

University of Victoria Money Purchase Pension Plan 2016 Annual Report



Pension Board
University of Victoria

NOTICE OF ANNUAL GENERAL MEETING

Tuesday, April 18th, 2017

4:30 p.m.

Room A104

Bob Wright Centre

This is an informal meeting at which the Pension Board reports to the membership and answers questions.

The meeting will include a brief presentation.

The Pension Board hopes members will be able to attend.



The Pension Board has a new image!

**Look for our new logo on correspondence and other communications.
A new website is also under construction. Stay tuned!**



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¹ Full audited financial statements are available online at: www.uvic.ca/financialplanning/pensions/moneypurchase. A printed copy may also be requested from Pension Services.

The precise terms of the Plan are provided in the Plan Document, available on the Pension Services website. If there is a discrepancy between this report and the Plan Document, the Plan Document applies.

MESSAGE FROM THE CHAIR

Subsequent to the market crash of 2008, your pension plan has experienced a string of very good returns. In contrast, 2016 was in most respects a disappointing year. Our gross return of 4.98% did not compare well with the median of our peer universe at 6.8%, but we should focus on the fact that our 4 year (10.36% annualized) and 10 year (6.24% including the financial crisis of 2008) performance remains strong. In the past 4 years only 3 quarters have negative returns and industry standard measures of risk vs return are excellent for our plan. Remember also, that the Plan had a stellar year in 2015, performing at the 14th percentile in our peer group so some slippage in 2016 was perhaps not surprising. The concept of reversion to the mean is well established in investment management, as in many other fields, and we may suggest that we experienced a little of that last year, albeit nothing like enough to negate the previous good years! Our operating expenses remain extremely low at 0.35% (mostly investment management expenses whilst the pension office contributed only 0.04%) for a net return in 2016 of 4.63%.

Turning to a more detailed analysis of results in 2016, our performance measurement service (RBC Investor & Treasury Services) provided a 61 page report analyzing our results, so you will understand that such commentary is far from simple. A high spot was provided by our fixed income management where Phillips Hager and North claimed the #1 spot in our peer universe for domestic bonds with a return of 3.4% compared with the universe median at 1.7%. The currency fluctuations which benefited the Plan during 2015 turned against us in 2016. For example, US equity indices returned 12% on the year in US\$ but only 8% in CDN\$ and the situation was similar for overseas markets (5% in local currencies but 3.8% in CDN\$). However, the largest under performance came in our equity portfolios, where our Canadian managers under-performed the index (16.9% to 21.1%) and foreign management was similarly weak (0.5% compared with 3.3%). The global underperformance was particularly significant since those equities represent the largest slice of our assets at 36%. Certainly, there are hard questions to be asked of our equity managers when next we meet with them, but looking over the longer term, it is noticeable that they have tended to err on the side of down market protection, performing well in poor markets (for example 2015) and less well in up markets (2016 was a banner year for the Canadian market, #1 in the world). This is by no means a bad bias for the long term health of a pension plan. Of course, outperformance in both types of markets would be ideal but perhaps unrealistic! Turning to yet more detailed analysis the difficulties of calling the narrowly focused Canadian market are evident in examples such as the underweight of gold in our portfolios, which cost about 1.8% of performance in the materials sector, the absence of one stock, Valeant, in our portfolio which gave us positive 1.9% in health care, and financials where we dropped 3.5% of performance relative to the index because we were underweight some of the best performing stocks, notably Sun Life and Bank of Montreal.

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 14 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 and the subsequent performance of Canadian markets, this proved to be a good decision for 2015, but not so good for 2016. As always, it is the long term which counts!

