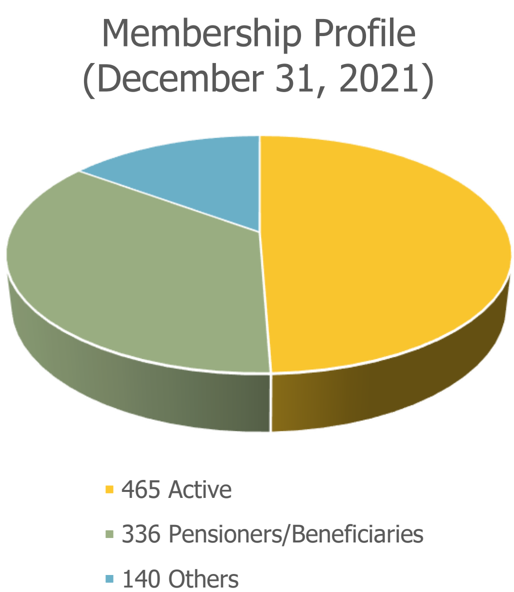
University of Regina Non-Academic Pension Plan
Defined Benefit (DB)
2021 Annual Report to Members

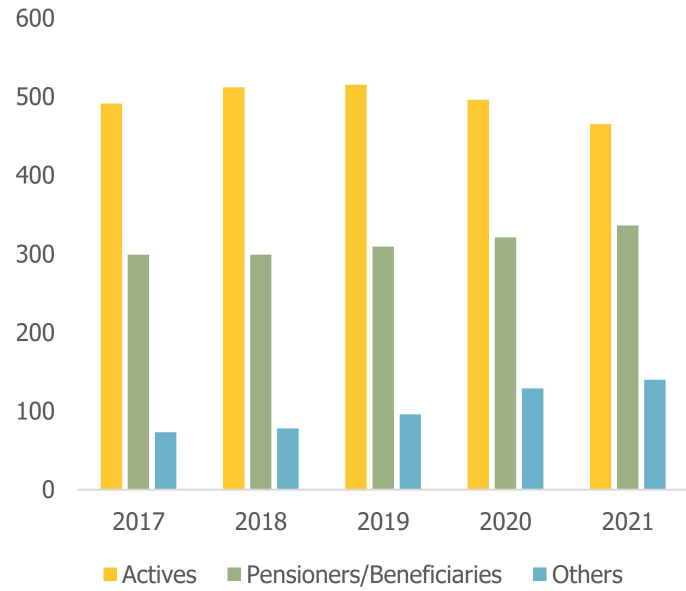
Plan Overview

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 for members that are not eligible for retirement or upon death.

Plan Membership

The membership profile at December 31, 2021, along with the membership movement over the past five years, has been illustrated below.





Pension Contributions

2021	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:

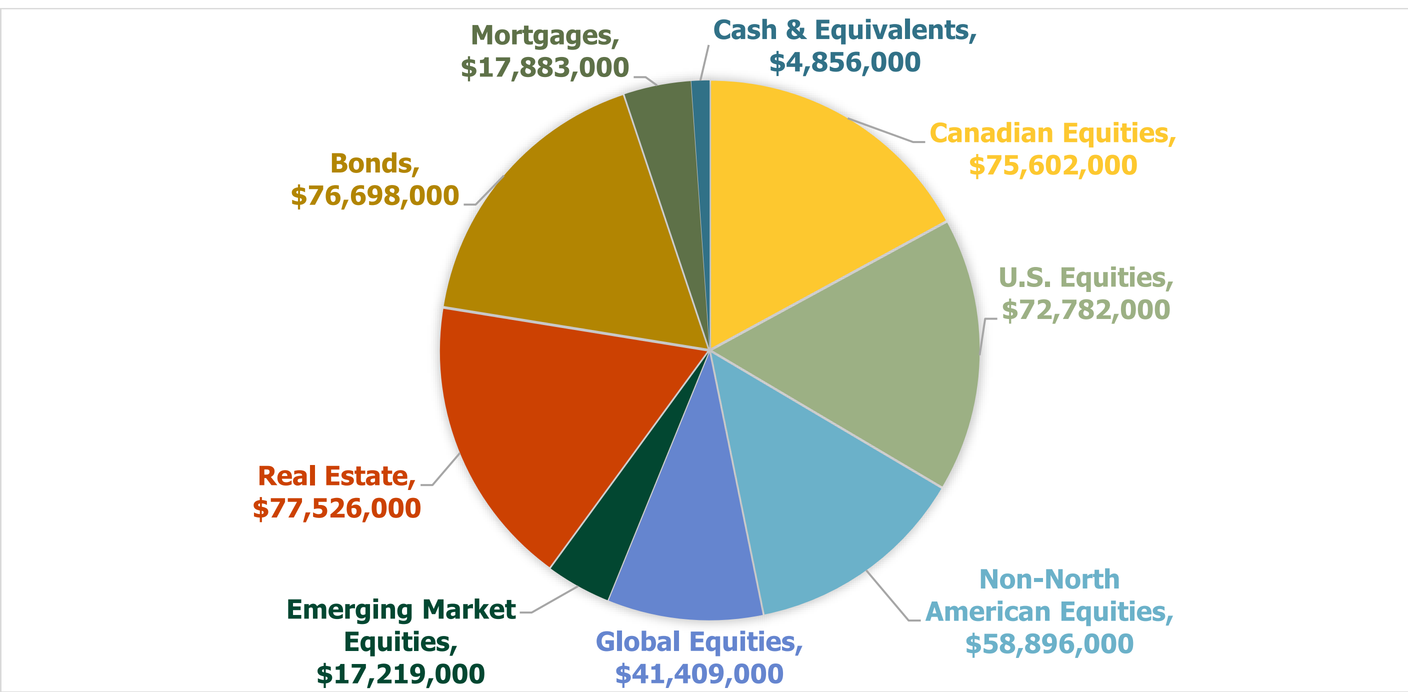
A = 2.00% of your best consecutive three year average earnings x your years of pensionable service prior to 2011;
+
B = 1.75% of your best consecutive three year average earnings x your years of pensionable service from 2011-2013;
+
C = 1.50% of your best consecutive five year average earnings x your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

