

# **THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN**

**Annual Report and Financial Statements**

**For the Year Ended December 31, 2015**

THE UNIVERSITY OF WINNIPEG  
TRUSTEED PENSION PLAN

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

	<u>PAGE</u>
Board of Trustees	1
Board Executive and Board Committees	2
Report of the Chair	3
Operations Committee Report	4
Defined Benefits Committee Report	5
Defined Contributions Committee Report	6
Report of the Treasurer	7
Responsibility for Financial Reporting	13
Actuary's Opinion	14
Auditors' Report	15
<b><u>Financial Statements</u></b>	
Statement of Financial Position	Statement I 17
Statement of Changes in Net Assets Available for Benefits	Statement II 18
Statement of Changes in Obligations for Pension Benefits	Statement III 19
Summary of Investments	Schedule A 20
Statement of Financial Position by Segment	Schedule B 21
Changes in Net Assets Available for Benefits by Segment	Schedule C 22
Notes to the Financial Statements	23

## BOARD OF TRUSTEES

For the Association of Employees Supporting Education Services (AESES):

**Barry Barske** is a retired Support employee from the Department of Psychology

**Lorne Hilton** is the Labour Relations Officer for AESES and has extensive experience and training in both Pension and Benefits Administration

For the International Union of Operating Engineers (IUOE):

**Marc Lafond** is the Business Manager/Financial Secretary for IUOE

For the University:

**Michael Emslie** is the Acting Vice-President (Finance & Operations)

**Colin Morrison** is the General Counsel & Corporate Secretary

**Laurel Repski** is the Vice-President (Human Resources, Audit & Sustainability)

For the University of Winnipeg Excluded Employees:

**Mary Anne Walls** is the University's Manager, Campus Health & Wellness

For the University of Winnipeg Faculty Association (UWFA & UWFA-Collegiate):

**Hans Werner** is a Professor in History, Mennonite Studies (on leave from January 1, 2015)

**Murray Wiegand** is a Professor in Biology

**Robert Sveinson** is an Instructor in the Collegiate

For the University of Winnipeg Retirees Association (UWRA):

**Ed Byard** is a retired Biology Professor

**Bill Evans** is a retired Biology Professor

External Trustees:

**Ray Erb** is a retired Staff Representative and Pensions & Benefits Specialist from the Manitoba Government and General Employee's Union where he was employed for 35 years. For the last ten years he continues to serve as a member of the Civil Service Superannuation Board and the Healthcare Employees Pension Plan.

**Henry Hudek**, MBA, CFA, is the Vice-President, Business Development with Cardinal Capital Investment working directly with the Cardinal advisor network, supporting referring advisors and their clients within Manitoba and across Western Canada.

**Ron Youngson** is the Director of Group Retirement for Onyx Financial Group, responsible for all phases of new case establishment, including plan design, investment menu selection, member communication and education.

## BOARD EXECUTIVE AND BOARD COMMITTEES

### Board Executive:

- Henry Hudek (Chair)
- Laurel Repski (Vice-Chair)
- Mike Emslie (Treasurer)
- Mary Anne Walls (Secretary)

### Defined Contribution Committee:

- Ron Youngson (Chair)
- Hans Werner
- Laurel Repski
- Ray Erb
- Henry Hudek
- Mary Anne Walls
- Robert Sveinson
- Marc Lafond

### Operations Committee:

- Hans Werner (Chair)
- Henry Hudek
- Ed Byard
- Mary Anne Walls
- Mike Emslie
- Colin Morrison
- Laurel Repski

### Defined Benefit Committee:

- Mike Emslie (Chair)
- Barry Barske
- Lorne Hilton
- Bill Evans
- Colin Morrison
- Ron Youngson
- Murray Wiegand

## REPORT OF THE CHAIR

The year 2015 saw negative returns for Canadian equity markets and quite modest for most other asset classes. The DB portion of the Plan had a positive investment return of less than 4% with the diversification in Foreign equities and Real Estate providing returns near 10%. Returns were less than assumed in our actuarial valuations, resulting in the Plan liability growing, rather than shrinking as it has since the end of the financial crisis in 2009. Coupled with this, our actuarial assumptions continue to grow more conservative due to lowering expected rates of return and increasing lifespans for members. These have the effect of increasing the funding needed to eliminate the Plan's liability. DB members should remember that their benefits are payable by the Plan, regardless of investment returns, and that the University is responsible for funding all liabilities.

For DC members, diversification out of Canada was fruitful. All the Plan's Balanced funds – including Target Date – had a positive return for the year. As well, all US and Foreign Equity funds had very good returns, with a significant boost from the decline in the Canadian dollar against other currencies. The bond funds had positive returns as well, with only the Canadian equity offerings experiencing negative returns. Despite the Canadian equity negative year, all of the funds available in the Plan returned positive results for 2, 3 and 5 year periods, which reinforces the value of continuing to save without letting 1 year returns inhibit savings.

This investment outcome is primarily a result of continuing strength in the US economy, but coupled with a commodity price decline precipitated by recognition of slowing growth in China. Energy prices experienced the same outcome, exacerbated by strong supply from the US and OPEC members. Modest global growth is likely to continue, but headlines will focus on the slowness and tentative nature of that growth. Interest rate increases in the US are likely, but the pace and outcomes of each will roil equity markets. This should not be used as an excuse to refrain from long-term investing.

The DB Committee is continuing to review its investment managers with a view to maintaining performance and reducing fees, and has moved custodial responsibilities to CIBC Mellon in order to reduce costs and improve service. We hope that DC members are receptive to Sun Life's efforts to provide information, education and on-line tools to assist you in the management of your pension assets. We are hopeful of a more positive year in 2016.

