UNIVERSITY OF VICTORIA MONEY PURCHASE PENSION PLAN

ANNUAL REPORT
2015

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Contents

The information in this report is provided for the general information of members. The precise terms and conditions of the Plan are provided in the relevant plan documents. If there is a discrepancy between this report and the plan documents, the plan documents apply.

Letter from the Chair

During 2015, I am sure many of us complained loudly about the high cost of our American trips caused by the collapsing Canadian dollar. Promised upsides such as improvements in Canadian manufacturing industry have been slow to materialize. However, we can certainly celebrate the positive effect on the pension plan. In a year when the Canadian stock market declined 8.3%, the plan posted an amazing 8.71% net gain, almost entirely due to the declining dollar. Thus, the S&P 500, MSCI EAFE, and MSCI world indices were essentially flat in local currencies but up 19-21% in Canadian dollars. Even emerging markets, which had a dismal year, down 14.9% in local currencies, were up 2% in Canadian dollars.

Returns in the bond markets were modest but steady at 3.82% compared with benchmark returns of 3.52%. This may sound like a small gain by our active managers (PH&N), but even small out-performance is significant in the context of bond markets.

Information on the breakdown of our assets between managers and asset classes and the individual returns for those assets is included in the table on page 9 of this annual report. Early in 2014, the Trustees took the decision to decrease our exposure to Canadian equities (from a benchmark weight of 27 to 22%) whilst increasing the foreign equity benchmark from 27 to 32%. This move was similar to changes made by many Canadian pension funds and investment managers as concerns have deepened over the sector concentration (energy, materials and financials) and resulting high volatility of Canadian markets. Given the effect of currency on our overall returns, this proved to be a good decision for 2015, although there has been some early drift in the opposite direction in early 2016. As always, it is the long term which counts!

You will see from the tables elsewhere in this report (page 9), our gross returns for recent periods are: 2015 9.10%, last 4 years 11.66% and last 10 years 6.97%. The ten year number is lower because it includes the worldwide financial crisis of 2008. Corresponding net returns are 8.71%, 11.29% and 6.70%, illustrating once again our extremely low operating expenses. The largest part of this expense is investment management, at 0.28% with the pension office costing only 0.04%. As I noted in my last several letters: "world economies have recovered from the 2008 meltdown, but generally rather slowly." This remains true and in consequence, economists remain pessimistic about the returns to be expected for a Plan such as ours. In this context we can be delighted and relieved with our 8.71% reported above. However, we must remain cautious, since market volatility remains and has increased with the fluctuating prices for the Canadian dollar, oil and other materials.

Turning to the administration of the Plan, it is somewhat remarkable that there have been only three pension managers over the 48 year history of the plans: Dennis Davis until 1980, John Levy until 1998, and Susan Service until three months ago. Regrettably, Susan Service decided to resign her position at the end of 2015 to return to her previous work with the public service pension plan. She thus narrowly missed deposing John Levy as the long service record holder in the Director of Pensions position. Susan's period of service corresponded very closely with my own tenure as a Trustee and in consequence I have had many opportunities over the years to value and appreciate her expertise, work-ethic and total commitment to the Pension Plan. We all owe her a huge vote of thanks and she will be sorely missed. The University administration and the Trustees are currently seeking candidates to replace Susan in this vital position.
Another recent change in the Pension Office has been the addition of a new Pension Governance and Communications Officer who will work closely with the Pension Board and its Trustees. We welcomed Marie Lapointe to this position in February 2016.

The pension office and the Trustees encountered a very heavy workload in 2015 due to the implementation of the new Pension Benefits Standards Act (PBSA) developed jointly by the governments of Alberta and British Columbia. This Act is based on an advisory committee report filed in 2008 and passed the B.C. legislature on 31st May, 2012. The accompanying detailed regulations were released in the spring of 2015 with compliance deadlines for plan administration by 30th September and mandatory new policies by 31st December (since extended to 31st March 2016). More detail of the provisions of the new Act as they apply to this Plan are set out on Pages 14 and 15 of this report. Developing new policies will consume much Trustee time and effort over the next few years.

During this process the Trustees will continue to question our professional managers and consultants as to the most appropriate and sustainable investment choices. From recent conferences and publications it is clear that the financial management industry is moving towards accepting as best practice the incorporation of environmental, social, and governance (ESG) considerations into stock selection, and there is some initial evidence that companies which incorporate sustainability considerations into their business plans may perform better. We note that another of our managers, PH&N, has now joined bcIMC as signatories to the United Nations Principles of Responsible Investing. However, it remains the view of the managers, and the Trustees, that engaging with companies and urging sustainable approaches is a better option than divestment. It remains true that the Trustees have sole legal responsibility for setting investment policy and that a well-diversified portfolio minimizes investment risk. The new Act confirms that Trustees' fiduciary duty in B.C. must remain focused on the best financial interests of the members.

