



FINANCIAL SERVICES

Financial Services

8888 University Drive
Burnaby BC Canada
V5A 1S6
Tele: 778-782-4015
Fax: 778-782-4009

SIMON FRASER UNIVERSITY

Administrative/Union Staff Pension Plan

2009 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, 2009 consisted of:

Chair:	Denis Bérubé (Retired)
Secretary:	Todd Mundle (Associate University Librarian)
	Dagni Lund (CUPE)
	Pam Stroud (APSA)
	Leo Eutsler (Poly Party)
	Dario Nonis (Executive Director, Human Resources)

The Plan Administrator is Alan G. Black. The funds are invested prudently by using an asset mix of bonds, equity, domestic, foreign, real estate and other balanced funds. At December 31st our investment managers were Beutel, Goodman Company Ltd., Jarislowski Fraser Ltd., Sprucegrove Investment Management Ltd. and McKinley Capital Management Inc and Greiner-Pacaud Management Associates. McKinley Capital has since been replaced by Marathon Asset Management LLP. The Custodian of the Fund is CIBC Mellon. Quarterly performance reports are prepared by Towers Perrin. The Auditor is Ernst & Young and the Actuarial Consultant is Eckler Partners Ltd.

Actuarial valuations are done every three years to: assess the value of the assets versus the liabilities of the pension fund, determine whether the fund is in a surplus or deficit, and calculate the rate of contribution necessary to fund future pension obligations. The last valuation was done as of December 31st 2007 and the next one will be at December 31st 2010. The current rate of contribution by SFU is 12.69% of basic salaries. The valuation is done using two 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 at December 31st 2007. However for purposes of the annual audited financial statement of the fund, an estimate of the actuarial position between valuations is required. This estimate, called an extrapolation, was done to December 31st 2009. Using assumptions and valuation methodology consistent with the long-term nature of the plan, the estimated financial position of the fund at December 31st 2009 was a deficit of \$10.1 million. If the market values of the assets at December 31st 2009 were taken into account, the deficit would have been \$26,186,153.

Under the solvency valuation, it assumes that the plan would have been wound up on December 31st 2007 and that all future liabilities had to be fully funded at that point. Using indicators prescribed by the Provincial Government, this valuation shows a funding deficiency of \$21,722,000. The actuary recommended some 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.



FINANCIAL SERVICES

At its meeting of May 19 2010 the Trustees approved the financial statements of the Admin/Union Pension Fund as at December 31st 2009 (a summary is included in Table II). 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:

	2009	2008	2007
Active Members	1,584	1,547	1,558
Disabled Members	39	43	50
Deferred Pensioners	494	483	474
Pensioners and Beneficiaries	<u>296</u>	<u>262</u>	<u>257</u>
TOTAL	<u><u>2,413</u></u>	<u><u>2,335</u></u>	<u><u>2,339</u></u>

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

Table I

Year	2009	2008	2007	2006	2005
Net Annual Rate of Return	13.2%	-14.0%	1.2%	13.5%	13.1%

Historical Performance	1 Year	2 Year	3 Year	4 Year	5 Year
Net Annualized Rate of Return	13.2%	-1.3%	-0.5%	2.8%	4.8%

The year 2009 was much better than 2008 as equity markets recovered some of the ground lost in 2008. Our Canadian equity return was 26.7% compared to the TSX Composite of 35.1%. Our Global Equity was 8.1% compared to the MSCI world of 10.4%. Our bond fund returned 9.0% compared to the DEX Universe bond of 5.4% and our Real Estate fund returned -12.5% compared to a benchmark of -0.8%. So our total fund's return was 13.2% compared to a benchmark of 15.7%.

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, in these difficult times, for their conscientious efforts on behalf of the Plan Membership.

Denis Bérubé – Chair



FINANCIAL SERVICES

Changes in Pension Fund

Table II	2,009	2008	2007
Market Value of Fund at beginning of period	<u>\$ 158,890,882</u>	<u>\$ 188,906,286</u>	<u>\$ 188,594,303</u>
Increase in Net Assets			
Contributions:			
- University	11,794,015	10,896,624	10,046,667
- Voluntary	28,975	22,316	61,507
Direct transfer in	78,682		
Investment Gains (Losses):			
- Interest & Dividends	6,027,693	5,897,724	5,345,648
- Capital Gains (Loss) - Realised	(5,303,534)	2,220,787	12,210,958
- Unrealised	20,203,204	(34,672,761)	(14,660,836)
Total Increase (Decrease) in Net Assets	<u>\$ 32,829,035</u>	<u>\$ (15,635,310)</u>	<u>\$ 13,003,944</u>
Decrease in Net Assets			
Benefits:			
- Commuted amounts paid out	4,839,043	9,869,272	8,681,568
- Pensions Paid	3,337,068	2,896,957	2,703,591
- Voluntary Conts. Refunded	104,185	324,243	
- Members' money purchase account - paid out	266,308	294,617	384,359
Fees & Expenses:			
- Investment	582,008	643,317	714,850
- Custodian	65,127	65,969	57,638
- Administrative	65,251	63,710	62,041
- Audit, Actuarial & Legal (1)	103,684	222,009	87,914
Total Decrease in Net Assets	<u>\$ 9,362,674</u>	<u>\$ 14,380,094</u>	<u>\$ 12,691,961</u>
Market Value of Fund at end of Period	<u>\$ 182,357,243</u>	<u>\$ 158,890,882</u>	<u>\$ 188,906,286</u>

(1) Increase in actuarial fees of \$129,772 in 2008 are due to the tri-annual actuarial valuation