



Non-Academic Pension Plan

ANNUAL REPORT TO MEMBERSHIP

JULY 2018

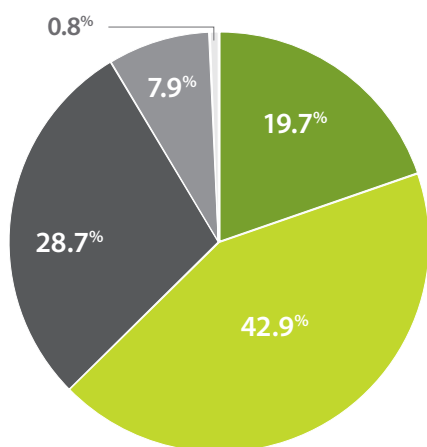


The primary purpose of this report is:

- to review the actuarial valuation information and contribution requirements of the Non Academic Pension Plan as at December 31, 2017
- to review investments and investment performance of the Plan in 2017
- to report on the activities of the Non-Academic Pension and Benefits Committee (NAPBC)

Pension Plan Information at December 31, 2017

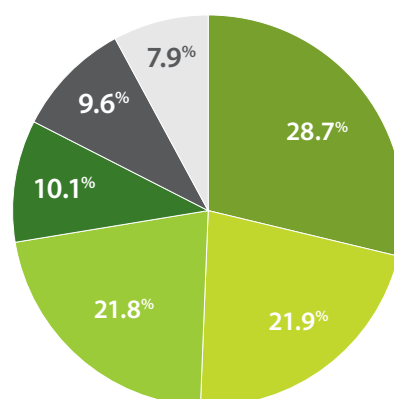
MARKET VALUE OF PENSION PLAN ASSETS



Asset Classes	2017
Canadian Equities	\$74,538,000
Non-Canadian Equities	\$162,432,000
Total Equities	\$236,970,000
Bonds	\$108,770,000
Real Estate	\$29,856,000
Short-term Investments	\$2,789,000
Total Fixed Income	\$141,415,000
Total Market Value	\$378,385,000

Distribution of Assets Among Investment Managers

Investment Manager	2017
Phillips, Hager & North Investment Management	\$108,770,000
Sprucegrove Investment Management	\$82,829,000
Harding Loevner	\$82,392,000
Burgundy Asset Management	\$38,188,000
Connor, Clark & Lunn Financial	\$36,350,000
Greystone Managed Investments	\$29,856,000



INVESTMENT PERFORMANCE

The long-term investment goal of the Plan is to achieve a minimum annualized rate of return of 3.75% 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 and 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	2017	Last 4 years	Last 10 years
Plan Return*	10.5%	9.5%	6.8%
Plan return Benchmark	8.7%	8.4%	6.2%
Consumer Price Index	1.9%	1.6%	1.6%

*Gross of fees

Actuarial Valuation at December 31, 2017

MEMBERSHIP DATA

Active Members

Pensioners and
Beneficiaries

Other Members
(deferred, pending
transfers, transfer
deficiency holdbacks)

Total Membership



+



+



=



1,345

927

222

2,494



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 following table outlines the results of the actuarial valuation performed as at December 31, 2017, using a 5% margin. Comparative numbers as at December 31, 2016 are also provided.

Going-Concern Financial Position	2017	2016
Actuarial value of assets	\$378,964,600	\$ 347,003,900
Actuarial liability	385,381,500	368,130,100
Surplus (Deficit)	\$(6,416,900)	\$(21,126,200)
Funded Ratio	0.98	0.94

CONTRIBUTION AND FUNDING REQUIREMENTS

The Plan last filed a valuation report with the regulators at December 31, 2016. 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%
Going-concern deficit from December 31, 2016 valuation (to December 31, 2026)	0.68%
Future service cost deficiency from December 31, 2016 valuation (annually)	2.73%
Total annual special payments required (% of pensionable earnings)	8.32%
Total annual special payments in 2017	\$4,894,077

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, 2017. Comparative numbers as at December 31, 2016 are also provided.

