

# **Staff Pension Plan**

## **2024 REPORT TO MEMBERS**

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**IMPORTANT**

## Your pension plan – a reminder

The Staff Pension Plan is a defined benefit plan...this means:

- Your pension at retirement is payable for your lifetime, and is based on your highest average salary and the years of credited service you've earned while at the university and participating in this Plan. Your pension is also protected against inflation.
- Strong investment performance helps the Pension Fund remain healthy, but it does not affect the steady monthly pension you receive.

# Introduction

We are pleased to share with you the 2024 Report to Members for the Staff Pension Plan.

For over 50 years, the Plan has continued to fulfill its purpose of providing members with a secure, lifelong retirement income. Membership in the Plan has now grown to over 3,000 members for the first time, and the Plan continues to be healthy and stable.

Our key priorities include:

**Financial Stability and Sustainability** - The Plan's financial position is monitored regularly, with the most recent formal valuation completed as of December 31, 2022. This valuation showed that the Plan is in a healthy position and is fully funded on a going-concern (ie. long-term) basis. A new valuation will be performed in 2026, which will consider Plan experience and economic conditions as at December 31, 2025.

The Plan investments delivered strong returns in 2024 at 9.8% (net of fees), despite economic uncertainties and geopolitical turmoil. Annualized returns over the last 10 years have been 6.8%. These returns help maintain the Plan's financial strength.

**Risk Management** - During 2024, we formalized our overall risk management processes, through a new risk framework and risk register. This will help us in proactively managing the risk associated with the Plan, to ensure it continues to remain in a strong position. Related to this, with cyber security being top of mind, we have taken measures to assess and mitigate risks in this area.

Investing responsibly is another way we manage risks related to environmental, social and governance factors. In line with the Plan's commitment to this, we have engaged a consultant to further develop policies and improve related communication.

## Member Experience and Communications-

The UVic Pension Services team is here to help. In addition to regular annual items such as preparing annual statements, maintaining member records, providing pension seminars and more, the team was happy to help current or former UVic employees with nearly 400 pension estimates and many more meetings and queries. We are also working on transforming the way we communicate with you, through electronic communications, the pension services website, these annual reports and more.

Lastly, Pension Services has developed an equity action plan for the team in line with the university's commitments and with a goal to continue to support all Plan members equitably, regardless of their pension knowledge, background or abilities.

Looking ahead, we will continue to focus on our Plan members – keeping the Plan sustainable, administering it accurately and empowering Plan beneficiaries to make informed decisions.

These and other topics are discussed in more detail throughout this report. We hope you find it informative. If you have suggestions for future publications, please let us know using the contact information included at the end of this report.



Andrew Coward  
Chair, Investments and  
Administration Committee



Kane Kilbey  
Chair, Governance  
Committee



Randi Topp  
Executive Director, Pensions  
and Plan Governance



# About Pension Services

Pension Services supports UVic employees at every stage of their career by administering the university's pension plans and helping members make informed decisions about their pension.

As a UVic pension plan member, you have access to a dedicated on-campus team of pension professionals. We know that retirement planning can feel overwhelming – whether you are just starting your career, or getting ready to retire. That's why we're here – to help you understand your pension, make informed decisions and feel confident about your future.

Regular member meetings cover topics like:

- How the pension plan works
- Naming or updating beneficiaries
- What happens in leaves of absence
- Pension implications of marital changes
- Pension implications for changing jobs
- Navigating the retirement process
- Support during retirement

**No matter where you are in your journey, we're just a phone call, email, or appointment away.**

- **Where:** Michael Williams Building, B278
- **Email:** [pensions@uvic.ca](mailto:pensions@uvic.ca)
- **Phone:** 250-721-7030
- **Website:** [www.uvic.ca/pensions](http://www.uvic.ca/pensions)



## Our Mission

*"Our mission is to support the well-being of our pension plan members and the UVic community by providing reliable, accessible, timely and caring pension administration services on behalf of the Plans' governing bodies."*

