

Financial Services

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# SIMON FRASER UNIVERSITY

## Administrative/Union Staff Pension Plan

### 2008 Annual Report

The Board of Trustees of the Administrative/Union Staff Pension Plan was established December 1, 1991. The Trustees are charged with the administration of the Fund on behalf of the Members. There are six Trustees appointed by the Board of Governors of Simon Fraser University, including one nominated by each of the Employee Organizations (APSA, CUPE, Poly Party). The Pension Plan is a defined benefit plan which will provide a monthly pension according to a formula. The University makes all the contributions to fund the pension benefits.

The Plan is governed by a Board of Trustees which as of December 31, 2008 consisted of:

Chair:	Denis Bérubé (Assistant V.P. Administration & Ancillaries)
Secretary:	Todd Mundle (Associate University Librarian)
	Dagni Lund (CUPE)
	Ken Thornton (APSA)
	Leo Eutsler (Poly Party)
	Dario Nonis (Executive Director, Human Resources)

The Plan Administrator is Alan G. Black. The investment managers are Beutel, Goodman Company Ltd., Alliance Bernstein through Sceptre Investment Counsel Ltd., Jarislowski Fraser Ltd., Sprucegrove Investment Management Ltd. and McKinley Capital Management Inc and Greiner-Pacaud Management Associates. The funds are invested prudently by using an asset mix of bonds, equity, domestic, foreign, real estate and other balanced funds. The Custodian of the Fund is CIBC Mellon. Quarterly performance reports are prepared by Towers Perrin. The Actuarial Consultant is Eckler Partners Ltd. and the Auditor is Ernst & Young.

At its meeting of September 10, 2008 the trustees approved the Actuarial Valuation report as at December 31, 2007 from the actuarial firm Eckler Partners Ltd. Actuarial valuations are done every three years according to two different methods: the going concern valuation and the solvency valuation. The going concern valuation takes a long-term funding view of the plan and shows a surplus of \$104,000. However, due to a change in economic indicators, the contribution rate to the plan by the University had to increase from 12.34% to 12.69% of base salaries on January 1<sup>st</sup> 2008. The solvency valuation, assesses whether, all future liabilities would be fully funded if the plan had been wound up on December 31<sup>st</sup> 2007. Using indicators prescribed by the Provincial Government, this valuation shows a funding deficiency of \$21,722,000. The actuary recommended a number of options to deal with this issue and the trustees unanimously passed a resolution which recommends that the University and the employee groups explore the various options as recommended by the actuary. The University and the representatives of the employee groups have started discussion on this issue. The next valuation will be as of December 31, 2010

At its meeting on May 6, 2009, the Trustees of the Simon Fraser University Pension Plan for Members of the Administrative and Union Staff approved the financial statements of the Fund as at December 31, 2008. These financial statements were audited by Ernst and Young whose report dated April 17, 2009 was qualified only in respect of not providing information on the actuarial present value of accrued pension benefits as at December 31, 2008, or the principal components of the change in that value during the year. While such information is recommended in the CICA Handbook, neither the Pension Plan Text nor the



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Canadian Revenue Agency require an actuarial valuation report to be prepared more frequently than every three years. Complete copies of the audited financial statements are available at the Human Resources, A.P.S.A., C.U.P.E. and Poly Party offices.

The membership of the Plan for the last three years was as follows:

	2008	2007	2006
Active Members	1547	1,558	1,482
Disabled Members	43	50	37
Deferred Pensioners	483	474	468
Pensioners and Beneficiaries	<u>262</u>	<u>257</u>	<u>212</u>
<b>TOTAL</b>	<b><u>2,335</u></b>	<b><u>2,339</u></b>	<b><u>2,199</u></b>

The attached table II shows the financial comparisons in the fund over the last three years.

The Net Rates of Return for the last five years after deduction of investment fees are as follows:

Table I

Year	2008	2007	2006	2005	2004
Net Annual Rate of Return	-14.0%	1.2%	13.5%	13.1%	11.1%

Historical Performance	1 Year	2 Year	3 Year	4 Year	5 Year
Net Annualized Rate of Return	-14.0%	-6.7%	-0.4%	2.8%	4.4%

Our Canadian equity return was -22.7% compare to S & TSX Composite of -33.0%. Our Global Equity was -32.2% compare to the MSCI world of -25.8%. Our bond fund returned 8.0% compare to the DEX Universe bond of 6.4% and our Real Estate fund returned 12.4% compare to a benchmark of -2.1%. So our total fund's return was -14.0% compare to a benchmark of -16.3%.

I hope you find this report useful. If you have suggestions or questions, you can forward them to me.

I wish to thank the trustees of the Plan and the Plan Administrator, Alan G. Black, for their conscientious efforts on behalf of the Plan Membership.

  
 Denis Bérubé – Chair

## Changes in Pension Fund

Table II	2008	2007	2006
<b>Market Value of Fund at Beginning of Period</b>	<u>\$ 188,906,286</u>	<u>\$ 188,594,303</u>	<u>\$ 167,673,870</u>
<b>Increase in Net Assets</b>			
Contributions:			
- University	10,896,624	10,046,667	9,201,519
- Voluntary	22,316	61,507	35,220
Investment Gains (Losses):			
- Interest & Dividends	5,897,724	5,345,648	4,780,970
- Capital Gains (Loss) - Realised	2,220,787	12,210,958	5,122,062
- Unrealised	(34,672,761)	(14,660,836)	12,786,885
<b>Total Increase (Decrease) in Net Assets</b>	<u>\$ (15,635,310)</u>	<u>\$ 13,003,944</u>	<u>\$ 31,926,656</u>
<b>Decrease in Net Assets</b>			
Benefits:			
- Commuted amounts paid out	9,869,272	8,681,568	7,236,780
- Pensions Paid	2,896,957	2,703,591	2,463,551
- Voluntary Conts. Refunded	324,243		
- Members' money purchase account - paid out	294,617	384,359	456,366
Fees & Expenses:			
- Investment	643,317	714,850	679,388
- Custodian	65,969	57,638	51,917
- Administrative	63,710	62,041	61,334
- Audit, Actuarial & Legal (1)	222,009	87,914	56,887
<b>Total Decrease in Net Assets</b>	<u>\$ 14,380,094</u>	<u>\$ 12,691,961</u>	<u>\$ 11,006,223</u>
<b>Market Value of Fund at End of Period</b>	<u>\$ 158,890,882</u>	<u>\$ 188,906,286</u>	<u>\$ 188,594,303</u>

(1) Increase in actuarial fees of \$129,772 are due to the tri-annual actuarial valuation