



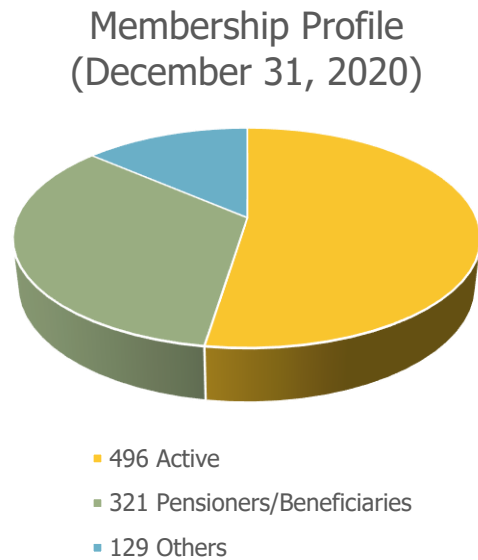
University of Regina Non-Academic Pension Plan
Defined Benefit (DB)
2020 Annual Report to Members

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, 2020, along with the membership movement over the past five years, has been illustrated below.



Pension Contributions

2020	Pensionable Earnings
Employee	8.75%
Employer	8.75%*
Total combined fixed contribution rate	17.5%

*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, 2019 funding valuation, additional contributions of **0.85%** of pensionable earnings are being paid monthly by the University.

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.

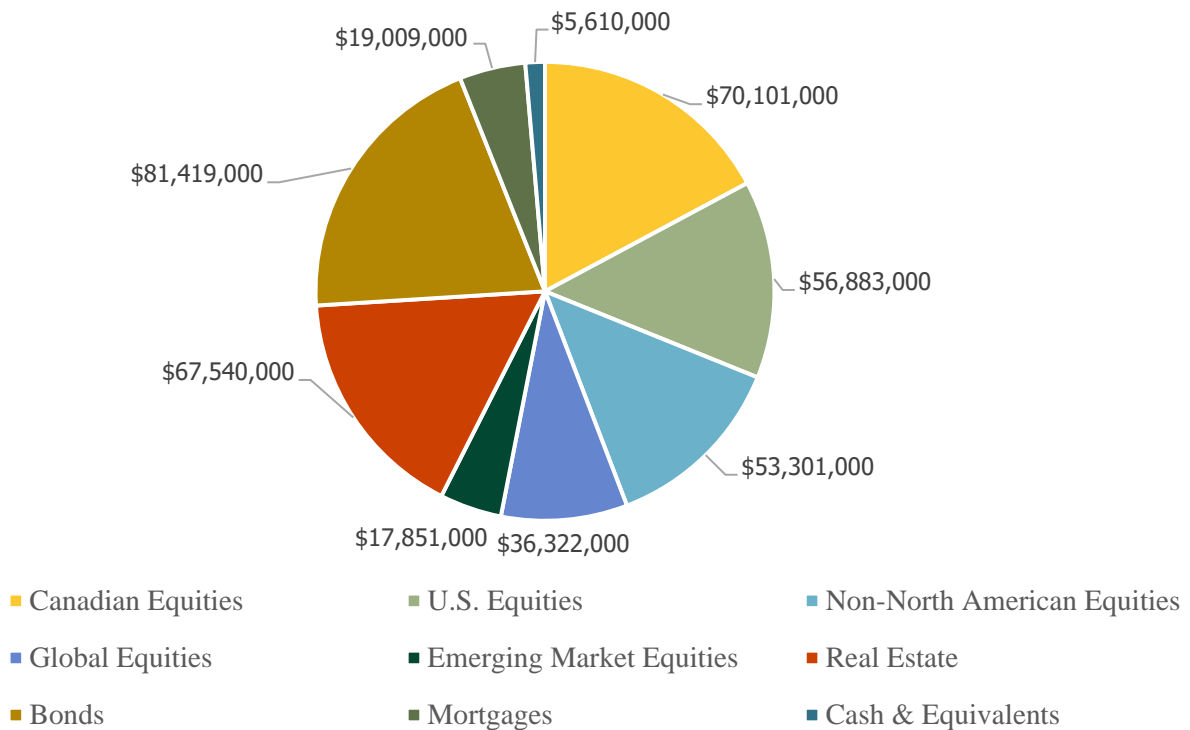
Pension benefits are paid to you monthly for the rest of your lifetime. You will have the option to add a longer guarantee period (i.e.15 years), spousal survivor options, as well as integration options with the Canada Pension Plan (if applicable) at retirement. Your annual pension benefit is based on:

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.

