

The Pension Plan for the Academic Employees of the University of Saskatchewan, 1974

Summary of Responsibilities and Duties

Preamble

The Pension Plan for the Academic Employees of the University of Saskatchewan, 1974 (the “Plan”) is a closed defined benefit plan sponsored by the University of Saskatchewan (the “University”) with all pensions currently in pay. The University, 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 are carried out.

The purpose of this document is to outline in a broad fashion the responsibilities and duties of the Board that relate to the Plan. In addition, this document outlines the specific duties which the Board has delegated to the two parties which play an important role in the Plan’s governance: the University Administration and the Retirees Pension Committee (the “Committee”) as that Committee has been formed under the terms of the Plan.

Board Responsibilities and Duties

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

- (a) to stand in a fiduciary relationship to Plan members and any other individuals entitled to benefits pursuant to the Plan;
- (b) to hold 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;
- (c) to act in good faith and in the best interests of Plan members and any other individuals entitled to benefits pursuant to the Plan;
- (d) to not prefer the interests of one person entitled to benefits pursuant to the Plan over the interests of any other person so entitled;
- (e) to ensure that the Plan’s operations relating to investment, administration, member communication and funding are properly delegated to appropriate parties; and
- (f) to ensure 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 Administration and the Committee.

As many of the duties associated with the day-to-day operation of the Plan have been delegated by the Board to the University Administration, the Committee, the custodian or the investment manager(s), the specific duties of the Board relating to the Plan are confined to:

- (a) approving amendments to the Plan based on consultation with the Committee;
- (b) approving the provision of ad-hoc pension increases as may be recommended by the Committee from time to time;
- (c) establishing the appropriate period over which any funding deficiencies should be amortized, subject to any regulatory constraints;
- (d) appointing the Plan's actuary;
- (e) appointing members of the Committee in accordance with the terms of the Plan;
- (f) approving the purchase of annuities purchased from an insurance company(ies) after receiving recommendations put forth by the Committee;
- (g) approving the Plan's investment policy after receiving recommendations put forth by the Committee;
- (h) appointing the Plan's custodian and investment manager(s) after receiving recommendations put forth by the Committee;
- (i) receiving periodic reports on various operational aspects of the Plan from the University Administration and the Committee, 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 in an acceptable fashion as may be measured by such evaluation criteria as are established by the Board from time to time;
- (j) establishing and communicating evaluation criteria and / or performance expectations as may be necessary in respect of the Board, the University Administration and the Committee; and
- (k) reviewing the Plan's governance structure from time to time to ensure its continued effectiveness.

University Administration Duties and Responsibilities

In order to ensure the effective administration of the Plan, the Board has delegated the following duties to the University Administration:

- (a) filing the necessary documentation with the regulators, including actuarial funding recommendations, annual information returns and amendments to the Plan's terms and trust agreement;

- (b) carrying out the day-to-day administration of the Plan, including:
 - (i) calculating benefit entitlements, including the processing of relationship breakdown settlements;
 - (ii) 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;
 - (iii) reconciling fund transactions and monitoring financial statements of the custodian to ensure accuracy;
 - (iv) preparing annual financial statements for the Plan;
 - (v) 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 who is a minor or physically, mentally or legally incompetent and for the purchase of annuities from an insurance company;
 - (vi) authorizing the payment of expenses charged to the fund and ensuring that such expenses are in accordance with the budget adopted by the Committee;
- (c) providing data to the Plan's actuary for the purpose of carrying out an actuarial valuation;
- (d) coordinating the annual nomination / election process for new Committee members as provided for by the terms of the Plan;
- (e) adopting the assumption basis used to determine lump sum settlements;
- (f) administering the windup of the Plan once the Board has approved the termination of the Plan;
- (g) ensuring the Plan is administered in accordance with the terms as registered with the regulators;
- (h) informing members of:
 - (i) ad-hoc pension increases;
 - (ii) Plan amendments, including Plan termination; and
 - (iii) the nomination process for Committee members in accordance with the terms of the Plan;
- (i) 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;

- (j) effecting any changes approved by the Board to the Plan's investment policy and / or investment manager structure;
- (k) effecting any changes approved by the Committee to the Plan's investment strategy provided such changes fall within the parameters of the Plan's investment policy;
- (l) in conjunction with the Committee, monitoring compliance with the Plan's investment policy; and
- (m) preparing annual expense budgets for approval by the Committee.

