

**University of Victoria  
Money Purchase  
Pension Plan  
2017 Annual Report**



**Pension Board**  
University of Victoria



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Audited financial statements, detailed listing of portfolio holdings, and history of the Plan are available online at: [www.uvic.ca/financialplanning/pensions](http://www.uvic.ca/financialplanning/pensions).  
A printed copy of these documents may also be requested from Pension Services.

# MESSAGE FROM THE CHAIR

Both the Combination and Money Purchase plans returned gross 9.52% in 2017, about at the median of comparable pension plans. Our expenses remained very low and essentially unchanged from last year at 0.35% for a net return of 9.17%. This is a good result, especially when combined with our four year annualized net number of 8.56%. As is always the case, the underlying picture is more complicated with our Canadian equity returning 8.84% (slightly below the TSX benchmark of 9.10%); foreign equity 17.13% (a significant out-performance relative to the MSCI World ex Canada at 14.58%); and bonds at 2.96% relative to a universe at 2.56%. The best wide index of American stocks, the S&P 500, was up sharply in US dollars at 21.8% but the Canadian dollar appreciated significantly relative to its US counterpart thereby lowering this yield to 13.8% in Canadian funds. A major factor in the lower returns in Canada relative to the US was the drag from the energy sector (down about 13%). This huge discount was caused by the lack of facilities to transport Canadian oil to international customers other than the US. The discount peaked in December with West Texas Intermediate crude selling for about US\$61 and Western Canada select about US\$30 below that price. More detailed Information on the breakdown of our assets between managers and asset classes and the individual returns for those assets is included on pages 14 and 15 of this report.

Those of you who have been members of the Plan for a number of years will be aware that the distribution of assets has always been very traditional, including allocations to Canadian and Foreign equity and Canadian fixed income, and more recently a 10% allocation to Canadian Real Estate managed by the British Columbia Investment Management Corporation (bcIMC). During the past year, bcIMC recreated a new, wholly owned subsidiary, QuadReal, which will manage this portfolio in the future. The investment is focussed on office, retail and industrial space (not residential) and provides a steady income stream (5.64% in 2017) in addition to possible capital appreciation. Many larger pension funds also invest in other alternatives such as infrastructure, private equity and hedge funds. Depending on the exact investments these alternatives may provide more diversification, less risk and perhaps greater returns but in general these potential benefits come with greater cost, both in dollars and in administration and governance. With the growth of the Plan beyond a billion dollars coupled with the general industry consensus that returns will be lower in the future, the Trustees undertook studies over the last 2 years (assisted by Willis Towers Watson and Phillips, Hager & North) with the principal objective to determine whether the introduction of alternative assets could improve the risk/return profile of the plan. The studies were statistical in nature, considering thousands of possible economic scenarios. Study of these results is ongoing, but at this stage the Trustees tend to the view that although introduction of alternatives such as infrastructure or low volatility equity may improve (by a very small number of percentage points) the risks to the Plan in the most extremely unfavourable economic scenarios, these gains may be accompanied by slightly reduced returns in the most favourable scenarios and overall are probably not worth the extra administrative and governance costs.

Another important aspect of Trustee work during 2017 was the need to meet a new requirement under BC/ Alberta pension law to conduct a triennial plan assessment, essentially what academia would call “self-assessment.” The first assessment was for the three year period to Dec 31, 2016 and due Dec 31 2017. The assessment needs to review plan regulatory compliance, governance, funding, investments and the performance of service providers. The process was initiated in May with the help of Mercer, who prepared questionnaires and facilitated meetings to complete the exercise.

# MESSAGE FROM THE CHAIR

Outcomes were generally very positive, mostly scoring 4 or 5 on a five-point scale. To address those deficiencies which were identified, the Trustees have prepared an action plan and priorities for the next two years, leading to the next assessment for the period ending Dec 31, 2019.

Turning to the administration of the Plan, our new Pension Director, Christa Taylor, was appointed January 1<sup>st</sup> 2017 and under her guidance the structure of Pension Services has undergone significant changes over the past year. The objectives are to build upon the services already provided to members; to better protect the office from so-called “key person risk”; and to provide greater support and continuing education to the trustees. Previously the Pension Director had primary responsibility for the Faculty and Professional Staff pension plans and the Manager, Pension Administration (Janet McPherson) was responsible for the Staff Plan, thereby creating “key-person” risk for both constituencies. Under the new structure the Director, and a newly appointed Associate Director, Oliver Cower, will share responsibility for both constituencies. Janet has kindly agreed to phase into retirement with a part-time role until mid-2019 and through this transition she will continue to provide her expertise to the plans and to assist with succession planning and project management. Expanded services to members will include a newly designed web-site, planned for the spring of 2018, and a new structure in the member services area that will see additional staff from the department supporting Combination and Money Purchase pension plan members. With these changes in leadership, the department remains committed to enhancing the administration of the pension plans, with a focus on providing a positive experience and professional services for members.

