University of Regina Non-Academic Pension Plan
Defined Benefit (DB)
2019 Annual Report to Members
Plan Overview

The Non-Academic Pension Plan was established on July 1, 1952. The plan is a defined benefit (DB) plan. At retirement, your pension benefit is calculated using a formula based on your salary history and years of service at retirement. The Plan also allows the transfer of entitlements out of the Plan upon resignation or death.

Plan Membership

The membership profile at December 31, 2019, along with the membership movement over the past five years, has been illustrated below.

Pension Contributions

<table>
<thead>
<tr>
<th>Year</th>
<th>Pensionable Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>8.75%</td>
</tr>
</tbody>
</table>

*In accordance with the Pension and Benefits Act (PBA), contributions in addition to those necessary to fund the current service costs are required to amortize the going concern unfunded liability over at most ten years. Based on the December 31, 2017 funding valuation, additional contributions of 0.85% of pensionable earnings are being paid monthly by the University effective January 1, 2019.*
Pension Benefit
The Plan provides for early retirement once any of the following provisions have been attained:

- Age 55 (an early retirement reduction may apply) or
- Combined age and service equaling 80 or
- 30 years of service.

Pension benefits are paid to you monthly for the rest of your lifetime. You will have the option to add a longer guarantee period (i.e.15 years), spousal survivor options, as well as integration options with CPP (if applicable) at retirement. Your annual pension benefit is based on:

A = 2.00% of your best consecutive three year average earnings x your years of pensionable service prior to 2011;
+ B = 1.75% of your best consecutive three year average earnings x your years of pensionable service from 2011-2013;
+ C = 1.50% of your best consecutive five year average earnings x your years of pensionable service after 2013.

Market Value
The market value of the Non-Academic Pension Plan assets at the end of 2019 totalled $110.8 million. For investment purposes, the assets of the Non-Academic Pension Plan are combined with those of the Academic & Administrative Pension Plan (defined benefit component). The single fund is called the Master Trust Fund. The market value of the Master Trust totalled $392.1 million at December 31, 2019.

Asset Mix of the Master Trust at December 31, 2019

- Canadian Equities: 16%
- U.S. Equities: 16%
- Non-North American Equities: 17%
- Global Equities: 19%
- Emerging Market Equities: 16%
- Real Estate: 13%
- Bonds: 4%
- Mortgages: 8%
- Cash & Equivalents: 5%
The Markets
Following a sharp sell-off in late 2018, global equity markets were strong in 2019, with the MSCI All Country World Index (a proxy for global equities including emerging markets) returning 20.2% in Canadian dollar terms. Concerns around slowing global growth and trade wars contributed to volatility, but signs of increasingly accommodative central bank policies and positive steps towards a U.S./China trade resolution late in the year supported global equities.

The fixed income market, as represented by the FTSE Canada Universe Bond Index, returned 6.9% in the year. The Bank of Canada left interest rates on hold throughout 2019, retaining a positive outlook on the Canadian economy. The yield curve flattened over the year, with yields falling sharply at longer maturities compared to the short end of the curve, causing longer dated bonds to outperform shorter dated securities.

Investment Performance
A number of performance objectives are set out for the Non-Academic Pension Plan. The primary objective is that the Total Fund return exceeds a benchmark portfolio return over a rolling four-year period. Over four years, the Master Trust Fund has mixed results versus its investment objectives:

- Real Return of 5.0% versus 3.7% objective;
- Below the Total Fund benchmark by 50 basis points; and
- Exceeded the market returns in the Balanced Fund, bonds and mortgages.

<table>
<thead>
<tr>
<th>Investment Performance</th>
<th>2019</th>
<th>Last 4 Years</th>
<th>Last 10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master Trust Gross Return</td>
<td>13.3%</td>
<td>6.9%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Benchmark Return</td>
<td>14.8%</td>
<td>7.4%</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Pension Plan Expenses
Plan expenses for 2019 were $553,826 or 0.5261% of the average market value of the assets within the Master Trust attributed to the Non-Academic Pension Plan. The plan is charged for expenses related to actuarial and consulting services, administration, investment manager fees and asset servicing fees.
Actuarial Valuation

The plan last filed an actuarial valuation report with the regulators at December 31, 2017.

