

University of Regina Academic and Administrative Employees
Pension Plan

Financial Statements

For the Year Ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Pension Plan for the Academic and Administrative Employees of the University of Regina, which comprise the Statement of Financial Position as at December 31, 2023, and the Statements of Changes in Net Assets Available for Benefits and Changes in Pension Obligations for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pension Plan for the Academic and Administrative Employees of the University of Regina as at December 31, 2023 and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the University of Regina and the Pension Plan for the Academic and Administrative Employees of the University of Regina in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Pension Plan for the Academic and Administrative Employees of the University of Regina's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Pension Plan for the Academic and Administrative Employees of the University of Regina or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Pension Plan for the Academic and Administrative Employees of the University of Regina's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Plan for the Academic and Administrative Employees of the University of Regina's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Plan for the Academic and Administrative Employees of the University of Regina's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Pension Plan for the Academic and Administrative Employees of the University of Regina to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Regina, Saskatchewan
July 30, 2024

Tara Clemett, CPA, CA, CISA
Provincial Auditor
Office of the Provincial Auditor

Pension Plan for the Academic and Administrative
Employees of the University of Regina
Statement of Financial Position
As at December 31
(000's)

	2023			2022		
	Defined Benefit	Defined Contribution	Total	Defined Benefit	Defined Contribution	Total
Assets						
Investments (Notes 5 and 6)						
Master Trust fund	\$ 291,683	\$ -	\$ 291,683	\$ 278,611	\$ -	\$ 278,611
Sun Life Financial	-	283,268	283,268	-	249,818	249,818
	<u>291,683</u>	<u>283,268</u>	<u>574,951</u>	<u>278,611</u>	<u>249,818</u>	<u>528,429</u>
Receivables						
Employee contributions	50	378	428	51	371	422
Employer contributions	50	377	427	51	371	422
	<u>100</u>	<u>755</u>	<u>855</u>	<u>102</u>	<u>742</u>	<u>844</u>
Total Assets	<u>291,783</u>	<u>284,023</u>	<u>575,806</u>	<u>278,713</u>	<u>250,560</u>	<u>529,273</u>
Liabilities						
Accounts payable	<u>1,450</u>	<u>11</u>	<u>1,461</u>	<u>1,365</u>	<u>5</u>	<u>1,370</u>
Total Liabilities	<u>1,450</u>	<u>11</u>	<u>1,461</u>	<u>1,365</u>	<u>5</u>	<u>1,370</u>
Net Assets Available for Benefits (Statement 2)	<u>290,333</u>	<u>284,012</u>	<u>574,345</u>	<u>277,348</u>	<u>250,555</u>	<u>527,903</u>
Pension Obligations (Statement 3)	<u>288,073</u>	<u>284,012</u>	<u>572,085</u>	<u>274,349</u>	<u>250,555</u>	<u>524,904</u>
Surplus	<u>\$ 2,260</u>	<u>\$ -</u>	<u>\$ 2,260</u>	<u>\$ 2,999</u>	<u>\$ -</u>	<u>\$ 2,999</u>

Approved by the Board of Governors



Chair, Board of Governors



Chair, Audit & Risk Management Committee

The accompanying notes are an integral part of these financial statements

Pension Plan for the Academic and Administrative
Employees of the University of Regina
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31
(000's)

	2023			2022		
	Defined Benefit	Defined Contribution	Total	Defined Benefit	Defined Contribution	Total
Increase in Assets						
Current period change in fair value of investments:						
Net realized gain on sale of units	\$ 12,135	\$ -	\$ 12,135	\$ 11,345	\$ -	\$ 11,345
Net realized gain on investments	6,415	8,093	14,508	-	-	-
Unrealized gain on investments	144	-	144	-	-	-
	18,694	8,093	26,787	11,345	-	11,345
Investment Income						
Interest	7,822	585	8,407	-	299	299
Dividends	-	21,545	21,545	-	7,104	7,104
	7,822	22,130	29,952	-	7,403	7,403
Contributions (Note 7)						
Employee contributions	659	9,760	10,419	693	9,847	10,540
Employer contributions	657	9,728	10,385	693	9,505	10,198
	1,316	19,488	20,804	1,386	19,352	20,738
Total Increase in Assets	27,832	49,711	77,543	12,731	26,756	39,486
Decrease in Assets						
Current period changes in fair value of investments:						
Net realized loss on sale	-	-	-	-	35,033	35,033
Unrealized loss on investments	-	-	-	32,350	-	32,350
Plan expenses (Note 8)	828	790	1,618	831	733	1,564
Pension benefit payments (Note 9)	14,018	-	14,018	13,766	-	13,766
Refunds and Transfers (Note 9)	-	15,465	15,465	45	16,711	16,756
	14,846	16,255	31,101	46,992	52,477	99,469
Net (Decrease) Increase in Assets	12,986	33,456	46,442	(34,261)	(25,722)	(59,983)
Net Assets Available for Benefits, Beginning of Year	277,347	250,556	527,903	311,609	276,277	587,886
Net Assets Available for Benefits, End of Year (to Statement 1)	\$ 290,333	\$ 284,012	\$ 574,345	\$ 277,347	\$ 250,556	\$ 527,903

