP, the relevant provisions of the Collective Agreement, applicable legislation and the requirements of regulatory authorities;
2. Ensure the Board, University Administrator, FBC, Director of Pensions, Agents and all providers of service meet their obligations;
3. Conduct the operations of the Plan and Fund in an efficient and cost effective manner;
4. Provide effective risk management and demonstrate accountability and transparency; and
5. Achieve the Plan's mission, as set out in Section 2 of this Governance Document.

## **B. THE SCOPE OF PLAN GOVERNANCE**

The scope of Plan governance includes:

1. The investment of the assets of the Plan;
2. The maintenance of the on-going financial integrity of the Plan;
3. The provision of information and communication to Plan Participants about the Plan; and
4. The administration of benefits.

## **C. GOVERNANCE PRINCIPLES**

The following principles are employed in the design of the governance structure and the on-going governance of the Plan and Fund:

1. The Plan should have a clear mission;

2. Responsibilities and accountabilities should be identified clearly. Each participant in the governance, management, and operation of the Plan and Fund should have a clearly defined and documented role, and an identified party to whom he/she is accountable.
3. Each participant in the governance, management, and operation of the Plan and Fund shall adhere to the Code of Conduct and to the principle that conflicts of interest shall be avoided as outlined in Appendix E. Should a conflict of interest nevertheless arise, Appendix E specifies the steps to be taken to address it.
4. Performance should be measured and reported; and
5. There should be an assessment of the governance processes from time to time. The governance process should be reviewed and modified over time to ensure its effectiveness.

#### **D. THE GOVERNING POLICIES**

The Board is responsible for adopting policies that govern the Plan and the Fund, the Board's relationship with the Plan Members, the University, the Association, and the providers of services.

#### **E. GOVERNANCE REVIEW**

1. The Board will periodically, but at least every three years, provide for an assessment of the governance structure and process of the Plan and Fund and will consult with the FBC with respect to such assessment.
2. The review will include topics such as:
  - a) The achievement of the Terms of Reference of each of the parties;
  - b) The degree of adherence to the governance principles; and
  - c) The effectiveness of:
    - i) The governance structure and process;
    - ii) Relations with Plan Members and all providers of service to the Plan and Fund.

# Section 4: Board of Governors -Terms of Reference for Pension Plan Responsibilities

## **A. GENERAL**

The Board has the authority to create, amend (subject to the Collective Agreement), govern, manage and operate the Plan and Fund on behalf of the Plan Members.

## **B. SCOPE OF RESPONSIBILITIES OF THE BOARD**

1. In order to meet its administrative responsibilities, the Board may delegate certain authority to the FBC and administrative staff of the University. In addition, in order to meet its other responsibilities, the Board may retain the services of external Agents; in retaining such Agents, the Board shall take into account the recommendations made to it by the FBC.
2. The establishment of the governance structure.
3. The Board shall oversee the performance of the FBC and any administrative staff to whom authority is delegated and shall oversee the performance of any external Agent and in so doing, it shall take into account recommendations made to it by the FBC.
4. The Board shall ensure the Plan is funded in accordance with all legislative and regulatory requirements.
5. The Board is responsible for operating the Plan to deliver the benefits promised by the plan text.

## **C. OBJECTIVES OF THE BOARD**

1. To safeguard the financial interests of the Members in a safe and prudent fashion.
2. To ensure that the investment and administrative functions of the Plan comply with the terms of the Plan, the SIPP, all policies adopted by the Board, the Collective Agreement, applicable legislation and the requirements of regulatory authorities in a manner which fulfills the fiduciary obligation of all parties who are fiduciaries in relation to the Plan.
3. To ensure that a sound governance structure is in place.

4. To achieve the Results (see paragraph E. “Results Expected of the Board”), while adhering to the Limitations (see paragraph F. “Limitations on the Methods Utilized by the Board”) specified in these Terms of Reference.

#### **D. RESPONSIBILITIES AND DUTIES OF THE BOARD**

Broadly speaking, the Board has the following responsibilities as it relates to the Plan:

1. standing in a fiduciary relationship to Plan members and any other individuals entitled to benefits pursuant to the Plan;
2. holding in trust for the benefit of Plan members and any other individuals entitled to benefits pursuant to the Plan, the Fund held and managed by the Custodian;
3. acting in good faith and in the best interests of Plan members and any other individuals entitled to benefits pursuant to the Plan;
4. not preferring the interests of one person entitled to benefits pursuant to the Plan over the interests of any other person so entitled;
5. ensuring, through the University Administrator, that the Plan’s operations relating to investment, administration, member communication and funding are properly delegated to appropriate parties;
6. ensuring, through the University Administrator, reasonable and appropriate controls are in place to prevent material errors, inefficiencies and fraud. If material errors, inefficiencies or fraud should nevertheless occur, the Board shall ensure, through the University Administrator, that there is an appropriate and timely response to the situation;
7. ensuring that an effective governance structure for the Plan is established, followed and transparent to all parties involved in the governance structure, including Plan members, the Board, the University Administrator and the FBC; and
8. approving the termination of the Plan.

As many of the duties associated with the day-to-day operation of the Plan have been delegated by the Board to the University Administrator, the FBC, the Custodian, Investment Consultant and the Investment Manager(s), the duties of the Board relating to the Plan are generally:

9. approving amendments to the Plan as a result of legislative changes and amendments that are negotiated between the Association and the Board in accordance with the Collective Agreement, based on consultation with the FBC;
10. approving the provision of ad-hoc pension increases as may be recommended by the FBC from time to time;
11. establishing the appropriate period over which any funding deficiencies should be funded, subject to any regulatory constraints;
12. appointing three members of the FBC in accordance with the terms of the Plan;
13. designating the officer of the University (University Administrator) to carry out the responsibilities of the Board in respect of the Plan and Fund;
14. appointing the Plan's Actuary after receiving recommendations put forth by the FBC;
15. appointing the Plan's Custodian, Investment Consultant and Investment Manager(s) after receiving recommendations put forth by the FBC;
16. approving substantive changes to the Plan's investment policy after receiving recommendations put forth by the Investment Committee based on consultation with the FBC;
17. approving audited financial statements and changes to accounting policy after receiving recommendations put forth by the FBC;
18. approving the purchase of annuities purchased from an insurance company(ies) on termination of the Plan after receiving recommendations put forth by the FBC;
19. receiving periodic reports on various operational aspects of the Plan from the University Administrator and the FBC, and, on the basis of such reports, ensuring that the Plan's operations are being carried out in an appropriate fashion and that the parties to which duties have been delegated have performed such duties; and
20. reviewing the Plan's governance structure from time to time to ensure its continued effectiveness, in consultation with the FBC.