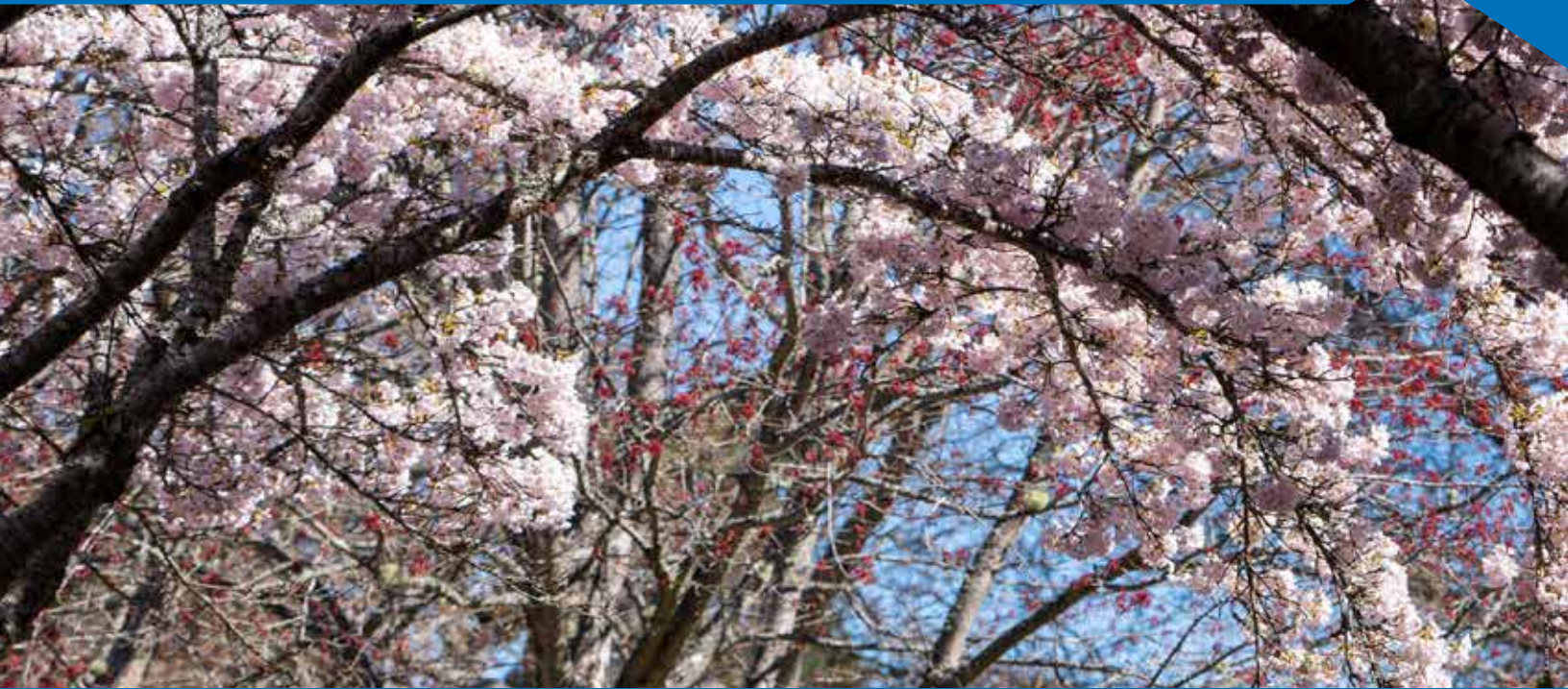
## Our Vision

*"Vision: We will empower the beneficiaries of the UVic pension plans to make well-informed life decisions by providing outstanding services, modern tools, and effective communications that enhance their understanding of their pension plan benefits."*

**IMPORTANT!**

While we provide pension-related information, we encourage members to seek independent financial planning advice to support their broader retirement goals. We're happy to work with your financial planner by providing them with the necessary pension information.