The accompanying notes are an integral part of these financial statements

Pension Plan for the Academic and Administrative
Employees of the University of Regina
Statement of Changes in Pension Obligations
For the Year Ended December 31
(000's)

	2023	2022
	Defined Benefit (Note 10)	Defined Benefit (Note 10)
Pension Obligations, Beginning of Year	\$ 274,349	\$ 255,520
Increase in Pension Obligations:		
Interest accrued on benefits	14,502	14,753
Benefits accrued	2,378	2,868
Change in actuarial assumptions	-	21,879
Experience gain	10,862	-
	27,742	39,500
Decrease in Pension Obligations:		
Benefits paid	14,018	13,811
Experience loss	-	6,860
Change in actuarial methodology	-	-
	14,018	20,671
Pension Obligations, End of Year (to Statement 1)	\$ 288,073	\$ 274,349

The accompanying notes are an integral part of these financial statements

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

1. Description of the Plan

The following description of the Pension Plan for the Academic and Administrative Employees of the University of Regina (the Plan) is a summary only. For more information, reference should be made to the Plan document.

a) General

At December 31, 1999, the Plan was a contributory defined benefit final average pension plan for Academic and Administrative employees who held a permanent, probationary or term appointment, working half-time or more. Eligible employees were required to join the Plan as a condition of employment.

Effective January 1, 2000, a Defined Contribution (DC) component was added to the Plan for new members joining the Plan on or after this date.

Plan membership is extended to those employees who qualify from Petroleum Technology Research Centre, the federated colleges, Campion and Luther, and continues to be extended to the employees of the MacKenzie Art Gallery.

Effective July 1, 2011, the DC component assets transitioned from the Master Trust to Sun Life. This transition provides members with the benefit of additional options for how their DC assets can be invested.

To outline the changes for the DC members, plan amendment 2011-1 was approved, effective July 1, 2011. The definition of Investment Income was expanded to reflect the different revenues and expenses related to the investments at Sun Life.

b) Retirement Benefits

Defined Benefit Component:

The normal retirement date is the 30th of June coincident with or next following the 65th birthday.

The annual amount of pension is determined as 2% of the Member's highest three-consecutive-year average earnings multiplied by the number of years of credited service. The annual retirement benefit is based on maximum earnings of \$175 as outlined in the *Income Tax Act* (Canada).

The normal form of pension is a single life pension payable monthly in arrears with a ten year guarantee. Other options are available on an actuarially equivalent basis. A member who has a spouse at the time of retirement shall be paid in a joint and 60% survivor form unless the member's spouse has signed a waiver under applicable legislation reducing survivor benefits for the spouse.

A member also has the option of transferring funds as described in the "Termination Benefits section" or to any other prescribed retirement plan that is registered under the *Income Tax Act* (Canada).

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

Defined Contribution Component:

The normal retirement date is the 30th of June coincident with or next following the 65th birthday.

Upon retirement, the full value of the DC member's account is transferred to a prescribed retirement plan that is registered under the *Income Tax Act* (Canada).

c) Indexing

Eligible retired members in the DB (Defined Benefit) component may be entitled to a yearly formula-based pension increase. The plan provides post retirement indexing to 100% of the increase in the CPI (Consumer Price Index). The pension increase will commence one year after the Member's deemed retirement date.

d) Termination Benefits

A Member is vested and locked-in immediately upon becoming a Member of the Plan.

Under the DB component, upon termination of employment the Member shall receive a transfer to another registered pension plan, a prescribed RSP, or to purchase a deferred pension from an insurance company that is not commutable or any other retirement plan prescribed by the *Income Tax Act* (Canada) an amount equal to the greater of the following:

- i) the Member's plus the University's required contributions with interest as at December 31, 1991, with interest to the payment date plus, for service on or after January 1, 1992, two times member required contributions with interest, plus, for periods under the Long-term Disability Plan after December 31, 1991, the commuted value of benefits earned during such period of disability, or
- ii) the commuted value of the monthly retirement benefit.

Under the DC component, upon termination the Member shall receive the market value of the DC account at the date of payment available for transfer to another registered pension plan, or a locked in retirement account, or to purchase an immediate or deferred life annuity, or a combination of these. The value of the DC account is comprised of member and employer contributions along with allocation of investment income. Investment income is defined as investment returns including change in market values less management fees and administration expenses incurred.

e) Death Benefits

i) Prior to Normal Retirement Date

Defined Benefit Component:

Upon death of a member, other than a terminated vested member or a retired member, the Member's spouse or beneficiary shall receive a transfer to another

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

registered pension plan, a prescribed RSP, an insurance business to purchase an immediate or deferred pension, paid as a lump-sum cash refund, transferred to a registered retirement savings plan, or a combination of the five, the greater of the following:

- A) the Member's plus the University's required contributions with interest as at December 31, 1991, with interest to the payment date plus, for service on or after January 1, 1992, two times member required contributions with interest, plus, for periods under the Long-term Disability Plan after December 31, 1991, the commuted value of benefits earned during such period of disability, or
- B) the commuted value of the monthly retirement benefit.

