

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, 2013
- * to review investments and investment performance of the Plan in 2013
- * to report on the activities of the Retirees Pension Committee

ACTUARIAL VALUATION at December 31, 2013

Membership Data

<i>Age of Pensioners & Beneficiaries</i>	2013	2012
70 - 75	4	9
76 - 80	39	41
81 - 85	53	57
86 - 90	70	72
90+	47	40
Total	213	219

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, 2013 shows that the Plan, on a going-concern basis, is in a deficit position of \$10.8 million as per the summary table below. Comparative numbers as at December 31, 2012 are also provided.

Going-Concern Financial Position	2013	2012
<i>Actuarial value of assets</i>	\$ 34,170,000	\$ 37,033,000
<i>Actuarial liability</i>	44,999,000	46,147,000
Surplus (Deficit)	\$(10,829,000)	\$(9,114,000)
<i>Going Concern ratio(assets/liabilities)</i>	0.76	0.80

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, 2013 shows that the Plan, on a hypothetical wind-up basis, is in a deficit position of \$9.8 million, compared to \$12.9 million at December 31, 2012.

<i>Solvency Financial Position</i>	<i>2013</i>	<i>2012</i>
<i>Solvency assets</i>	<i>\$ 34,070,000</i>	<i>\$ 36,933,000</i>
<i>Solvency liabilities</i>	<i>43,865,000</i>	<i>49,800,000</i>
<i>Surplus (Deficit)</i>	<i>\$ (9,795,000)</i>	<i>\$(12,867,000)</i>
<i>Solvency ratio(assets/liabilities)</i>	<i>0.78</i>	<i>0.74</i>

Solvency Deficiency Payments

Effective June 26, 2013, the Government of Saskatchewan amended the funding rules under *The Pension Benefits Regulations, 1993* for most public sector defined benefit pension plans. The new regulations remove the requirement to fund a plan's solvency deficiency, while decreasing the period of time by which a going-concern deficiency is required to be amortized from 15 years to 10 years. The new funding rules apply to any public sector defined benefit pension plans that have been classified as "Specified Plans".

The Retirees Pension Plan has been classified as a "Specified Plan", and as a result, is no longer required to fund solvency deficiencies.

Funding Requirements

The Plan last filed a valuation report with the regulators at December 31, 2012. The going-concern deficiency (unfunded liability) established at December 31, 2012 is being amortized over a period of nine years (January 1, 2014 through December 31, 2022) with monthly payments of \$67,900 being paid by the University. This going-concern deficiency is in addition to 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, 2012.

Monthly deficit required contributions	Jan 1, 2014 to Dec 31, 2014	Jan 1, 2013 to Dec 31, 2013	Jan 1, 2012 to Dec 31, 2012
<i>Going-concern deficit (unfunded liability) from December 31, 2009 valuation</i>	\$ 29,800	\$ 29,800	\$ 29,800
<i>Going-concern deficit (unfunded liability) from December 31, 2012 valuation</i>	67,900	---	---
Total Monthly Payments	\$ 97,700	\$ 29,800	\$ 29,800

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.

▣ INVESTMENTS of the PENSION PLAN at December 31, 2013

Market Value of Pension Plan Assets

By Asset Classes	2013 (\$000)	% of Market Value	2012 (\$000)	% of Market Value
<i>Canadian Equities</i>	\$ 4,997	14.6	\$ 6,207	16.7
<i>Non-Canadian Equities</i>	6,011	17.6	6,823	18.4
Total Equities	\$ 11,008	32.2	\$ 13,030	35.1
<i>Bonds</i>	\$ 19,993	58.5	\$ 20,623	55.7
<i>Mortgages</i>	2,982	8.7	3,036	8.2
<i>Short term investments</i>	205	0.6	386	1.0
Total Fixed Income	\$ 23,180	67.8	\$ 24,045	64.9
Total Market Value	\$ 34,188	100.0	\$ 37,075	100.0

By Investment Manager	2013 (\$000)	% of Market Value
<i>Greystone Managed Investments</i>	\$ 23,075	67.6
<i>Jarislowsky Fraser Limited</i>	11,050	32.4



Investment Performance

The long-term investment goal of the Plan is to achieve an annualized total rate of return of a least 4.5% as of the December 31, 2012 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 bond 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	2013	Last 4 years	Last 10 years
<i>Plan return (gross)</i>	9.7%	7.1%	5.8%
<i>Plan return benchmark (gross)</i>	7.6%	6.2%	5.4%
<i>Consumer Price Index</i>	1.2%	1.7%	1.7%

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

Bruce Schnell schnellbj@sasktel.net
Dennis Dibski djdibski@shaw.ca
Patricia Lawson plawson@sasktel.net

Terry Summers, Financial Services Division
Laura Kennedy, Financial Services Division
Heather Fortosky, Pensions Office, FSD

Meetings of the Committee

The Retirees Pension Committee met 3 times 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
September 24, 2013	2.0 hours	*Quarterly Investment Performance Review to June 30 th *Investment Manager Presentation: Greystone *Investment Policy Review
April 21, 2014	2.0 hours	*Quarterly Investment Performance Review to Dec 31 ^s *2013 Actuarial Valuation review
June 11, 2014	3.0 hours	*Financial Statements at December 31, 2013 Review *Quarterly Investment Performance Review to Mar 31 st *Investment Manager presentation: Greystone

RETIREES PENSION PLAN INFORMATION

Plan Documents

Copies of the following documents are on file in the office of the Director of Pensions (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 Office, Financial Services
Room 220, Research Annex, 105 Maintenance Road
306-966-6633
pensions.inquiries@usask.ca
www.usask.ca/fsd/faculty_staff/pension_plans

Please contact the Pensions 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.