Pension Plan Assets at December 31, 2021

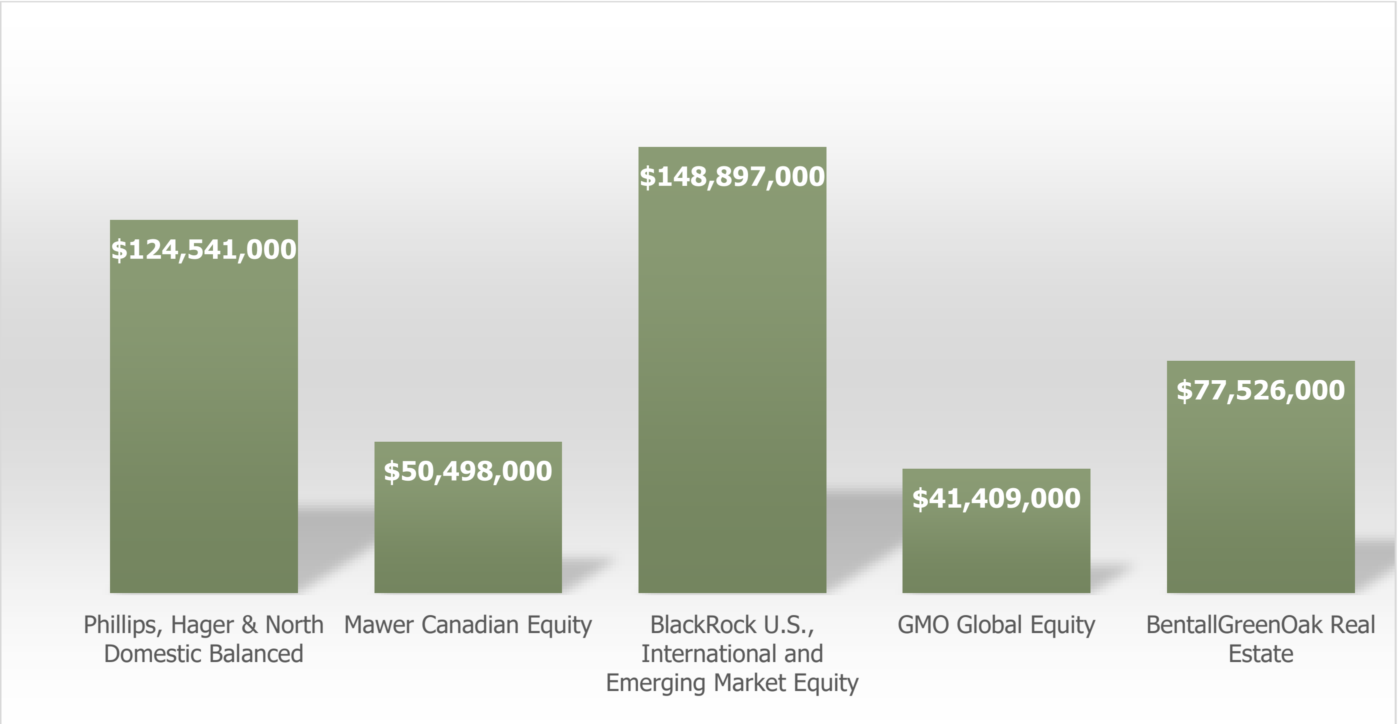
Market Value

The market value of the **Non-Academic Pension Plan** assets at the end of 2021 totalled approximately **$129.8 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 was approximately **$443 million** at December 31, 2021.