If the Member does not have a spouse, the beneficiary receives the death benefit as a taxable lump-sum payment.

Defined Contribution Component:

Upon death of a Member and if the Member does not have a spouse, the Member's estate or designated beneficiary will receive a taxable lump-sum payment of the full value of the DC account less any applicable withholding taxes.

If the Member has a spouse, the spouse will receive the market value of the DC account which can be transferred to another registered pension plan, a Locked-In Retirement Account, an insurance business to purchase an immediate or deferred life annuity, or a combination of the three.

ii) After Retirement

Upon the death of a retired DB member, benefit payments, if any, shall be continued in accordance with the benefit payment option elected by the member at the time of retirement.

f) Member's Contributions and Funding Policy

Defined Benefit Component:

In accordance with the Plan document, 15% of the Member's Contributory Earnings shall be contributed with respect to each member.

At least 50% of such contributions shall be made by the Employer. The balance shall be retained at source from the Member's earnings.

Defined Contribution Component:

In accordance with the Plan document, 7.5% of the Member's Contributory Earnings shall be contributed with respect to each Administrative member.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

Effective January 1, 2021, 8.0% of the Member's Contributory Earnings shall be contributed with respect to each Academic member.

Contributions by the Employer shall be made on an equal basis. The required contributions shall be deducted from the Member's earnings by the Employer.

g) Interest Rate Credited

Defined Benefit Component:

Since December 31, 1995, active member and University contribution balances are credited interest each year such that the total member and University contribution balance with interest is the greater of:

- i) the member and University contribution balance at December 31 credited with the average for the year of the yields of five-year personal fixed term chartered bank deposit rates (CANSIM, Series B-14045); and
- ii) the member and University contribution balance at December 31 credited with the geometric four-year average net rate of return for the fund less 0.5%.

Defined Contribution Component:

Since December 31, 1995, active member and University contribution balances are credited interest each year. These are based on the actual investment performance net of expenses during the year, as approved by the Academic and Administrative Benefits Committee. As of July 1, 2011, Sun Life Financial began maintaining the records and providing administration and investment services for the Plan's Defined Contribution component. The rate of return is dependent on where the member chooses to invest their assets.

h) Members on Disability

Defined Benefit Component:

Periods during which a member is in receipt of disability benefits provided from the Long Term Disability Plan of the University count as pensionable service. Employer and employee contributions continue during periods the employee is in receipt of disability benefits.

Defined Contribution Component:

The Plan continues the employer and employee contributions for periods during which a Member is in receipt of disability benefits from the Long Term Disability Plan of the University.

i) Authority for the Plan

Section 62(j) of *The University of Regina Act* provides that the Board of Governors may establish a system of pension or retiring allowances for any or all classes of University officials and other employees.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

2. Summary of Significant Accounting Policies

The Plan statements are prepared in accordance with the Canadian accounting standards for pension plans, which includes reference to the guidance found in International Financial Reporting Standards with respect to the fair value measurement for investment assets and investment liabilities. For accounting policies that do not relate to its investment portfolio or pension obligations, the financial statements comply with Canadian accounting standards for private enterprises, to the extent that these standards do not conflict with the standards for pension plans.

The following accounting policies are considered significant.

a) The financial statements use the accrual basis of accounting, and are prepared on the going concern basis. The Plan's financial statements are presented in Canadian dollars.

b) Investments

Investments of the Defined Benefit (DB) portion of the Plan are comprised of units in a pooled fund called the University of Regina Master Trust (Master Trust). Additional units are acquired when assets are transferred to the Master Trust and when income distributions are made by the Master Trust. The Plan can realize changes in the underlying unit values by redeeming units.

The Plan's units in the Master Trust are recorded at fair market value in the accounts at their net asset value per unit. The net asset value per unit is the market value of the Master Trust's investments, based on mid-market prices, divided by the total number of units outstanding in the Master Trust.

The change in net asset value of the units in the Master Trust during the year is reflected in the Statement of Changes in Net Assets Available for Benefits as unrealized gain (loss) on investments.

Effective July 1, 2011, investments of the Defined Contribution (DC) portion of the Plan are directed by the DC participants, and are held by Sun Life Financial (Sun Life). The Plan's assets are invested in segregated funds approved by the Board of Governors. Members have the ability to select an investment strategy that is suitable for their own retirement investment needs. Members bear the investment risk and reap the rewards of investment performance, as plan benefits are limited to the market value of accumulated balance of each member's accounts. These investments are recorded at fair value, based on end-of-day valuations. The change in fair value during the year is reflected in the Statement of Changes in Net Assets Available for Benefits as unrealized gain (loss) on investments. Income on these investments is allocated to each member based on the actual holdings.