# HIGHLIGHTS 2024





## MEMBERSHIP & COST OF LIVING

Active | 1,110

Inactive | 863

Pensioners | 1,111

Jan 01, 2025 Cost of Living Adjustment

**2.7%**

Members with carry-forward balance from previous years topped up to a maximum 3% increase.

## FINANCIALS & RISK MANAGEMENT



**Contributions received: \$9.3M**  
**Benefits paid: \$16.3M**  
**Total assets: \$384.5M**



### Risk management evolving:

This continues to be a key priority for the Plan's committees, with a particular focus on proactively identifying, assessing, controlling and monitoring risk.

## FUNDING



**85.1%**  
 Solvency Funded Ratio

**114.0%**  
 Going Concern Funded Ratio

The last actuarial valuation was completed as of December 31, 2022. Plan remains in a strong position.

Next valuation will be as at December 31, 2025, and completed during 2026.

## INVESTMENTS

**9.8%** | Net Investment Return in 2024

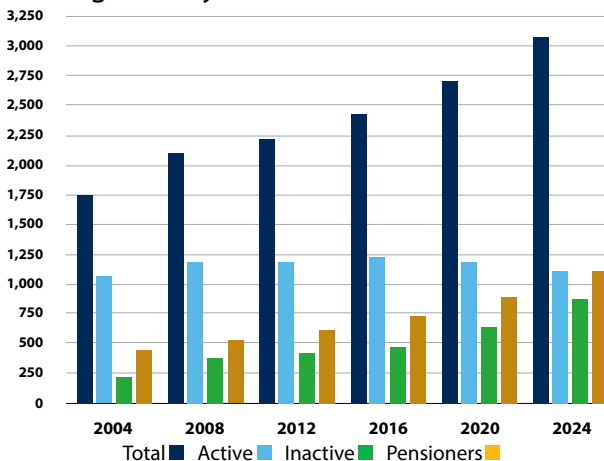
**6.8%** | 10-Year Annualized Net Rate of Return

Two new infrastructure funds committed to in 2024.

Consultant hired to support the Committees with moving our responsible investment approach forward.

## Membership Highlights

The following charts describe the growth in Plan membership over the past 20 years. As shown, the total Plan membership continues to grow, with the number of inactive members and pensioners increasing steadily.



### ACTIVE MEMBERS

- Employed by the University and contributing to the Plan.

### INACTIVE MEMBERS

- Have transferred to another UVic plan or terminated employment but have not yet selected a benefit.

### PENSIONERS

- Are members and/or beneficiaries drawing a pension from the Plan.



## Review your personalized annual statement

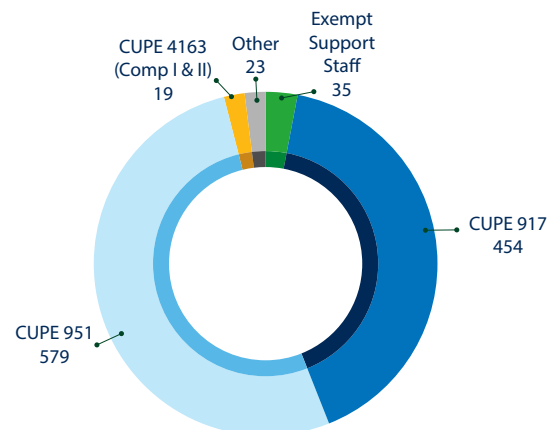
Please review your annual statement and contact Pension Services with any updates to your information, such as marital status, contact information, or beneficiary designations.

**Current UVic employees:** Ensure your information is up-to-date on your UVic MyPage.

**Accessibility:** If you require your annual statement digitally, please contact Pension Services to request a PDF version.

**Retiring members:** Contact Pension Services at least 3 months before your anticipated retirement date. Individual meetings are available by appointment.