MESSAGE FROM THE CHAIR

Turning to the administration of the Plan, I reported last year on the resignation of our long serving pension director, Susan Service, at the end of 2015. The process of finding a replacement proved to be a long one, ultimately taking all of 2016! We are very grateful to Kristi Simpson, who assumed interim responsibility for the work of the director in addition to her “day job” as Associate Vice-President, Financial Planning & Operations. A heavy load indeed, so congratulations Kristi on splendid management during a very difficult time for the pension office. Credit is also due to the pension office staff who coped admirably with the extra load occasioned by these changes.

Ultimately, as of 1st January 2017, we are extremely fortunate to have a well-qualified and able new director in the person of Christa Taylor, who comes to us with experience in several health related pension plans in Alberta, most recently with Local Authorities Pension Plan (LAPP). Welcome Christa! As reported in my last letter from the chair, 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.

You will recall that our Board of Trustees is composed of eight trustees. In 2017 the Board continued unchanged from 2015, namely myself, John Gilfoyle, Lisa Hill, Duc Le, Michael Miller, Martha O’Brien, Joe Sass, and Kristi Simpson. Martha continued in her role as Vice-Chair and continued also to provide her quiet wisdom and legal expertise (thank you Martha!). Our committee Chairs in 2016 were Kristi Simpson (Investment and Valuation committees), Martha O’Brien (Policy and Procedure), and myself (Governance and Communications). In 2017 Kristi will take a well-earned break from the Investment committee where she will be replaced as chair by Lisa Hill. Thank you Kristi for all your work in that area in addition to your many other responsibilities.

Finally, I look forward to meeting many of you at our Annual General Meeting on April 18th.

Best Wishes to all for 2017 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 (Canada)* and *Pension Benefit Standards Act (BC)*.

The Trust Agreement between the University of Victoria and the Pension Board sets out the rights and responsibilities of the Board. This document can be accessed on the Pension Services website:

www.uvic.ca/financialplanning/pensions/moneypurchase.

There are eight Trustees on the Pension Board, who also serve as the Board for the University of Victoria Combination Pension Plan. As at December 31, 2016, the Trustees were:

- ◆ Dr. Keith Dixon (Chair)
Professor Emeritus, Department of Chemistry
Term: January 1, 2015 to December 31, 2017
- ◆ Professor Martha O’Brien (Vice-Chair)
Professor, Faculty of Law
Term: January 1, 2015 to December 31, 2017
- ◆ Mr. John Gilfoyle
Investment & Strategy Consultant
Term: July 1, 2015 to June 30, 2018
- ◆ Ms. Lisa Hill
Senior Vice-President, Portfolio Manager (Raymond James Ltd)
Term: September 1, 2014 to August 31, 2017
- ◆ Mr. Joe Sass
Former Manager, Financial Accounting & Training
Term: January 1, 2015 to December 31, 2017
- ◆ Mr. Duc Le
Former Chief Finance & Administration Officer (Ocean Networks Canada Society)
Term: January 1, 2014 to December 31, 2016
- ◆ Dr. Michael Miller
Professor, Faculty of Engineering
Term: January 1, 2014 to December 31, 2016
- ◆ Ms. Kristi Simpson
Associate Vice-President, Financial Planning & Operations
Appointed ex-officio



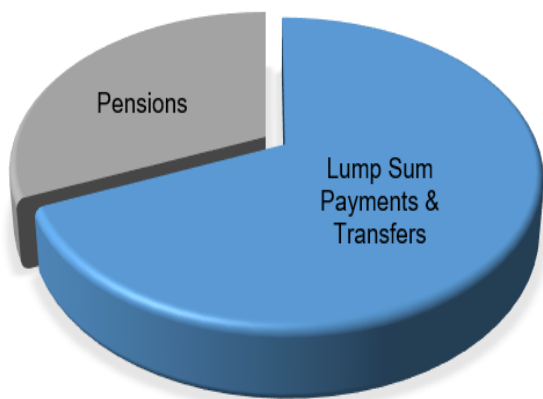
Financial Information

Investments & Returns (expressed in \$000's)		2014		2015		2016	
Market Value of Investments		\$48,261		\$52,750		\$58,024	
Balanced Fund			%		%		%
	Gross Returns	\$5,186	12.21	\$4,434	9.10	\$2,732	4.98
	Expenses	(146)	(0.34)	(190)	(0.39)	(190)	(0.35)
Net Returns¹		\$5,040	11.87	\$4,244	8.71	\$2,542	4.63