**E. RESULTS EXPECTED OF THE BOARD**

1. Compliance of the investment and administrative services with the Plan, the SIPP, all policies adopted by the Board, and all applicable legislation and regulations; and

2. Efficient delivery of benefits to Plan Members and any other individuals entitled to benefits pursuant to the Plan.

**F. LIMITATIONS ON THE METHODS UTILIZED BY THE BOARD**

In the pursuit of its objectives and results, the Board shall at all times:

1. Operate in compliance with the Plan, the Collective Agreement, the SIPP and all policies adopted by the Board;
2. Utilize only methods and processes which comply with applicable legislation and the requirements of regulatory authorities;
3. Utilize only methods and processes which are prudent;
4. Maintain the integrity of financial reporting and administration systems and associated records; and
5. Utilize methods or processes that are consistent with the fulfillment of fiduciary obligations arising from the Plan.

# Section 5: University Administrator - Terms of Reference For Pension Plan Responsibilities

**A. REPORTS TO:** the Board.

**B. PRIMARY PURPOSES OF POSITION RELATIVE TO THE PLAN**

1. Provide the services, specified under Section C. below, required for the successful operation of the Plan and Fund in a manner consistent with the Article 23.2 of the Collective Agreement and the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities.
2. Provide optimal administration services to the Plan and Fund and to Plan Members and any other individuals entitled to benefits pursuant to the Plan.
3. Assist the Board as required.
4. To achieve the Results (see paragraph D. “Results Expected from the Position”), while adhering to the Limitations (see paragraph E. “Limitations on the Methods Utilized by the Position”) specified in these Terms of Reference.

**C. RESPONSIBILITIES RELATIVE TO THE PLAN AND FUND**

The Board carries out its responsibilities as Plan Administrator primarily through the University Administrator. In order to ensure that the Board can meet its responsibilities as Plan Administrator, the University Administrator has accepted the following responsibilities on behalf of the Board:

1. operating the Plan to deliver the benefits promised by the plan text;
2. standing in a fiduciary relationship to Plan members and any other individuals entitled to benefits pursuant to the Plan;
3. acting in good faith and in the best interests of Plan Members and any other individuals entitled to benefits pursuant to the Plan;
4. not preferring the interests of one person entitled to benefits pursuant to the Plan over the interests of any other person so entitled;
5. ensuring that the Plan’s operations relating to investment, administration, member communication and funding are properly delegated to appropriate parties;

6. ensuring reasonable and appropriate controls are in place to prevent material errors, inefficiencies and fraud. If material errors, inefficiencies or fraud should nevertheless occur, the University Administrator shall ensure that there is an appropriate and timely response to the situation;
7. receiving notification from the FBC regarding any perceived compliance issues and conflict of interest issues reported by the Investment Managers and Investment Consultant and report material events immediately to the Board;
8. bringing forward to the Board recommendations made by the FBC;
9. providing a report to the Board, at least annually, on the financial status of the Plan; and

In order to carry out the duties to which the University Administrator has been delegated by the Board, the University Administrator shall:

10. be fully aware of the duties which have been delegated by the Board;
11. be fully aware of the fiduciary relationship to the Plan members;
12. be able to operate and make decisions and recommendations in an effective manner;
13. ensure that decisions and recommendations are properly documented;
14. assign appropriately qualified personnel to carry out the duties which have been assigned;
15. have timely access to the appropriate, current, accurate and complete information necessary to properly perform the delegated duties;
16. ensure appropriate systems and records of the day-to-day administration are established and maintained;
17. ensure appropriate and timely reporting is provided to the Board and / or the FBC on a periodic basis;
18. ensure appropriate steps have been taken such that the confidentiality of member information is preserved; and
19. ensure appropriate steps have been taken such that University Administrator staff members are following the necessary confidentiality standards that have

been established as well as observing all other University policies and procedures that may apply in their role.

**D. RESULTS EXPECTED FROM THE POSITION**

1. Timely and accurate provision of the specified services set out in Section C above;
2. Cooperation with all others involved in the governance, administration and operation of the Plan and Fund to ensure all work performed for the Plan and Fund is timely and accurate; and
3. Effective assistance to the Board in achieving:
  - a) The administration objectives of the Plan and Fund;
  - b) Oversight of the Custodian and other Agents; and
  - c) Compliance with the terms of the Plan, SIPP, applicable legislation and the requirements of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements of regulatory authorities.

**E. LIMITATIONS ON THE METHODS UTILIZED BY THE POSITION**

In the pursuit of these objectives and results, the University Administrator shall at all times:

1. Utilize only methods and processes which:
  - a) Comply with the Plan, Article 23.2 of the Collective Agreement, the SIPP, applicable legislation and the requirements of regulatory authorities;
  - b) Are prudent; and
  - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;
2. Operate in compliance with the Plan, Article 23.2 of the Collective Agreement, the SIPP and all policies adopted by the Board;
3. Maintain the integrity of financial reporting and other systems; and
4. Maintain documentation of major Plan and Fund administration procedures.

## Section 6: Fringe Benefits Committee - Terms of Reference for Pension Plan Responsibilities

**A. REPORTS TO:** the Board and/or to the Association.

**B. GENERAL**

1. The Board and the Association have negotiated the formation of the FBC. The terms of reference of the FBC and all governance issues related to the FBC are set out in the Plan Document and may only be changed through amendments to the Plan Document negotiated by the Board and the Association, and ratified by eligible members of the Association.
2. The FBC shall select by way of majority vote one of its members to serve as Chair. The Chair shall serve for one year at which time the members of the FBC shall, by majority vote, select a replacement Chair. The Chair shall be selected one year from the Association appointees to the FBC and the next year from the Board appointees to the FBC.
3. All decisions of the FBC shall be made by majority vote including the vote of the Chair. If the voting results in a tie, the matter shall be referred to the Board for decision.

