NON-ACADEMIC PENSION PLAN
2017 REPORT TO MEMBERS
Plan Overview
The Non-Academic Pension Plan was established on July 1, 1952. The plan is a defined benefit (DB) plan, meaning 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, including the portion of the accumulated contributions made by the University, out of the Plan upon resignation or death.

Plan Membership
The membership profile at December 31, 2017 along with the membership movement over the past five years has been illustrated below.

Pension Contributions

<table>
<thead>
<tr>
<th>2017</th>
<th>Pensionable Earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>8.75%</td>
</tr>
<tr>
<td>Employer</td>
<td>8.75%*</td>
</tr>
<tr>
<td><strong>Total combined contribution rate</strong></td>
<td><strong>17.5%</strong></td>
</tr>
</tbody>
</table>

*In accordance with the Pension and Benefits Act, 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, 2015 funding valuation, additional contributions of 0.88% of pensionable earnings are being paid monthly by the University effective January 1, 2016.
**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), survivor options, as well as integration options with CPP (if applicable) at retirement. Your annual pension benefit is based on:

\[
A = 2.00\% \text{ of your best consecutive three year average earnings } \times \text{ your years of pensionable service prior to 2011;}
\]
\[
B = 1.75\% \text{ of your best consecutive three year average earnings } \times \text{ your years of pensionable service from 2011-2013;}
\]
\[
C = 1.50\% \text{ of your best consecutive five year average earnings } \times \text{ your years of pensionable service after 2013.}
\]

**Market Value**

The market value of the Non-Academic Pension Plan assets at the end of 2017 totalled $103.7 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 **$382.1 million** at December 31, 2017.

**Asset Mix of the Master Trust at December 31, 2017**

![Asset Mix Chart](chart_image)
Global equity markets had a very strong 2017, with the MSCI All Country World Index (a proxy for global equities including emerging markets) returning 15.8% in Canadian dollar terms. Continuing themes of a synchronized recovery in global growth, relatively low inflation and easy monetary policy helped sustain equity market movement over the year.

The fixed income market, as represented by the FTSE TMX Universe Bond Index, returned 2.5% in the year. The Bank of Canada raised interest rates twice in the third quarter of 2017, causing yields to rise at the short end of the curve. Yields at the long end of the curve remained near 2016 levels, causing the yield curve to flatten and longer dated bonds outperformed 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 met nearly all its investment objectives:

- Real Return of 6.7% versus 4.0% objective;
- Outperformed the Total Fund benchmark by 30 basis points; and
- Exceeded the market returns in the Balanced Fund, Canadian equities, bonds and mortgages.

<table>
<thead>
<tr>
<th>Investment Performance</th>
<th>2017</th>
<th>Last 4 Years</th>
<th>Last 10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Master Trust Gross Return</td>
<td>10.4%</td>
<td>8.3%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Benchmark Return</td>
<td>10.1%</td>
<td>8.1%</td>
<td>6.2%</td>
</tr>
</tbody>
</table>
Pension Plan Expenses

Plan expenses for 2017 were 0.6203% 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, 2015.

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>2015</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>Actuarial Value of Assets</td>
<td>$85,821,000</td>
<td>$111,653,000</td>
</tr>
<tr>
<td>Actuarial Value of Liabilities</td>
<td>$96,531,000</td>
<td>$115,828,000</td>
</tr>
<tr>
<td>Surplus/(Deficit)</td>
<td>($10,710,000)</td>
<td>($4,175,000)</td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>0.89</td>
<td>0.96</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.
### Transfer Deficiency Requirements

As the Plan has a solvency ratio of 63%, pension regulations require that 37% 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

The Plan was amended effective April 1, 2017 to require a member who is on maternity, parental or adoption leave to continue to contribute to the Plan in respect of any period during which the Member is eligible for supplementary employment insurance benefits. Other minor amendments were made to clarify administration of the Plan.

### 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 three University representatives.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
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<tbody>
<tr>
<td>Dave Button, Executive Offices</td>
<td>Jolene Kriska, Facilities Management (Retired)</td>
</tr>
<tr>
<td>Kelly Kummerfield, Human Resources</td>
<td>Bradley Martin, Facilities Management</td>
</tr>
<tr>
<td>Temple Maurer, Human Resources (Recording Secretary)</td>
<td>Jamie Mellor, Registrar’s Office</td>
</tr>
<tr>
<td>Florin Palanciuc, Information Services</td>
<td>Dale Schoffer, Financial Services (Chair)</td>
</tr>
</tbody>
</table>
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 2017. 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 2016 pension plan expenses and expense rate.
- Reviewed the 2016 extrapolated valuation results
- Conducted analysis in order to address the long-term sustainability of the Plan.
- Reviewed the 2017 pension plan expenses and approved the 2018 budget/workplan.
- Pension governance and compliance education session.

Other Agents of the Plan

Actuaries and Pension Consultants  Robert Vandersanden and Jacob Schwartz, Aon Hewitt (Vancouver, Saskatoon)
Performance Measurement Consultants  John Myrah and Erin Achtemichuk, Aon Hewitt (Regina)
Asset Servicing Provider  CIBC Mellon Global Securities Services (Calgary)
The primary purpose of this report is to:

- Provide plan members an overview of the Plan at December 31, 2017
- Review Master Trust investments and investment performance in 2017
- Report on the 2017 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, 2017. Full details contained in the legal plan documents as well as applicable legislation will govern in all cases.