Prior to July 1, 2011, investments supporting the DC portion of the Plan were held in the Master Trust.

Investment transactions are recorded as of the trade date.

Investments of the Plan are classified as fair value through profit and loss.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

c) Other Financial Instruments

Receivables and accounts payable are short-term in nature, and as such, their carrying value approximates their fair value.

d) Use of estimates

In preparing the financial statements, management uses estimates and assumptions that primarily affect the reported values of assets and liabilities. Significant estimates are used primarily in the determination of the fair value of investments and investment related receivables in the Master Trust. Significant estimates are also used in the determination of pension obligations. Actual results could differ from those estimates, which may impact the results reported in future periods.

e) Translation of foreign currencies

Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are adjusted to reflect exchange rates at year-end.

f) Pension Obligations

Pension obligations represents the present value of the obligations for the Defined Benefit portion of the Plan. The pension obligation is determined pursuant to an actuarial valuation or extrapolation. Any change in the liability pursuant to the valuation or extrapolation is recognized as an increase or decrease in that year's Statement of Changes in Pension Obligations.

3. Plan Administration

The Academic and Administrative Pension Plan was established June 30, 1965. In December 1974, the Board of Governors of the University of Regina accepted sponsorship of the Pension Plan for its employees and is the administrator of the pension plan. The Academic and Administrative Benefits Committee is a sub-committee of the Board of Governor's Human Resources Committee and has the responsibility to administer the Plan according to the terms and provisions of the Plan agreement. The University has appointed, through agreements, investment managers to authorize investments, and a trustee to maintain custody of the plan assets and invest the plan assets as authorized by the investment managers.

4. Financial Instruments

The Plan's significant financial instruments consist of receivables, accounts payable, and investments.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

Receivables and Accounts Payable

The receivables and accounts payable are non-interest bearing financial instruments and are due or payable within the next year. Due to this short-term maturity, the fair value of these financial instruments approximates carrying value.

Investments

Effective December 1, 1995, the assets of the University of Regina's Academic and Administrative Employees and the Non-Academic Pension Plans were combined into a pooled fund called the Master Trust to improve investing opportunities. Each plan holds units in the Master Trust rather than holding individual investments. For more information, reference should be made to the Master Trust Agreement.

5. Investment performance

The total assets of the Master Trust on December 31, 2023 is \$417,218 (2022 - \$396,621). The Unitholders' Equity at December 31 is:

	2023	2022
Academic & Administrative Employees	\$ 291,684	\$ 278,599
Non-Academic Employees	125,534	118,022
	\$ 417,218	\$ 396,621

Balances above include accrued investment income of \$1,609 (2022 - \$950)

The number of units held by participating pension plans at the end of the year were as follows:

	2023	2022
Academic & Administrative Employees	4,002,579.164	4,000,607.496
Non-Academic Employees	1,722,679.885	1,694,763.977
Balance, end of year	5,725,259.049	5,695,371.473

Investments totaling \$283,268 (2022 - \$249,818) supporting the Defined Contribution (DC) obligations are held by Sun Life and are directed by each DC participant. These investments, classified as held-for-trading, are comprised of units in various pooled funds held in a segregated fund, established by Sun Life in accordance with the *Insurance Companies Act (Canada)*. These funds are maintained separately from Sun Life's general funds, and may not be applied against liabilities that arise from any other business of Sun Life. The pooled funds have no fixed interest rate, and its returns are based on the performance of the fund.

The Plan has classified its required fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The DC portion of the Plan holds investments in segregated funds of Sun Life. The following table classifies Sun Life's required financial instruments within a fair value hierarchy:

2023	Level 1	Level 2	Level 3	Total
Balanced Funds	\$ -	\$ 227,539	\$ -	\$ 227,539
Canadian Equity Funds	-	13,432	-	13,432
Fixed Income Funds	-	9,251	-	9,251
Foreign Equity Funds	-	24,369	-	24,369
Guaranteed Funds	-	5,044	-	5,044
Money Market Funds	-	3,633	-	3,633
Total	\$ -	\$ 283,268	\$ -	\$ 283,268

2022	Level 1	Level 2	Level 3	Total
Balanced Funds	\$ -	\$ 201,069	\$ -	\$ 201,069
Canadian Equity Funds	-	11,912	-	11,912
Fixed Income Funds	-	8,007	-	8,007
Foreign Equity Funds	-	20,409	-	20,409
Guaranteed Funds	-	3,957	-	3,957
Money Market Funds	-	4,464	-	4,464
Total	\$ -	\$ 249,818	\$ -	\$ 249,818

The Defined Benefit (DB) portion of the Plan holds units in the Master Trust. The following tables classify the Master Trust's required financial instruments within a fair value hierarchy:

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

2023	Level 1	Level 2	Level 3	Total
Cash and Short-term investments ¹	\$ 1,694	\$ -	\$ -	\$ 1,694
Bonds and Debentures	-	85,155	-	85,155
Equities	207,691	-	-	207,691
Mortgages	-	13,406	-	13,406
Real estate	-	-	54,203	54,203
Infrastructure			55,069	55,069
Total	\$ 209,385	\$ 98,561	\$ 109,272	\$ 417,218

2022	Level 1	Level 2	Level 3	Total
Cash and Short-term investments ¹	\$ 2,856	\$ -	\$ -	\$ 2,856
Bonds and Debentures	-	82,029	-	82,029
Equities	241,563	-	-	241,563
Mortgages	-	13,909	-	13,909
Real estate	-	-	56,264	56,264
Total	\$ 244,419	\$ 95,938	\$ 56,264	\$ 396,621

¹Cash and Short-term investments consist of cash, investment income receivable, and short-term investments.

In 2023, the Plan introduced infrastructure holdings in Master Trust in Level 3. There were no items transferred between levels in 2023 or 2022.

The table below presents the activity of the Level 3 investments:

	2023	2022
Opening Balance	\$ 56,264	\$ 76,991
Purchases	57,826	1,491
Sales	-	(19,238)
Unrealized gain/(loss)	(4,818)	(2,980)
Closing Balance	\$ 109,272	\$ 56,264

The Master Trust holds \$54,203 (2022 - \$56,264) in real estate and \$55,069 (2022 - \$nil) in infrastructure. This represents 26.19% (2022 – 14.19%) of total investments. The investments in real estate consist of Canadian commercial property. Infrastructure consists of investments in assets such as utilities, transportation and the energy sector.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

The investment policies of the participating pension plans state the investments in mortgages can be mortgages secured against Canadian real estate, mortgage-backed securities, or asset-backed securities.

The investment objectives of the Plan are to ensure there are sufficient assets to meet future pension obligations and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's liabilities, the Plan takes a long-term investment perspective.

Significant financial risks are related to the investments. These financial risks are managed by having an investment policy, which is approved by the Board of Governors. The investment policy provides guidelines to Sun Life and the Master Trust's investment managers for the asset mix of the portfolio regarding the quality and quantity of fixed income investments, real estate and equity investments. The asset mix includes different asset classes and in domestic and foreign markets. Derivatives (such as options, futures, and forward contracts) are allowed within the Sun Life segregated funds and the Master Trust to protect against losses from changes in exchange rates and market indices; and for non-hedging purposes, as a substitute for direct investment. The investment policy prevents the use of derivatives for speculative trading or to create a portfolio with leverage.

Based on the investment objectives set by the participating pension plans, the Master Trust invests cash flows from the pension plans. The nature of the Master Trust's operations results in a statement of net assets that consists primarily of financial instruments. Because the DB portion of the Plan holds units in the Master Trust, the investment risks of the Master Trust are also risks of the Plan.

The risks that arise from holding investments in Sun Life and the Master Trust are: market risk (consisting of interest rate risk, foreign exchange risk and equity price risk), credit risk and liquidity risk.

Market Risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

Interest Rate Risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. This risk arises from short-term changes in nominal interest rates that cause differences in the timing and amount of cash flows related to the investments. Interest rate risk is managed by investing in fixed income investments (short-term investments, bonds and debentures, mortgages) of various durations.

With respect to the Master Trust investments supporting the DB portion of the Plan, it is estimated that a 100 basis point increase/decrease in interest rates would decrease/increase the value of the fixed income investments by \$6,200 (2022 - \$5,800), representing 7.31% (2022 - 7.09%) of the \$98,899 (2022 - \$97,856) fair value of these investments.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

Foreign Currency Risk

Foreign currency risk refers to the adverse consequences of exchange rate changes on the Plan's cash flows, financial position and income.

The Master Trust is subject to changes in the US/Canadian dollar exchange rate for US denominated investments. Also, the Master Trust is exposed to EAFE (Europe, Australasia and Far East) currencies and global currencies (including US, Non-North American and Canadian) through its investment in the pooled Non-North American (NNA) equity fund and pooled global equity fund. Exposure to US equities, Non-North American equities, global equities, and emerging equities is limited to a maximum 16%, 17%, 10%, and 6% respectively each of the total of the fair value of the total investment portfolio. At December 31, 2023, the Master Trust's exposure to US equities was 7.3% (2022 – 6.2%) and its exposure to Non-North American equities (including global equities) was 40.3% (2022 – 39.0%).

At December 31, 2023, for the Master Trust a 10% appreciation in the Canadian dollar versus US dollar exchange rate would result in approximately a \$3,000 (2022 - \$2,500) decrease in investments in the Master Trust. A 10% appreciation in the Canadian dollar versus EAFE currencies would result in approximately a \$16,800 (2022 - \$15,500) decrease in investments in the Master Trust.