**C. SCOPE OF RESPONSIBILITIES OF THE COMMITTEE**

1. The FBC has the responsibility to monitor the governance, administration and operation of the Plan and Fund and for this purpose shall have access to all documents and all providers of service to enable it to fulfill this mandate.
2. The FBC shall provide recommendations to and report to the Board on a timely basis; in addition those members of the FBC appointed by the Board shall report to the Board and those appointed by the Association shall report to the Association as the Association may require.

**D. OBJECTIVES OF THE COMMITTEE**

1. To safeguard the financial interests of the Members in a safe and prudent fashion.

2. To ensure that the investment and administrative functions of the Plan comply with the terms of the Plan, the SIPP, all policies adopted by the Board, the Collective Agreement, applicable legislation and the requirements of regulatory authorities in a manner which fulfills the fiduciary obligation of all parties who are fiduciaries in relation to the Plan.
3. To achieve the Results (see paragraph F. “Results Expected of the Committee”), while adhering to the Limitations (see paragraph G. “Limitations on the Methods Utilized by the Committee”) specified in these Terms of Reference.

#### **E. RESPONSIBILITIES OF THE COMMITTEE**

It is understood that the representatives appointed by the Board and the Association have the authority to consult with the respective parties who appointed them prior to formulating any recommendations or reports relating to the responsibilities of the Committee as specified below.

In order to ensure that the Board can meet its responsibilities as Plan Administrator, the Board has delegated the following duties to the FBC:

1. recommending a Mission Statement for the Plan to the Board for approval;
2. meeting with the actuary to review the Plan’s actuarial position based on periodic actuarial valuations conducted by the actuary;
3. establishing suitable contingency reserves to help ensure the Plan’s financial integrity;
4. reviewing surplus and/or deficit levels and the formulation of specific strategies to deal with such surpluses or deficits;
5. recommending ad-hoc pension increases to the Board for approval;
6. reviewing the integration between the Plan’s obligations and its invested assets;
7. assessing the feasibility of Plan amendments (including Plan termination) and on the basis of such assessments, formulating specific amendment recommendations to the Association for ratification by eligible members and if ratified, to the Board for approval;
8. assessing the feasibility of purchasing annuities from an insurance company(ies) on termination of the Plan and recommending to the Board for approval, as appropriate, that such purchases be made and the insurance company(ies) from which such purchases should be made;

9. approving amendments to the Plan as a result of legislative changes;
10. approving and submitting an annual report to the Board and the Plan Members in June of each year regarding the activities of the FBC over the previous twelve months;
11. providing reports to the Board as required on:
  - (a) the Plan's funding aspects including the identification of any issues that should be of concern to the Board;
  - (b) such additional procedures as may be needed for the proper administration of the Plan; and
  - (c) other material circumstances and make recommendations to the Board as necessary.
12. recommending to the Board, the appointment and termination of all appropriate providers of service that may be retained from time to time, including but not limited to the Actuary, Investment Consultant, Investment Managers and the Custodian;
13. determining the adequacy of guidelines for standards of professional conduct adhered to by the Agents;
14. reviewing the fee schedules, performance measures and service standards of all Agents and approving any changes thereto proposed by the Agents or by the University Administrator;
15. articulating the investment philosophy and beliefs that should guide the investment of the Plan's assets and based on these, in consultation with the Investment Consultant:
  - (a) draft a statement of investment policy and procedures (SIPP) and recommending such policy to the Investment Committee for approval;
  - (b) review the SIPP on an annual basis, identifying any changes that may be desirable; and
  - (c) recommend any substantive changes to the Investment Committee for approval while any non-substantive changes will be approved by the FBC.

16. monitoring, on a quarterly basis, the performance of both the Investment Manager(s) and the Fund based on performance objectives and benchmarks specified in the SIPP and on the basis of such monitoring:
  - (a) assessing the suitability of the investment manager(s)'s strategy and philosophy; and
  - (b) identifying any changes that may be desirable to the Investment Manager(s).
17. receiving notification from the Investment Managers and Investment Consultant regarding any perceived compliance issues and conflict of interest issues and report material events immediately to the University Administrator;
18. approving investments by Investment Managers to be outside the guidelines of the SIPP provided this is on a temporary basis and is in the best interests of the Fund;
19. meeting with Investment Manager(s) to review investment issues at least once annually;
20. meeting with the Investment Consultant as the FBC may require and review the Investment Consultant's services at least once annually;
21. meeting with the Actuary as the FBC may require and review the Actuary's services at least once annually;
22. approving annual expense budgets in respect of expenses chargeable to the Plan and Fund and reviewing the expenses reasonably and properly incurred by the University and the FBC in the administration and operation of the Plan and Fund;
23. reviewing the Plan's financial statements and changes to accounting policy and recommending these to the Board for approval;
24. reviewing the application procedure and supporting evidence necessary for payment of any benefits under the Plan and Fund and approve such procedures and supporting evidence;
25. receiving an annual report from the Director of Pensions regarding services provided to the Plan, the Fund, and the FBC during the year and on the basis of such report review the services provided by the Director of Pensions and report this review to the University Administrator;
26. responding to Member's written requests;

27. recommending the Information and Communication Policy to the Board, in consultation with the Actuary and/or Investment Consultant;
28. assessing the effectiveness of the Information and Communication Policy on a regular basis , in consultation with the Actuary and/or Investment Consultant, and reporting this assessment, and, if appropriate, recommending changes to the Board;
29. appointing a secretary, who need not be a member of the FBC, but who shall attend the meetings of the FBC and shall maintain the minutes of such meetings, and shall ensure that all decisions made by the FBC are recorded in the minutes;
30. assessing the governance structure and processes at least once every three years and report this assessment to the Board.