¹ The Balanced Fund's net returns are distributed to members' accounts

Benefit Payments

2016 Benefit Payments (\$)



Benefit Payments (expressed in \$000's)	2014	2015	2016
Lump Sum Payments & Transfers	1,553	2,310	849
Pensions	263	315	389
Total	1,816	2,625	1,238

Membership

The table below shows 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 transferred to another 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. Pensioners are members and beneficiaries who are drawing a monthly pension from the Plan.

Membership	2006	2008	2010	2012	2014	2016
Active members	285	334	356	370	366	371
Inactive members	331	370	412	465	506	557
Pensioners	0	4	9	13	21	30
Total	616	708	777	848	893	958

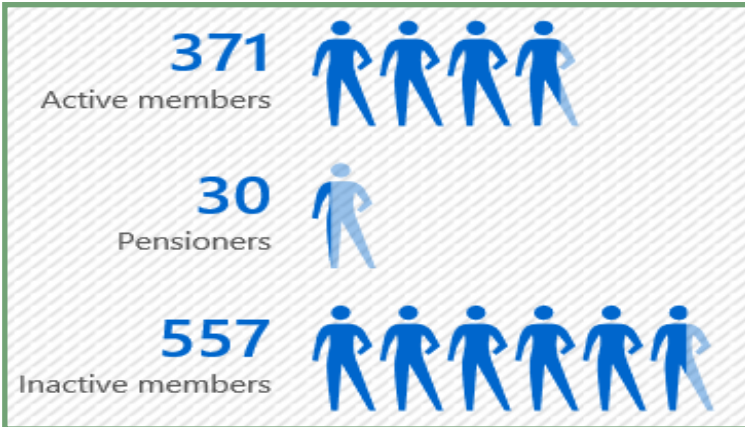
2016 HIGHLIGHTS

Membership (Continued)

Total Membership: 2006 vs 2016



2016 Membership



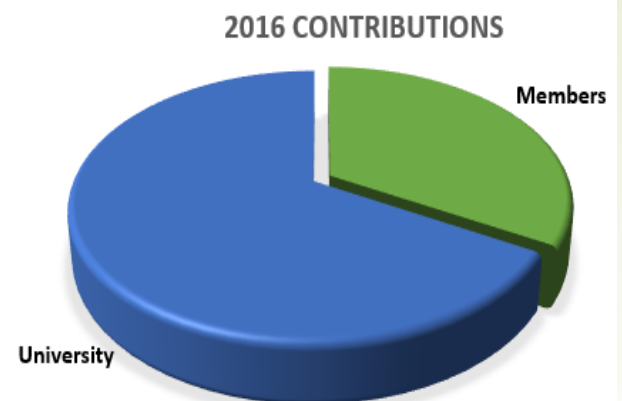
Membership Growth

- The Plan's total membership has grown by 342 members in the last 10 years; a 56% increase.
- In 2016, active members represented 39% of total membership, while inactive members made up 58%.
- The number of pensioners has increased steadily since 2006; the total number has grown 233% since 2010.
- In 2016, pensions payments represented 31.5% of all benefit payments.

UNDERSTANDING THE PLAN

Contributions

Contributions (expressed in \$000's)		2014	2015	2016
Members	Required	852	868	886
	Voluntary	49	51	49
	Transfers (from other plans)	259	211	769
University (Required)		1,981	2,020	2,056
Total		3,141	3,150	3,760



UNDERSTANDING THE PLAN

Contributions (Continued)

Money Purchase Contribution Account

Contributions by members and the University are credited to members' individual Money Purchase Contribution Accounts (MPCAs).