## Membership as of Dec. 31, 2024



# Financial Highlights



FINANCIAL RECONCILIATION			
		2023	2024
<i>Expressed in \$000's</i>		\$	\$
<b>Opening Balance</b>		<b>326,427</b>	<b>353,433</b>
<b>Investment Returns (net of expenses)</b>		<b>33,487</b>	<b>39,037</b>
Contributions	<b>Member</b>		
	Current service	2,648	2,593
	Supplemental	138	142
	<b>University</b>		
	Current service	6,358	6,142
	Supplemental	138	142
	CV transfer deficiency	255	248
	<b>Total Contributions</b>	<b>9,537</b>	<b>9,267</b>
Benefits Payments	Monthly pensions	(13,376)	(14,679)
	Transfers & Lump Sums	(1,809)	(1,651)
	<b>Total Benefit Payments</b>	<b>(15,185)</b>	<b>(16,330)</b>
<b>Non-investment Expenses<sup>1</sup></b>		<b>(833)</b>	<b>(907)</b>
<b>Closing Balance</b>		<b>353,433</b>	<b>384,500</b>

## Contributions:

Members and the University share the cost of the Plan. Required contributions are based on a percentage of members' salary.

Additional information on contributions can be found on Pension Services' website: [www.uvic.ca/pensions](http://www.uvic.ca/pensions).

1- This includes primarily UVic office and administration, actuarial, consulting, audit and legal fees .

BENEFIT PAYMENTS: TYPE & NUMBER OF RECIPIENTS		
	2023	2024
Pensioners	1,052	1,111
Transfers & Lump Sums	55	50
<b>Total</b>	<b>1,107</b>	<b>1,161</b>

Complete financial statements are made available at [www.uvic.ca/pensions](http://www.uvic.ca/pensions).



# Risk Management

The Plan's governing bodies are focused on prudently and proactively managing key risks associated with the Plan. The Plan's Governance Policy outlines risk management practices and processes including :

## Governance

Several policies guide oversight on items such as roles and responsibilities of university staff, service providers and the Committees, and topics such as Committee member education, Code of Conduct and Plan Communications.

## Legal and Regulatory

Compliance with all pension regulations and Policies is monitored regularly. When changes arise, legal advisors with specific pension expertise are engaged.

## Funding

A Funding Policy is in place that reflects the nature of the Plan's liabilities and works in concert with the investment policies. The Funding Policy takes a long-term approach with a main objective to ensure the assets will be sufficient to meet the benefit obligations. It aims to reasonably ensure contribution rates are affordable and to maintain stability of contribution rates and benefits.

## Investments

Professional institutional investment managers and consultants are involved and assist with oversight. The Committee meets with managers regularly to monitor investments, managers and associated risks. Responsible investment practices are also monitored, and the Plan's asset mix and investment beliefs are reviewed periodically to ensure that investments remain consistent with the Plan's goals.

## Plan Operations

A dedicated Pensions Services office with highly trained staff who specialize in pension expertise is responsible for the Plan's operations. The Committees monitor the Plan's operations and the Pension Services office through regular meetings, reports and information sharing. All entities involved are expected to have in place robust cybersecurity policies and practices which meet industry standards.

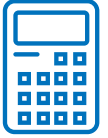
## Risk Management Framework

Key risks are documented and monitored within the Plan's risk register, which is supplemented by periodic reports for key issues such as cybersecurity risk management.

Risk appetite is also considered for each area, where the lower the risk appetite, the more cautious the approach taken will be.



# Pension Plan Funding



## FUNDING AND PLAN VALUATION

Pension legislation requires that defined benefit (“DB”) pension plans complete actuarial valuations at least every three years. The purpose of these valuations is to provide a snapshot of a pension plan’s estimated financial health at a particular point in time by comparing the plan’s assets and liabilities (see boxes below for more information), and to determine required contribution rates for the next three years.