You will recall that our Board of Trustees is composed of four trustees elected by the membership and four appointed by the Board of Governors (BOG). Deborah George's term as an appointed trustee ended on 30th June 2015 and she decided to decline reappointment because of commitments to various Victoria charities. Her 13 years on the Board have been very valuable to us, especially her governance expertise on the Policy and Procedures committee and as Vice-Chair of the Board. I personally greatly appreciated her support and wise counsel in the latter position. We extend our thanks for her work and our best wishes for her future endeavours. Deborah was replaced by John Gilfoyle, who recently retired from his role as a strategy and investment consultant to selected pension funds in Western Canada, after a long career in investment management and consulting. We welcome the opportunity to make use of his skills and extensive knowledge and experience in the pension industry.

Martha O'Brien has agreed to assume the role of Vice-Chair vacated by Deborah and I will greatly value her support and legal knowledge. Our committee Chairs are Kristi Simpson (Investment and Valuation committees), Martha O'Brien (Policy and Procedures), and myself (Governance and Communications).

Finally, I look forward to meeting many of you at our Annual General Meeting on April 19th.
Best Wishes to all for 2016 and beyond,

Keith R. Dixon
Chair, Board of Pension Trustees

Governance

The Plan is governed by a Board of Trustees (the "Pension Board"). The Board of Trustees for the University of Victoria Combination Pension Plan also serves as the Pension Board for this Plan.

The Pension Board oversees investment of the pension fund, financial management of the Plan and ensures the Plan is administered in accordance with the trust agreement, the *Income Tax Act (Canada)* and *Pension Benefit Standards Act (BC)*.

As at 31 December 2015, the Trustees were:

Dr. Keith Dixon – CHAIR
Professor Emeritus, Department of Chemistry
Appointed term
From 1 January 2015 to 31 December 2017

Professor Martha O'Brien—VICE CHAIR
Professor, Faculty of Law
Elected term
From 1 January 2015 to 31 December 2017

Mr. John Gilfoyle
Appointed term
From 1 July 2015 to 30 June 2018

Ms. Lisa Hill
Appointed term
From 1 September 2014 to 31 August 2017

Mr. Duc Le
Elected term
From 1 January 2014 to 31 December 2016

Dr. Michael Miller
Associate Vice-President, Research
Elected term
From 1 January 2014 to 31 December 2016

Mr. Joe Sass
Elected term
From 1 January 2015 to 31 December 2017

Ms. Kristi Simpson
Associate Vice-President,
Financial Planning & Operations
Appointed ex-officio

Annual General Meeting

4:30 p.m. Tuesday, 19 April 2016
Room A104
Bob Wright Centre

This is an informal meeting at which the Pension Board reports to the membership, and answers questions. This year's meeting will include a brief presentation. The Pension Board hopes members will be able to attend.

Investments and Returns (expressed in $000's)	2013		2014		2015	
Market value of investments Balanced Fund	$41,938		$48,261		$52,750	
Balanced Fund		%		%		%
Gross returns	$5,492	15.31	$5,186	12.21	$4,434	9.10
Expenses	(112)	(0.31)	(146)	(0.34)	(190)	(0.39)
Net returns distributed to accounts	5,380	15.00	5,040	11.87	4,244	8.71

Benefit Payments (expressed in $000's)	2013	2014	2015
Lump sum payments and transfers	$1,426	$1,553	$2,310
Variable benefit pensions	181	263	315
The variable benefit was added in 2006, subject to a minimum account size.			

Contributions (expressed in $000's)	2013	2014	2015
Members' required	$ 809	$ 852	$ 868
University required	1,868	1,981	2,020
Members' voluntary	29	49	51
Transfers from other plans	79	259	211

Full audited financial statements are available online at: www.uvic.ca/financialplanning/pensions/moneypurchase.
A print copy may also be requested from Pension Services at (250) 721-7030 or by email at pensions@uvic.ca with the subject line "Money Purchase Plan Financial Statements Print Copy".