In order to carry out the duties to which the FBC has been delegated by the Board, the FBC shall be responsible for ensuring that:

31. appropriate processes and procedures have been adopted so that:
  - (a) the FBC is fully aware of the duties to which it has been delegated by the Board;
  - (b) the FBC is fully aware that it is expected to act in a fiduciary manner with respect to the Plan members;
  - (c) the FBC is able to operate and make decisions and recommendations in an effective manner and ensure that such decisions and recommendations are properly documented;
  - (d) the FBC is able to report/forward information as appropriate;
  - (e) FBC members possess an adequate level of knowledge and skill in order for the FBC to properly perform its delegated duties; and
  - (f) the FBC has timely access to the appropriate, current, accurate and complete information necessary for it to properly perform its delegated duties.
32. appropriate standards have been established to guide the conduct and behaviour of FBC members.

## **F. RESULTS EXPECTED OF THE COMMITTEE**

1. To discharge its responsibilities as defined in Section E herein.

**G. LIMITATIONS ON THE METHODS UTILIZED BY THE COMMITTEE**

1. Recommend only methods and processes that are in compliance with the Plan Document and SIPP.
2. Recommend only methods and processes that the Investment Consultant, or other Agents, has (have) verified comply with applicable legislation and the requirements of regulatory authorities.
3. Utilize only methods and processes that are prudent.

# Section 7: Director of Pensions -Terms of Reference For Pension Plan Responsibilities

**A. REPORTS TO:** the University Administrator.

**B. PRIMARY PURPOSES OF POSITION RELATIVE TO THE PLAN**

1. Provide the services, specified under Section C. below, required for the successful operation of the Plan and Fund in a manner consistent with the Article 23.2 of the Collective Agreement and the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities.
2. Provide optimal administration services to the Plan and Fund and to Plan Members and any other individuals entitled to benefits pursuant to the Plan.
3. Assist the University Administrator and the FBC as required.
4. To achieve the Results (see paragraph D. “Results Expected of the Position”), while adhering to the Limitations (see paragraph E. “Limitations on the Methods Utilized by the Position”) specified in these Terms of Reference.

**C. RESPONSIBILITIES RELATIVE TO THE PLAN AND FUND**

In order to ensure the effective administration of the Plan, the University Administrator has assigned the following duties to the Director of Pensions:

1. carrying out the day-to-day administration of the Plan, including:
  - (a) ensuring pension remittances are received by the Custodian within the appropriate time;
  - (b) calculating benefit entitlements, including the processing of relationship breakdown settlements;
  - (c) maintaining accurate member records and, where necessary, resolving issues with respect to data uncertainties, ensuring that satisfactory

evidence has been provided of an individual's right to a benefit from the Plan and receiving beneficiary changes and updating records accordingly;

- (d) reconciling fund transactions and monitoring financial statements of the Custodian to ensure accuracy and providing a summary of the monthly financial statements to the FBC;
  - (e) preparing annual financial statements for the Plan;
  - (f) instructing / authorizing the Custodian as to the payment of benefits and any changes to such benefits, including necessary instructions for the payment of benefits to an individual responsible for a member or any other individual entitled to benefits pursuant to the plan who is a minor or physically, mentally or legally incompetent and for the purchase of annuities from an insurance company;
  - (g) authorizing the payment of expenses charged to the fund and ensuring that such expenses are in accordance with the budget adopted by the FBC; and
  - (h) responding as appropriate to Member requests for information.
2. filing the necessary documentation with the regulators, including actuarial funding recommendations, annual information returns and amendments to the Plan's terms and trust agreement;
  3. providing data to the Plan's actuary for the purpose of carrying out an actuarial valuation;
  4. developing the application procedures and supporting evidence necessary for payment of any benefits under the Plan and Fund;
  5. ensuring the Plan is administered in accordance with the terms as registered with the applicable provincial and federal regulators;
  6. administering the windup of the Plan once the Board has approved the termination of the Plan;
  7. informing members of:
    - (a) ad-hoc pension increases; and
    - (b) plan amendments, including Plan termination.

8. maintaining current and historical documents relating to the Plan and, in accordance with regulatory standards, providing the appropriate access to such documents to the Plan's members and related parties;
9. effecting any changes approved by the Board to the Plan's investment policy and / or investment manager structure;
10. effecting any changes approved by the FBC to the Plan's investment strategy;
11. notifying the Investment Managers of approval to have investments outside the guidelines of the SIPP provided this is on a temporary basis and is in the best interests of the Fund, after receiving the recommendation of same from the FBC;
12. communicating with the Investment Managers on any issues of non compliance;
13. ensuring that letters of engagement and contracts exist for all Agents to the Plan and that the responsibilities of the Agents in these letters and contracts conform to the responsibilities as specified in the SIPP and this document;
14. providing an annual report to FBC with respect to compliance of Agents with service contracts;
15. preparing annual expense budgets for approval by the FBC;
16. ensuring that the FBC is provided with all documentation necessary for the FBC to monitor expenses to be charged to the Fund;
17. advising the FBC on any issue that, in the opinion of the Director of Pensions, should be reviewed by the FBC; and
18. providing an annual report to FBC regarding services provided to the Plan, the Fund and the FBC during the year.

In order to carry out the duties to which the Director of Pensions has been delegated by the University Administrator, the Director of Pensions shall:

19. be fully aware of the duties which have been delegated by the University Administrator;
20. be expected to act in a fiduciary manner with respect to the Plan members;

21. be able to operate and make decisions and recommendations in an effective manner;
22. ensure that decisions and recommendations are properly documented;
23. assign appropriately qualified personnel to carry out the duties which have been assigned;
24. have timely access to the appropriate, current, accurate and complete information necessary to properly perform the delegated duties;
25. ensure appropriate systems and records of the day-to-day administration are established and maintained;
26. ensure appropriate and timely reporting is provided to the University Administrator and / or the FBC on a periodic basis;
27. ensure appropriate steps have been taken such that the confidentiality of member information is preserved; and
28. ensure appropriate steps have been taken such that Director of Pensions staff members are following the necessary confidentiality standards that have been established as well as observing all other University policies and procedures that may apply in their role.

**D. RESULTS EXPECTED OF THE POSITION**

1. Timely and accurate provision of the specified services set out in Section C above;
2. Cooperation with all others involved in the governance, administration and operation of the Plan and Fund to ensure all work performed for the Plan and Fund is timely and accurate; and
3. Effective assistance to the University Administrator in achieving:
  - a) The administration objectives of the Plan and Fund;
  - b) Oversight of the Custodian and other Agents; and
  - c) Compliance with the terms of the Plan, SIPP, applicable legislation and the requirements of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements of regulatory authorities.