You will recall that your Board of Trustees is composed of four trustees elected by the membership and four appointed by the Board of Governors. In 2017 Lisa Hill and I were re-appointed by the Board of Governors to three year terms effective July 1<sup>st</sup> 2017 and January 1<sup>st</sup> 2018 respectively and an election was held in October/November to replace Martha O’Brien and Joe Sass who decided not to seek re-election. Joe has left the University for a new job with Kwantlen College and Martha has retired from the Law Faculty and has many travel plans including many conferences in her specialty of international tax law. Martha and Joe will both be greatly missed. We thank them both and I would like to extend a special personal thank-you to Martha for her able and wise assistance to me in her role as vice-Chair of the Trustees for the last several years. Newly elected Trustees, David Boudinot from the Library staff and Ori Granot from Chemistry began their three year terms on January 1<sup>st</sup> and we welcome them and wish them well in their new roles.

Our committee Chairs in 2017 were Lisa Hill (Investment), Martha O’Brien (Policy and Procedure), Kristi Simpson (Valuation) and myself (Governance and Communications). This is a significant workload for Lisa, Martha and Kristi in addition to their regular Trustee duties, so we all owe them our thanks.

I look forward to meeting many of you at our Annual General Meeting on April 24<sup>th</sup>, and in the meantime we can take pride in the fact that the Pension Plan, started 1st July 1968 (coincidentally the day I myself started at the University!) will celebrate its 50<sup>th</sup> birthday in 2018.

Best Wishes to all for that momentous date and beyond,



Keith R. Dixon  
Chair, Board of Pension Trustees

# GOVERNANCE

The Money Purchase Pension Plan (the “Plan”) is governed by a Board of Trustees (the “Pension Board”).

The Pension Board oversees investments of funds and financial management of the Plan, and ensures the Plan is administered in accordance with the Trust Agreement, the *Income Tax Act (ITA)* and British Columbia’s *Pension Benefit Standards Act (PBSA)*.

The Trust Agreement between the University of Victoria and the Pension Board sets out the rights and responsibilities of the Pension Board, as well as the rules and procedures related to the appointment and election of Trustees. This document can be accessed on the Pension Services website: [www.uvic.ca/financialplanning/pensions](http://www.uvic.ca/financialplanning/pensions).

There are eight Trustees on the Pension Board, who also serve as the Board for the University of Victoria Combination Pension Plan. Trustees’ terms are up to three years.

In 2017, the Trustees were:

- ◆ Dr. Keith Dixon (Chair)  
Professor Emeritus, Department of Chemistry  
Term ending December 31, 2020
- ◆ Professor Martha O’Brien (Vice-Chair)  
Professor, Faculty of Law  
Term ended December 31, 2017
- ◆ Mr. John Gilfoyle  
Investment & Strategy Consultant  
Term ending June 30, 2018
- ◆ Ms. Lisa Hill  
Senior Vice-President, Portfolio Manager  
Raymond James Ltd.  
Term ending August 31, 2020
- ◆ Dr. Michael Miller  
Professor Emeritus, Department of Computer Science  
Term ending December 31, 2019
- ◆ Mr. Joe Sass  
Former Manager, Financial Accounting & Training  
Term ended December 31, 2017
- ◆ Ms. Susan Service  
Professional Accountant  
Term ending December 31, 2019
- ◆ Ms. Kristi Simpson  
Associate Vice-President, Financial Planning & Operations  
Appointed ex-officio



In January 2018, Mr. David Boudinot and Dr. Ori Granot joined the Pension Board for three year terms ending December 31, 2020.



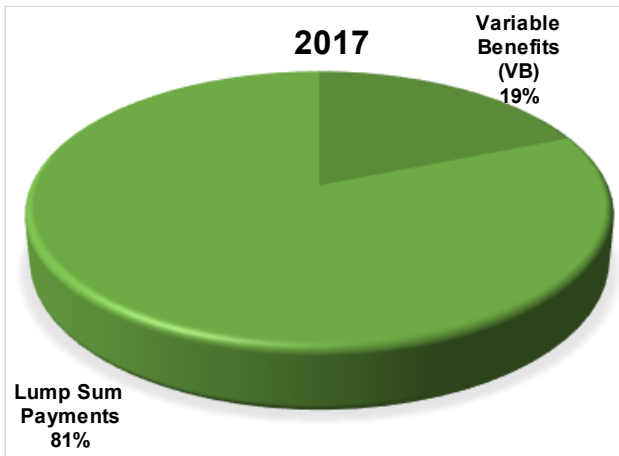
# 2017 HIGHLIGHTS

## Investments: Value & Performance

Market Value of Investments (expressed in \$000's)		2015		2016		2017	
			%		%		%
		\$52,750		\$58,024		\$64,367	
Balanced Fund Returns	Gross Returns	\$4,434	9.10	\$2,732	4.98	\$5,568	9.52
	Expenses	(190)	(0.39)	(190)	(0.35)	(205)	(0.35)
	Net Returns <sup>1</sup>	\$4,244	8.71	\$2,542	4.63	\$5,363	9.17