Investments

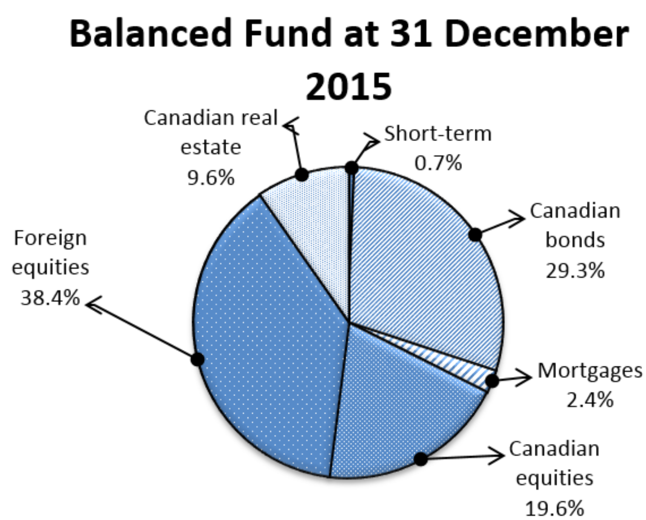
Objectives

Plan assets (Money Purchase Contribution Accounts, Variable Benefit Accounts and Additional Voluntary Contribution Accounts of active and inactive members) are invested in the Balanced Fund, together with member accounts from the Combination Pension Plan.

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

The primary objective for the Balanced Fund 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. The **chart below** shows actual asset mix at 31 December 2015, and the policy benchmark and range.

Asset Mix



Investment returns

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 Investment Committee monitors and reviews performance and reports to the Pension Board on a quarterly basis. 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. Over rolling four-year periods, 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.

Balanced Fund Asset Mix and Performance as at 31 December 2015

ASSET CLASS (benchmark)	Actual Weight	Benchmark Weight (Range)	1 year Gross Return	1 year Benchmark Return	4 year Gross Return	4 year Benchmark Return
Underlying manager	(%)	(%)	(%)	(%)	(%)	(%)
SHORT-TERM (FTSE TMX Canada 91-day T-Bill Index)						
BC Investment Management Corporation	0.5					
Fiera Capital Corporation	-					
Phillips, Hager & North Investment Management Limited	0.2					
Total	0.7	0 (0-21)	1.2	0.6	1.9	0.9
FIXED INCOME (FTSE TMX Canada Universe Bond Index)						
Phillips, Hager & North Investment Management Limited	31.7	36 (20-46)	3.9	3.5	4.6	3.6
CANADIAN EQUITIES (S&P/TSX Capped Composite Index)						
BC Investment Management Corporation	9.6	11 each	(2.8)		n/a	
Fiera Capital Corporation	10.0	(9-13)	(2.8)		8.4	
Total	19.6	22 (14-27)	(2.8)	(8.3)	8.9	5.3
FOREIGN EQUITIES (MSCI World Ex-Canada Net, $Cdn, Index)						
BC Investment Management Corporation	38.4	32 (20-40)	23.0	20.0	22.0	20.8
REAL ESTATE (Canadian Consumer Price Index plus 4%)						
BC Investment Management Corporation	9.6	10 (5-15)	5.7	5.7	9.8	5.3
TOTAL FUND (Composite Benchmark)			9.1	6.1	11.7	9.3

Balanced Fund - annualized returns

The table below shows the annualized rates of return on the Balanced Fund portfolio over the last ten calendar years. "Gross Gain (Loss)" are returns before expenses. "Net Gain (Loss)" are returns after all investment and operating expenses. "Net Gain (Loss)" is the rate of return credited to members' individual Money Purchase Contribution Accounts, Variable Benefit Accounts and Voluntary Contribution Accounts. Past performance is not a reliable indicator of future performance.

Year ended 31 December	1 year		4 year		10 year	
	Gross Gain (Loss)	Net Gain (Loss)	Gross Gain (Loss)	Net Gain (Loss)	Gross Gain (Loss)	Net Gain (Loss)
	%	%	%	%	%	%
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
2007	2.94	2.68	10.05	9.78	8.49	8.20
2006	12.87	12.59	13.12	12.84	9.12	8.82