As shown in last year’s report, the Plan’s most recent triennial valuation was completed during 2023, measuring the financial position of the Plan as of December 31, 2022. This valuation – conducted by an external actuary – determined that the Plan is in a strong financial position. Results were as follows:

### GOING CONCERN VALUATION

Measures a pension plan’s position assuming that the plan continues indefinitely.

<b>Funded ratio {assets/liabilities}:</b>	<b>114.0%</b>
<b>Surplus/(Deficit) {assets - liabilities}:</b>	<b>\$57.2 Million</b>

### SOLVENCY VALUATION

Measures whether the pension plan would have the ability to meet its obligations (liabilities) to its members if the plan were to be terminated at the valuation date.

<b>Funded ratio {assets/liabilities}:</b>	<b>85.1%</b>
<b>Surplus/(Deficit) {assets - liabilities}:</b>	<b>(\$44.0) Million</b>

Since the prior valuation, which was completed as of December 31, 2019, the solvency ratio has improved from 78.1% to 85.1%, while the going concern ratio fell slightly from 117.2% to 114.0%. It is expected that as of December 31, 2024 the Plan’s position has improved due to positive experience.

With the solvency ratio now above 85%, pension legislation does not require funding of the solvency deficiency. UVic is, however, required to fund any deficiency prior to transferring a member’s benefit out of the Plan in full. This is known as a transfer deficiency contribution. In 2024, UVic paid a total of \$248,000 in transfer deficiency contributions.

## MEMBER CONTRIBUTION RATES

Contribution rates are dependent on actuarial valuation results. As per collective agreements with CUPE locals, changes to the cost of new benefits accruing (the “normal cost”) are shared between the University and Plan members. The new valuation in 2023 allowed for a decrease in contribution rates for Plan members and for UVic that took effect on August 1, 2023:

### CONTRIBUTION RATES

<b>EMPLOYEE</b>	Below YMPE*	4.78%
	Above YMPE*	6.53%
<b>UNIVERSITY</b>		11.09%

\*YMPE: Year’s Maximum Pensionable Earnings: \$71,300 in 2025.

# Investments: Policy and Objectives

The university has established a Statement of Investment Policies and Procedures (SIPP) that sets out the objectives for the investment of the plan assets and to formulate investment principles, guidelines and monitoring procedures that are appropriate to help achieve the established objectives. The Policy is reviewed annually at a minimum. It sets out the categories of permitted investments, diversification, asset mix and rate of return expectations.

## Performance Monitoring and Expectations

The primary objective of the Fund is to achieve a rate of return, net of investment fees, that exceeds the rate of return over rolling four year periods from a benchmark portfolio constructed from rates of return on the MSCI World Net index, Custom Fixed Income benchmark, CPI plus 4% for real estate, and CPI plus 5% for infrastructure. In addition, the benchmark has been set to achieve an expected return of CPI + 4%.

While short-term results are of interest, it is important that an investment strategy provide good results over the longer term. As a result, the focus is on evaluating investment performance over rolling four-year periods.

## Asset Allocation

To achieve long-term investment goals and to manage risk, a well-diversified portfolio of asset classes and managers has been established.

As per the requirements of the SIPP, asset allocation is measured against established allowable ranges for each asset class. Investment managers are carefully monitored, and regularly report to the Investments and Administration Committee on investment performance and strategy, responsible investing and other topics. The asset allocation is shown on the following page.

## Risk Tolerance

In recognition of the long term nature of the Plan, a reasonable level of risk in terms of short term variability of returns may be tolerated in the Fund's investments in pursuit of longer term returns.

With the renewed focus on risk management, the SIPP was modified in 2024 to describe investment risks that the Plan faces, such as changes to the economic environment including economic growth, interest rates, inflation, credit risk, liquidity risk, currency risk concentration risk, and Environmental, Social and Governance related risks, among others. The SIPP also lays out how these risks are managed and monitored.

The Committee requires regular reporting by managers of key risks, and their approach to managing those risks.





