

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, 2015
- \* to review investments and investment performance of the Plan in 2015
- \* to report on the activities of the Retirees Pension Committee

### **ACTUARIAL VALUATION at December 31, 2015**

#### **Membership Data**

<i>Age of Pensioners &amp; Beneficiaries</i>	<b>2015</b>	<b>2014</b>
70 - 74.9	0	3
75 - 79.9	24	32
80 - 84.9	47	53
85 - 89.9	53	63
90 - 94.99	41	36
95 - 99.99	11	13
100+	2	0
<b>Total</b>	<b>178</b>	<b>200</b>
<b>Average Age</b>	<b>86.6</b>	<b>86.1</b>

#### **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, 2015. Comparative numbers for the 2 previously filed valuations (December 31, 2012 and December 31, 2009) are also shown.

<b>Going-Concern Financial Position</b>	<b>2015</b>	<b>2012</b>	<b>2009</b>
<i>Actuarial value of assets</i>	\$ 29,426,000	\$ 37,033,000	\$ 49,097,000
<i>Actuarial liability</i>	37,268,000	46,147,000	52,559,000
<b>Surplus (Deficit)</b>	<b>\$ (7,842,000)</b>	<b>\$ (9,114,000)</b>	<b>\$ (3,462,000)</b>
<i>Going Concern ratio (assets/liabilities)</i>	79%	80%	93%

## **Funding Requirements**

The December 31, 2015 valuation is required to be filed with the regulators by September 30, 2016. Once this valuation is filed, additional payments will be required to fund the remaining unfunded liability.

Payments for January 1, 2017 and onward will be determined once the valuation report has been finalized and filed with the regulators. Anticipated total payments to the plan are shown in the following table.

<b>Required Contributions</b>	<b>Monthly</b>	<b>Annual</b>
<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>
<b>Total Special Payments</b>	<b>\$ 98,700</b>	<b>\$ 1,184,400</b>

*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, 2015. Comparative numbers as at December 31, 2014 are also shown.

<b>Hypothetical Wind-Up Financial Position</b>	<b>2015</b>	<b>2014</b>
<i>Actuarial value of assets</i>	<i>\$ 29,326,000</i>	<i>\$ 32,094,000</i>
<i>Actuarial liability</i>	<i>39,918,000</i>	<i>45,771,000</i>
<b>Surplus (Deficit)</b>	<b>\$ (10,592,000)</b>	<b>\$ (13,677,000)</b>
<i>Solvency ratio(assets/liabilities)</i>	<i>73%</i>	<i>70%</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, 2015

### Market Value of Pension Plan Assets

<i>By Asset Classes</i>	<b>2015 (\$000)</b>	<b>% of Market Value</b>
<i>Canadian Equities</i>	\$ 4,160	14.2
<i>Non-Canadian Equities</i>	5,069	17.3
<b>Total Equities</b>	<b>\$ 9,229</b>	<b>31.5</b>
<i>Bonds</i>	\$ 14,930	51.1
<i>Mortgages</i>	4,878	16.7
<i>Short term investments</i>	198	0.7
<b>Total Fixed Income</b>	<b>\$ 20,006</b>	<b>68.5</b>
<b>Total Market Value</b>	<b>\$ 29,235</b>	<b>100.0</b>

<i>By Investment Manager</i>	<b>2015 (\$000)</b>	<b>% of Market Value</b>
<i>Greystone Managed Investments</i>	\$ 19,827	67.9
<i>Jarislowsky Fraser Limited</i>	9,384	32.1

### Details of Changes in Market Value

	<b>2015</b>
<b>Adjusted market value at beginning of year</b>	\$ 32,194,000
<i>Employer contributions</i>	1,173,000
<i>Realized/Unrealized capital gains/(losses)</i>	999,000
<i>Interest income</i>	598,000
<i>Dividends</i>	183,000
<i>Pension and benefit payments</i>	(5,549,000)
<i>Investment management expenses</i>	(86,000)
<i>Non-investment expenses</i>	(86,000)
<b>Adjusted market value at end of year</b>	<b>\$ 29,426,000</b>
<i>In-transit items</i>	(191,000)
<b>Unadjusted market value at end of year</b>	<b>\$ 29,235,000</b>



**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, 2015 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.

<b>Investment Performance</b>	<b>2015</b>	<b>Last 4 years</b>	<b>Last 10 years</b>
<i>Plan return (gross)</i>	5.7%	8.1%	5.7%
<i>Plan return benchmark (gross)</i>	3.8%	6.6%	4.9%
<i>Consumer Price Index</i>	1.6%	1.3%	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](mailto:inbeck@shaw.ca)
- Dennis Dibski [djdibski@shaw.ca](mailto:djdibski@shaw.ca)
- Patricia Lawson [plawson@sasktel.net](mailto:plawson@sasktel.net)

- Terry Summers, Financial Services
- Heather Fortosky, Financial Services
- Kendra Dumont, 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.





<b>Meeting Date</b>	<b>Time allocated</b>	<b>Purpose</b>
June 6, 2016	6.0 hours	*2015 Actuarial Valuation Review *Funding Policy Review *Financial Statements at December 31, 2015 Review *Annual newsletter to membership *Quarterly Investment Performance Review to December 31 <sup>st</sup> and March 31 <sup>st</sup> *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 220, Research Annex, 105 Maintenance Road  
 306-966-6633  
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**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.**