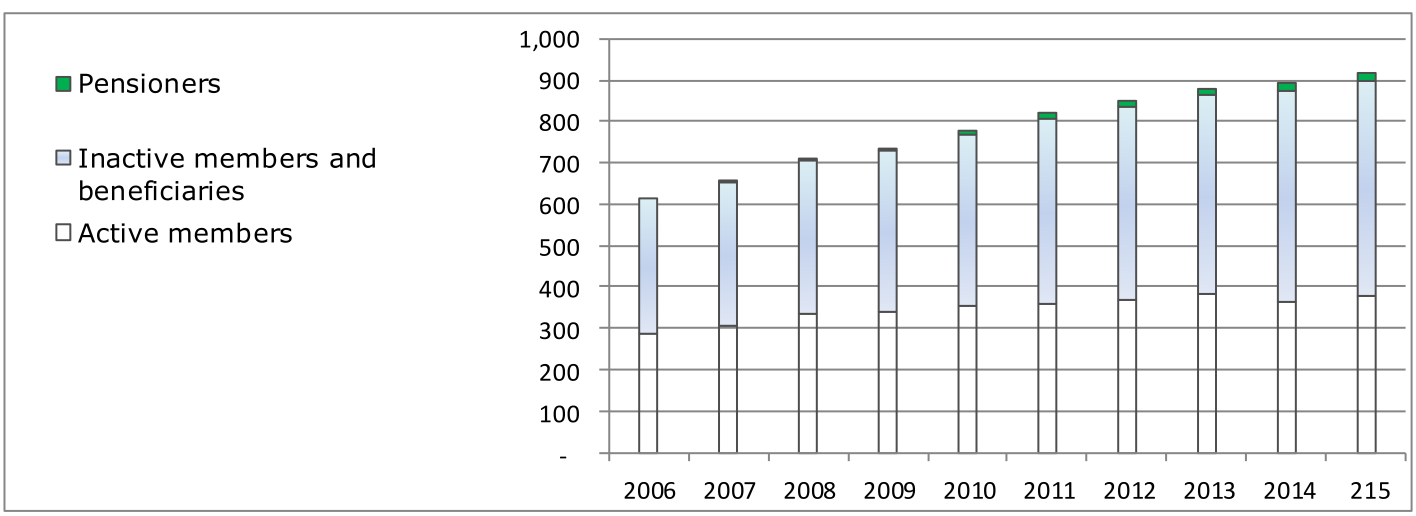
Investments

Balanced Fund - expense ratio detail (expressed in $000's)						
The table below provides the detail of all expenses incurred in investing and operating the pension plan. Expenses are deducted from gross gain (loss) to determine net gain (loss). 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; 0.39% is 39 basis points.						
	2013		2014		2015	
Balanced Fund		%		%		%
Investment management expenses	$ 82	0.23	$113	0.26	$138	0.28
Custodial and consulting expenses	8	0.02	7	0.02	7	0.02
Office and administration expenses	16	0.05	20	0.05	21	0.04
Audit and legal expenses	6	0.01	6	0.01	24	0.05
Total expenses	$112	0.31	$146	0.34	$190	0.39

Membership statistics

The table and chart below show the growth in plan membership over the past ten years. Active members are members who are still employed by the University and contributing to the plan. Inactive members are members who have 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. Pensioners are members and beneficiaries who are drawing a monthly pension from the plan.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Active members	285	305	334	339	356	360	370	385	366	378
Inactive members	331	347	370	389	412	449	465	480	506	519
Pensioners	-	4	4	6	9	10	13	16	21	21
Total	616	656	708	734	777	819	848	881	893	918



What are the contributions?

Members and the University share the cost of the plan.

Money Purchase Contribution Account: For 2016, members' contributions are 3% of basic salary up to the YMPE (Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan) of $54,900 plus 5% of basic salary in excess of that amount. Members' contributions are credited to members' individual Money Purchase Contribution Accounts (MPCAs).

The University contributes to individual MPCAs an amount equal to 8.37% of basic salary up to the $54,900 plus 10% in excess of that amount.

Total contributions to individual members' MPCAs are therefore 11.37% of salary up to the $54,900 plus 15% in excess of that amount, subject to the limit that they may not exceed the lesser of 18% of the member's earnings and the annual defined contribution maximum set under the *Income Tax Act* ($26,010 in 2016).

Voluntary: Subject to *Income Tax Act* maximums, 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). Transfers from spousal RRSPs are not permitted.

Example of 2016 pension contributions based on an annual salary of $67,000

	Member		University		Total	
	Amount	%	Amount	%	Amount	%
Money Purchase Contribution Account	$2,252	3.3	$5,805	8.7	$ 8,057	12.0
Canada Pension Plan	2,544	3.8	2,544	3.8	5,088	7.6
Total pension contributions	$4,796	7.1	$8,349	12.5	$14,508	19.6

When are members eligible for a retirement benefit?

Retiring members of the Money Purchase Pension Plan may use the monies accumulated in their Money Purchase Contribution Account (and Voluntary Contribution Account, if applicable) to provide a lifetime retirement income. Retirement ages are defined below.

