



STAFF PENSION PLAN 2023 REPORT TO MEMBERS

www.uvic.ca/pensions

TABLE OF CONTENTS

Click on the hyperlinked titles below to navigate to the corresponding sections

2 Introduction	7 Risk Management
3 2023 Highlights	8 Plan Funding
4 Membership Highlights	9 Investment
5 Survey	11 Plan Governance
6 Financial Highlights	12 Service Providers

INTRODUCTION

It is our pleasure to share with you the 2023 Report to Members for the Staff Pension Plan.

Financial Update and Sustainability

Financial stability and sustainability is a priority for the Plan, and its financial position is monitored regularly. During 2023, the Plan underwent a full triennial actuarial valuation, for the three years ending December 31, 2022. We are pleased to report that the plan continues to be in a healthy position, and remains fully funded on a going-concern (ie. long-term) basis. More details can be found in the Plan Funding section of the report.

Investment returns for 2023 for the Pension Fund came in strong at 11.1%, led by a solid recovery in both equity and bond markets after a difficult year in 2022. Annualized returns over the last 10 years sit at 7.0% per year.

Member Experience and Communications:

As plan membership steadily grows, and members' expectations evolve, so too must the Plan's approach to communication. We are embarking on a Communications Transformation initiative aimed at enhancing engagement with members at every stage of their journey, from initial enrollment to retirement and beyond. Since a key part of communication is listening, we conducted a member survey in 2023. The survey received an astounding response rate of 32.9% (over 2100 responses), underscoring the importance that you place on how we communicate. Your feedback will inform initiatives through 2024 and beyond as we work to improve members' experience.

Risk Management Evolving

In tandem with our commitment to financial stability, risk management has always been a priority of the Committees. In 2023, we renewed our focus on managing key risks. We have commenced a number of initiatives that will continue into 2024 and beyond, including items such as engaging a consultant who specializes in environment, social and governance (ESG) matters to help advance our approach to managing climate and other risks, and commencing a review of our cyber security processes, as well as those of our third party service providers, to ensure these ever-evolving risks are being managed effectively.

These and other topics are discussed in more detail throughout this report. We hope you find the report informative. If you would like to suggest content 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



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.

2023 HIGHLIGHTS

01

MEMBERSHIP & COST OF LIVING

Active | 1,101

Inactive | 813

Pensioners | 1,052

2024 Cost of Living Adjustment

4.7% - Immediate

66 yrs & older

3.0% - Immediate

1.7% - Carry-forward

65 yrs & under

02

FINANCIALS & RISK MANAGEMENT



Contributions received: \$9.5M
Benefits paid: \$15.2M
Total assets: \$353.4M



Risk management evolving:
Governance and investment policies updated to enhance documentation of key risks and how these risks are managed.

03

FUNDING



85.1%
Solvency Funded Ratio

114.0%
Going Concern Funded Ratio

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

Contribution reduction for employees and UVic in 2023 while maintaining benefit levels and guarantees.

04

INVESTMENTS

11.1% | Net Investment Return in 2023

7.0% | 10-Year Annualized Net Rate of Return

0.40% | Expenses in 2023

Two new equity managers added in 2023.

Project started to hire a consultant to support the Committees with moving our responsible investment approach forward.

MEMBERSHIP HIGHLIGHTS

The following charts describe the status and growth in Plan membership over the past 10 years. As shown, the number of inactive members and pensioners continues to grow as a proportion of total membership.