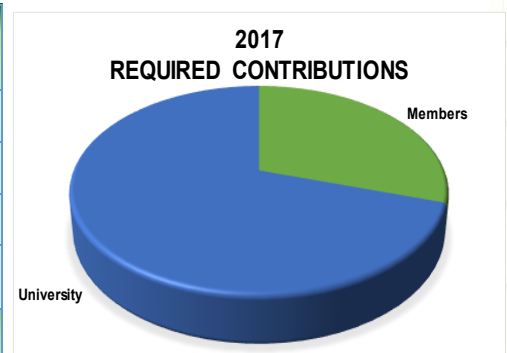
## Types of Benefit Payments<sup>2</sup>



Value of Benefit Payments (expressed in \$000's)	2015	2016	2017
Variable Benefits (VB)	\$315	\$389	\$470
Lump Sum Payments & Transfers (Pmts)	2,310	849	2,023
<b>Total</b>	<b>\$2,625</b>	<b>\$1,238</b>	<b>\$2,493</b>

## Contributions

Total Contributions (expressed in \$000's)		2015	2016	2017
Members	Required	\$868	\$886	\$907
	Voluntary	51	49	50
	Transfers (from other plans)	211	769	370
University (Required)		2,020	2,056	2,124
<b>Total</b>		<b>\$3,150</b>	<b>\$3,760</b>	<b>\$3,451</b>



<sup>1</sup> The Balanced Fund's net returns are distributed to members' accounts.

<sup>2</sup> Refer to Understanding the Plan section for an explanation of the types of benefits offered by the Plan.

# 2017 HIGHLIGHTS

## Membership



The table and chart shown here describe the status and growth in Plan membership over the past ten years (2007 to 2017).

	2007	2009	2011	2013	2015	2017
<b>Active members</b>	305	339	360	385	378	367
<b>Inactive members</b>	347	389	449	480	519	570
<b>Pensioners</b>	4	6	10	16	21	41
<b>Total</b>	<b>656</b>	<b>734</b>	<b>819</b>	<b>881</b>	<b>918</b>	<b>978</b>

- **Active members** are employed by the University and contributing to the Plan.

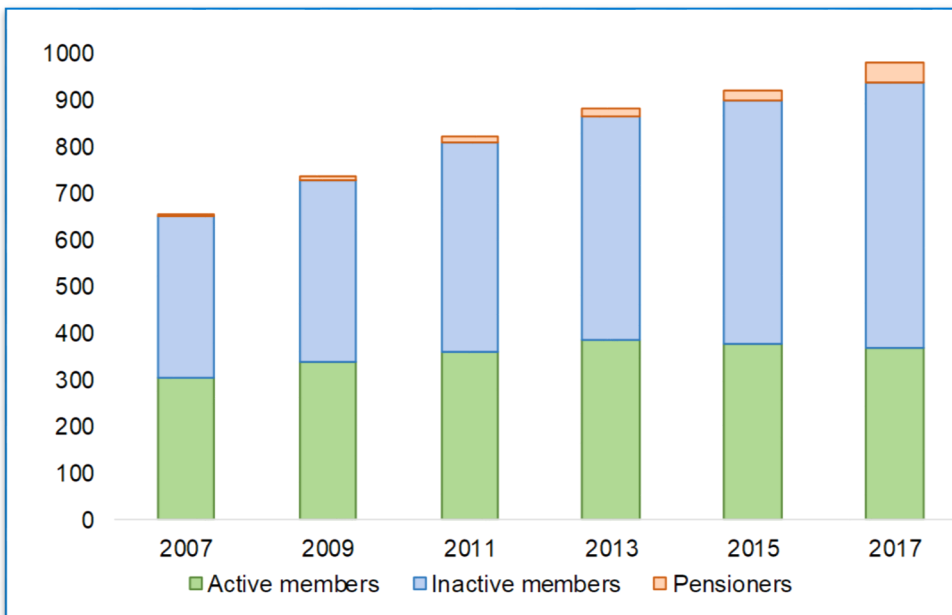
In 2007, this group represented 46.5% of total membership, compared to 37.5% in 2017.

- **Inactive members** have transferred to another UVic plan or terminated employment but have not yet elected a benefit; the category also includes a small number of accounts held by surviving spouses of members who died before retirement.

In 2007, this group represented 52.9% of total membership, compared to 58.2% in 2017.

- **Pensioners** are members and beneficiaries who are drawing a monthly pension from the Plan.

In 2007, this group represented 0.6% of total membership, compared to 4.2% in 2017.



The Variable Benefit option was not offered until 2007. Prior to that time, retirees transferred out of the plan at retirement.



# UNDERSTANDING THE PLAN

The precise terms of the Plan are provided in the Plan Document, available on the Pension Services website ([www.uvic.ca/financialplanning/pensions](http://www.uvic.ca/financialplanning/pensions)).

If there is a discrepancy between this report and the Plan Document, the Plan Document applies.

## Contributions

Members and the University contribution rates are shown in the table below.



Money Purchase Contribution Account (MPCA)			
Up to YMPE <sup>1</sup>	Member	3.00%	Total 11.37%
	University	8.37%	
Above YMPE <sup>1</sup>	Member	5.00%	Total 15.00%
	University	10.00%	
Voluntary Account			
Member	As elected, subject to statutory maxima		

### Money Purchase Contribution Account (MPCA).

Contributions by members and the University are credited to members' individual Money Purchase Contribution Accounts (MPCAs), and are subject to *Income Tax Act* maxima.