Normal retirement date for a member of the Money Purchase Pension Plan is the last day of the month in which the member attains 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 commencement of retirement benefits until the end of the calendar year in which the member attains 71 years of age. If a member does not select a benefit by 31 October of the year they turn age 71, 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 two times the YMPE for 2016 ($54,900 x 2 = $109,800) are paid out in cash, less withholding tax.

What are the options at retirement?

A member has a range of options designed to allow tailoring of retirement income to suit his or her individual situation, preferences, and financial plan. The detailed selection of any one option or a combination of options is a matter for the individual member and his or her private financial advisor, and the plan cannot provide this type of advice. Spousal consent is required for some options. Subject to some restrictions, options may be combined for maximum flexibility.

With minor variations, there is basically one option available directly from the Plan and two options outside the Plan. Within the Plan, a member may choose a variable benefit (basically similar to an external life income fund). Alternatively the member may remove his or her funds from the Plan, and choose between an external annuity, for example from an insurance company, or a registered retirement/life income fund. When an 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. This is in contrast to the variable benefit or a retirement income fund, where the member retains control and ownership of the account balance, and makes withdrawals within statutory limits.

If a member wishes to defer commencement of benefits, this can be accomplished (to age 71) by leaving the money within his or her MPCA, or external to the plan by making use of locked-in retirement account (LIRAs).

1. Variable Benefit

This option is similar to an external life income fund. A member is eligible for this option if his/her account balance is at least twice the Year's Maximum Pensionable Earnings (YMPE). The YMPE in 2016 is $54,900. The funds that accumulate in a member's MPCA and Unrestricted or Restricted Voluntary Account(s), if applicable, 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. The minimum does not take effect until the year the member reaches age 72 and, for a particular year after age 71, is the value of the account at the start of the year multiplied by the appropriate percentage rate from an age-based table. A member with a younger spouse may elect to use the spouse's age for purposes of determining the appropriate percentage rate for the minimum withdrawal. The maximum for a particular year only applies to the locked-in (post-1992) portion of a member's account. For pensioners who have been on the option for a full calendar year, the maximum is the greater of: (a) actual investment returns for the preceding year; and (b) the locked-in portion of the account at the start of the year multiplied by the appropriate factor from an age-based table. 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.

The balance remaining in a member's account after each month's withdrawal shares in the investment performance of the Balanced Fund and, when the member dies, any remaining balance forms the survivor benefit.

If the member has a spouse, spousal consent is required for the variable benefit option.

With one full calendar month of notice, a variable benefit pensioner may terminate the pension and apply the balance remaining to one or a combination of the other options. If the member is over 71 years of age, the minimum withdrawal for the year must be satisfied before the funds are applied to another option. If the funds are transferred to a life income fund, no withdrawal is permitted from the new life income fund until the following calendar year.

Options at a Glance

- Start a variable benefit (RRIF/LIF-type option) from the Plan, subject to a minimum account size
- Purchase a life annuity from an insurance company
- Transfer MPCA to a RRIF/LIF
- Transfer MPCA to a locked-in retirement account (LIRAs)
- Transfer MPCA to another registered pension plan
- Leave MPCA on deposit for a future pension (default option)

Options at retirement ~ *continued*

2. Life Annuity from a life insurance company
Life annuities may be purchased from life insurance companies. Normally, a life annuity pays a fixed annual amount, unlike our internal annuities, which vary according to investment performance. Some companies may offer annuities with a fixed annual percentage escalation over time. As with the internal annuities, the initial payments depend on the balance available, the age of the annuitant, and the survivor option selected. Annuity rates offered are based on prevailing interest rates and other market factors, and can vary substantially from one company to another.

3. Registered Retirement and Life Income Funds (RRIFs and LIFs)
The portion of a member's account that is attributable to pre-1993 contributions may be transferred to a registered retirement income fund (RRIF). The remainder (post-1992) is locked-in and is only transferable to a life income fund (LIF). In both cases, the member retains ownership of the monies. The permissible underlying investments of RRIFs and LIFs are the same as for registered retirement savings plans (RRSPs) and may be self-directed. Based on the age of the member, there are statutory annual minimums for withdrawals from RRIFs and LIFs, and a maximum for LIFs, but no maximum for RRIFs. If the member has a spouse, spousal consent is required for a transfer to a LIF.

What are the options upon termination of employment?

If a member leaves the employ of the University before earliest retirement age (55 years of age), the member is eligible for one of the following options:

- Leave Money Purchase Contribution Account (MPCA) on deposit for a future pension (default option)
- Transfer MPCA to a locked-in retirement account (LIRAs)
- Transfer MPCA to another registered pension plan
- Transfer to a life income fund (LIF) (minimum age 50)
- Purchase a deferred life annuity from an insurance company (minimum age 50)

Any portion of the member's account that is attributable to contributions made prior to 1993 is not subject to lock-in conditions and may be transferred to a regular RRSP or Registered Retirement Income Fund (RRIF) or be paid in cash less withholding tax. A member must commence a pension benefit or effect a transfer from the plan by the end of the calendar year in which the member attains 71 years of age.