Asset Mix of the Master Trust at December 31, 2021



Distribution of Master Trust Assets by Investment Manager at December 31, 2021



The Markets

Markets experienced continued volatility in 2021, with a divergence in results between lower risk bonds and higher risk equities. While major stock markets did remarkably well, bond markets posted negative returns and real estate results were steady.

Equities

Global equities generated strong positive returns over the last twelve months, boosted by optimism over Covid-19 vaccine rollouts, supportive monetary and fiscal policies, and improving economic data. However, the discovery of Covid-19 variants cast doubts over the prospect of global economic growth in 2021. Inflation rates worldwide continued to increase, as supply chain problems and rising wages persisted. Rising inflation led major central banks to indicate the end of pandemic-era bond purchase programs and hinting at accelerated interest rate hikes to help ease the persistent inflation. Equity markets were able to shrug most of these concerns, posting solid gains in 2021. The MSCI All Country World Index, a proxy for global equities including developed and emerging markets, earned a strong 17.5% in the year.

Fixed Income

Bond investors began 2021 with low yields and the growing consensus that, due to the combination of growing corporate earnings, GDP growth and rising inflation, bond yields were likely to rise. While not even throughout the year, bond yields did rise through 2021 across most bond maturities (terms). The only exception was at the very short end of the yield curve, where the Bank of Canada held its overnight rate steady through the year. With sensitivity to rising yields greater for longer-termed bonds than shorter-termed bonds, long-term bond returns declined the most, exemplified by Government of Canada bonds, where short-term federal bonds declined 1.1% in the year, while long-term federal bonds declined by 7.1%. Overall the FTSE Canada Universe Bond Index returned -2.5% in 2021.

Canadian Real Estate

The Canadian commercial real estate market surprised many, posting a 7.9% return (MSCI/REAL PAC Annual Property Index) in 2021. With the MSCI/REALpac Canada Quarterly Property Fund Index returning an even stronger 15.4% return in the year. The Industrials segment was the big winner in the Pandemic economy, rising 31.8% in the year. Rapid growth in e-commerce led to a huge increase in demand for warehouse space. While the Retail segment lagged all other market segments, a 17.4% increase in rental income demonstrated retailers are getting back on their feet and able to pay their full rents each month. Low borrowing rates and institutional investors search for yield continue to drive strong pricing in the real estate market.

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 5.5% versus 3.90% objective;
- Below the Total Fund benchmark by 0.40%; and
- Exceeded benchmark returns in the Balanced Fund, Canadian equity, bonds and mortgages.

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

Investment Performance	2021	Last 4 Years	Last 10 Years
Master Trust Gross Return	13.0%	7.9%	9.4%
Benchmark Return	11.6%	8.3%	9.0%

Pension Plan Expenses

Plan expenses for 2021 were $541,985 or 0.4380% 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 financial market conditions that could have, in the Superintendent's opinion, impaired 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% was therefore used from October 5, 2020 until March 25, 2021 when the requirement was revoked.

Plan Amendment

Effective January 1, 2021, the Board of Governors approved the Non-Academic Benefit Committee's recommendation to amend the Plan as follows:

- Move the terms of reference of the NABC to a separate document in accordance with good governance provisions.
- Update early and postponed retirement dates to the last day of any given month rather than the first day of any given month.
- Modify the termination benefit to provide a refund of employee contributions plus interest only for non-vested members (less than 2 years of service) hired on or after July 1, 2021.
- Clearly set out the administrative deadlines and defaults for members who are entitled to a pension.

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, 2021**, the NABC consisted of the following members.

Dave Button, Executive Offices	Mary Catherine Litalien, Graduate Studies & Research
Nola Joorisity, Business Administration (Chair)	Lamont Stradeski, Financial Services
Jolene Kriska, Facilities Management (Retired)	Temple Maurer, Human Resources (Recording Secretary)
Vandana Kumari, Student Affairs	

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 10 occasions (including JPIC) throughout 2021. The key activities have been outlined in the following table.

➢ Quarterly pension investment performance review and investment manager evaluation	➢ Reviewed the financial position of the Plan at December 31, 2020
➢ Approved the 2020 pension plan expenses	➢ Approved the 2022 budget and work plan
➢ Recommended the Board approve Amendment 2021-1	➢ Recommended the Board approve a new funding policy
➢ Recommended the Board approve changes to the Master Trust Asset Mix as a result of the Asset Liability Study	➢ Recommended the Board approve updated terms of reference for the NABC
➢ Reviewed and recommended the 2021 Statement of Investment Policies and Goals (SIP&G) for the Non-Academic Pension Plan	➢ Participated in shortlist interviews and recommended the Board approve a new infrastructure manager

Other Agents of the Plan

Actuaries and Pension Consultants	Jacob Schwartz & David Larsen, Aon (Saskatoon)
Performance Measurement Consultants	John Myrah & Erin Achtemichuk, Aon (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, 2021
- Review Master Trust investments and investment performance in 2021
- Report on the 2021 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)585-4575
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, 2021. Full details contained in the legal plan documents as well as applicable legislation will govern in all cases.