### Voluntary Account.

Subject to *Income Tax Act* maxima, members may elect to make additional contributions to a Voluntary Contribution Account through payroll deduction or by transfer from another registered plan (RRSP or Canadian registered pension plan). The University does not match those contributions. Transfers from spousal RRSPs are not permitted.

Example of 2018 Contributions ~ Annual Salary of \$67,000					
	Member		University		Total
<b>MPCA</b> Up to YMPE <sup>1</sup>	\$55,900 x 3.00%	\$1,677	\$55,900 x 8.37%	\$4,679	\$6,356
<b>MPCA</b> Above YMPE <sup>1</sup>	(\$67,000-\$55,900) x 5.00%	555	(\$67,000-\$55,900) x 10.00%	1,110	1,665
<b>Total</b>		\$2,232		\$5,789	<b>\$8,021</b>

<sup>1</sup> YMPE: Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan (\$55,300 in 2017; \$55,900 in 2018).

# UNDERSTANDING THE PLAN

## Early & Deferred Retirement

The Money Purchase Pension Plan provides immediate vesting, which means there are no minimum service requirements to start receiving a pension; however, there are age requirements.

### **Normal retirement date**

In the Money Purchase Pension Plan, this is the last day of the month in which the member reaches 65 years of age.

### **Early retirement**

A member may elect to take early retirement on or after the end of the month in which the member attains 55 years of age.

### **Deferred retirement**

A member may defer retirement benefits until the end of the year in which the member attains 71 years of age.

If a member does not select a benefit by October 31 of that year, they will be deemed to have selected an option that does not require spousal consent or waivers and provides maximum future flexibility; non locked-in amounts that are under \$111,800 (two times the 2018 YMPE<sup>1</sup>:  $\$55,900 \times 2 = \$111,800$ ) are paid out in cash, less withholding tax.



## Options at Retirement

Members have a range of options designed to allow tailoring of retirement income to suit individual situations, preferences, and financial plans. Spousal consent is required for some options. The selection of any one option or a combination of options is a matter for the individual member and their financial advisor. Pension Services cannot provide this type of advice.

With minor variations, there is one option available directly from the Plan, or a member may remove his or her funds from the Plan and choose between an external annuity or a registered retirement vehicle from an external provider.

### **Options at a Glance**

- 1) Variable Benefit
- 2) Transfer Out

Within the Plan, the Variable Benefit option allows the member to retain control and ownership of the account balance, and to make withdrawals within statutory limits. If an external annuity is purchased with a member's Money Purchase Contribution Account (MPCA) balance, control and ownership of the account balance is relinquished in exchange for the promise of a future lifetime income.

The following pages provide additional detail and information on members' options at retirement.

<sup>1</sup> YMPE: Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan (\$55,300 in 2017; \$55,900 in 2018).

# UNDERSTANDING THE PLAN



## Options at Retirement (Continued)

### 1. The Variable Benefit

This option is similar to an external life income fund (LIF). The funds that accumulated in a member's account are held in a Variable Benefit Account (VBA). The member retains ownership of the funds and each year sets the monthly retirement benefit, subject to statutory minima and maxima.

After each month's withdrawal, the balance remaining in a member's account shares in the investment performance of the fund.

When the member dies, any remaining balance forms the survivor benefit (refer to the [Survivor Benefit](#) section for more information). If the member has a spouse, as defined in British Columbia's *Pension Benefit Standards Act (PBSA)*, spousal consent is required for the Variable Benefit option.

A booklet explaining the Variable Benefit in more detail is available upon request from Pension Services. The booklet contains a table of withdrawal rate limits and other pertinent information.

### 2. Transfer Out

A member can also transfer the account balance to another registered pension plan or to a locked-in retirement account. If at least 50 years of age, a member can also transfer the account to a life income fund or purchase an annuity from an insurance company.

In accordance with the requirements of British Columbia's *Pension Benefit Standards Act (PBSA)*, such transfer must be on a locked-in<sup>1</sup> basis for that portion of the member's account contributed after December 31, 1992 (plus the investment earnings on those contributions); however, there is no lock-in requirement for the balance in a member's account at December 31, 1992 plus the investment earnings on that amount after that date.



<sup>1</sup> Lock-in conditions: Any portion of the member's account that is attributable to contributions made prior to 1993 or that meets the small benefit threshold set by *BC Pension Benefit Standards Act (PBSA)* is not subject to lock-in conditions.

# UNDERSTANDING THE PLAN

## Options Upon Cessation of Employment

A member who leaves the employ of the University before early retirement age is eligible for one of the following options:

1. Leave the Money Purchase Contribution Account (MPCA) on deposit for a future pension (default option). At or after reaching 55 years of age, the member can then select an option described in the [Options at Retirement](#) section of this report; or
2. Transfer out:
  - For locked-in funds<sup>1</sup>, the following options are available:
    - Direct transfer to another registered pension plan (RPP) or to a locked-in retirement account (LIRA); or
    - If at least 50 years of age, direct transfer to a life income fund (LIF) or purchase a deferred life annuity from an insurance company.
  - For non-locked-in funds<sup>1</sup>, the following options are available:
    - Direct transfer to another registered pension plan (RPP), a registered retirement savings plan (RRSP), or registered retirement income fund (RRIF);
    - Purchase annuity from life insurance company (conditions may apply); or
    - Cash, less applicable withholding tax.