No more than 50% of the fair value of the bond and debentures portfolio of the Master Trust shall be invested in bonds of foreign issuers.

Equity Price Risk

The Master Trust is exposed to changes in equity prices in Canadian, US, and EAFE markets. Equities, including equity pooled funds, comprise 49.97% (2022 – 61.06%) of the fair value of the Master Trust's total investments. Individual stock holdings are diversified by geography, industry type and corporate entity. No one investee or related group of investees represents greater than 10% of the fair value of the Master Trust's total investment portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation. Investments in pooled funds do not exceed 10% of the fair value of that fund.

The Master Trust holds the following equities:

	2023	2022
Common Shares and Pooled Funds - Canadian	\$ 85,663	\$ 53,947
Pooled Funds - Global	30,842	36,865
Pooled Funds - NNA	32,114	103,021
Pooled Funds - US	59,072	47,730
	<u>\$ 207,691</u>	<u>\$ 241,563</u>

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

The following table indicates the approximate change that would be expected to the total investment portfolio based on changes in the Master Trust's benchmark indices:

	2023		2022	
	10% increase	10% decrease	10% increase	10% decrease
Canadian Equities	\$ 3,600	\$ (3,600)	\$ 3,900	\$ (3,900)
US Equities	\$ 5,900	\$ (5,900)	\$ 4,800	\$ (4,800)
NNA Equities	\$ 6,300	\$ (6,300)	\$ 5,400	\$ (5,400)
Global Equities	\$ 3,400	\$ (3,400)	\$ 3,700	\$ (3,700)
Emerging Market Equities	\$ 1,600	\$ (1,600)	\$ 1,500	\$ (1,500)
Global Infrastructure	\$ 5,500	\$ (5,500)	\$ 4,900	\$ (4,900)

The Sun Life segregated funds of the DC portion of the Plan contains the following foreign equity balances, representing 8.60% (2022 – 8.17%) of the total value of the segregated funds:

	Market Value - DC Sun Life	
	2023	2022
US Equity Index (Registered)	\$ 14,508	\$ 11,897
Global Equity	5,971	5,259
International Stock Trust	3,890	3,253
	<u>\$ 24,369</u>	<u>\$ 20,409</u>

Credit Risk

Credit risk is the risk that a party owing money to the Plan will fail to discharge that responsibility. The Plan is exposed to credit risk from the potential non-payment of receivables and non-return of money in certain segregated fund investments.

The Plan's maximum exposure to credit risk at the reporting date is limited to the carrying value of its at-risk financial assets, summarized as follows:

	2023	2022
Employer & Employee Contributions receivable	\$ 855	\$ 844
Sun Life Money Market	3,633	4,464
Sun Life Fixed Income	9,251	8,007
Sun Life Guaranteed Funds	5,044	3,957
	<u>\$ 18,783</u>	<u>\$ 17,272</u>

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

The Plan holds units in the Master Trust. The Master Trust manages its own credit risk. The Master Trust's maximum exposure to credit risk at the reporting date is limited to the carrying value of its financial assets, summarized as follows:

	2023	2022
Cash	\$ 6	\$ 27
Investment income receivable	1,609	950
Short-term investments	79	1,879
Bonds and debentures	85,155	82,029
Mortgages	13,406	13,909
	<u>\$ 100,255</u>	<u>\$ 98,794</u>

The Master Trust limits the credit risk by dealing with counterparties that are considered to be high quality. The credit ratings used to describe the investments below are based on the Dominion Bond Rating Service and/or the Standard and Poor's Bond Rating Service.

Short-Term Investments

These investments in the Master Trust are comprised of a pooled fund that holds investments mainly in corporate bonds and debentures with effective interest rates of 5.11% to 5.58% (2022 – 2.54% to 5.52%) and maturing within 2 to 159 days (2022 - 3 to 179 days). The investment policies of the participating pension plans state that investments must meet a minimum investment standard of "R-1", as rated by a recognized credit rating service.

Bonds and Debentures

The Master Trust holds the following investments in bonds and debentures:

	Pooled Funds	Yield to Maturity At Fair Value
2023	\$ 85,155	4.24% - 4.37%
2022	\$ 2,029	4.65% - 4.87%

Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without call or prepayment penalties.

The investment policies of the participating pension plans in the Master Trust state that the minimum quality standard for individual bonds and debentures is 'C' as rated by a recognized bond rating agency at the time of purchase, and sets limits to the maximum notational amount of exposure with respect to any one issuer. Bonds rated below 'BBB' may not be purchased if the purchase would raise holdings rated below 'BBB' to more than 40% of the market value of the bond portfolio, with bonds rated below

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

‘BB+’ not to exceed 5% of the market value of the bond portfolio at the time of purchase. Bonds held by the Master Trust are invested in a pooled bond fund. This fund is actively managed and has a fluctuating bond portfolio, so bond credit ratings may exceed set limits time to time.