## Investments: Asset Mix and Performance

ASSET MIX AS OF DECEMBER 31, 2024					
		Investment Manager	Market Value (\$'000's)	Current Allocation	Target Allocation
Pension Fund	Fixed Income	PH&N	131,000	34%	35%
	Global Equities	BCI, Walter Scott, Pier21/CWW <sup>1</sup>	150,589	39%	40%
	Real Estate	BCI/QuadReal	40,023	10%	10%
	Infrastructure	Macquarie / JP Morgan	59,654	16%	15%
	Short Term	within manager portfolios	79	0%	0%
	TOTAL MARKET VALUE <sup>2</sup>		\$ 381,345	100%	100%

1- For Global Equity Managers, the target allocation is split 40/30/30 between Walter Scott, BCI and Pier21 (subadvised by C-WorldWide (CWW)).

2- Excluding cash and accruals.

Pension Fund				
INVESTMENT MANAGER	RETURN (% <sup>1-2</sup> ) AS OF DECEMBER 31, 2024			
	1 YEAR	1 YEAR	4 YEAR	4 YEAR
	GROSS	BENCHMARK	GROSS	BENCHMARK
<b>FIXED INCOME</b>				
PH&N	1.2	-0.8	-3.8	-4.8
<b>GLOBAL EQUITIES</b>				
BCI	28.4	29.4	11.8	13.4
Walter Scott	18.5	29.4	NA	NA
Pier 21/C WorldWide <sup>3</sup>	NA	NA	NA	NA
Total	22.1	29.4	10.0	13.4
<b>REAL ESTATE</b>				
BCI/QuadReal	-0.6	5.9	3.7	8.2
<b>INFRASTRUCTURE</b>				
JP Morgan	15.5	6.9	9.6	9.3
Macquarie	12.4	6.9	21.2	9.3
Total	13.9	6.9	14.4	9.3
<b>TOTAL FUND</b>	<b>10.3</b>	<b>12.5</b>	<b>5.0</b>	<b>5.9</b>

While our focus is on the long- term, looking at least over four-year periods or longer, our managers performed as expected during 2024, considering their investment styles and the current state of the markets. While our fixed income and infrastructure managers outperformed its benchmark, our equity and real estate managers generally did not.

The Plan invests in a diversified set of investment managers, with varying styles, some of which will underperform during strong market runs but provide downside protection during market downturns and economic uncertainty.

1- These returns are calculated using a time-weighted methodology. This methodology does not reflect cash flows into and out of the portfolio, and is more appropriate for measuring performance against benchmarks. The returns are calculated by Northern Trust and verified by the Plan's investment consultant, PBI.

2- Short term investment results are grouped with respective managers.

3- Pier21 (C-WorldWide) began managing funds for the Plan in mid-2024. A full year of returns is not yet available.

# Responsible Investment

In last year's annual report, we highlighted the Investment and Administration Committee's belief that taking environment, social and governance (ESG) factors into consideration can have a positive effect on long-term financial performance and that it is committed to investing responsibly.

The Committee oversees ESG-related risk and opportunity through its policies, monitoring current managers and evaluating new managers against a list of ESG-related considerations. The Plan recognizes climate change as a material, systematic risk that can affect the financial performance of its investments. Transition and physical risks, such as regulatory changes or extreme weather events, can directly affect our investments.

Because of this, the Committee set intentions to further understand their climate practices against industry, peers and best practices and chart a path forward in advancing their climate journey. They selected an expert sustainability-focused consultant to support the work during 2024, with a focus on climate.

The analysis showed that while the current approach is working well in some ways, there is more that can be done to move the journey forward. This led to the crafting of a roadmap, which includes the development of a Responsible Investment ("RI") Policy, further consideration of carbon and other metrics and increased communications with Plan members.

The Plan is well positioned to take the next steps, as much work is already being done. For example, the Committee:

- Evaluates climate risk at portfolio and asset class levels
- Works with managers who are particularly focused in systematically integrating climate into investment decision-making.
- Receives climate-related metrics from our managers and investment consultant, and considers whether new managers have commitment to the Paris Agreement (an international treaty that aims to limit climate change.