MEMBERSHIP HISTORY

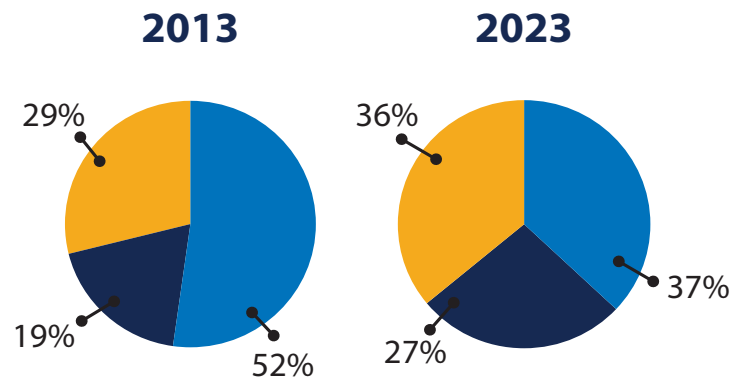
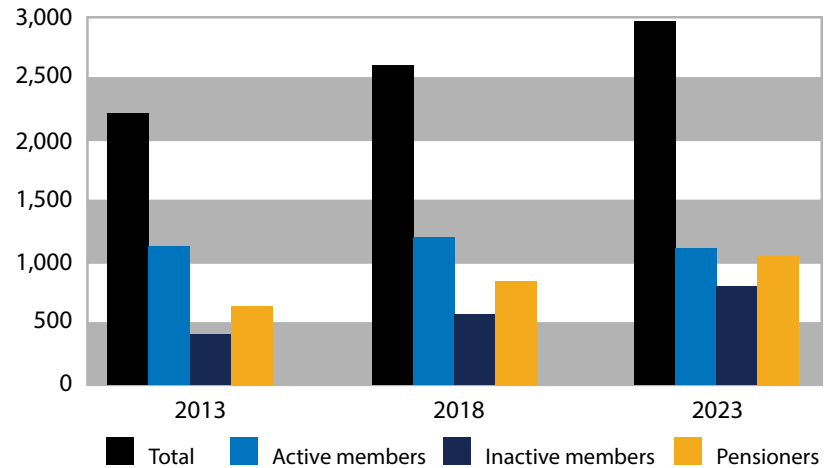
ACTIVE MEMBERS are employed by the University and contributing to the Plan. Active members continued to represent approximately 37% of total membership in 2023.

INACTIVE MEMBERS have transferred to another UVic plan or terminated employment but have not yet selected a benefit. Their assets remain invested in the Fund until they make a selection. The category includes accounts held by surviving spouses of members who died before retirement. While membership in this group has grown, its relative size in the Plan is consistent with the past few years, representing 27% of membership in 2023.

PENSIONERS are members and/or beneficiaries drawing a pension from the Plan. In 2023, this group represented 36% of Plan membership. Pensioner numbers increased by 7% between 2021 and 2022, and 5% from 2022 to 2023. This is consistent with the trend in this group over the past 5 years.



MEMBERSHIP: 10 YEAR HISTORY



■ Active Members ■ Inactive Members ■ Pensioners

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: Please also ensure your information is up-to-date on your UVic Employee Profile.

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.

MEMBER SURVEY 2023: SUMMARY RESULTS

Thank you to all UVic pension plan members who completed the pension communications survey that was distributed last May to all members of the university's three pension plans.

Response to the survey was tremendous. More than 2100 UVic pension plan members took the time to share their experiences, insights and wishes with us in areas such as pension plan understanding, views on communications they have received and interactions with the Pension Services office. Respondents were diverse, representing a broad range of employees and members at varied stages of life and career.

