

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, 2014
- \* to review investments and investment performance of the Plan in 2014
- \* to report on the activities of the Retirees Pension Committee

### **ACTUARIAL VALUATION at December 31, 2014**

#### **Membership Data**

<i>Age of Pensioners &amp; Beneficiaries</i>	<b>2014</b>	<b>2013</b>
70 - 74.9	3	4
75 - 79.9	32	39
80 - 84.9	53	53
85 - 89.9	63	70
90+	49	47
<b>Total</b>	<b>200</b>	<b>213</b>
<b>Average Age</b>	<b>86.1</b>	<b>85.4</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 actuarial valuation performed as at December 31, 2014 shows that the Plan, on a going-concern basis, is in a deficit position of \$10.7 million as per the summary table below. Comparative numbers as at December 31, 2013 are also provided.

<b>Going-Concern Financial Position</b>	<b>2014</b>	<b>2013</b>
<i>Actuarial value of assets</i>	\$ 32,194,000	\$ 34,170,000
<i>Actuarial liability</i>	42,935,000	44,999,000
<b>Surplus (Deficit)</b>	<b>\$(10,741,000)</b>	<b>\$(10,829,000)</b>
<i>Going Concern ratio(assets/liabilities)</i>	0.75	0.76

## ***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, 2014 shows that the Plan, on a hypothetical wind-up basis, is in a deficit position of \$13.7 million, compared to \$9.8 million at December 31, 2013.

<b><i>Solvency Financial Position</i></b>	<b><i>2014</i></b>	<b><i>2013</i></b>
<i>Solvency assets</i>	<i>\$ 32,094,000</i>	<i>\$ 34,070,000</i>
<i>Solvency liabilities</i>	<i>45,771,000</i>	<i>43,865,000</i>
<b><i>Surplus (Deficit)</i></b>	<b><i>\$(13,677,000)</i></b>	<b><i>\$( 9,795,000)</i></b>
<i>Solvency ratio(assets/liabilities)</i>	<i>0.70</i>	<i>0.78</i>

## ***Funding Requirements***

As reported in the June 2014 annual report, the Retirees Pension Plan has been classified as a “Specified Plan” under the *The Pension Benefits Regulations, 1993*, and as a result, is no longer required to fund solvency deficiencies. In accordance with the regulation change, the Plan is still required to fund going-concern deficiencies, over a period of no more than 10 years (previously 15 years).

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.

<b><i>Monthly deficit required contributions</i></b>	<b><i>Jan 1, 2015 to Dec 31, 2015</i></b>	<b><i>Jan 1, 2014 to Dec 31, 2014</i></b>	<b><i>Jan 1, 2013 to Dec 31, 2013</i></b>
<i>Going-concern deficit (unfunded liability) from December 31, 2009 valuation</i>	<i>\$ 29,800</i>	<i>\$ 29,800</i>	<i>\$ 29,800</i>
<i>Going-concern deficit (unfunded liability) from December 31, 2012 valuation</i>	<i>67,900</i>	<i>67,900</i>	<i>---</i>
<b><i>Total Monthly Payments</i></b>	<b><i>\$ 97,700</i></b>	<b><i>\$ 97,700</i></b>	<b><i>\$ 29,800</i></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.***

## ■ INVESTMENTS of the PENSION PLAN at December 31, 2014

### Market Value of Pension Plan Assets

<i>By Asset Classes</i>	<b>2014 (\$000)</b>	<b>% of Market Value</b>	<b>2013 (\$000)</b>	<b>% of Market Value</b>
<i>Canadian Equities</i>	\$ 4,769	14.9	\$ 4,997	14.6
<i>Non-Canadian Equities</i>	5,508	17.2	6,011	17.6
<b>Total Equities</b>	<b>\$ 10,277</b>	<b>32.1</b>	<b>\$ 11,008</b>	<b>32.2</b>
<i>Bonds</i>	\$ 17,712	55.5	\$ 19,993	58.5
<i>Mortgages</i>	3,847	12.0	2,982	8.7
<i>Short term investments</i>	134	0.4	205	0.6
<b>Total Fixed Income</b>	<b>\$ 21,693</b>	<b>67.9</b>	<b>\$ 23,180</b>	<b>67.8</b>
<b>Total Market Value</b>	<b>\$ 31,970</b>	<b>100.0</b>	<b>\$ 34,188</b>	<b>100.0</b>

<i>By Investment Manager</i>	<b>2014 (\$000)</b>	<b>% of Market Value</b>
<i>Greystone Managed Investments</i>	\$ 21,635	67.7
<i>Jarislowsky Fraser Limited</i>	10,310	32.2

### Details of Changes in Market Value

	<b>2014</b>	<b>2013</b>
<b>Adjusted market value at beginning of year</b>	<b>\$ 34,170,000</b>	<b>\$ 37,033,000</b>
<i>Employer contributions</i>	<i>1,173,000</i>	<i>358,000</i>
<i>Realized/Unrealized capital gains/(losses)</i>	<i>2,235,000</i>	<i>2,358,000</i>
<i>Interest income</i>	<i>727,000</i>	<i>711,000</i>
<i>Dividends</i>	<i>186,000</i>	<i>235,000</i>
<i>Pension and benefit payments</i>	<i>(6,120,000)</i>	<i>(6,361,000)</i>
<i>Investment management expenses</i>	<i>(88,000)</i>	<i>(91,000)</i>
<i>Non-investment expenses</i>	<i>(89,000)</i>	<i>(73,000)</i>
<b>Adjusted market value at end of year</b>	<b>\$ 32,194,000</b>	<b>\$ 34,170,000</b>
<i>In-transit items</i>	<i>(224,000)</i>	<i>18,000</i>
<b>Unadjusted market value at end of year</b>	<b>\$ 31,970,000</b>	<b>\$ 34,188,000</b>

## ***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.

<b><i>Investment Performance</i></b>	<b><i>2014</i></b>	<b><i>Last 4 years</i></b>	<b><i>Last 10 years</i></b>
<i>Plan return (gross)</i>	<i>9.8%</i>	<i>7.9%</i>	<i>6.0%</i>
<i>Plan return benchmark (gross)</i>	<i>8.5%</i>	<i>6.3%</i>	<i>5.4%</i>
<i>Consumer Price Index</i>	<i>1.5%</i>	<i>1.5%</i>	<i>1.7%</i>

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  
Laura Kennedy, Office of the VP (Finance & Resources)

### ***Meetings of the Committee***

The Retirees Pension Committee met twice 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>
<i>September 30, 2014</i>	<i>1.5 hours</i>	<i>*Quarterly Investment Performance Review to June 30<sup>th</sup></i>
<i>June 4, 2015</i>	<i>4.0 hours</i>	<i>*Quarterly Investment Performance Review to December 31<sup>st</sup> and March 31<sup>st</sup></i> <i>*2014 Actuarial Valuation Review</i> <i>*Financial Statements at December 31, 2014 Review</i> <i>*Investment Policy Review</i> <i>*Investment Manager Presentation: Greystone</i> <i>*Investment Manager Presentation: Jarislowsky Fraser</i> <i>*Forecasted Plan Expense Approval</i>

**❏ 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**

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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.**