Going-Concern Position of the Plan

The going-concern valuation provides an assessment of the Plan’s financial position at the valuation date on the premise that the Plan will continue on into the future indefinitely.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Value of Assets</td>
<td>$97,894,000</td>
<td>$85,821,000</td>
</tr>
<tr>
<td>Actuarial Value of Liabilities</td>
<td>$104,292,000</td>
<td>$96,531,000</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>($6,398,000)</td>
<td>($10,710,000)</td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>0.94</td>
<td>0.89</td>
</tr>
</tbody>
</table>

Solvency Position of the Plan

The solvency valuation examines whether the Plan would be in a deficit or surplus position if it were closed (hypothetical wind-up) as of the valuation date. The Plan has been classified as a “Specified Plan” and is not required to fund solvency deficiencies.

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<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Value of Assets</td>
<td>$108,043,000</td>
<td>$98,907,000</td>
</tr>
<tr>
<td>Actuarial Value of Liabilities</td>
<td>$156,084,000</td>
<td>$146,493,000</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>($48,041,000)</td>
<td>($47,586,000)</td>
</tr>
<tr>
<td>Solvency Ratio</td>
<td>0.66</td>
<td>0.63</td>
</tr>
</tbody>
</table>

Transfer Deficiency Requirements

As the Plan has a solvency ratio of 66%, pension regulations require that 34% of the funds transferred out of the Plan be held back. The amount of the money being held back is known as the transfer deficiency. The transfer deficiency is required to be paid out at the end of 5 years following the initial date of payout, or sooner if a subsequent valuation reveals a solvency surplus.

Plan Amendment

There were no plan amendments in 2019.

Governance Structure

The Board of Governors is the Plan’s legal administrator and as such accepts the associated fiduciary responsibilities associated with the Plan.

The Board delegates the majority of the governance duties associated with the pension plan to University administration and the Non-Academic Benefits Committee (NABC), both of which report on a regular basis back to the Board through the Human Resources Committee.
Non-Academic Benefits Committee (NABC)

The NABC is a Board of Governors appointed Committee. Its mandate is to advise the Board on pension and benefit related matters. The NABC consists of three members recommended by CUPE 5791, one retired member and four University representatives. At December 31, 2019, the NABC consisted of the following members.

| Dave Button, Executive Offices | Mary Catherine Litalien, Graduate Studies & Research |
| Kelly Kummerfield, Human Resources | Temple Maurer, Human Resources (Recording Secretary) |
| Jolene Kriska, Facilities Management (Retired) | Dylan Istace, Centre for Continuing Education |
| Florin Palanciuc, Information Services | Nola Joorisity, Business Administration (Chair) |

Meetings of the Committee

The Joint Pension Investment Committee (JPIC), which is made up of members of the NABC and the Academic and Administrative Benefits Committee (AABC), oversees all investment aspects related to the assets of the Master Trust Fund.

The Committees rely on the expertise of numerous consultants and investment managers in their oversight role. The NABC met on eight occasions (including JPIC) throughout 2019. The key activities have been outlined in the following table.

| Quarterly investment performance review and investment manager evaluation | Statement of Investment Policies and Goals (SIP&G) review and recommendation |
| Approved the 2018 pension plan expenses | Reviewed the financial position of the Plan at December 31, 2018 |
| Considered options and recommended the Board approve the replacement of the Emerging Market and International Equity investment managers | Approved the 2019 budget and workplan |
| Participated in a review of the governance of the Plan |  |
The primary purpose of this report is to:

- Provide plan members an overview of the Plan at December 31, 2019
- Review Master Trust investments and investment performance in 2019
- Report on the 2019 activities of the Non-Academic Benefits Committee (NABC)

Please contact the Pension and Benefits unit in Human Resources or any member of the NABC if you have any questions about the items covered in this report.

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The information provided in this report is designed to give you an overview of the Non-Academic Pension Plan at December 31, 2019. Full details contained in the legal plan documents as well as applicable legislation will govern in all cases.