

The primary purpose of this report is:

- * to review the actuarial valuation information and special payment requirements of the Retirees Pension Plan as at December 31, 2016
- * to review investments and investment performance of the Plan in 2016
- * to report on the activities of the Retirees Pension Committee

ACTUARIAL VALUATION at December 31, 2016

Membership Data

<i>Age of Pensioners & Beneficiaries</i>	2016	2015
70 - 74.9	0	0
75 - 79.9	19	24
80 - 84.9	42	47
85 - 89.9	48	53
90 - 94.99	39	41
95 - 99.99	11	11
100+	2	2
Total	161	178
Average Age	87.1	86.6

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 financial position of the plan as at December 31, 2016. Comparative numbers for the previously filed valuation at December 31, 2015 is also shown.

Going-Concern Financial Position	2016	2015
<i>Actuarial value of assets</i>	\$ 26,773,000	\$ 29,426,000
<i>Actuarial liability</i>	33,063,000	37,268,000
Surplus (Deficit)	\$ (6,290,000)	\$ (7,842,000)
<i>Going Concern ratio (assets/liabilities)</i>	81%	79%

Funding Requirements

The Plan last filed a valuation report with the regulators at December 31, 2015. The going-concern deficiency (unfunded liability) established at December 31, 2015 is being amortized over a period of ten years (January 1, 2017 through December 31, 2025) with monthly payments of \$1,000 being paid by the University. This going-concern deficiency is in addition to the going-concern deficiency established at December 31, 2012, which is being amortized over a period of nine years (January 1, 2014 to December 31, 2022) with monthly payments of \$67,900 being paid by the University. The going-concern deficiency also includes the going-concern deficiency established at December 31, 2009, which is being amortized over a period of fifteen years (January 1, 2010 to December 31, 2024) with monthly payments of \$29,800 being paid by the University.

Total payments to the plan for the deficiencies above are shown in the following table, based on the most recent valuation report at December 31, 2015.

Required Contributions	Monthly	Annual
<i>Going-concern deficit (unfunded liability) payments from:</i>		
<i>December 31, 2009 valuation</i>	<i>\$ 29,800</i>	<i>\$ 357,600</i>
<i>December 31, 2012 valuation</i>	<i>67,900</i>	<i>814,800</i>
<i>December 31, 2015 valuation</i>	<i>1,000</i>	<i>12,000</i>
Total Special Payments	\$ 98,700	\$ 1,184,400

Note: In spite of the difficult financial situation, there will be no decrease in current monthly pension payments received by pensioners. Due to the current financial position of the Plan, there will be no ad-hoc increases to current pensions.

Hypothetical Wind-Up 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, 2016. Comparative numbers as at December 31, 2015 are also shown.

Hypothetical Wind-Up Financial Position	2016	2015
<i>Actuarial value of assets</i>	<i>\$ 26,673,000</i>	<i>\$ 29,326,000</i>
<i>Actuarial liability</i>	<i>34,633,000</i>	<i>39,918,000</i>
Surplus (Deficit)	\$ (7,960,000)	\$ (10,592,000)
<i>Solvency ratio(assets/liabilities)</i>	<i>77%</i>	<i>73%</i>
<i>Special Payments Required*</i>	<i>---</i>	<i>---</i>

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

➤ INVESTMENTS of the PENSION PLAN at December 31, 2016

Market Value of Pension Plan Assets

<i>By Asset Classes</i>	2016 (\$000)	% of Market Value
<i>Canadian Equities</i>	\$ 4,064	15.2
<i>Non-Canadian Equities</i>	4,551	17.1
Total Equities	\$ 8,615	32.3
<i>Bonds</i>	\$ 13,154	49.3
<i>Mortgages</i>	5,031	18.8
<i>Short term investments</i>	-99	-0.4
Total Fixed Income	\$ 18,086	67.7
Total Market Value	\$ 26,700	100.0

<i>By Investment Manager</i>	2016 (\$000)	% of Market Value
<i>Greystone Managed Investments</i>	\$ 18,252	68.0
<i>Jarislowsky Fraser Limited</i>	8,658	32.0

Details of Changes in Market Value

	2016
Adjusted market value at beginning of year	\$ 29,426,000
<i>Employer contributions</i>	1,173,000
<i>Realized/Unrealized capital gains/(losses)</i>	637,000
<i>Interest income</i>	499,000
<i>Dividends</i>	152,000
<i>Pension and benefit payments</i>	(4,892,000)
<i>Investment management expenses</i>	(86,000)
<i>Non-investment expenses</i>	(86,000)
Adjusted market value at end of year	\$ 26,773,000
<i>In-transit items</i>	(176,000)
Unadjusted market value at end of year	\$ 26,597,000



Investment Performance

The long-term investment goal of the Plan is to achieve an annualized total rate of return of a least 3.75% as of the December 31, 2016 actuarial valuation. To achieve this goal, the Plan has adopted an asset mix that has a bias in favour of fixed income investments, and uses a custom liability matching bond strategy. The Plan’s asset mix is designed to be 70% custom bonds and 30% equities.

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

Investment Performance	2016	Last 4 years	Last 10 years
<i>Plan return (gross)</i>	4.5%	7.4%	5.1%
<i>Plan return benchmark (gross)</i>	4.8%	6.2%	4.3%
<i>Consumer Price Index</i>	1.5%	1.5%	1.6%

The Plan’s Return Benchmark is a performance standard developed by the Investment Consultant, Aon Hewitt. The investment fund managers of the Plan are expected to meet or surpass the benchmark.

RETIREES PENSION COMMITTEE

Committee Members

- Irene Beck inbeck@shaw.ca
- Dennis Dibski djdibski@shaw.ca
- Patricia Lawson plawson@sasktel.net

- Terry Summers, Financial Services
- Heather Fortosky, Financial Services
- Nimco Moumin, Financial Services

Meetings of the Committee

The Retirees Pension Committee met once during the year. Acting in its capacity as managing fiduciary; the Committee is responsible for the oversight of the 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.





Meeting Date	Time allocated	Purpose
June 8, 2017	6.0 hours	*2016 Actuarial Valuation Review *Funding Policy Review *Financial Statements at December 31, 2016 Review *Annual newsletter to membership *Quarterly Investment Performance Review to December 31 st and March 31 st *Statement of Investment Policies & Procedures Review *Investment Manager Presentation: Jarislowsky Fraser *Investment Manager Presentation: Greystone

RETIREES PENSION PLAN INFORMATION

Plan Documents

Copies of the following documents are on file in 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 E180, Administration Building, 105 Administration Place
 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 Retirees Pension Committee if you have any questions about the items covered in this newsletter.