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

- (a) appropriate processes and procedures have been adopted so that:
 - (i) the University Administration is fully aware of the duties to which it has been delegated by the Board;
 - (ii) the University Administration is fully aware that it stands in a fiduciary relationship to the Plan members;
 - (iii) the University Administration is able to operate and make decisions and recommendations in an effective manner;
 - (iv) the decisions and recommendations made by the University Administration are properly documented;
 - (v) the University Administration assigns appropriately qualified personnel to carry out the duties which it has been assigned; and
 - (vi) the University Administration has timely access to the appropriate, current, accurate and complete information necessary for it to properly perform its delegated duties.
- (b) appropriate systems and records of the day-to-day administration are established and maintained;
- (c) appropriate and timely reporting is provided to the Board and / or the Committee on a periodic basis;
- (d) appropriate steps have been taken to ensure that the confidentiality of member information is preserved; and
- (e) appropriate steps have been taken to ensure that University Administration 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.

Retirees' Pension Committee Duties and Responsibilities

In order to ensure that the Board can meet its responsibilities as administrator, the Board has delegated the following duties to the Committee:

- (a) reviewing the Plan's actuarial position based on periodic actuarial valuations conducted by the actuary and, in the process, identify the impact that anticipated future demographic shifts may have on the Plan's future actuarial position;
- (b) establishing suitable contingency reserves to help ensure the Plan's financial integrity;
- (c) recommending ad-hoc pension increases to the Board for approval;
- (d) reviewing surplus levels and the formulation of specific strategies to deal with such surpluses;
- (e) reviewing the integration between the Plan's obligations and its invested assets;
- (f) assessing the feasibility of purchasing annuities from an insurance company(ies) 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;
- (g) providing periodic reporting to the Board on the Plan's funding aspects including the identification of any issues that should be of concern to the Board;
- (h) approving annual expense budgets prepared by the University Administration in respect of expenses charged to the fund;
- (i) reviewing the Plan's financial statements as prepared by the University Administration;
- (j) interpreting the Plan's terms where clarification is required;
- (k) assessing the feasibility of Plan amendments (including Plan termination) and, on the basis of such assessments, formulating specific amendment recommendations to the Board for approval;
- (l) articulating the investment philosophy and beliefs that should guide the investment of the Plan's assets;
- (m) drafting an investment policy which supports the investment philosophy and recommending such policy to the Board for approval;
- (n) conducting searches for providers to serve as custodian and investment manager(s) for the fund and recommending appropriate providers to the Board for approval;
- (o) monitoring the performance of both the investment manager(s) and the fund and, on the basis of such monitoring:
 - (i) assessing the suitability of the investment manager(s)'s strategy and philosophy;
 - (ii) identifying any changes that may be desirable to the investment policy;

- (iii) identifying any changes that may be desirable to the investment manager(s); and
- (iv) recommending to the Board for approval any changes in the investment policy or investment manager(s) as are appropriate;
- (p) in conjunction with the University Administration, monitoring compliance with the Plan's investment policy; and
- (q) in accordance with the terms of the Plan, recommending to the Board a replacement Committee member to serve until December 31 of the calendar year in which a Committee member resigns.

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

- (a) appropriate processes and procedures have been adopted so that:
 - (i) the Committee is fully aware of the duties to which it has been delegated by the Board;
 - (ii) the Committee is fully aware that it stands in a fiduciary relationship to the Plan members;
 - (iii) the Committee is able to operate and make decisions and recommendations in an effective manner and ensure that such decisions and recommendations are properly documented;
 - (iv) Committee members possess an adequate level of knowledge and skill in order for the Committee to properly perform its delegated duties; and
 - (v) the Committee has timely access to the appropriate, current, accurate and complete information necessary for it to properly perform its delegated duties.
- (b) appropriate and timely reporting is provided to the Board and University Administration on a periodic basis ; and
- (c) appropriate standards have been established to guide the conduct and behaviour of Committee members.