- Members' contributions are 3% of basic salary up to the YMPE¹, plus 5% of basic salary in excess of that amount.
- The University contributes to individual MPCAs an amount equal to 8.37% of basic salary up to the YMPE¹, plus 10% in excess of that amount.

Total contributions to individual members' MPCAs are therefore 11.37% of salary up to the YMPE¹, 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*.

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

Voluntary Account

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 2017 Contributions ~ Annual Salary of \$67,000

	Member		University		Total
MPCA Up to YMPE	\$55,300 x 3.00%	\$1,659	\$55,300 x 8.37%	\$4,629	\$6,288
MPCA Above YMPE	(\$67,000-\$55,300) x 5.00%	\$585	(\$67,000-\$55,300) x 10.00%	\$1,170	\$1,755
Total					\$8,043

Options at Retirement

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 In the Money Purchase Pension Plan, this 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 October 31 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; and non locked-in amounts that are under two times the YMPE¹ are paid out in cash, less withholding tax.

¹ YMPE: Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan (\$55,300 in 2017; \$54,900 in 2016)

UNDERSTANDING THE PLAN

Options at Retirement (Continued)

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 their financial advisor, and Pension Services 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, similar to an external life income fund (LIF). 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 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. 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.

Options at a Glance

- 1) Variable Benefit
- 2) Transfer Out

A member can choose to defer commencement of benefits, up to the end of the year in which he or she turns 71 years of age, by leaving the money within his or her MPCA.

1. Variable Benefit

This option is similar to an external life income fund (LIF). A member is eligible for this option from the Plan if his or her account balance is at least twice the YMPE¹ (in 2017, this amount is $\$55,300 \times 2 = \$110,600$). Balances in a voluntary account can be used to satisfy this requirement.

The funds that accumulated 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 maximum for a particular year only applies to the locked-in (post-1992) portion of a member's account.
- The minimum does not take effect until the year the member reaches age 72. For a particular year after age 71, the minimum is the value of the account at the start of the year, multiplied by the appropriate percentage rate from an age-based table (a spouse's age may be used instead of the member's).
- 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. When the member dies, any remaining balance forms the survivor benefit (refer to the Survivor Benefit section for more information). Therefore, if the member has a spouse, spousal consent is required for the variable benefit option.



¹ YMPE: Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan (\$55,300 in 2017; \$54,900 in 2016)

UNDERSTANDING THE PLAN

Options at Retirement (continued)

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 (LIF) until the following calendar year.

2. Transfer Out

Options external to the Plan include transfer of the account balance to another registered pension plan, a registered retirement savings plan, a registered retirement income fund, or an insurance company to purchase an annuity, in accordance with the requirements of the *Pension Benefit Standard Act (PBSA)*. Such transfer must be on a locked-in basis for that portion of the member's account contributed after December 31, 1992 plus the investment earnings on those contributions, but 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.



Options upon Cessation 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:

1. Leave Money Purchase Contribution Account (MPCA) on deposit for a future pension (default option, please refer to the previous section "Options at Retirement"); or
2. Transfer out:
 - For *non-locked-in funds*, the following options are also available:
 - Direct transfer to another registered pension plan (RPP)
 - Direct transfer to registered retirement savings plan (RRSP)
 - Direct transfer to registered retirement income fund (RRIF)
 - Purchase annuity from life insurance company (conditions may apply); or
 - Cash, less applicable withholding tax
 - For *locked-in funds*, the following options are also available:
 - Direct transfer to another registered pension plan (RPP)
 - Direct transfer to a locked-in retirement account (LIRA)
 - Direct transfer funds to a life income fund (LIF) (minimum 50 years of age); or
 - Purchase a deferred life annuity from an insurance company (minimum 50 years of age)

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.

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 Standard Act (PBSA)* is not subject to lock-in conditions.