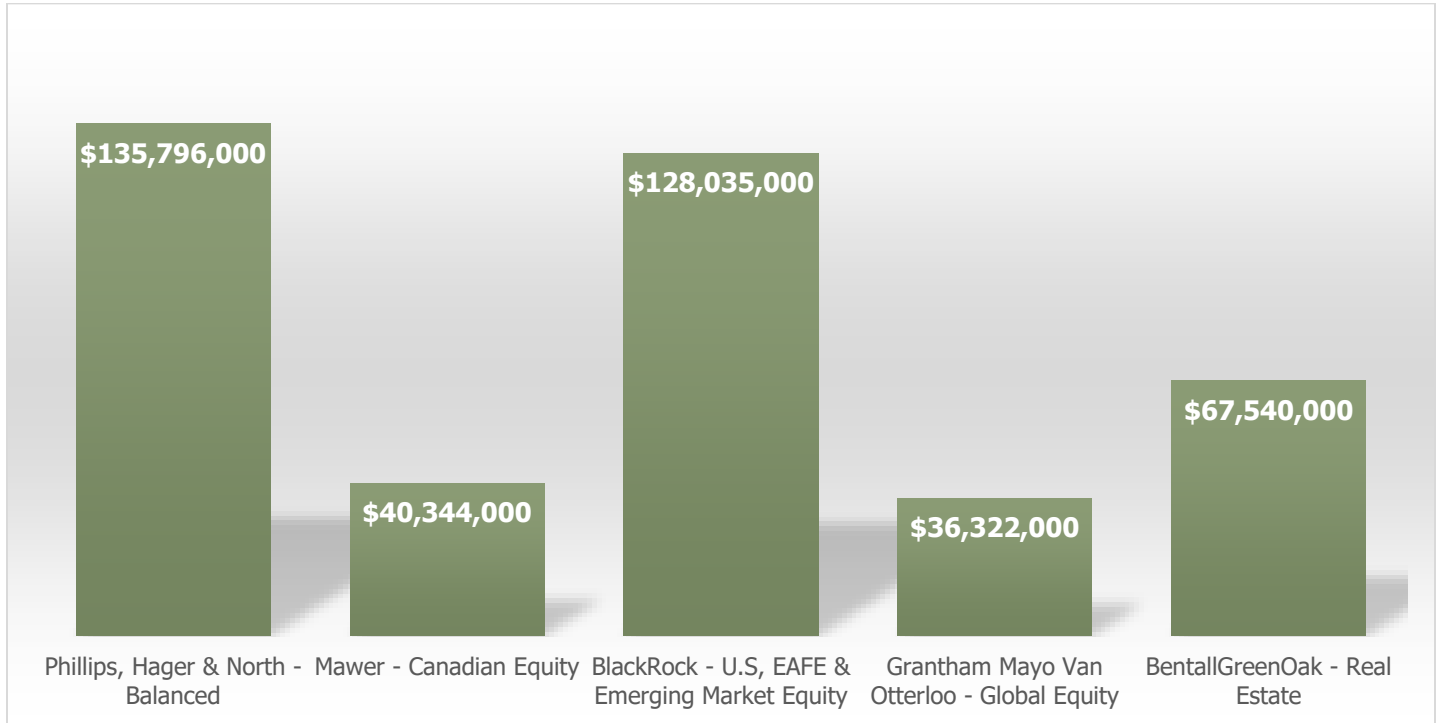
Market Value

The market value of the **Non-Academic Pension Plan** assets at the end of 2020 totalled approximately **\$118 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 was approximately **\$408 million** at December 31, 2020.

Asset Mix of the Master Trust at December 31, 2020



Distribution of Master Trust Assets by Investment Manager at December 31, 2020



The Markets

Global capital markets experienced tremendous volatility in 2020. The year began with equity markets showing continued momentum on gains experienced through most of 2019. The gains slowed by mid to late January as the world came to grips with the rapid spread of the COVID 19 virus. In mid-February, equity markets declined rapidly, marking the shortest bear market (+20%) decline ever witnessed in North American equity markets; equity markets bottomed on March 20th. Unprecedented bond market interventions by the Federal Reserve Bank of the U.S. and the Bank of Canada, in combination with extreme fiscal and monetary stimulus measures around the globe, resulted in a sharp rebound. Despite the 13.7% (CAD) first quarter decline for the MSCI All Country World Index (a proxy for global equities, including emerging markets), the equity market rebound continued through 2020 and the MSCI All Country World Index closed out the year with a 14.2% (CAD) annual return. Buried in the equity market recovery, was the very narrow leadership of certain Info Tech, Consumer Staples and Consumer Discretionary stocks that benefited from the “stay-at-home” measures necessitated by the COVID 19 pandemic.