Understanding the Plan

What are the survivor benefits?

The survivor benefit for a member who dies **before commencing a benefit, or for a variable benefit pensioner**, is the balance in the member's account(s).

Under the *Pension Benefits Standards Act*, the beneficiary for the survivor benefit must be the member's spouse (if the member has a spouse), unless the spouse has completed and filed a spouse's waiver of pre-retirement benefits with Pension Services; or, in the case of the variable benefit, the member did not have a spouse at the start date of the variable benefit. The definition of spouse includes a common-law or same sex partner.

Members who have ended a legal marriage or who have had a common-law partner for at least two years are encouraged to verify that their beneficiary designation is current and valid. A person to whom you are married retains spousal status for up to two years following separation.

A beneficiary who is a spouse may elect a monthly benefit or a transfer of the member's account balance to a LIRA or RRIFs/LIFs.

All options that are available to a member are available to a surviving spouse, with the exception that the spouse need not have attained 55 years of age to commence a monthly benefit. The spouse must commence a pension benefit or effect 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.

Under the *Income Tax Act* a beneficiary who is not a spouse is required to withdraw the death benefit in cash as soon as is practicable. Withholding tax of up to 30% will be deducted from any cash payment. The actual tax payable depends on the beneficiary's marginal tax rate in the year in which the cash payment is issued.

2015 Plan Amendments

On May 11, 2015, the British Columbia government released the new *Pension Benefits Standards Regulation* (PBSR) which details the implementation requirements under the new *Pension Benefits Standards Act* (PBSA). This was the first comprehensive review of the Act and regulations since the original Act and Regulations came into force in 1993 and is therefore quite substantive. Plan administrators were given until December 31, 2015 to amend Plan texts so that they comply with the requirements of the new PBSA and PBSR, but the Plan must be (and has been) administered in accordance with the new legislation effective September 30, 2015. Various other 'housekeeping' revisions that provide clarity were also incorporated into the amendment.

As required under Section 30 of the PBSR in regard to disclosure, following is a summary only of the amendments that affect the member's benefits and an explanation of how those amendments affect those benefits. A full version of the amended Plan document is available at www.uvic.ca/financialplanning/pensions/moneypurchase/index.php

Plan text Sections	New Provision	Effect on plan member's benefit
Eligibility for Membership	Section 3.08 revised to reflect new practice of allowing members of the Combination Plan whose appointment is reduced in the same position to stay in the Combination Plan. Section 3.05 added to explicitly state that a re-employed pensioner is not eligible to recontribute	Combination Plan Members who reduce their appointment will no longer move to the Money Purchase Plan, unless they also change their position. No change from previous rules
Retirement Benefits	Section 8.03 revised (options at retirement for voluntary accounts) to reflect the Pension Board's decision to cease offering an internal variable annuity option for voluntary contributions. This section was also revised to clarify that the variable benefit option is only available if the member selects it with their combined contribution account or if at least twice the YMPE is applied to that option. Members may still purchase an annuity outside the Plan.	In order to improve administrative efficiencies, a change in pension options for voluntary funds was implemented. These changes do not affect members regular pension options.
Miscellaneous	Section 13.04 was revised to include new unlocking provisions to comply with PBSA Sec 69 and as permitted under Sec 89(2)	Under specific circumstances members may be able to remove locked in funds due to shortened life expectancy. The Pension Board now has discretion to pay out small benefits in a lump sum instead of as a pension. The small benefit threshold is no longer tied to the year the member terminated employment and therefore now increases over time
Transfers (between UVic Plans)	Members who are at least age 55 may commence pension from one plan even if they are still actively participating in another UVic plan.	Previously, members who changed membership from one UVic pension plan to another were precluded from commencing a benefit until they terminated all UVic employment that provided pension coverage.

General enquiries or requests for statements should be directed to Pension Services at (250) 721-7030, by email to pensions@uvic.ca, or to:

Mailing address	Physical address/courier
Pension Services University of Victoria PO Box 1700, Stn CSC Victoria BC V8W 2Y2	Pension Services University of Victoria ASB—Room B278 3800 Finnerty Rd Victoria BC V8P 5C2

Retiring members should contact Pension Services at least 3-6 months before their retirement date (last date on pay *vs* last day at work). Pension Services will send the member a statement of options and the forms required for the various options. **The forms must be received in Pension Services at least one full calendar month prior to the benefit payment date**.