UNDERSTANDING THE PLAN

Survivor Benefits

Survivor benefits are paid to a spouse or beneficiary upon a member's death.

If the member has a spouse, the spouse is automatically entitled to the pre-retirement survivor benefit unless they waive that right by completing a spousal waiver. The definition of spouse includes a common-law or same sex partner.

If the member has a spouse

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. Therefore, an eligible spouse may elect a monthly benefit or a transfer of the member's account balance out (please refer to the Options at Retirement section for more information).

A 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.

If the member has designated a beneficiary who is not a spouse

The survivor benefit for a beneficiary who is not a spouse is the balance accumulated in the member's MPCA and, if applicable, Variable Benefit Account (VBA) and Voluntary Account(s).

Plan Amendments

In March 2016, the University Board of Governors approved an amendment to the Trust Agreement and Plan Document, to reflect new faculty ranks included in the collective agreement agreed to by the parties in June 2015. The two new ranks include "associate teaching professor" and "teaching professor", which are now reflected in the said documents (available on the Pension Services website: www.uvic.ca/financialplanning/pensions).

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 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.

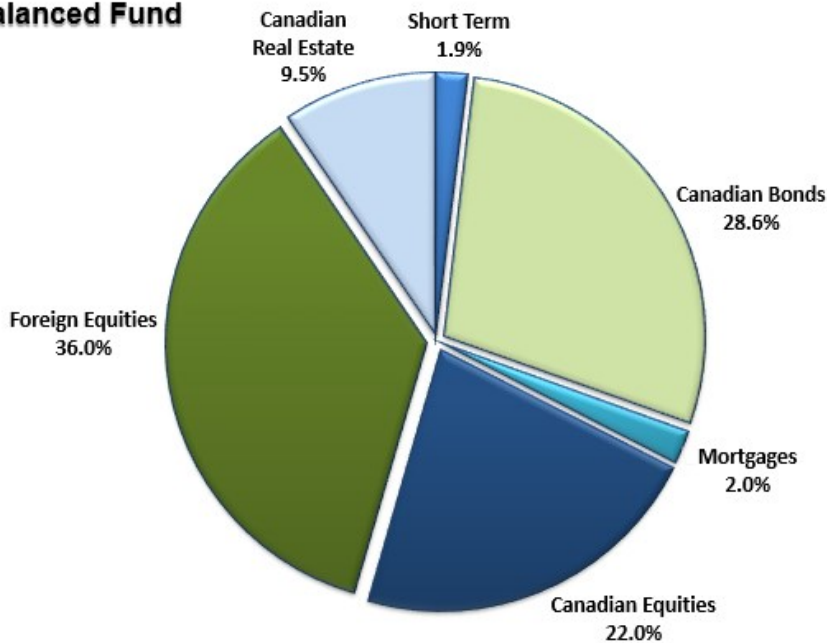


INVESTMENTS

Funds' Asset Mix

This chart shows the Fund's asset mix as at December 31, 2016.

Balanced Fund



A summarized list of portfolio holdings is also included in Appendix B. In an effort to reduce the use of paper, the full and detailed listing of portfolio holdings is now available at www.uvic.ca/financialplanning/pensions/moneypurchase/annualreports or by contacting Pension Services.

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 Pension Board's Investment 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.

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 benchmark 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.

The chart and table that follow provide gross return information as at December 31, 2016 (1 and 4 year) versus benchmark for each asset class and underlying manager.

