

The primary purpose of this report is:

- * to review the actuarial valuation information and contribution requirements of the Non Academic Pension Plan as at December 31, 2015
- * to review investments and investment performance of the Plan in 2015
- * to report on the activities of the Non-Academic Pension & Benefits Committee (NAPBC)

▣ INVESTMENTS of the PENSION PLAN at December 31, 2015

Market Value of Pension Plan Assets

By Asset Classes	2015 (\$000)	% of Market Value
<i>Canadian Equities</i>	\$ 56,094	17.5
<i>Global Equities</i>	132,144	41.3
Total Equities	\$ 188,238	58.8
<i>Bonds & Mortgages</i>	\$ 105,269	32.9
<i>Real Estate</i>	25,053	7.8
<i>Short term investments</i>	1,460	0.5
Total Fixed Income	\$ 131,782	41.2
Total Market Value	\$ 320,020	100.0

By Investment Manager	2015 (\$000)	% of Market Value
<i>Greystone Managed Investments</i>	\$ 25,053	7.8
<i>Burgundy Asset Management</i>	28,381	8.9
<i>Phillips, Hager & North Investment Management</i>	105,277	32.9
<i>Connor, Clark & Lunn Financial</i>	29,373	9.2
<i>Harding Loevner</i>	66,913	20.9
<i>Sprucegrove Investment Management</i>	64,998	20.3

Investment Performance

The long-term investment goal of the Plan is to achieve a minimum annualized rate of return of 4.25% in excess of the Canadian Consumer Price Index. To achieve this goal, the Plan has adopted an asset mix that has a bias in favour of equity investments.

The responsibility for investing the assets of the Plan has been delegated to six professional investment fund managers with different mandates to ensure adequate investment diversification.

The Plan's Return Benchmark is a performance standard developed by the Investment Consultant, Aon Hewitt. The Non Academic Pension & Benefits Committee and the Board of Governors have approved the benchmark. The investment fund managers of the Plan are expected to meet or surpass the benchmark.

<i>Investment Performance</i>	<i>2015</i>	<i>Last 4 years</i>	<i>Last 10 years</i>
<i>Plan return (gross)</i>	6.9%	11.1%	5.8%
<i>Plan return benchmark (gross)</i>	7.1%	10.7%	5.9%
<i>Consumer Price Index</i>	1.6%	1.3%	1.6%

ACTUARIAL VALUATION at December 31, 2015

Membership Data

	<i>2015</i>
<i>Active Members</i>	1299
<i>Pensioners & Beneficiaries</i>	847
<i>Other members (deferred, pending transfers, transfer deficiency holdbacks)</i>	239

Going-Concern Financial Position of the Plan

The financial position of the Plan on a going-concern basis is measured by comparing the market value of assets to the actuarial liabilities assuming the Plan is continuing for the long-term. As requested by the Saskatchewan Superintendent of Pensions, the valuation method has been changed in order to increase transparency in how past and future service deficits are amortized. The new method has been determined to be a more appropriate method in the current environment.

The following table outlines the financial position of the Plan under both methods for December 31, 2014; the last filed actuarial valuation report.

Going-Concern Financial Position	2014 (New method)	2014 (Old method)
Actuarial value of assets	\$ 303,468,800	\$ 303,468,800
Actuarial liability	324,883,200	341,340,800
Surplus (Deficit)	\$ (21,414,400)	\$ (37,872,000)
Special Payments Required to fund Going-Concern Deficit	4.91%	7.15%
PLUS		
Future service cost deficiency	\$ (16,457,600)	N/A
Special Payments Required to fund Future Service Deficit	2.24%	N/A
Total Special Payments Required (% of pensionable earnings)	7.15%	7.15%

The following table outlines the results of the actuarial valuation performed as at December 31, 2015, using a 5% margin. Comparative numbers as at December 31, 2014 are also provided.

Going-Concern Financial Position	2015	2014
Actuarial value of assets	\$ 321,195,600	\$ 303,468,800
Actuarial liability	346,508,900	324,883,200
Surplus (Deficit)	\$ (25,313,300)	\$ (21,414,400)
Funded Ratio	0.93	0.93

Contribution and Funding Requirements

The Plan last filed a valuation report with the regulators at December 31, 2014. The actuary has concluded that current contribution rates continue to be less than the benefits currently accruing to members of the Plan. The employees and the University are currently contributing 8.50% of pensionable earnings. In addition, the special payments required by the University to fund the going-concern deficiencies are outlined as follows:

	% of Pensionable Earnings
Going-concern deficit from December 31, 2012 valuation (to December 31, 2022)	4.91%
Future service cost deficiency from December 31, 2014 valuation (annually)	2.24%
Total annual special payments required (% of pensionable earnings)	7.15%
Total annual special payments in 2016	\$4,703,052

Hypothetical Wind-Up (Solvency) Position of the Plan

The Pension Benefits Act (Saskatchewan) requires the University to review whether the assets of the Plan would be sufficient to cover the liabilities of the Plan in the event of a plan wind-up. The following table outlines the wind-up position of the plan at December 31, 2015.