**E. LIMITATIONS ON THE METHODS UTILIZED BY THE POSITION**

In the pursuit of these objectives and results, the Director of Pensions shall at all times:

1. Utilize only methods and processes which:
  - a) Comply with the Plan, Article 23.2 of the Collective Agreement, the SIPP, applicable legislation and the requirements of regulatory authorities;
  - b) Are prudent; and
  - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;
2. Operate in compliance with the Plan, Article 23.2 of the Collective Agreement, the SIPP and all policies adopted by the Board;
3. Maintain the integrity of financial reporting and other systems; and
4. Maintain documentation of major Plan and Fund administration procedures.

# Section 8: Investment Manager(s) - Terms of Reference For Pension Plan Duties

**A. REPORTS TO:** the FBC and the Director of Pensions. It is understood that no instructions will be given to Investment Managers without prior approval from the FBC.

**B. PRIMARY PURPOSES OF THE INVESTMENT MANAGER(S)  
RELATIVE TO THE PLAN**

1. Provide the services, specified under the following sections, required for the investment of the Plan assets in a manner consistent with the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities.
2. Provide optimal investment services to the Plan.
3. Assist the Board relative to its fiduciary responsibilities concerning the investment of the Plan assets.
4. To achieve the Results (see paragraph D. “Results Expected of the Investment Manager(s)”, while adhering to the Limitations (see paragraph E. “Limitations on the Methods Utilized by the Investment Manager(s)”) specified in these Terms of Reference.

**C. MAJOR DUTIES RELATIVE TO THE PLAN**

1. Responsible for day-to-day investment of Plan assets in accordance with guidelines established in the SIPP and Board policies.
2. Ensure investments adhere to the SIPP approved by the Board
3. Meet with the FBC at least annually, and the Board as required, to discuss investment performance.
4. Provide the FBC with written reports on a quarterly basis regarding performance, future strategy and such other issues as may be required.
5. Ensure that investments comply with tax and pension regulations as well as any other pertinent legislation and regulations.

6. Advise the FBC and the Director of Pensions of any issue that may impact investment performance.
7. File with the FBC, the Director of Pensions and the Investment Consultant compliance reports detailing compliance with the investment guidelines of the Fund.
8. Notify the FBC, the Director of Pensions and the Investment Consultant immediately of any failure to comply with the SIPP and recommend a course of action in accordance with the procedures specified in the SIPP.
9. Receive permission from the FBC to be outside the guidelines of the SIPP on a temporary basis if it is in the best interests of the Fund.
10. Vote all proxies in the best interests of the Plan.
11. Comply with the restrictions in the SIPP regarding directed commissions.
12. Comply at all times and in all respects with the Code of Ethics and Standards of Professional Conduct as promulgated by the CFA Institute or internal guidelines as approved by the Investment Consultant and the FBC.
13. Comply with the Federal Suppression of Terrorism Regulations.
14. Notify the FBC and the Board if there is a significant market place adjustment that might impact the Plan's investments
15. Advise the FBC and the Board if the SIPP is adversely affecting performance, or if benchmarks are no longer appropriate

**D. RESULTS EXPECTED OF THE INVESTMENT MANAGER(S)**

1. Timely and accurate provision of the specified services in accordance with Section C. above;
2. Cooperation with the FBC, University Administrator, Director of Pensions, the Board and all Agents to ensure all work performed for the Plan is timely and accurate; and
3. Effective assistance to the Board in achieving:
  - a) The Plan's investment objectives; and

- b) Compliance with the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements of regulatory authorities.

**E. LIMITATIONS ON THE METHODS UTILIZED BY THE INVESTMENT MANAGER(S)**

In the pursuit of these objectives and results, the Investment Manager(s) shall at all times:

1. Utilize only methods and processes which:
  - a) Comply with applicable legislation and the requirements of regulatory authorities;
  - b) Are prudent; and
  - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;
2. Operate in compliance with the Plan, SIPP and all policies adopted by the Board, and the Code of Ethics and Standards of Professional Conduct of the CFA Institute or internal guidelines as approved by the Investment Consultant and the FBC; and
3. Maintain the integrity of financial reporting and other systems.

**F. PERFORMANCE MEASUREMENT CRITERIA**

Achievement of the Results set out in Section D will be measured by the FBC with the assistance of the Investment Consultant based on the criteria and performance benchmarks set out in the Plan's SIPP as well as any service agreements that may exist between the Investment Manager(s) and the University.

# Section 9: Investment Consultant - Terms of Reference For Pension Plan Duties

**A. REPORTS TO:** the Director of Pensions, the Board and the FBC.

**B. PRIMARY PURPOSES OF THE INVESTMENT CONSULTANT  
RELATIVE TO THE PLAN**

1. Provide the services, specified under the following sections, required for the investment of the Fund and administration of the Plan in a manner consistent with the Collective Agreement, the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities.
2. Assist the FBC as required.
3. To achieve the Results (see paragraph D. “Results Expected of the Investment Consultant”), while adhering to the Limitations (see paragraph E. “Limitations on the Methods Utilized by the Investment Consultant”) specified in these Terms of Reference.

**C. MAJOR DUTIES RELATIVE TO THE PLAN**

1. Assist the FBC in formulating investment policies for recommendation to the Board.
2. Bring forward new developments in investment policy and implementation procedures for review by the FBC.
3. Assist the FBC in its annual review of the SIPP.
4. Assist the FBC in monitoring compliance of the Investment Managers with the SIPP, applicable legislation and requirements of regulatory authorities.
5. Advise the FBC and Board to the extent that the Fund does not conform with the SIPP, applicable legislation and regulations and recommend changes to deal with said nonconformity.
6. Provide information to the FBC and the Board for the review of investment manager performance relative to appropriate benchmarks specified in the SIPP.