Pensions are paid on the first of each month. Lump sum payments and transfers are processed at the end of each calendar month; the payment or transfer value is the market value at the end of the previous month, plus interest for the final month.

APPENDIX A: Portfolio holdings at 31 December 2015, Balanced Fund

Short-term investments (0.16% of total)

	Par Value or Units	Market Value
Canada Treasury Bills	$1,420,000	$1,418,729
Pooled Funds		
bcIMC Canadian Money Market Fund ST2	25.12290	100,150
Phillips, Hager & North Institutional STIF	2,436.148	24,361
		$1,543,240

Canadian bonds (29.48% of total)

	Interest Rate (%)	Maturity Date	Par Value or Units	Market Value
Federal (government and government guaranteed)				
Canada	0.750	2020	$14,080,000	$14,094,122
Canada	2.250	2025	5,556,000	5,973,372
Canada	3.500	2045	5,446,000	7,063,261
Canada	5.000	2037	373,000	556,463
Canada	1.250	2047	1,055,000	1,273,445
Canada	1.500	2044	337,000	453,332
Canada Housing Trust	3.350	2020	1,219,000	1,340,191
Canada Housing Trust	1.250	2020	2,539,000	2,535,852
Canada Housing Trust	1.250	2020	4,985,000	4,980,703
NHA MBS #96505011 by Peoples Trust Co	4.200	2019	185,000	176,435
NHA MBS #96503636 by Equitable Trust Co	4.350	2018	620,000	547,425
Provincial (government and government guaranteed)				
Alberta	2.350	2025	$ 3,237,000	$ 3,230,361
Alberta	3.500	2031	300,000	317,786
Alberta	3.450	2043	811,000	836,611
Alberta	3.900	2033	563,000	621,634
British Columbia	6.350	2031	767,000	1,103,757
British Columbia	4.950	2040	241,000	316,649
British Columbia	2.800	2048	1,084,000	1,019,406
Manitoba	4.050	2045	254,000	286,352
Manitoba	2.850	2046	1,104,000	995,740
New Brunswick Sinking Fund Debenture	2.850	2023	384,000	402,375
New Brunswick Sinking Fund Debenture	3.550	2043	357,000	362,026
New Brunswick Sinking Fund Debenture	3.800	2045	1,160,000	1,231,926
New Brunswick Sinking Fund Debenture	4.800	2039	218,000	265,094
New Brunswick	4.800	2041	382,000	467,115
Ontario	4.000	2021	1,154,000	1,299,073
Ontario	3.150	2022	5,806,000	6,280,431
Ontario	8.500	2025	2,578,000	3,948,578
Ontario	7.500	2024	269,000	375,615
Ontario	2.900	2046	13,315,000	12,520,774
Ontario	3.500	2043	4,997,000	5,248,594
Ontario	3.500	2024	3,303,000	3,638,003
Ontario	4.700	2037	661,000	816,510
Ontario	5.600	2035	2,005,000	2,725,775
Ontario	5.850	2033	1,682,000	2,311,857
Ontario	6.200	2031	4,964,000	6,964,591
Ontario	6.500	2029	7,985,000	11,254,051
Ontario	7.600	2027	7,514,000	11,223,677
Ontario	8.000	2026	116,000	174,620
Ontario	8.100	2023	4,335,000	6,189,890
Ontario	8.500	2025	827,000	1,246,980
Ontario Hydro Debenture	8.250	2026	2,464,000	3,740,219
Quebec	0.000	2041	380,000	157,611
Quebec	2.750	2025	453,000	467,995
Quebec	3.500	2045	250,000	262,371
Quebec	5.000	2041	118,000	153,850
Quebec	4.250	2043	81,000	95,710
Quebec	6.000	2029	2,038,000	2,767,478
Quebec	8.500	2026	3,552,000	5,465,416
Quebec	9.375	2023	1,516,000	2,249,621