A member must select an option by October 31 of the year in which he or she reaches 71 years of age.

## Survivor Benefits

Survivor benefits are paid to a spouse, beneficiary, or estate upon a member's death. A spouse, as defined in British Columbia's *Pension Benefit Standards Act (PBSA)*, is automatically entitled to the survivor benefit unless they choose to waive that right by submitting a spousal waiver.



### **If the member has a spouse.**

The pre-retirement survivor benefit for a spouse is 100% of the value of the benefit earned by the member, and a surviving spouse is entitled to any of the options that are available to the member<sup>2</sup>.

A surviving spouse must commence a pension benefit or elect a transfer from the Plan by the later of one year following the Member's date of death or the end of the calendar year in which the spouse attains 71 years of age.

### **If the member's beneficiary is not a spouse.**

The pre-retirement survivor benefit for a beneficiary who is not a spouse is the balance accumulated in the Money Purchase Contribution Account (MPCA) and, if applicable, Voluntary Contribution Account(s).

### **If the member is receiving the Variable Benefit (VB).**

The survivor benefit for a pensioner receiving the Variable Benefit is the total in the member's Variable Benefit Account.

<sup>1</sup> Lock-in conditions: Any portion of the member's account that is attributable to contributions made prior to 1993 or that meets the small benefit threshold set by *BC Pension Benefit Standards Act (PBSA)* is not subject to lock-in conditions.

<sup>2</sup> With the exception that the spouse need not have attained 55 years of age to commence a monthly benefit.



# INVESTMENTS

## Objectives

**The Balanced Fund.** Plan assets (Money Purchase Contribution Accounts, Variable Benefit Accounts and Voluntary Contribution Accounts) are invested in the Balanced Fund, together with the assets of the Combination Pension Plan.

The main long-term investment objectives set by the Pension Board, and accepted by the Plan's investment managers, are to secure the obligation of the Plan and the University for pension benefit payments.



**Risk Tolerance.** In recognition of the Plan's current characteristics, an average degree of risk in terms of short-term variability of returns may be tolerated in the Balanced Fund's investments in pursuit of longer term returns.

**Time Horizon.** The primary objective for the Funds is to achieve a rate of return, net of investment fees and based on a four-year moving average, which is above a benchmark rate of return associated with asset mix policy.



Investment returns are measured on a time-weighted basis. The return objectives include realized and unrealized capital gains or losses, plus income from all sources.

The Pension Board's Investment Sub-Committee monitors and reviews performance and reports to the Pension Board. While short-term results are of interest, it is important to recognize that an investment strategy ought to provide good results over the longer term. As a consequence, the Pension Board focuses on evaluating investment performance over rolling four-year periods.

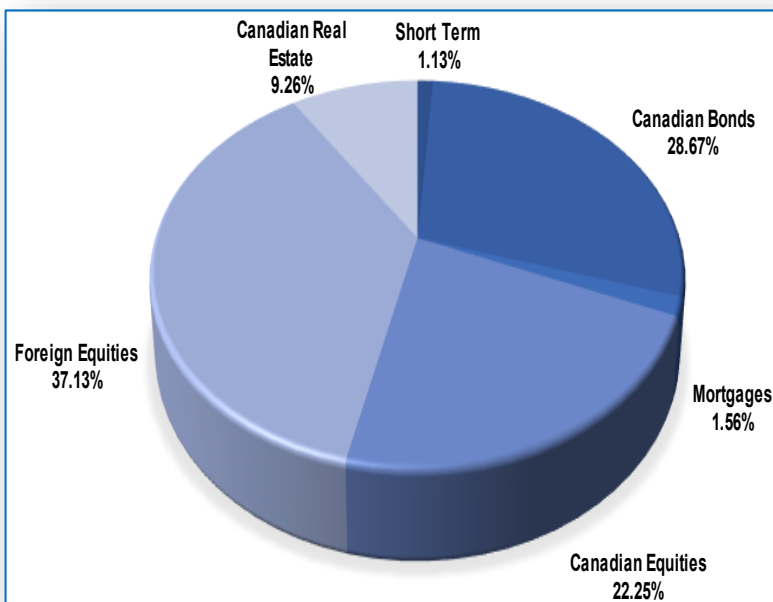
**Performance Expectations.** Over rolling four-year periods, the minimum return expectations are:

- The domestic managers are expected to meet the benchmark plus 0.5% per annum, plus investment management and pooled fund custodial fees.
- The foreign equity manager is expected to meet the standard plus 1.0% per annum, plus investment management and pooled fund custodial fees.
- The real estate manager is expected to return the Canadian Consumer Price Index plus 4%.



The benchmark for the total fund is a composite of the benchmarks for the individual asset classes.

## Asset Mix



This chart illustrates the Balanced Fund asset mix, as at December 31, 2017.