INVESTMENTS

Fund's Asset Mix and Returns (Continued)

Balanced Fund Asset Mix and Performance as at 31 December 2016	Actual	Benchmark	1 year	1 year	4 year	4 year
	Weight	Weight (Range)	Gross Return	Benchmark Return	Gross Return	Benchmark Return
	%	%	%	%	%	%
SHORT-TERM¹						
BC Investment Management Corporation	-					
Fiera Capital Corporation	0.2					
Phillips, Hager & North Investment Management Ltd	1.7					
Total	1.9	0 (0-21)	0.9	0.5	1.8	0.8
FIXED INCOME²						
Phillips, Hager & North Investment Management Ltd	30.6	36 (20-46)	3.4	1.7	4.2	3.1
CANADIAN EQUITIES³						
BC Investment Management Corporation	11.1	11 each	17.8		11.2	
Fiera Capital Corporation	10.9	(9-13)	15.8		10.2	
Total	22.0	22 (14-27)	16.9	21.1	10.7	8.5
FOREIGN EQUITIES⁴						
BC Investment Management Corporation	36.0	32 (20-40)	0.5	3.3	17.9	18.0
REAL ESTATE⁵						
BC Investment Management Corporation	9.5	10 (5-15)	5.7	5.6	7.0	5.5
TOTAL FUND⁶						
			5.0	6.8	10.4	9.1

¹ Short Term Benchmark: FTSE TMX Canada 91-day T-Bill Index

² Fixed Income Benchmark: FTSE TMX Canada Universe Bond Index

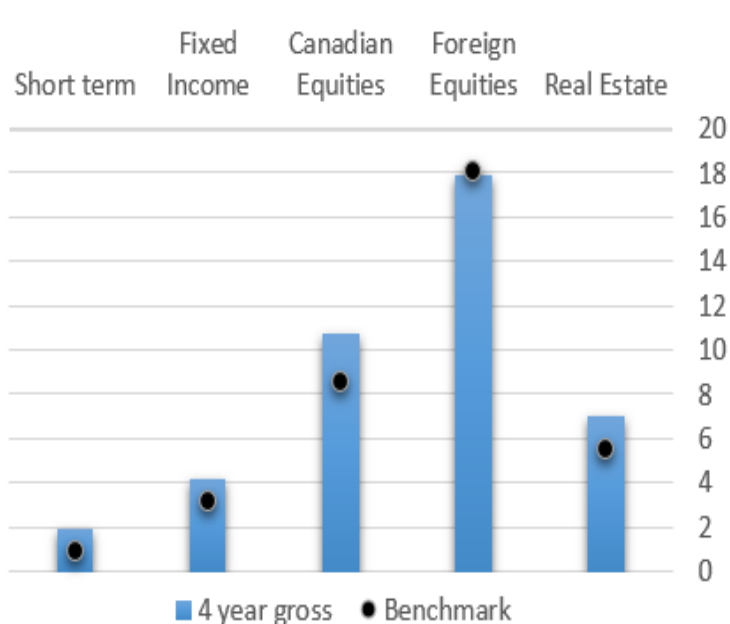
³ Canadian Equities Benchmark: S&P/TSX Composite Index

⁴ Foreign Equities Benchmark: MSCI World Ex-Canada Net, \$Cdn, Index

⁵ Real Estate Benchmark: Canadian Consumer Price Index plus 4%

⁶ Total Fund Benchmark: Composite Benchmark

4 year Gross Returns versus Benchmark



INVESTMENTS

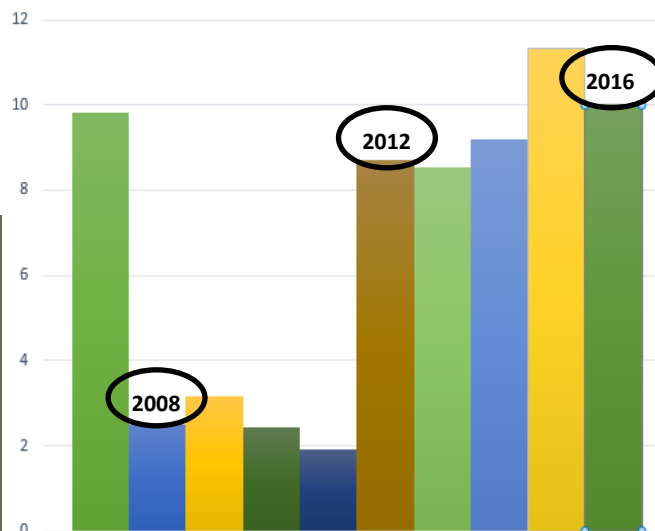
Investment Returns (Continued)

The following table shows the annualized rates of return on the Balanced Fund portfolio over the last ten calendar years.