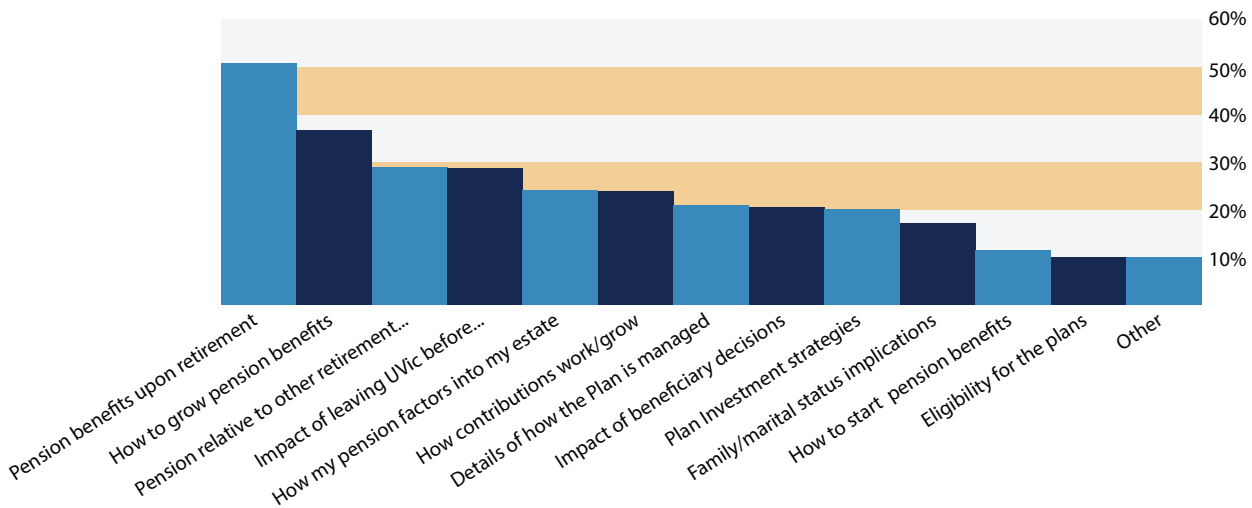
Thank you for your input.

Using the insight we've gathered, our focus this year will be on enhancing members' awareness of pension benefits and improving the clarity and accessibility of pertinent information.

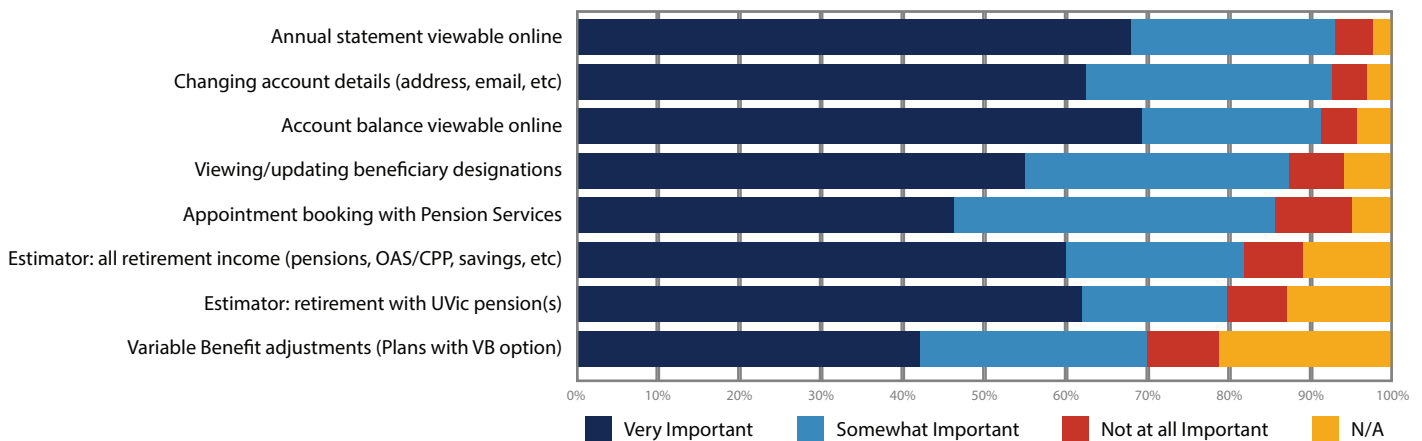
More detailed survey results can be found on our [website](#).

New information and a new look will be appearing throughout the year.

What (if anything) would you like to understand better about your UVic pension plan(s)?



If the following online pension tools were available, how would you rank them in terms of importance?