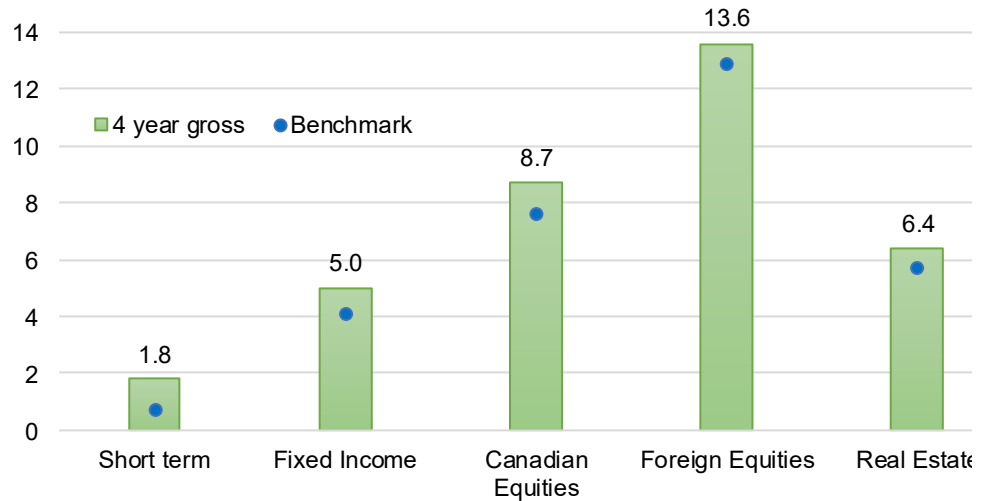
The investment managers for each asset class are listed in the [Service Providers](#) section of this report. Portfolio holdings for both funds are summarized in [Appendix B](#).

# INVESTMENTS

## Asset Mix and Returns

The information shown here provides a snapshot of the asset mix, the allocation among the Fund's investment managers, and the associated performance returns for each asset class, compared to a set benchmark.

### Four Year Gross Annualized Returns By Asset Class



Balanced Fund Asset Mix and Performance as at 31 December 2017	Actual Weight	Benchmark Weight (Range)	1 year Gross Return	1 year Benchmark Return	4 year Gross Return	4 year Benchmark Return
	%	%	%	%	%	%
<b>SHORT-TERM</b>			<i>Benchmark: FTSE TMX Canada 91-day T-Bill Index</i>			
BC Investment Management Corporation	-					
Fiera Capital Corporation	0.2					
Phillips, Hager & North Investment Management Ltd	0.9					
<b>Total</b>	<b>1.1</b>	<b>0 (0-21)</b>	<b>1.0</b>	<b>0.6</b>	<b>1.8</b>	<b>0.7</b>
<b>FIXED INCOME</b>			<i>Benchmark: FTSE TMX Canada Universe Bond Index</i>			
Phillips, Hager & North Investment Management Ltd	30.2	36 (20-46)	3.0	2.5	5.0	4.1
<b>CANADIAN EQUITIES</b>			<i>Benchmark: S&amp;P/TSX Capped Composite Index</i>			
BC Investment Management Corporation	11.2	11 each (9-13)	7.9		8.7	
Fiera Capital Corporation	11.1		9.6		8.5	
<b>Total</b>	<b>22.3</b>	<b>22 (14-27)</b>	<b>8.8</b>	<b>9.1</b>	<b>8.7</b>	<b>7.6</b>
<b>FOREIGN EQUITIES</b>			<i>Benchmark: MSCI World Ex-Canada Net \$Cdn Index</i>			
BC Investment Management Corporation	37.1	32 (20-40)	17.1	14.6	13.6	12.9
<b>REAL ESTATE</b>			<i>Benchmark: Canadian Consumer Price Index plus 4%</i>			
BC Investment Management Corporation	9.3	10 (5-15)	5.6	5.9	6.4	5.7
<b>TOTAL FUND</b>			<i>Benchmark: Composite Benchmark</i>			
			<b>9.5</b>	<b>8.1</b>	<b>8.9</b>	<b>8.0</b>