Hypothetical Wind-Up Financial Position	2015	2014
<i>Actuarial value of assets</i>	\$ 320,695,600	\$ 302,968,800
<i>Actuarial liability</i>	498,121,400	455,584,900
Surplus (Deficit)	\$ (177,425,800)	\$ (152,616,100)
<i>Solvency ratio (assets/liabilities)</i>	64%	67%
<i>Special Payments Required*</i>	---	---

*The Plan has been classified as a "Specified Plan" and is not required to fund solvency deficiencies.

Transfer Deficiency Requirements

As the Plan has a solvency ratio of 67% (determined in the last filed valuation at December 31, 2014), it is necessary to withhold 33% of any lump-sum payments. The amount withheld, referred to as the "transfer deficiency", will be paid out with interest at the end of the five-year period following the date of original pay-out (or earlier in the event of plan surplus). This provision does not impact members retiring and commencing a pension from the Plan.

Transfer Deficiency Payout Example

- Applies to individuals who terminate employment and elect to transfer the lump sum value of their pension entitlement out of the Plan
- Example
 - Total lump sum pension entitlement = \$300,000
 - Solvency ratio = 67%
 - Lump sum payment available immediately = 67% x \$300,000 = \$201,000
 - Transfer Deficiency Holdback to be paid in 5 years = 33% x \$300,000 = \$99,000 (plus interest)

RETIREMENT PLANNING SEMINARS – April, May & June 2016

The University of Saskatchewan, supported by the Pensions & Treasury Office, once again offered 7 full day retirement planning seminars, available to employees age 50 and over who are members of the Non-Academic Pension Plan. The sessions, facilitated by Aon Hewitt, covered a variety of topics such as university pension plans, lifestyle planning, legal and estate planning, and tax and financial strategies.



Employee feedback on the retirement sessions has been extremely positive:

“Enjoyable and Informative!”

“This was a wonderful session! It helped me feel more confident with retirement.”

“Loved it, there was value in it for everybody”

“The presenter was very knowledgeable and did very well in getting the information to us in a simplified understandable manner.”

Watch for future sessions to come next spring!

ANNUAL GENERAL MEETING

The Committee arranged for a general meeting on November 20, 2015 that provided members with the opportunity to review and discuss the annual performance of the Plan with our Investment Consultant. The Plan’s Actuary was also in attendance to review the actuarial valuation as at December 31, 2014, as well as explain the benefits available under the Plan. This meeting acts as an opportunity for Plan members to ask any questions they have regarding the pension plan.

NON-ACADEMIC PENSION & BENEFIT COMMITTEE (NAPBC)

Committee Members

CUPE Union Local 1975 Appointees:

Michael Brockbank, Library
Bob Jones, Facilities Management
Jeff Theis, Facilities Management

Board of Governor Appointees:

Colin Weimer, Human Resources
Jeff Dumba, Office of AVP (Financial Services)
Laura Kennedy, Office of the VP (Fin & Resources)

Observers: Karen Mosier, ASPA
Dave Lepard, Retiree

Meetings of the Committee

The Non-Academic Pension & Benefits Committee met 5 times during the year. Acting in its capacity as managing fiduciary; the Committee is responsible for the oversight of the Non-Academic Pension Plan operations, including funding, investment, and administration of the Plan. The Committee is also responsible for the review and oversight of CUPE Benefits Funding. The Committee activities over the past year in fulfilling these responsibilities are outlined as follows:

Meeting Date	Time allocated	Purpose
September 21, 2015	3.25 hours	*Quarterly Investment Performance Review to June 30 th *Investment Manager Presentation: Harding Loevner *Investment Manager Presentation: Sprucegrove *Annual General Meeting Review *Core Plus Bond Strategy Discussion

November 24, 2015	2.0 hours	*Quarterly Investment Performance Review to Sep 30 th *Disability Plan Update *Core Plus Bond Strategy Discussion
March 29, 2016	2.75 hours	*Quarterly Investment Performance Review to Dec 31 st *Investment Manager Presentation: Phillips, Hager & North *Core Plus Bond Strategy Discussion
May 30, 2016	3.0 hours	*2015 Actuarial Valuation Review *Funding Policy Review *Financial Statements at December 31, 2015 Review *Quarterly Investment Performance Review to Mar 31 st *Investment Policy Annual Review *Sustainable Investing Discussion
June 3, 2016	3.0 hours	*CUPE LTD rate renewal *Annual Newsletter Review *Investment Manager Presentation: Greystone

NON-ACADEMIC PENSION PLAN INFORMATION

Plan Documents

Copies of the following documents are on file in the CUPE Union Local office and the Pensions and Treasury office (Financial Services). They are available for inspection by any member of the Plan during regular working hours by prior arrangements.

- * Plan Text
- * Financial Statements
- * Actuarial Reports
- * Auditor's Report
- * Committee meeting agendas and minutes

Other Agents of the Plan

Actuary: Aon Hewitt, Saskatoon
Investment Consultant: Aon Hewitt, Vancouver
Custodian: CIBC Mellon Global Securities

Pension Administration & Support

Pensions and Treasury Office, Financial Services
Room 220, Research Annex, 105 Maintenance Road
306-966-6633
pensions.inquiries@usask.ca
www.usask.ca/fsd/faculty_staff/pension_plans

Please contact the Pensions and Treasury Office at 306-966-6633 or any member of the Non-Academic Pension & Benefits Committee if you have any questions about the items covered in this newsletter.