FINANCIAL SUMMARY

		2022	2023
CONTRIBUTIONS		<i>Expressed in \$000's</i>	
Members	Current service	2,435	2,649
	Supplementary retirement benefit	125	138
University	Current service	6,027	6,359
	Supplementary retirement benefit	125	138
	CV Transfer Deficiency	940	255
TOTAL CONTRIBUTIONS		9,652	9,539
INVESTMENT RETURN		-48,354	33,485
BENEFIT PAYMENTS			
	Retirement pensions	11,960	13,327
	Disability pensions ¹	48	49
	Withdrawals and transfers on termination & death	4,524	1,809
TOTAL BENEFIT PAYMENTS		16,532	15,185
OPERATING EXPENSES			
	UVic administration	609	587
	Actuarial fees	91	158
	Consulting, Audit & Legal fees	45	66
	Provincial registration fees	22	22
TOTAL OPERATING EXPENSES		767	833
CHANGE IN NET ASSETS		-56,001	27,006
FUND AT BEGINNING OF YEAR		382,428	326,427
FUND AT END OF YEAR		326,427	353,433
FUNDS AVAILABLE FOR BENEFITS			
	Basic Plan	304,461	329,659
	Supplementary Retirement Benefit Account	21,186	23,266
	Additional Voluntary Contribution Accounts ²	780	508
TOTAL FUNDS		326,427	353,433

¹ Only members who met the criteria prior to April 1, 2006 are in receipt of this benefit.

² As of December 2015, Voluntary Contributions are no longer allowed, but previous contributions remain in the Plan until paid.

Complete financial statements are made available at www.uvic.ca/pensions.

RISK MANAGEMENT

The Plan 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

The University and Committees have created and maintained several policies covering in detail the roles and responsibilities of university staff, the Committees, service providers and the Board of Governors. In addition to areas noted below, other topics covered include Committee Member Education, Code of Conduct and Communications policies to guide oversight.

PLAN OPERATIONS

A dedicated Pensions Services office with highly trained staff who specialize in pension expertise has been created to be responsible for the Plan's operations. The Investment and Administration Committee monitors the Plan's operations and the Pension Services office through regular meetings, reports and information sharing. All entities with pension plan responsibilities, including Pension Services, third-party service providers and Investment Managers are expected to have in place robust cybersecurity policies and practices which meet industry standards.

INVESTMENTS

In addition to selecting professional institutional investment managers and consultants, the Investments and Administration Committee meets with managers regularly to monitor, investments, managers and associated risks and ensure proper responsible investment practices are in place. The Plan's asset mix and investment beliefs are also reviewed periodically to ensure that investments remain consistent with the Plan's goals.

FUNDING

The university has established a Funding Policy 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 of the Plan. Among other priorities, it aims to reasonably ensure contribution rates are affordable and to maintain stability of contribution rates and benefits. To assist with this, regular actuarial valuations are performed to review Plan funding and to ensure current Plan demographics are reflected and economic and other assumptions remain appropriate.

LEGAL AND REGULATORY

Pension Services reports to the Governance Committee and Board of Governors at least annually on compliance with all pension regulations and Policies. Updates are also provided to Plan governing bodies regularly on any legal or regulatory changes, either by Pension Services or via work with legal advisors with specific pension expertise.