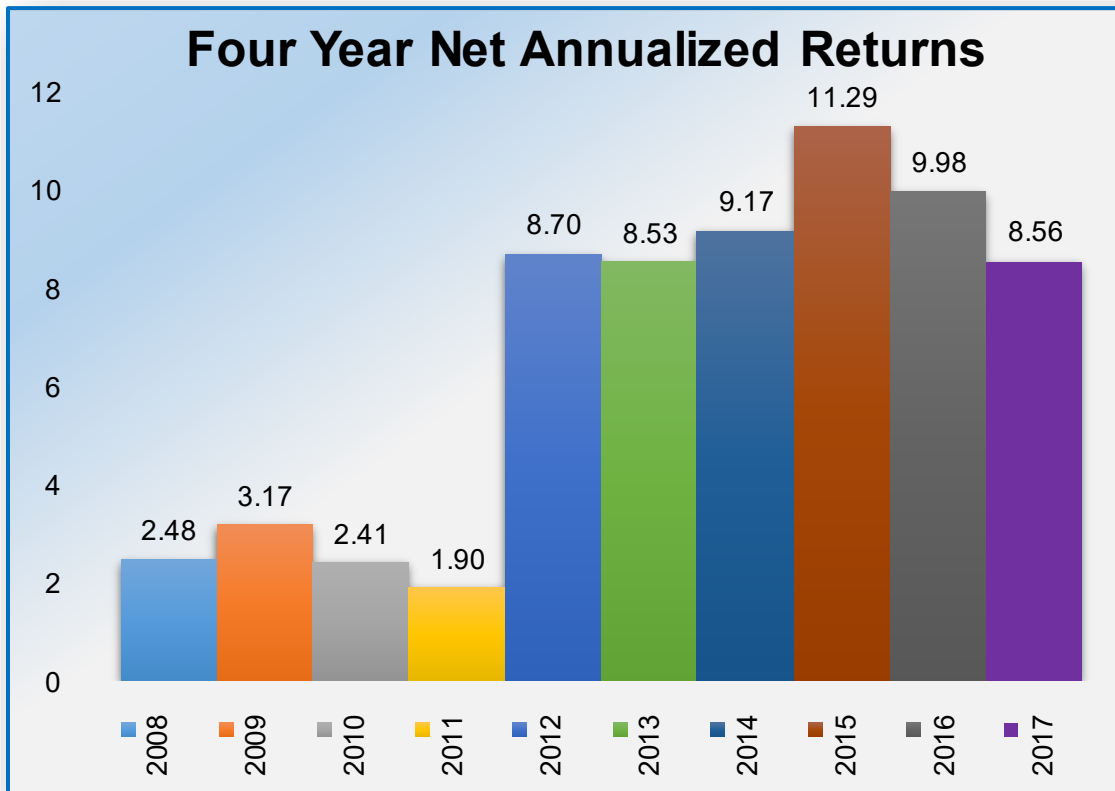
## Investment Returns

This table shows the annualized rates of return for the Balanced Fund portfolio over the last ten years. The four year net annualized returns are also shown in the chart below.

Gross returns are calculated before expenses. Net returns are calculated after all investment and operating expenses. The net rate of return is credited to members' individual Money Purchase Contribution Accounts (MPCA), Variable Benefit Accounts (VBA) and Voluntary Contribution Accounts.

Past performance is not a reliable indicator of future performance.

Balanced Fund Annualized Returns (%) Period ended December 31, 2017						
	1 year		4 year		10 year	
	Gross	Net	Gross	Net	Gross	Net
2017	9.52	9.17	8.94	8.56	6.89	6.57
2016	4.98	4.63	10.36	9.98	6.24	5.92
2015	9.10	8.71	11.66	11.29	6.97	6.70
2014	12.21	11.87	9.47	9.17	7.36	7.07
2013	15.31	15.00	8.82	8.53	7.32	7.04
2012	9.98	9.69	8.98	8.70	7.28	7.01
2011	0.92	0.64	2.17	1.90	5.86	5.59
2010	9.56	9.28	2.68	2.41	6.00	5.73
2009	16.01	15.71	3.44	3.17	6.31	6.04
2008	(15.05)	(15.29)	2.75	2.48	5.81	5.54



# FUND EXPENSES

The table below provides the detail of all expenses incurred in investing and operating the Plan. Expenses are deducted from gross returns to determine net returns. Due to the effect of compounding, expenses can have a material impact on final account balances over extended periods of time. Expenses are often described as expense ratios and expressed as basis points (for example, 0.33% is 33 basis points).

Balanced Fund Expense Ratio (expressed in \$000's)						
	2015		2016		2017	
		%		%		%
Investment management expenses	\$138	0.28	\$152	0.29	\$163	0.29
Custodial and consulting expenses	7	0.02	7	0.01	8	0.01
Office and administration expenses	21	0.04	24	0.04	27	0.04
Audit and legal expenses	24	0.05	7	0.01	7	0.01
<b>Total expenses</b>	<b>\$190</b>	<b>0.39</b>	<b>\$190</b>	<b>0.35</b>	<b>\$205</b>	<b>0.35</b>

## SERVICE PROVIDERS

Service Providers at the end of December 2017		
<b>Investment Managers</b>	BC Investment Management Corporation (bcIMC)	Manages one-half the Canadian equity portion, and all the foreign equity and real estate portions of the Balanced Fund.
	Fiera Capital Corporation	Manages one-half the Canadian equity portion of the Balanced Fund.
	Phillips, Hager & North Investment Management Limited	Manages the fixed income portion of the Balanced Fund.
<b>Custodian</b>	RBC Investor & Treasury Services	Custodian of Plan assets, excluding bcIMC funds. Payment service for pensions and taxable lump sums.
<b>Investment consultant</b>	Willis Towers Watson	
<b>Performance measurement</b>	RBC Investor & Treasury Services	
<b>Actuary</b>	Mercer (Canada) Limited	
<b>Auditor</b>	Grant Thornton LLP	



# APPENDIX A

## HISTORY OF THE PLAN

The Money Purchase Pension Plan is a defined contribution plan. It was created January 1, 1991 for members of the faculty and administrative and academic professional staff holding term appointments or regular (continuing) appointments of 50% or more of full time, but less than full time and for assistant teaching professors and sessional lecturers. In a defined contribution plan, the contributions of the member and his or her employer, together with net investment earnings or losses, accumulate throughout the member's career. At retirement, the accumulated sum is used to purchase a pension. In a defined contribution plan, net investment returns are obviously of great importance to the member.