7. Assist the FBC in the assessment of the performance of Investment Manager(s).
8. Provide information to the FBC for the review and monitoring of Fund performance.
9. Advise the FBC and the Board on investment-related matters.
10. Assist in the resolution of any discrepancies between the Investment Manager(s) and Custodian.
11. Assist the FBC and the Board in monitoring the investment options available under the Plan.
12. Meet with the FBC on a quarterly basis and the Board as required.
13. Proactively advise the Director of Pensions and the FBC of any investment-related concerns that may arise from time to time.

**D. RESULTS EXPECTED OF THE INVESTMENT CONSULTANT**

1. Timely and accurate provision of the specified services in accordance with Section C. above;
2. Cooperation with all others involved in the governance, administration and operation of the Plan and Fund to ensure all work performed for the Plan and Fund is timely and accurate; and
3. Effective assistance to the Board and its designates in the discharge of their fiduciary responsibilities related to the Plan

**E. LIMITATIONS ON THE METHODS UTILIZED BY THE INVESTMENT CONSULTANT**

In the pursuit of these objectives and results, the Investment Consultant shall at all times:

1. Utilize only methods and processes which:
  - a) Comply with applicable legislation and the requirements of regulatory authorities;
  - b) Are prudent; and

- c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan; and
2. Operate in compliance with the Plan, the SIPP and all policies adopted by the Board.

**F. PERFORMANCE MEASUREMENT CRITERIA**

Achievement of the results set out in D will be measured by the FBC with the assistance of the Director of Pensions, or any other designate appointed by the Board in relation to the agreement between the Investment Consultant and the University.

# Section 10: Custodian - Terms of Reference For Pension Plan Duties

- A. REPORTS TO:** the Director of Pensions and to the FBC.
- B. PRIMARY PURPOSES OF THE CUSTODIAN RELATIVE TO THE PLAN**
1. Provide the services, specified under the following sections, required for the successful administration of the Plan and Fund in a manner consistent with the terms of the Plan, the Trust and Custodial Services Agreement, applicable legislation and the requirements of regulatory authorities.
  2. To achieve the Results (see paragraph D. “Results Expected of the Custodian”), while adhering to the Limitations (see paragraph E. “Limitations on the Methods Utilized by the Custodian”) specified in these Terms of Reference.
- C. MAJOR DUTIES RELATIVE TO THE PLAN**
1. Ensure the safekeeping of assets in the Fund.
  2. Receive contributions and invest these and any existing assets in the Fund as directed by the Investment Managers.
  3. Deposit cash in interest bearing accounts.
  4. Collect income payable to and distributions due to the Fund.
  5. Make transfers out of the Fund for terminated, deceased or retired Members of the Plan as authorized by the Director of Pensions.
  6. Make payments for Plan expenses and pensioner benefits as authorized by the Director of Pensions.
  7. Make all payments for tax obligations as required by the Income Tax Act (Canada) and all financial obligations as required by regulatory authorities.
  8. Prepare and file or issue on a timely basis all income tax returns and forms required.

9. Maintain records and accounts with respect to the Fund and provide monthly financial statements setting forth all investments, receipts, disbursements and other transactions effected during such period to the Director of Pensions.
10. Provide contact information for the Director of Pensions.
11. Provide information on request to the Director of Pensions, the Investment Manager(s), Investment Consultant, or other Agents of the Plan
12. Notify regulator as required regarding overdue contributions.
13. Comply with all provisions of the Trust and Custodial Services Agreement.

**D. RESULTS EXPECTED OF THE CUSTODIAN**

1. Timely and accurate provision of the specified services in accordance with Section C. above and the Trust and Custodial Services Agreement;
2. Cooperation with all others involved in the governance, administration and operation of the Plan and Fund to ensure all work performed for the Plan and Fund is timely and accurate; and
3. Effective assistance to the Board in achieving:
  - a) The objectives of the Plan and Fund; and
  - b) Compliance with the terms of the Plan, Board policies, applicable legislation and the requirements of regulatory authorities and fiduciary obligations, including the filing of all documents required by applicable legislation and the requirements of regulatory authorities.

**E. LIMITATIONS ON THE METHODS UTILIZED BY THE CUSTODIAN**

In the pursuit of these objectives and results, the Custodian shall at all times:

1. Utilize only methods and processes which:
  - a) Comply with applicable legislation and the requirements of regulatory authorities;
  - b) Are prudent; and
  - c) Are consistent with the fulfillment of fiduciary obligations arising under the Fund;

2. Operate in compliance with the Plan, and all policies adopted by the Board and the FBC; and
3. Maintain the integrity of reporting and other systems.

**F. PERFORMANCE MEASUREMENT CRITERIA**

Achievement of the results set out in Section D will be measured by the FBC with the assistance of the Director of Pensions based on the criteria and performance benchmarks set out in the Trust and Custodial Services Agreement entered into between the Custodian and the University.

# Section 11: Actuary - Terms of Reference For Pension Plan Duties

- A. REPORTS TO:** the Director of Pensions, the Board and the FBC.
- B. PRIMARY PURPOSES OF THE ACTUARY RELATIVE TO THE PLAN**
1. Provide the services, specified under the following sections, required for the funding and administration of the Plan in a manner consistent with the Collective Agreement, the terms of the Plan, the SIPP, applicable legislation and the requirements of regulatory authorities.
  2. Assist the FBC as required.
  3. To achieve the Results (see paragraph D. “Results Expected of the Actuary”), while adhering to the Limitations (see paragraph E. “Limitations on the Methods Utilized by the Actuary”) specified in these Terms of Reference.
- C. MAJOR DUTIES RELATIVE TO THE PLAN**
1. Provide actuarial extrapolations/valuations which would include:
    - a) calculating the necessary funding (going-concern and solvency), valuation and extrapolation results;
    - b) reconciling the Plan’s going-concern funding results with previous valuation results;
    - c) developing the actuarial assumptions in consultation with the FBC (for funding purposes) and the University (for accounting purposes), including an appropriate discount rate assumption for Section 3461 of the CICA Handbook;
    - d) analyzing the Plan’s demographic and economic experience and from time to time propose assumptions that may be more appropriate;
    - e) analyzing trends in the Plan’s membership;
    - f) calculating the present value of the difference between the cost of future service benefits and the present value of future fixed rate contributions;