Credit ratings for bonds held by the Master Trust are as follows:

Credit Rating	2023		2022	
	Fair Value	Make up of Portfolio (%)	Fair Value	Make up of Portfolio (%)
AAA	\$ 26,981	31.68%	\$ 21,809	26.59%
AA	23,576	27.69%	24,591	29.98%
A	13,491	15.84%	16,154	19.69%
BBB	14,826	17.41%	14,090	17.18%
BB & Below	6,281	7.38%	5,385	6.56%
Total	\$ 85,155	100.00%	\$ 82,029	100.00%

* During 2023, credit ratings for bonds were all in compliance at the time of purchase

Securities of the Master Trust may not be loaned except within pooled funds where the pooled fund policy permits securities lending.

The Sun Life segregated funds of the DC portion of the Plan contain bonds totaling \$9,251 (2022 - \$8,007).

Credit Rating	2023		2022	
	Fair Value	Make up of Portfolio (%)	Fair Value	Make up of Portfolio (%)
AAA	\$ 2,449	26.5%	\$ 1,762	22.0%
AA	2,914	31.5%	2,792	34.9%
A	1,183	12.8%	1,122	14.0%
BBB & Below	2,705	29.2%	2,331	29.1%
Total	\$ 9,251	100.00%	\$ 8,007	100.00%

Liquidity Risk

Liquidity risk is the risk that the Plan is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

6. Capital Disclosures and Investment Performance

The Plan receives its source of capital from employer and employee contributions, investment income, and market value increases on its invested capital. The Plan defines capital to be its investment in units of the Master Trust and investments in Sun Life segregated funds.

Master Trust

The University contracts with Phillips, Hagar & North Ltd., Bentall GreenOak, BlackRock Asset Management Canada Limited, Mawer Investment Management Ltd., PineStone Asset Management, Kohlberg Kravis Roberts, and GQG Partners Inc. to be investment managers of specific types of investments in the Master Trust.

These investment managers make the day-to-day decisions of whether to buy or sell specific investments in order to achieve the long-term investment performance objectives set by the Plan. It is these long-term investment performance objectives that are used to assess the performance of the investment managers.

The primary long-term investment performance objective for the entire Master Trust portfolio is to out-perform a benchmark portfolio with weightings as follows:

Asset Class	Representative Index	2023 Weight	2022 Weight
Canadian equities	S&P/TSX Composite Index	10%	10%
U.S. equities	S&P 500 Index (Cdn\$)	6.5%	6.5%
U.S. equities	S&P 500 Index - Hedged	6.5%	6.5%
Non-North American equities	MSCI EAFE Index (Cdn\$)	13%	13%
Global equities	MSCI World Ex Canada Net Index (Cdn\$)	8%	8%
Emerging Markets equities	MSCI Emerging Markets (Net)(Cdn\$)	4%	4%
Real Estate	MSCI/REALPAC Canada Quarterly Property Fund Index	11%	11%
Infrastructure	Consumer Price Index (Canadian) + 5.0%	11%	11%
Bonds	FTSE Canada Universe Bond Index	26%	26%
Mortgage	FTSE Canada Short Term Bond Index	4%	4%
		100%	100%

The University engages the services of Aon, asset management consultants, to provide advice on the overall management of the Master Trust's investments and on the measurement of the Master Trust's performance. Aon reports to the Joint Pension Investment Committee quarterly on the investment performance in terms of the performance of the benchmark portfolio over moving four-year periods.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

The one year investment objective (the return of the benchmark portfolio) was 10.5% (2022 – -7.5%). For the year ending December 31, 2023, the Master Trust had a gross rate of return of 9.8% (2022 – -6.7%). For the four years ending December 31, 2023, the Master Trust had a gross rate of return of 5.8% (2022 – 6.6%) and benchmark return of 5.5% (2022 – 6.5%).

Sun Life

Assets of the DC portion of the Plan are held by Sun Life. The DC Plan members are given a choice of pooled funds in which they can invest. The available funds to choose from have been determined by the Academic and Administrative Benefits Committee and approved by the Board of Governors. The returns of these funds are monitored by the committee, who can determine to remove funds or add new funds.

The benchmark portfolios for each of the funds have been determined using the actual returns of the market indices such as the S&P/TSX Capped Composite Index, Standard & Poor’s 500 Canadian Index, Morgan Stanley Europe, Australasia and Far East Index, Morgan Stanley World ex Canada Index, FTSE Canada Universe Bond Index and 91-Day Canadian Treasury Bills. The target date indexes are established by the investment fund manager.