PLAN FUNDING

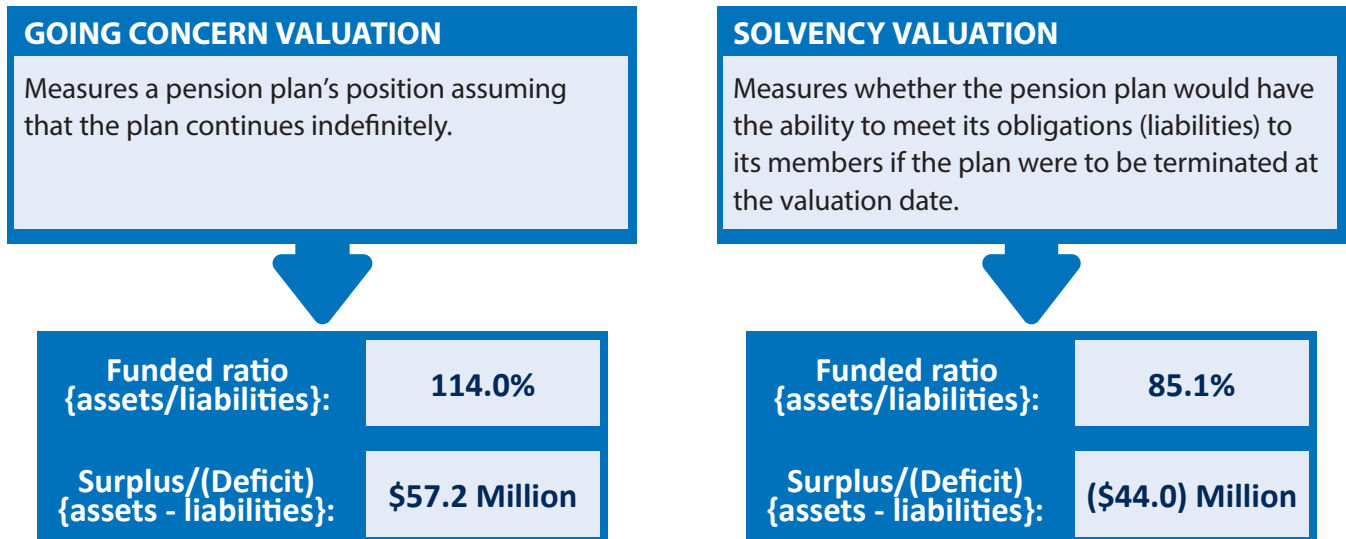
NEW FUNDING AND VALUATION RESULTS

A new valuation of the Staff Plan was completed as of December 31, 2022, showing that the Plan remains strong and financially sustainable in the long term.

This allowed for a reduction in contributions effective August 1, 2023 for Plan members and the University. For more information on these contribution changes, please visit our [website](#), and see below.

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.

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:



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%.

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 2023, UVic paid a total of \$255,000 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. The decreases took effect on August 1, 2023:

CONTRIBUTION RATES		RATE FROM AUGUST 1, 2023	RATE TO JULY 31, 2023
EMPLOYEE	Below YMPE*	4.78%	5.11%
	Above YMPE*	6.53%	6.86%
UNIVERSITY		11.09%	12.33%

*YMPE: Year’s Maximum Pensionable Earnings: \$68,500 in 2024.

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.

INVESTMENT OBJECTIVES

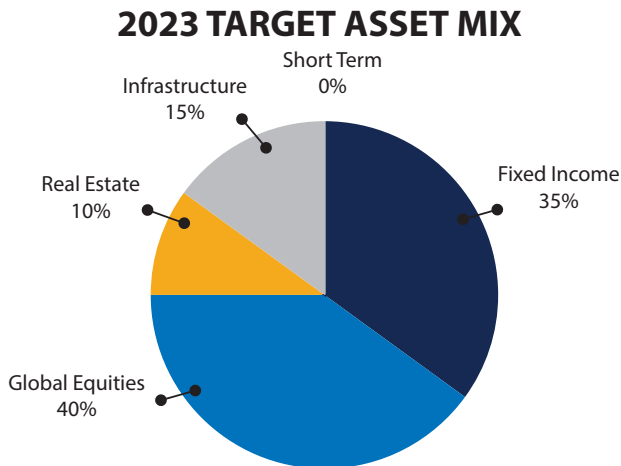
The primary objective of the Fund is to achieve a rate of return, net of investment fees, that exceeds the rate of return over rolling four year periods from a benchmark portfolio constructed from rates of return on the MSCI World Net index, Custom Fixed Income benchmark, CPI plus 4% for real estate,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



RESPONSIBLE INVESTING

The Investment and Administration Committee believes that taking environment, social and governance (ESG) factors into consideration can have a positive effect on long-term financial performance and is committed to investing responsibly.

The Plan's SIPP requires that the selected investment managers provide information regarding the processes by which ESG factors are incorporated into their investment decisions, along with key related risks and how the risks are being managed. In addition, investment managers and consultants with whom the Committee works are required to assess the companies and funds in which the Plan invests and provide related reporting to the Committee. The Committee then considers this information in its evaluation of current and prospective managers. All investment managers are signatories to the United Nations Principles for Responsible Investment ([UNPRI](#)).