Please note, past performance is not a reliable indicator of future performance.

Balanced Fund Annualized Returns (%)						
Periods ended December 31						
	1 year		4 year		10 year	
	Gross	Net	Gross	Net	Gross	Net
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
2007	2.94	2.68	10.05	9.78	8.49	8.20

4 Year Net Annualized Returns 2007 to 2016



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) and Voluntary Contribution Accounts.

Fund Expenses

This table 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 (0.33% is 33 basis points).

Balanced Fund Expense Ratio (expressed in \$000's)						
	2014		2015		2016	
		%		%		%
Investment management expenses	113	0.26	138	0.28	152	0.29
Custodial and consulting expenses ¹	7	0.02	7	0.02	7	0.01
Office and administration expenses	20	0.05	21	0.04	24	0.04
Audit and legal expenses ¹	6	0.01	24	0.05	7	0.01
Total expenses	146	0.34	190	0.39	190	0.35

SERVICE PROVIDERS

Service providers at the end of December 2016

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	Willis Towers Watson	
Performance measurement	RBC Investor Services Limited	
Actuary	Mercer (Canada) Limited	
Auditor	Grant Thornton LLP	

CONTACT US

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

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

Email: 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

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Retiring members should contact Pension Services
at least 3-6 months before their retirement date.

Meetings with the Pension Entitlements Officer are available by appointment.

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.

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.

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.

In September 2015, The amended Pension Benefits Standards Regulation became effective. The Plan was amended to reflect the new legislation.

APPENDIX B

Portfolio holdings as at December 31, 2016

Balanced Fund

ASSET	Shares or Units	Market Value (expressed in \$000's)
SHORT-TERM INVESTMENTS (1.8% of total)		
CANADA TREASURY BILLS	1,340,000	1,338
POOLED FUNDS	1,666,787	16,702
CANADIAN BONDS (28.6% of total)		
FEDERAL (Government & Government Guaranteed)	62,643,000	64,235
PROVINCIAL (Government & Government Guaranteed)	86,227,000	103,231
MUNICIPAL (Government & Government Guaranteed)	1,525,000	1,572
CORPORATE	590,263	700
POOLED BOND FUNDS	11,176,150	110,791
MORTGAGES (2.0% of total)		
POOLED MORTGAGE FUNDS	1,884,374	19,989
CANADIAN EQUITIES (22.0% of total)		
CONSUMER DISCRETIONARY	151,197	7,522
CONSUMER STAPLES	66,221	4,032
ENERGY	629,523	16,568
FINANCIALS	854,463	36,651
HEALTH CARE	0	0
INDUSTRIALS	180,694	13,456
MATERIALS	193,789	9,804
INFORMATION TECHNOLOGY	86,180	6,027
TELECOMMUNICATION SERVICES	48,486	2,073
POOLED FUNDS	53,343	120,324
FOREIGN EQUITIES (36.0% of total)		
POOLED FUNDS	153,294	353,930
REAL ESTATE (9.5% of total)		
POOLED FUNDS	10,085	92,966
TOTAL BALANCED FUND PORTFOLIO¹		981,908
COMBINATION PENSION PLAN	94.1%	923,884
MONEY PURCHASE PENSION PLAN	5.9%	58,024

¹ Some inconsistencies may exist due to rounding

In an effort to reduce the use of paper, a full and detailed listing of portfolio holdings is now available at www.uvic.ca/financialplanning/pensions/moneypurchase/annualreports or by contacting Pension Services.