

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, 2014
- * to review investments and investment performance of the Plan in 2014
- * to report on the activities of the Non-Academic Pension & Benefits Committee (NAPBC)

ACTUARIAL VALUATION at December 31, 2014

Membership Data

	2014	2013
<i>Active Members</i>	1287	1291
<i>Pensioners & Beneficiaries</i>	813	792
<i>Other members (deferred, pending transfers, transfer deficiency holdbacks)</i>	242	233

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. The actuarial valuation performed as at December 31, 2014 shows that the Plan, on a going-concern basis, is in a deficit position of \$37.8 million as per the summary table below. Comparative numbers as at December 31, 2013 are also provided.

Going-Concern Financial Position	2014	2013
<i>Actuarial value of assets</i>	\$ 303,468,800	\$ 276,072,200
<i>Actuarial liability</i>	341,340,800	310,563,800
Surplus (Deficit)	\$(37,872,000)	\$(34,491,600)
<i>Funded Ratio(assets/liabilities)</i>	.89	.89

Contribution and Funding Requirements

The Plan last filed a valuation report with the regulators at December 31, 2012. 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	Period of Amortization
<i>Going-concern deficit from December 31, 2009 valuation</i>	1.62%	<i>January 1, 2010 to December 31, 2024</i>
<i>Going-concern deficit from December 31, 2012 valuation</i>	5.33%	<i>January 1, 2014 to December 31, 2022</i>
Total going-concern deficiency payments	6.95%	

The monthly and annual payments are as follows:

Going-concern deficit required contributions	Jan 1, 2015 to Dec 31, 2015	Jan 1, 2014 to Dec 31, 2014
<i>Monthly going-concern deficiency payments</i>	\$ 396,250	\$ 384,750
Total annual special payments	\$ 4,755,000	\$ 4,617,000

Solvency Position of the Plan (Hypothetical Wind-Up)

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 actuarial valuation performed as at December 31, 2014 shows that the Plan, on a hypothetical wind-up basis, is in a deficit position of \$152.3 million. The solvency ratio at December 31, 2014 is 67%.

Solvency Financial Position	2014	2013
<i>Solvency assets</i>	\$ 303,268,800	\$ 275,872,200
<i>Solvency liabilities</i>	455,584,900	387,744,800
Surplus (Deficit)	\$ (152,316,100)	\$ (111,872,600)
<i>Solvency ratio(assets/liabilities)</i>	0.67	0.71

Solvency Deficiency Payments

As reported in the June 2014 annual report, the Non-Academic Pension Plan has been classified as a "Specified Plan" under *The Pension Benefits Regulations, 1993*, and as a result, is no longer required to fund solvency deficiencies. In accordance with the regulation change, the Plan is still required to fund going-concern deficiencies, over a period of no more than 10 years (previously 15 years).

Transfer Deficiency Requirements

As the Plan has a solvency ratio of 0.59 (determined in the last filed valuation at December 31, 2012), it is necessary to withhold 41% 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 payout (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 entitlement out of the Plan
- When a plan has a solvency deficiency, legislation requires that a portion of every lump sum (LS) payment be held back
Transfer Deficiency = Portion of LS held back
= (1- solvency ratio) x total LS entitlement
- Example
 - Date of termination = July 31, 2015
 - Total LS entitlement = \$300,000
 - Solvency ratio = 0.59
 - LS payment on July 31, 2015 = $0.59 \times \$300,000 = \$177,000$
 - Transfer Deficiency payment on July 31, 2020 = $(1-0.59) \times \$300,000 = \$123,000$ (plus interest)

■ INVESTMENTS of the PENSION PLAN at December 31, 2014

Market Value of Pension Plan Assets

<i>By Asset Classes</i>	<i>2014 (\$000)</i>	<i>% of Market Value</i>
<i>Canadian Equities</i>	\$ 56,263	18.6
<i>Global Equities</i>	133,443	44.1
<i>Total Equities</i>	\$ 189,706	62.7
<i>Bonds & Mortgages</i>	\$ 83,196	27.5
<i>Real Estate</i>	23,561	7.8
<i>Short term investments</i>	5,897	2.0
<i>Total Fixed Income</i>	\$ 112,654	37.3
<i>Total Market Value</i>	\$ 302,360	100.0

By Investment Manager	2014 (\$000)	% of Market Value
<i>Greystone Managed Investments</i>	\$ 23,561	7.8
<i>Burgundy Asset Management</i>	29,131	9.6
<i>Phillips, Hager & North Investment Management</i>	85,083	28.1
<i>Connor, Clark & Lunn Financial</i>	30,381	10.1
<i>Harding Loevner</i>	64,229	21.3
<i>Sprucegrove Investment Management</i>	69,911	23.1

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.

Investment Performance	2014	Last 4 years	Last 10 years
<i>Plan return (gross)</i>	11.1%	9.2%	6.3%
<i>Plan return benchmark (gross)</i>	11.2%	9.1%	6.4%
<i>Consumer Price Index</i>	1.5%	1.5%	1.7%

RETIREMENT PLANNING SEMINARS – April & May 2015

The University of Saskatchewan, supported by the Pensions & Treasury Office offered 5 full day retirement planning seminars, available to employees age 55 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. As a result of the overwhelming demand and positive feedback received to date, the sessions will be offered again in 2016.

❖ **NON-ACADEMIC PENSION & BENEFIT COMMITTEE (NAPBC)**

Committee Members

CUPE Union Local 1975 Appointees:

Michael Brockbank, Library
Wayne Foley, Facilities Management
Jeff Theis, Facilities Management

Board of Governor Appointees:

Colin Weimer, Human Resources
Heather Fortosky, Financial Services
Laura Kennedy, Office of the VP (Finance & Resources)

Observer: Kim Laybourne, ASPA

Meetings of the Committee

The Non-Academic Pension & Benefits Committee met 6 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
<i>September 29, 2014</i>	<i>3.0 hours</i>	<i>*Quarterly Investment Performance Review to June 30th *Investment Manager Presentation: Harding Loevner *Investment Manager Presentation: Sprucegrove *Annual General Meeting Review</i>
<i>November 26, 2014</i>	<i>1.0 hour</i>	<i>*Quarterly Investment Performance Review to Sep 30th *Investment Policy Annual Review</i>
<i>March 16, 2015</i>	<i>3.0 hours</i>	<i>*Quarterly Investment Performance Review to Dec 31st *Investment Manager Presentation: Phillips, Hager & North *Investment Manager Presentation: Greystone</i>
<i>April 29, 2015</i>	<i>1.5 hours</i>	<i>*2014 Actuarial Valuation Review</i>
<i>May 22, 2015</i>	<i>3.0 hours</i>	<i>*Quarterly Investment Performance Review to Mar 31st *Investment Manager Presentation: Burgundy *Investment Manager Presentation: Connor, Clark & Lunn</i>
<i>June 9, 2015</i>	<i>1.5 hours</i>	<i>*Financial Statements at December 31, 2014 Review *CUPE LTD rate renewal *Annual newsletter review – June 2015</i>



■ 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
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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.