**Member contribution rates.** Members of the plan contribute an amount equal to:

- (a) 3% of basic salary up to the contributory earnings upper limit for the Canada Pension Plan (the "Year's Maximum Pensionable Earnings" - YMPE), plus
- (b) 5% on the salary in excess of that limit.

**University contribution rates.** The University contributes an amount equal to:

- (a) 8.37% of basic salary up to the YMPE, plus
- (b) 10% on the salary in excess of that limit.

The contributions are directed to the members' Money Purchase Contribution Accounts (MPCA). The University's contributions in respect of a member, when combined with the member's required contributions, cannot exceed the lesser of 18% of the member's earnings and the annual defined contribution limit set under the *Income Tax Act*. In 1994, in response to these limits, the Supplemental Benefit Arrangement (SBA) was created. The SBA is a complement to the Money Purchase Pension Plan. It provides benefits that may not be provided under the registered pension plan.

### **Introduction of pension standards (1993).**

On January 1, 1993, minimum pension standards legislation became effective in BC. The most significant impact this had on members of the Money Purchase Pension Plan is that contributions made on or after January 1, 1993, must be locked-in to provide a lifetime retirement income. Contributions made prior to 1993 were restricted under the plan document. The restrictions did not amount to full lock-in under pension standards and were removed on November 1, 2006.

### **Variable Benefit (2006).**

On November 1, 2006, the Variable Benefit was added as an option for retiring members with an account balance at least twice the Year's Maximum Pensionable Earnings (YMPE). The variable benefit is essentially a life income fund operated by the pension plan. It provides members with a regular but flexible retirement income. A booklet explaining the Variable Benefit in more detail is available upon request from Pension Services.

### **New Pension Legislation (2015).**

In September 2015, the amended *Pension Benefits Standards Act* (BC) and Regulation became effective. The Plan was amended to reflect the new legislation.

# APPENDIX B

## PORTFOLIO HOLDINGS

### Balanced Fund, as at December 31, 2017

<b>ASSET</b>	<b>Market Value</b> (expressed in \$000's)
<b>SHORT-TERM INVESTMENTS (1.13% of total)</b>	
CANADA TREASURY BILLS	1,992
POOLED FUNDS	9,939
<b>CANADIAN BONDS (28.67% of total)</b>	
FEDERAL (Government & Government Guaranteed)	121,255
PROVINCIAL (Government & Government Guaranteed)	88,473
MUNICIPAL (Government & Government Guaranteed)	0
CORPORATE	271
POOLED BOND FUNDS	92,581
<b>MORTGAGES (1.56% of total)</b>	
POOLED MORTGAGE FUNDS	16,442
<b>CANADIAN EQUITIES (22.25% of total)</b>	
CONSUMER DISCRETIONARY	8,639
CONSUMER STAPLES	4,829
ENERGY	17,041
FINANCIALS	37,253
HEALTH CARE	0
INDUSTRIALS	16,736
MATERIALS	11,434
INFORMATION TECHNOLOGY	8,259
TELECOMMUNICATION SERVICES	2,309
POOLED FUNDS	128,400
<b>FOREIGN EQUITIES (37.13% of total)</b>	
POOLED FUNDS	391,987
<b>REAL ESTATE (9.26% of total)</b>	
POOLED FUNDS	97,762
<b>TOTAL BALANCED FUND PORTFOLIO</b>	<b>1,055,602</b>
<b>COMBINATION PENSION PLAN</b>	<b>991,235</b>
<b>MONEY PURCHASE PENSION PLAN</b>	<b>64,367</b>

Note: Some inconsistencies may exist due to rounding.

A full and detailed listing of portfolio holdings is now available at  
[www.uvic.ca/financialplanning/pensions](http://www.uvic.ca/financialplanning/pensions).  
 or by contacting Pension Services.

# CONTACT US

The precise terms of the Plan are provided in the Plan Document, available on the Pension Services website ([www.uvic.ca/financialplanning/pensions](http://www.uvic.ca/financialplanning/pensions)).

If there is a discrepancy between this report and the Plan Document, the Plan Document applies.

More information about the University of Victoria Money Purchase Pension Plan can be found on the Pension Services Website: [www.uvic.ca/financialplanning/pensions](http://www.uvic.ca/financialplanning/pensions).

General enquiries or requests for statements can be directed to Pension Services:



**Email:** [pensions@uvic.ca](mailto:pensions@uvic.ca)

**Phone:** (250) 721-7030

**Physical & courier address:**

Pension Services  
University of Victoria  
Michael Williams Building  
(Formerly ASB) Room B278  
3800 Finnerty Road  
Victoria BC V8P 5C2

**Mailing address:**

Pension Services  
University of Victoria  
PO Box 1700, STN CSC  
Victoria BC V8W 2Y2

Retiring members should contact Pension Services 3-6 months before their retirement date. Meetings with the Pension Entitlements Officer are available by appointment.



**Coming Soon:**  
Pension Services' new website!

2017  
Annual Report  
University of Victoria  
Money Purchase Pension Plan