To continue to advance their approach to managing ESG factors and risks, the Committee recently engaged a consultant with specific expertise in this area to assess current practices and suggest where opportunities for improvement may exist. The work is expected to be undertaken in 2024.



INVESTMENTS: ASSET MIX AND PERFORMANCE

ASSET MIX AS OF DECEMBER 31, 2023						
PENSION FUND		Investment Manager	Market Value (\$000's)	Current Allocation	Target Allocation	
	Short Term	within manager portfolios	354	0%	0%	
	Fixed Income	PH&N	113,927	32%	35%	
	Global Equities	BCI & Walter Scott ¹	156,585	45%	40%	
	Real Estate	BCI/QuadReal	37,317	11%	10%	
	Infrastructure	JP Morgan & Macquarie	41,982	12%	15%	
	TOTAL MARKET VALUE			350,165²	100%	100%

1- For Global Equity Managers, the target allocation is split 60/40 between BCI and Walter Scott. Walter Scott was added in June 2023. The BCI allocation has since been split further, adding Pier21 (subadvised by C-WorldWide) in March 2024.

2- Additional cash of \$2.738 million is held in a separate account.

INVESTMENT MANAGER RETURN (%) AS OF DECEMBER 31, 2023					
		1 YEAR	1 YEAR	4 YEAR	4 YEAR
		GROSS	BENCHMARK	GROSS	BENCHMARK
PENSION FUND	FIXED INCOME				
	PH&N	10.4	10.9	-1.5	-2.5
	FOREIGN EQUITY				
	BCI	16.1	20.8	9.6	9.9
	Walter Scott ³	NA	NA	NA	NA
	Total	14.0	20.8	9.6	9.9
	REAL ESTATE				
	BCI/QuadReal	-5.5	7.5	3.8	7.9
	INFRASTRUCTURE				
	JP Morgan	8.7	8.5	7.5	9.0
	Macquarie	30.6	8.5	19.7	9.0
	Total	17.9	8.6	13.6	9.0
	TOTAL FUND	11.1	14.3	5.3	5.3

3- Walter Scott began managing funds for the Plan in mid-2023. A full year of returns is not yet available.



Over the last 4 years, the Plan's investments met their asset-mix benchmark and provided returns above median. Returns have, however, fallen shy of the "CPI + 4%" target, as inflation has been particularly high in recent years.

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 (for the year ending December 31, 2023) are described below.

 **GOVERNANCE COMMITTEE**

Andrew Coward
Kane Kilbey (Chair)
Kristi Simpson
Randi Topp




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

 **INVESTMENTS AND ADMINISTRATION COMMITTEE**

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



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

 **ADVISORY COMMITTEE**

Andrew Coward (Chair)
Jason Insley (CUPE 917)
Kane Kilbey (AVPHR)
Kirsten Kopp (CUPE 951)
Rayael Michalski (Staff Exempt)
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.

SERVICE PROVIDERS

INVESTMENT MANAGERS

BC Investment Management Corporation	Global equity, Real estate
JP Morgan Asset Management	Infrastructure
Macquarie Infrastructure	Infrastructure
Phillips, Hager & North Investment Management	Fixed Income
Walter Scott & Partners Limited	Global equity

TRUSTEE OF FUND

The Northern Trust Company, Canada	Trustee of Plan assets, payment service provider
---	--

INVESTMENT CONSULTANT

PBI Actuarial Consultants Ltd.	Investment consultant, performance measurement
---------------------------------------	--

ACTUARIAL SERVICES

Willis Towers Watson

AUDITORS

Grant Thornton LLP

NOTE: Unless otherwise indicated, the data and figures in this report are as at December 31, 2023

Minor inconsistencies may appear due to rounding.

The numbers shown in this report are unaudited. Audited financial statements for the Plan are in process and will be available online once complete.

Precise terms of the Plan are provided in the Plan Document, which can be obtained at 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 Combination Pension Plan and a PDF version of this report can be found at: www.uvic.ca/pensions

HOW TO REACH PENSION SERVICES:

EMAIL: 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