- g) filing the necessary valuation reports with the regulatory bodies as directed by the Director of Pensions and, on behalf of the Board, addressing any issues raised by the regulators; and
  - h) filing the necessary valuation reports with the Auditor and, on behalf of the Board, addressing any issues raised by the Auditor.
2. Provide cost estimates on proposed benefits and plan design changes on request from the FBC and the Director of Pensions.
  3. Prepare all necessary Plan amendments as requested by the FBC.
  4. File the necessary amendment documentation, as directed by the Director of Pensions, with the regulators and, on behalf of the Board, address any issues raised by the regulators.
  5. Assist the FBC and the Director of Pensions, as requested, in developing communications and information for Plan Members.
  6. Provide administrative services, as directed by the Director of Pensions, in relation to the calculation/verification of benefits payable with respect to terminations, deaths, retirements, marital splits and prepare the necessary election of option forms.
  7. As requested, provide the following advisory services:
    - a) advising on the implications of legislative and regulatory changes and the steps that must be taken to comply with such changes;
    - b) advising on the impact of changing plan demographics and cash flow patterns;
    - c) advising on the funding and accounting implications of changes in investment policy;
    - d) advising on matters relating to the Plan's benefit policy;
    - e) advising on matters relating to the Plan's funding policy and how it integrates with the investment policy;
    - f) advising on surplus and/or deficit issues;
    - g) advising on governance issues;

- h) advising on the sufficiency of reserves and the difference between the cost of future benefits and the present value of future fixed rate contributions; and
- i) advising on the adequacy of the current level of contributions.

**D. RESULTS EXPECTED OF THE ACTUARY**

- 1. Timely and accurate provision of the specified services in accordance with Section C. above;
- 2. Cooperation with all others involved in the governance, administration and operation of the Plan and Fund to ensure all work performed for the Plan and Fund is timely and accurate; and
- 3. Effective assistance to the Board and its designates in the discharge of their fiduciary responsibilities related to the Plan

**E. LIMITATIONS ON THE METHODS UTILIZED BY THE ACTUARY**

In the pursuit of these objectives and results, the Actuary shall at all times:

- 1. Utilize only methods and processes which:
  - a) Comply with applicable legislation and the requirements of regulatory authorities;
  - b) Are prudent; and
  - c) Are consistent with the fulfillment of fiduciary obligations arising under the Plan;
- 2. Operate in compliance with the Plan and relevant professional standards, the SIPP and all policies adopted by the Board.

**F. PERFORMANCE MEASUREMENT CRITERIA**

Achievement of the results set out in D will be measured by the FBC with the assistance of the Director of Pensions, or any other designate appointed by the Board in relation to the agreement between the Actuary and the University.

# Appendix A: Distinction of Roles

Pension governance is the system used by a plan sponsor to organize the roles and responsibilities of all parties (both internal and external) involved in administering the organization's pension plan. Before examining pension governance in any detail, the reader needs to be clear on the key roles and responsibilities of key players in pension administration.

1. **Plan Sponsor** is the party that controls the nature of the benefits provided by the plan. The Plan Sponsor is not a fiduciary (see discussion of *Fiduciary* below) and, when making decisions, can look out for its own interest. Each of the five main decision-making areas are touched upon briefly below:

- establishment, terms and termination of the plan;
- funding obligation;
- accounting policy;
- provision of data; and
- collection and remittance of contributions.

**a. Establishment, Terms and Termination of the Plan**

The Plan Sponsor (in this case, the University of Saskatchewan) determines what the terms of the plan will provide. The Plan Sponsor will determine the nature and level of pension benefits. The Plan Sponsor can amend or terminate the plan, subject to the Saskatchewan Pension Benefits Act and collective agreements.

The Plan Sponsor is subject to certain restrictions imposed both by statute, regulation and by collective bargaining. Saskatchewan pension legislation sets minimum standards for pension plans. Any Plan Sponsor under Saskatchewan jurisdiction that provides a pension plan must seek registration of that plan with the Saskatchewan pension regulators and must comply with the Saskatchewan Pension Benefits Act standards.

A Plan Sponsor can apply to register the plan under the ITA, which is administered by the Canada Revenue Agency (CRA). This registration brings certain tax advantages, namely all employer and employee contributions are tax deductible and the earnings of the pension fund are free from tax. As a result, virtually all Plan Sponsors comply with the maximum limits, which the ITA imposes on the various benefits that can be delivered under a registered pension plan so as to qualify for registration of the plan with the CRA.

The terms of applicable collective bargaining agreements may also restrict the Plan Sponsor's ability to modify the terms of the pension plan.

Finally, the Plan Sponsor selects the entity or persons who are the Plan Administrator. In this case, the University of Saskatchewan is both the Plan Sponsor and the Plan Administrator.

#### **b. Funding Obligation**

Under a defined benefit plan, the Plan Sponsor is obligated to remit sufficient funds to ensure that the plan meets the minimum funding standards set under the Saskatchewan Pension Benefits Act, after taking into account any member contributions. If an actuarial valuation determines that the level of funding is not sufficient, the Plan Sponsor must increase its contributions. If a valuation determines that the assets exceed the liabilities, then the Plan Sponsor may reduce or eliminate its contributions, provided the plan text so allows.

#### **c. Accounting Policy**

The Canadian Institute of Chartered Accountants (CICA) prescribes how the pension obligations and current service costs of operating the pension plan, are to be reflected in the financial statements of the Plan Sponsor.

#### **d. Provision of Data**

The Plan Sponsor must provide sufficient data to enable the Plan Administrator to determine the benefits that are payable and to properly value the liabilities of the plan.

#### **e. Collecting and Remittance of Member Contributions**

The Plan Sponsor, as the party administering payroll, will withhold applicable member contributions from the member's pay and forward those contributions to the Custodian (defined below).

- 2. Plan Administrator:** is responsible for operating the Plan to deliver the benefits promised by the plan text. The Plan Administrator is a fiduciary and, as such, must act in the best interests of Plan beneficiaries when making its decisions. (See discussion of Fiduciary below.) The responsibilities of the Plan Administrator can be grouped into four categories: funding activities; investment activities; plan administration; and human resource activities.