Hypothetical Wind-Up Financial Position	2017	2016
Actuarial value of assets	\$378,964,600	\$347,003,900
Actuarial liability	532,327,300	516,233,100
Surplus (Deficit)	\$(153,362,700)	\$(169,229,200)
Solvency ratio (assets/liabilities)	71%	67%
Special Payments Required*	—	—

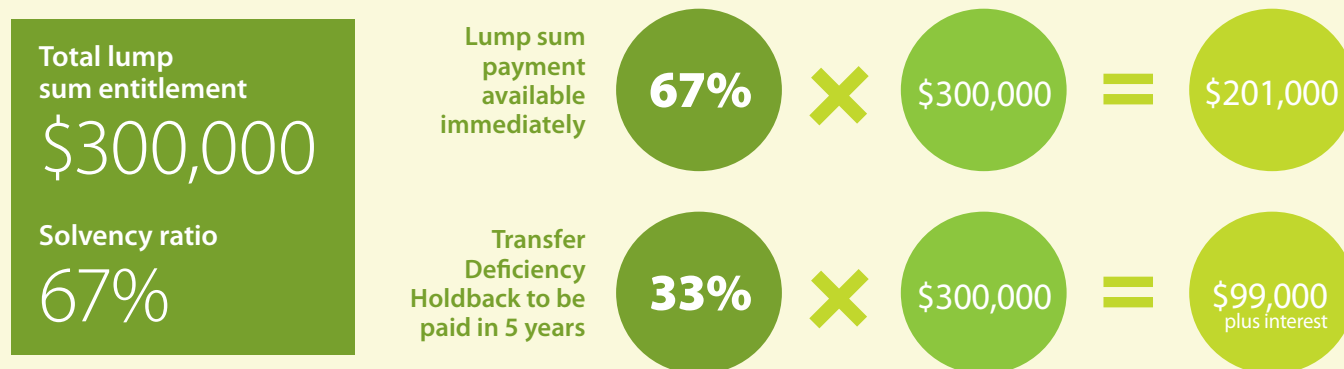
*THE PLAN HAS BEEN CLASSIFIED AS A "SPECIFIED PLAN" AND IS NOT REQUIRED TO FUND SOLVENCY DEFICIENCIES.

TRANSFER DEFICIENCY REQUIREMENTS

As the Plan has a solvency ratio of 67% (determined in the last filed valuation at December 31, 2016), 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 entitlement out of the Plan.



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

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 Benefits office. 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
Record Keeper: **CIBC Mellon Global Securities**



Non-Academic Pension and Benefit Committee

COMMITTEE MEMBERS

CUPE Union Local 1975 Appointees:

- Jeff Theis, Facilities
- Bob Jones, Facilities
- Craig Hannah, Facilities

Board of Governor Representatives

- Colin Weimer, Finance and Resources
- Trevor Batters, Finance and Resources
- Heather Fortosky, Finance and Resources

Observer

Karen Mosier, ASPA

Annual General Meeting

The Committee arranged for a general meeting on November 15, 2017 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, 2016, 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.

Meetings of the Committee

The Non-Academic Defined Benefit Pension Committee met six times during the year. Acting in its capacity as managing fiduciary, the Committee is responsible for the oversight of the Non-Academic Defined Pension Plan operations, including funding, investment, and administration of the Plan. The Committee activities over the past year in fulfilling these responsibilities are outlined in the following table.

	June 19, 2018	June 12, 2018	May 18, 2018	Feb. 26, 2018	Nov. 16, 2017	Sept. 14, 2017
	2.0 hours	3.0 hours	3.0 hours	3.0 hours	3.0 hours	3.5 hours
	<ul style="list-style-type: none"> ■ LTD Renewal Rate Discussion 	<ul style="list-style-type: none"> ■ Financial Statements at December 31, 2017 Review ■ Annual Newsletter Review ■ 2017 Actuarial Valuation Review 	<ul style="list-style-type: none"> ■ Quarterly Investment Performance Review to March 31st ■ Investment Manager Presentation: Greystone 	<ul style="list-style-type: none"> ■ Quarterly Investment Performance Review to Dec 31st ■ Investment Manager Presentation: Phillips, Hager & North 	<ul style="list-style-type: none"> ■ Quarterly Investment Performance Review to Sept 30th ■ Investment Manager Presentation: Burgundy ■ Investment Manager Presentation: Connor, Clark & Lunn 	<ul style="list-style-type: none"> ■ Quarterly Investment Performance Review to June 30th ■ Investment Manager Presentation: Harding Loevner ■ Investment Manager Presentation: Sprucegrove

USASK PENSION



PENSION ADMINISTRATION AND SUPPORT

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