Canadian bonds ~ continued

	Interest Rate (%)	Maturity Date	Par Value or Units	Market Value
Provincial (government and government				
guaranteed—continued)	6.400	2031	$153,000	$217,616
Saskatchewan	3.900	2045	464,000	518,785
Saskatchewan	5.750	2029	96,000	126,752
Saskatchewan	2.750	2046	775,000	697,374
Saskatchewan				
Municipal (Government & Government Guaranteed)				
Municipal Finance Authority BC	3.350	2022	$139,000	$150,515
South Coast BC Transportation	3.800	2020	705,000	775,377
Corporate				
CBC Monetization Trust	4.688	2027	$131,097	$154,619
CDP Financial Inc	4.600	2020	138,000	156,730
Hospital for Sick Children	5.217	2049	330,000	413,664
Pooled Funds				
Phillips, Hager & North High Yield Bond Fund			$ 317,748.038	$ 3,326,345
Phillips, Hager & North Investment Grade Corp Bond			12,838,354.418	127,369,314
Trust			147,565.785	1,482,933
RBC High Yield Bond Fund Sr O				
				$277,420,750

Mortgages (2.38% of total)

	Units	Market Value
Phillips, Hager & North Mortgage Pension Trust	2,085,977.934	$22,401,108

Canadian equities (19.68% of total)

	Shares	Market Value
Consumer Discretionary		
Gildan Activewear Inc	91,746	$3,609,288
Cineplex Inc	31,460	1,495,923
Dollarama	28,154	2,250,631
Magna International Inc	36,637	2,056,068
Consumer Staples		
Alimentation Couche-Tard Inc Class B Sub-Vtg	70,621	$4,301,525
Energy		
Arc Resources Ltd	57,852	$ 966,128
CDN Natural Resources Ltd	76,476	2,311,105
CDN Energy Services & Technology	172,799	670,460
Keyera Corp	63,927	2,573,701
Paramount Resources Ltd	47,007	287,683
Suncor Energy Inc New	71,559	2,556,087
Tourmaline Oil Corp	49,738	1,111,644
Vermilion Energy Inc	33,085	1,244,327
Financials		
Bank of Nova Scotia (The)	55,450	$3,103,537
Brookfield Asset Management Inc Class A Ltd Vtg	91,717	4,003,447
Brookfield Property Partners LP	65,006	2,094,493
Colliers Intl Group Inc Subordiate Voting Com	20,175	1,245,403
Element Financial Corp	147,746	2,467,358
Manulife Financial Corp	218,101	4,523,415
Onex Corp Sub-Vtg	19,432	1,648,222
Royal Bank of Canada	85,817	6,363,331
Toronto-Dominion Bank (The)	139,213	7,550,913

Canadian equities ~ continued

	Shares	Market Value
Health Care		
Concordia Healthcare Corp Common	30,336	$1,715,197
Industrials		
Transforce Inc	41,522	$ 980,334
Brookfield Infrastructure Limited Partners	26,389	1,384,563
Canadian National Railway Co	45,939	3,553,382
Canadian Pacific Railway Limited Common	11,686	2,065,267
Materials		
Franco Nevada Corp	28,266	$1,789,238
Agnico-Eagle Mines Ltd. Com	28,727	1,044,801
Agrium Inc	12,957	1,602,392
Methanex Corp	19,172	876,160
West Fraser Timber Co Ltd	36,585	1,921,810
Information Technology		
CGI Group Inc	41,995	$2,326,523
Open Text Corp Com	26,586	1,763,715
Telecommunication Services	62,019	$2,372,847
Telus Corporation		
Pooled Funds		
bcIMC Active Canadian Equity Fund	9,727.182206	$93,072,461
Fiera Capital Small Cap Fund	47,901.755	10,291,764
		$185,195,145

Foreign equities (38.62% of total)

	Units	Market Value
Pooled Funds		
bcIMC Indexed US Equity Fund	5,441.767536	$ 48,104,371
bcIMC Active Emerging Markets Equity Fund	1,299.952625	1,698,578
bcIMC Active Global Equity Fund	115,006.773903	245,425,721
bcIMC Indexed Global Equity Fund	31,668.611873	68,241,140
		$363,469,809

Real estate (9.67% of total)

	Units	Market Value
bcIMC Realpool Investment Fund	10,397.926970	$91,041,472

Total Balanced Fund investment portfolio at market value	**$ 941,071,524**
Portion held by the University of Victoria Money Purchase Pension Plan (5.61%)	**$ 52,749,685**

APPENDIX B: History of the Plan

The Money Purchase Pension Plan is a defined contribution plan. It was created 1 January 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. 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.

On 1 January 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 1 January 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 1 November 2006.

On 1 November 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.

APPENDIX C: Service providers

Service providers at the end of December 2015	
Investment Managers	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
Custodian	RBC Investor Services Trust • custodian of plan assets, excluding bcIMC funds • payment service for pensions and taxable lump sums
Investment consultant	Towers Watson
Performance measurement	RBC Investor Services Limited
Actuary	Mercer (Canada) Limited
Auditor	Grant Thornton LLP