There is still work to be done. In 2025, priorities are to establish a Responsible Investment policy to further outline our climate commitments and look to understand climate-related and other metrics better at a portfolio level. We are committed to transparency and will continue to provide RI-related updates annually through this Annual Report.

## New Infrastructure Investments

In 2024, as part of maintaining the Plan's target asset allocation to infrastructure, the Plan began investing in two new Macquarie infrastructure funds. The funds selected focus on renewable energy and the energy transition. These are the Macquarie Green Energy and Climate Opportunities Fund (MGECHO) and the Macquarie Green Investment Group Energy Transitions (MGETS). These funds are expected to provide long-term, stable returns for the Plan.



# Plan Governance

For the purposes of the *British Columbia Pension Benefits Standards Act*, the University of Victoria is the Administrator of the Staff Pension Plan, and has ultimate legal responsibility for the administration of the Plan and the investment of the Trust Fund. To carry out these responsibilities, the Board of Governors created three committees, whose roles and membership are described below.

## Our Mission Statement

To provide sound governance and prudent oversight of the management of the Plan assets and administration so that current & retired plan members are assured a secure pension.



### GOVERNANCE COMMITTEE

Andrew Coward  
Kane Kilbey (Chair)  
Kristi Simpson  
Randi Topp

This Committee is tasked with strategic planning. As such, is it responsible for establishing and overseeing the Plan's mission, goals, and policies.



### INVESTMENTS AND ADMINISTRATION COMMITTEE

Raymond Aoki  
Andrew Coward (Chair)  
Sue Gaudet  
Kane Kilbey  
Michael Lancaster  
Mark Stephenson  
Kara White  
David Wolowicz

This Committee is responsible for overseeing investments, operations, and benefit administration.



### ADVISORY COMMITTEE

Andrew Coward (Chair)  
Nancy Hintz (Staff Exempt)  
Jason Insley (CUPE 917)  
Kane Kilbey (AVP HR)  
Kirsten Kopp (CUPE 951)  
Michael Rheault (CUPE 951)  
Teresa Rush (Retiree)  
Jeff Wood (CUPE 917)

This Committee provides input on member communications and on the administration of the Plan and promotes awareness and understanding of the Plan among members.



# Plan Service Providers

## INVESTMENT MANAGERS

<b>BC Investment Management Corporation (BCI)</b>	Global equity, Real estate
<b>JP Morgan Asset Management</b>	Infrastructure
<b>Macquarie Infrastructure</b>	Infrastructure
<b>Phillips, Hager &amp; North Investment Management</b>	Fixed Income
<b>Walter Scott &amp; Partners Limited</b>	Global equity
<b>Pier 21/C WorldWide</b>	Global equity

## TRUSTEE OF FUND

<b>The Northern Trust Company, Canada</b>	Trustee of Plan assets, payment service provider
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## INVESTMENT CONSULTANT

<b>PBI Actuarial Consultants Ltd.</b>	Investment consultant, performance measurement
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## ACTUARIAL SERVICES

<b>Willis Towers Watson</b>
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## AUDITORS

<b>KPMG LLP<sup>1</sup></b>
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*1- Auditor changed after a comprehensive Request for Proposal (RFP) process.*



## Get in Touch!

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

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

**Physical Address & Courier Address:** Pension Services  
University of Victoria  
Michael Williams  
Building  
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

Precise terms of the Plan are provided in the Plan Document, which can be obtained at [www.uvic.ca/pensions](http://www.uvic.ca/pensions), or by request from Pension Services. We make every effort to ensure that all information in this report is accurate and complete. In the event of a discrepancy, the Plan Documents, statutes, or regulations shall apply.

**Additional information about the University of Victoria Staff Pension Plan and a PDF version of this report can be found at:**

[www.uvic.ca/pensions](http://www.uvic.ca/pensions)