The Canadian fixed income market also enjoyed strong returns in 2020, benefiting by demand for federal government bonds, and stimulus that gave confidence around investing in credit securities. As measured by the FTSE Canada Universe Bond Index, Canadian bonds returned 8.7%, their strongest annual return since 2014. The bond market benefited from a fall in market yields to historically low levels. Investment grade and non-investment grade corporate bonds benefited from investors search for yield, as the Government of Canada 10-year bond offered a yield (interest rate) below 1.0%. The low bond yields and easy credit environment in the marketplace provided a valuation lift to most asset classes, including residential and industrial real estate. However, retail and office real estate values suffered in the year, as tenant demand dropped off due to stay-at-home orders and the work from home movement.

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 had mixed results versus its investment objectives:

- Real Return of 5.6% versus 3.95% objective;
- Below the Total Fund benchmark by 0.70%; and
- Exceeded the market returns in the Balanced Fund, bonds and mortgages.

The four-year volatility for the Master Trust Fund continues to be materially lower than for traditional balanced funds.

Investment Performance	2020	Last 4 Years	Last 10 Years
Master Trust Gross Return	8.0%	7.3%	8.3%
Benchmark Return	8.7%	8.0%	8.0%

Pension Plan Expenses

Plan expenses for 2020 were \$507,958 or 0.44% 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, 2019**.

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.

	2019	2017
Actuarial Value of Assets	\$108,972,000	\$97,894,000
Actuarial Value of Liabilities	\$114,021,000	\$104,292,000
Surplus/(Deficit)	(\$5,049,000)	(\$6,398,000)
Funded Ratio	0.96	0.94

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.

	2019	2017
Actuarial Value of Assets	\$115,256,000	\$108,043,000
Actuarial Value of Liabilities	\$174,128,000	\$156,084,000
Surplus/(Deficit)	(\$58,872,000)	(\$48,041,000)
Solvency Ratio	0.63	0.66

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.

On April 16, 2020, *The Pension Benefits Regulations, 1993* (the Regulations) were amended to freeze transfers out of defined benefit pension plans in Saskatchewan. This temporary measure was implemented given the financial market conditions that could, in the Superintendent’s opinion, impair the solvency of pension funds.

On October 5, 2020, the Superintendent revoked the temporary freeze on transfers and provided consent to allow transfers as long as the payment reflected a solvency ratio which was the lesser of:

- The solvency ratio determined in the most recently filed actuarial valuation report (63%).
- The solvency ratio, as determined by an actuary, projected to a date no earlier than March 31, 2020 (59%).

The updated solvency ratio of 59% is therefore being used for any payouts out of the Non-Academic Pension Plan following the October 5, 2020 notice.

Plan Amendment

There were no plan amendments in 2020.

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, 2020**, the NABC consisted of the following members.

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

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 nine occasions (including JPIC) throughout 2020. The key activities have been outlined in the following table.

➤ Quarterly pension investment performance review and investment manager evaluation	➤ Reviewed and recommended the Board file a funding valuation at December 31, 2019
➤ Approved the 2019 pension plan expenses	➤ Approved the 2019 budget and workplan
➤ Participated in a review of the governance of the Plan	➤ Discussed the claims experience for CUPE members of the benefits plan
➤ Reviewed the transfer freeze imposed on Saskatchewan pension plans by the Superintendent of Pensions	➤ Recommended the Board approve a new code of conduct policy, meeting procedures policy, agenda & minute taking standards, committee member education standards, plan member minimum communication standards and expense standards

Other Agents of the Plan

Actuaries and Pension Consultants	Robert Vandersanden and Jacob Schwartz, Aon Hewitt (Vancouver, Saskatoon)
Performance Measurement Consultants	John Myrah, Erin Achtemichuk (on leave) and Jeffrey King, 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, 2020
- Review Master Trust investments and investment performance in 2020
- Report on the 2020 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.

Pension & Benefits, Human Resources
Administration/Humanities Building Room 435

Tel: (306)540-9756

pension.benefits@uregina.ca

www.uregina.ca/hr

The information provided in this report is designed to give you an overview of the Non-Academic Pension Plan at December 31, 2020. Full details contained in the legal plan documents as well as applicable legislation will govern in all cases.