The following is a summary of each of the fund’s 1 year investment performance as at December 31, 2023:

Fund	Return	Benchmark
Money Market	4.77%	4.71%
Bond (Fixed Income)	6.90%	6.69%
Specialty Bond (Fixed Income)	7.49%	6.69%
Target Date (Balanced Funds)	9.60% to 15.29%	9.61% to 15.24%
Canadian Equity - Beutel Goodman	9.36%	11.75%
Canadian Equity - Connor Clark and Lunn	11.02%	11.61%
U.S. Equity	22.85%	22.90%
International Equity	15.29%	15.07%
Global Equity	12.88%	20.75%

7. Contributions

Employer	2023		2022		Employee	2023		2022	
Current Service	\$	10,385	\$	10,198	Required	\$	10,419	\$	10,540
Past Service		-		-	Past Service		-		-
	\$	10,385	\$	10,198		\$	10,419	\$	10,540

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

8. Plan Expenses

Defined Benefit	2023		2022
	Budget	Actual	Actual
Actuarial and consulting services	\$ 243	\$ 197	\$ 196
Administration	186	156	145
Investment management	480	416	392
Trustee fees	100	59	98
	<u>\$ 1,009</u>	<u>\$ 828</u>	<u>\$ 831</u>

Defined Contribution	2023		2022
	Budget	Actual	Actual
Actuarial and consulting services	\$ 64	\$ 49	\$ 29
Administration	109	87	85
Investment management	-	651	617
Trustee fees	3	3	2
	<u>\$ 176</u>	<u>\$ 790</u>	<u>\$ 733</u>

The investment management fees for the Defined Contribution portion are not budgeted. These fees are charged directly by Sun Life and are determined by each individual's investment choice.

9. Pension Benefits, Refunds and Transfer Payments

	2023		2022	
	DB	DC	DB	DC
Retirement benefits	\$14,018	\$ -	\$13,766	\$ -
Termination benefits	-	15,465	45	16,711
	<u>\$14,018</u>	<u>\$15,465</u>	<u>\$13,811</u>	<u>\$16,711</u>

10. Pension Obligations

Aon, a firm of consulting actuaries, performed an actuarial valuation as at December 31, 2021 using the Attained Age Actuarial Cost Method and best estimate assumptions approved by the Academic and Administrative Benefits Committee, and extrapolated it to December 31, 2023. The University is required to obtain another actuarial valuation as at December 31, 2024.

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

Significant long-term assumptions used in the valuation and extrapolations are:

	as at December 31	
	2023	2022
Salary escalation rate	2.75%	2.75%
Inflation rate	2.25%	2.25%
Discount rate	5.40%	5.40%
Indexing	4.00%	3.40%

Mortality tables used for 2023 and 2022 were the CPM 2014 Canadian Pensioner Mortality Table - Private with improvement scale MI-2017 projection at 83% for males and 99% for females.

The Plan Document states that any excess surplus shall be used to reduce the contributions of the University and members equally, or used for the benefit of the members and their beneficiaries. Any use of surplus to reduce contributions of the University must be negotiated with the members as part of the collective agreements. Any use of surplus would be for the benefit of the members and their beneficiaries. The discount rate is equal to inflation rate plus a real rate of return. The salary increase and the Income Tax Act Maximum pension increase equals the inflation rate plus 1.0%. Thus changing the inflation rate by plus/minus 1.0% will automatically increase/decrease the discount rate, salary increase and Income Tax Act Maximum pension increase assumption by 1%.

Assumption:	Adjusted Assumption (Change Made):	Change in Accrued Liability	Percentage Change in Accrued Liability
Discount Rate	6.40% (Plus 1%)	(\$28,231)	(9.8%)
	4.40% (Minus 1%)	\$33,993	11.8%
Salary, and <i>Income Tax Act</i> Maximum Pension increase	3.75% (Plus 1%)	\$1,728	0.6%
	1.75% (Minus 1%)	(\$1,728)	(0.6%)
Inflation rate	3.25% (Plus 1%)	(\$8,642)	(3.0%)
	1.25% (Minus 1%)	\$9,218	3.2%

The pension obligations are long-term in nature. The Plan has no intention of settling its pension obligation in the near term and there is no market for settling its pension obligation. Therefore, determination of the fair value of the pension liability is not practical.

11. Related Parties

The Plan is related to the University of Regina and other pension plans sponsored by the University. The Plan is also related to key members of management of the University and their immediate family members. All key members of University

**Pension Plan for the Academic and Administrative
Employees of the University of Regina
Notes to the Financial Statements
December 31, 2023
(\$ Thousands)**

management are participants in this Plan. Any financial transactions between the Plan and key members of management are based on the Plan document and are in the normal course of the Plan's business.

University employees carry out the day-to-day activity and monitoring of the Plan. The University pays all plan expenses, pension benefits, refunds and transfers on behalf of the Plan, and then is reimbursed by the Plan. Certain services, such as the preparation of cheques for payouts, and certain overhead costs, such as utilities and space related to people who perform services for the Plan, are provided by the University at no cost to the Plan.

Contributions for Petroleum Technology Research Centre, the federated colleges and MacKenzie Art Gallery are calculated and collected through the University's payroll process.