



Retirees Pension Plan

ANNUAL REPORT TO MEMBERSHIP
JUNE 2018

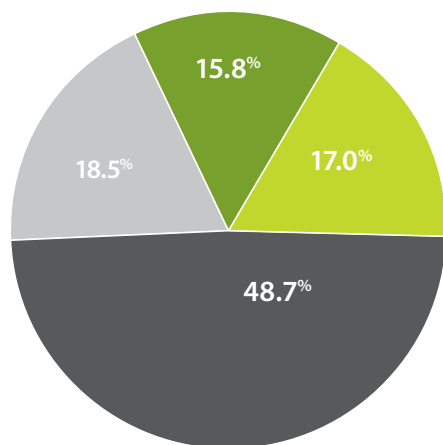


The primary purpose of this report is:

- to review the actuarial valuation information and special payment requirements of the Retirees Pension Plan as at December 31, 2017
- to review investments and investment performance of the Plan in 2017
- to report on the activities of the Retirees Pension Committee

Investments of the Pension Plan at Dec. 31, 2017

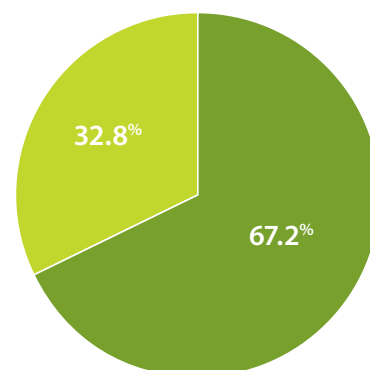
MARKET VALUE OF PENSION PLAN ASSETS



Asset Classes	2017
Canadian Equities	\$3,809,000
Non-Canadian Equities	\$4,100,000
Total Equities	\$7,909,000
Fixed Income	11,759,000
Mortgage and Bonds	4,464,000
Short-term Investments	—
Total Fixed Income	\$16,223,000
Total Market Value	\$24,132,000

Distribution of Assets Among Investment Managers

Investment Manager	2017
Greystone Managed Investments	\$16,223,000
Jarislowsky Fraser Limited	\$7,909,000



2017 CHANGES IN MARKET VALUE

Adjusted market value at beginning of year	\$26,773,000
Employer contributions	1,085,000
Realized/Unrealized capital gains/(losses)	801,000
Interest income	369,000
Dividends	138,000
Pension and benefit payments	(4,583,000)
Investment management expenses	(108,000)
Non-investment expenses	(56,000)
Adjusted market value at end of year	\$24,419,000
In-transit items	(132,000)
Unadjusted market value at end of year	\$24,287,000

INVESTMENT PERFORMANCE

The long-term investment goal of the Plan is to achieve an annualized total rate of return of at least 3.60% as of the December 31, 2017 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	2017	Last 4 years	Last 10 years
Plan return (gross)	5.2%	6.3%	5.6%
Plan return benchmark (gross)	4.9%	5.5%	4.6%
Consumer Price Index	1.9%	1.6%	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.



Actuarial Valuation at December 31, 2017

MEMBERSHIP DATA

Active Members
2017



148

Active Members
2016



161

Age of Pensioners and Beneficiaries	2017	2016
75-79	8	19
80-84	42	42
85-89	49	48
90-94	32	39
95-99	15	11
100+	2	2
Total	148	161
Average Age	87.7	87.1



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 outlines the financial position of the plan as at December 31, 2017. Comparative numbers for the previously filed valuation at December 31, 2016 is also shown.

Going-Concern Financial Position	2017	2016
Actuarial value of assets	\$24,419,000	\$26,773,000
Actuarial liability	29,432,000	33,063,000
Surplus (Deficit)	(5,013,000)	(6,290,000)
Going Concern ratio (assets/liabilities)	83%	81%

FUNDING REQUIREMENTS

The Plan last filed a valuation report with the regulators at December 31, 2016. 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 \$21,500 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, 2016.

Required Contributions	Monthly	Annual
Going-concern deficit (unfunded liability) payments		
December 31, 2009 valuation	\$21,500	\$258,000
December 31, 2012 valuation	67,900	814,800
December 31, 2015 valuation	1,000	12,000
Total Special Payments	\$90,400	\$1,084,800



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, 2017. Comparative numbers as at December 31, 2016 are also shown.

Hypothetical Wind-Up Financial Position	2017	2016
Actuarial value of assets	\$24,319,000	\$26,673,000
Actuarial liability	30,570,000	34,633,000
Surplus (Deficit)	\$(6,251,000)	\$(7,960,000)
Solvency ratio(assets/liabilities)	80%	77%
Special Payments Required*	—	—

*THE PLAN HAS BEEN CLASSIFIED AS A "SPECIFIED PLAN" AND IS NOT REQUIRED TO FUND SOLVENCY DEFICIENCIES.



Retirees Pension Plan Information

PLAN DOCUMENTS

Copies of the following documents are on file in the Pensions and Benefits office. 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

Meetings of the Committee

As reported in the newsletter to the membership in February, 2018, the Retirees Pension Committee met one final time on June 11, 2018.

		
June 11, 2018	6.0 hours	<ul style="list-style-type: none">■ Actuarial Valuation Review■ Funding Policy Review■ Financial Statement Review■ Annual newsletter to membership■ Quarterly Investment Performance Review to December 31 and March 31■ Investment Manager Presentation: Jarislowsky Fraser■ Investment Manager Presentation: Greystone■ Plan Amendment P-70, dissolution of the Retirees Pension Committee effective July 1, 2018



Please contact the Pensions and Benefits Office at 306-966-6633 if you have any questions about the items covered in this newsletter.

USASK PENSION



PENSION ADMINISTRATION AND SUPPORT

Pension and Benefits Office, Finance and Resources
Room E180, Administration Building,
105 Administration Place
Saskatoon, SK S7N 5A2

Tel: 306-966-6633

Email: pensions.inquiries@usask.ca

Web: www.usask.ca/fsd/faculty_staff/pension_plans



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