Along with these responsibilities come significant fiduciary liabilities. There are two types of liabilities; statutory and common law. Because the University's pension plan is

registered under the Saskatchewan Pension Benefits Act (PBA), the University's failure to discharge its obligations under the PBA could result in the levying of statutory penalties. In addition to these penalties, the University of Saskatchewan, as the Employer, would have to remit any amounts owing to the fund.

As well as statutory penalties under the PBA, the University could be sued in the civil courts based on contractual and common law causes of actions such as breach of contract, breach of fiduciary obligation, negligence and fraud. If found guilty, the courts will award damages. Damages can far exceed the statutory penalties because the objective of damages is to make restitution to the pension plan fund, plan members and others, as applicable, so that they are in the same position as they would have been had the wrongful act or acts not taken place.

A good governance process and framework, therefore, are the primary means of protecting the Board of Governors against exposure to these liabilities.

3. ***Fiduciary:*** A fiduciary must:

- act with the prudence and diligence that a reasonable person would use in dealing with the property of another;
- apply all knowledge and skills that person possesses or ought to possess by reason of his or her profession or business;
- avoid conflicts of interest (that is, the fiduciary must be loyal to the interests of the plan, prevent personal interests from conflicting with those of the plan and not profit from actions taken or to account for unauthorized profits);
- apply an even hand between different groups of plan members; and
- delegate where prudent, select suitable agents and supervise their activity at a reasonable level.

The fiduciary duty does not extend to an employer acting in its role as Plan Sponsor, and the Plan Sponsor does not have to subordinate its own interest when setting the terms of the plan. When the employer acts in the capacity of Plan Administrator, however, it must discard self-interest and fulfill its fiduciary obligations. For this reason, it is important to distinguish the two roles.

4. ***Board:*** In most situations, the Plan Sponsor and Plan Administrator act through their Board of Governors until pension duties and responsibilities have been delegated to (or shared with) pension committees, the executive team, operational staff and external advisors, etc.
5. ***Custodian:*** refers to the body appointed to hold the plan assets. Occasionally, the term "trustee" can be used to refer to different persons including the custodian, which often leads

to confusion. For example, where both members and the employer are represented on the Board of the plan (i.e., jointly trustee), the Board is often referred to as the Board of Trustees. More often, the term “trustee” is used to refer to the trust company that has been appointed the custodian of the Fund or the Board of Trustees which oversees a multiple employer pension plan. Therefore, to avoid confusion and ambiguity, we use the term “custodian” throughout this document to refer to the body appointed to hold the plan assets.

# Appendix B: Information & Communication Policy

## **Fringe Benefits Committee (FBC) Education**

In support of the FBC's ongoing efforts to develop and maintain the skills and qualifications necessary to carry out its role, committee members are expected to seek out and take advantage of opportunities to further develop their knowledge and skills. To the extent that such continuing education is deemed appropriate or necessary by the FBC, its cost will be paid from the Plan.

The specific continuing education needs will be left to the discretion of the individual members, subject to the following parameters:

- any significant continuing education efforts should be reported and shared with the FBC; and
- continuing education involving a cost that will be charged to the Plan must be budgeted for in advance by the FBC.

Committee members are expected to be knowledgeable and maintain their knowledge through continuing education in the following key areas:

- Fiduciary concept and fiduciary duties
- Overall governance structure
- Pension plan design in general
- Plan's objectives and mission statement
- Current plan provisions
- The regulatory bodies and their laws and regulations
- Investment
- Actuarial principles and valuation
- General administration process

## **Member Communications**

The FBC has established the following principles in relation to Member communications under this policy:

- The purpose is to be informational
- The objective is to communicate regularly with members as well as being reactive to members concerns or needs
- The communications are to be timely
- The communications are to be distributed to Members in hard copy as well as posted to the Pension website
- The effectiveness of the communications is to be measured by member feedback through either the FBC or the Director of Pensions/University Administrator.

An information/communication plan is to be prepared and reviewed annually by the FBC, taking into consideration the members needs and is to include (not limited to) such items as:

- Holding an annual general meeting for Members of the Plan
- Providing annual pension statements to Members
- Preparing an annual newsletter providing information on:
  - Review of actuarial report (results, solvency, funding requirements, etc)
  - Investment performance of the Plan
  - Market value of investments in the Plan
- Providing information on relevant legislative and regulatory changes
- Providing information on amendments to the Plan
- Providing clarification on issues/concerns of Members
- Providing a forum to encourage input from Members

# Appendix C: Expense Policy

**See Attached**

# Appendix D: Statement of Investment Policies & Procedures

**See Attached**

# Appendix E: Code of Conduct/Conflict of Interest Policy

This section describes the code of conduct and conflict of interest policy that is applicable to the Board, members of the FBC, the University Administrator and the Director of Pensions in the execution of their responsibilities related to the Plan and Fund. The purpose of this code is to guide the conduct, actions, decisions and commitment of these parties so as to better ensure the Plan's objectives and ideals are being met and that the members' collective best interests are being served.

In general, the code of conduct and conflict of interest policy is designed to support and promote the furtherance of ethical business practices in relation to the Plan. Specifically, this policy compels each of the parties to:

- Exercise the care, skill and diligence of a prudent person in carrying out his/her duties
- Conduct business in an honest and fair manner
- At all times, act in a manner that is in the best interest of the pension plan members
- Appropriately preserve the confidentiality of all Plan information to which the party is exposed
- Strive to conduct himself/herself in a manner that protects him/her from conflicts of interest, real or perceived
- Abide by local, provincial and federal legislation and jurisprudence as it pertains to pension plan fiduciary requirements
- Be aware that good understanding and communication are essential elements in the effective operation and governance of a pension plan
- Bring professionalism, accountability and integrity to his/her function in the Plan and Fund
- Promote and participate in continuing education as it relates to his/her duties
- Identify and utilize external expertise when it is prudent to do so.

It is incumbent on any affected party who believes that he/she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the University Administrator and the Fringe Benefits Committee Chair immediately. The Chair,

in turn, will decide what action is appropriate under the circumstances but, at a minimum, will raise the matter and have it recorded in the minutes of the next regular meeting of the FBC.

No affected party who has or is required to make a disclosure as contemplated in this policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.