Henry Hudek  
(Chair)

## OPERATIONS COMMITTEE REPORT

The mandate of the Operations Committee of the Board of Trustees is to ensure that the Plan is administered in compliance with the Plan text and regulatory requirements. The Committee also serves as the Plan's audit committee and in that capacity met with the Plan's auditors, KPMG, to plan for the audit and to review the resulting report. There were no significant issues raised in the 2015 audit and the Committee recommended the approval of the audited financial statement to the Board of Trustees.

In the last number of years, the Operations Committee, along with the other Board Committees, has undertaken reviews of the major service providers for a number of important Plan functions. In 2015, the Committee began a process of review and ultimately a request for proposals for custodian services for the Defined Benefit component of the Plan. The custodian is the organization that holds the Plan's DB investment funds and makes benefit payments to DB beneficiaries.

The custodian fulfills an important function and it took some time and effort to conduct the process of selection that ultimately resulted in the appointment of a new custodian, CIBC Mellon. The decision to appoint CIBC Mellon as the successor custodian was based on a number of factors including: extensive experience, technology, service and cost.

The change is effective July 1, 2016, and DB pensioners have been notified that their monthly pension payments will now be paid by CIBC Mellon. There is no impact on the pension entitlement of DB Plan members resulting from the change in custodians. Pension benefits are determined by the Board of Trustees in accordance with the provisions of the pension plan, and the custodian is merely responsible for processing payments to pensioners. It is important to note, however, that DB pensioners will be receiving two tax slips (one from RBC IS and one from CIBC Mellon) for the 2016 calendar year. In keeping with its mandate, in 2015 the Committee also initiated the creation of a Records Retention Schedule to ensure that the Board of Trustees maintains appropriate records on behalf of the Plan.

An important function of the Operations Committee is Plan Governance oversight. This activity involves making sure that the Plan risks are regularly assessed, that regulatory requirements are followed and new developments are kept abreast of, that stakeholder Trustees are appointed, and that ongoing Trustee education is organized and promoted.

Hans Werner  
(Chair)

## DEFINED BENEFIT COMMITTEE REPORT

The assets of the Defined Benefit component of the Plan achieved a positive return in 2015. While Canadian equities declined in value in the year and global equities markets struggled, the fall of the Canadian dollar resulted in strong returns in our foreign investments. The changes to the Statement of Investment Policy (SIP) in 2013 and the resulting changes to the asset mix of the Plan resulted in improved returns from the Plan, as the falling Canadian dollar off-set the impacts of flat or falling global markets. The Plan's investment in Real Estate also contributed strong returns.

The Fund's global equity manager continued to lag its benchmark. The Committee has been actively meeting with this manager to discuss the underlying causes and has been evaluating this manager against others with similar mandates.

The SIP includes a de-risking strategy which will see a decrease in the percentage of assets dedicated to more risky growth such as equities and an increase in less risky fixed income assets over time as the Plan's funded position increases through gains in the market and additional contributions from the University. The returns in 2014 were not sufficient to move the fund along the glide path to a more conservative investment position for 2015. The determination to move along the glide path is made annually in the fall of the following year when the previous year's actuarial valuation is complete.

Strong returns from the Plan over the past four years have resulted in another cost of living increase for pensioners as the average returns over the past four years exceeded 6%. Because of the strong performance of the assets, the Plan has provided cost of living increases in each of the last three years of .83% on July 1, 2013, 1.24% on July 1, 2014, and 1.2% on July 1, 2015. It is expected that there will be a further cost of living increase effective July 1, 2016.

Mike Emslie  
(Chair)

## DEFINED CONTRIBUTION COMMITTEE REPORT

As has been the case in prior years, the last year was another busy one for the Defined Contribution Committee. At the quarterly Committee meetings, Sun Life service and action plan reports are reviewed. Since being confirmed as the DC service provider in 2013/2014 Sun Life has delivered on all their service standards and issues.

The Committee continues to work on reviewing the list of available investment fund choices with an eye towards eliminating Funds that are similar in mandate and/or are being underutilized. Member input regarding the number and suitability of investment choices will be canvassed, by survey, as part of this process.

Use of on-line retirement planning, investment review and selection, and member education tools provided by Sun Life continues to be low, as is attendance at in-person education sessions. The Committee will be looking at ways to incentivize members to encourage greater interest in taking advantage of available on-line tools and in-person education opportunities. When looking at the membership of the DC Component, approximately 1/3 of the members are age 50 or older. The Committee is considering targeted education sessions that will focus on the de-cumulation options (converting a Plan member's DC account balance to an income stream) available to retiring DC members.

The Committee monitors and is satisfied that the operation of the DC component of the Plan complies with all Capital Accumulation Plan (CAP) and Canadian Association of Pension Supervisory Authorities (CAPSA) Guidelines

Plan member statements are provided semi-annually. Mid-year statements are available in online format only; year-end statements are provided in hard copy, with the Plan member being able to choose an online statement in lieu of the paper statement. The Committee continues to monitor uptake of this option and in the interest of sustainability encourages all Plan members to make the change to online statements. The Committee also reviewed two new services available from Sun Life – those being on-line enrolment and on-line beneficiary appointments/changes. Implementation of these two services has been deferred as the Committee still has concerns about potential adverse consequences to Plan members and/or the Plan.

Ron Youngson  
(Chair)



## REPORT OF THE TREASURER

### Overview:

This report provides a summary of the financial performance of the University of Winnipeg Trusteed Pension Plan for the year ended December 31, 2015, including:

- A brief description of the Plan
- Summary of changes in membership
- Discussion of the change in asset values

### The Plan:

The University of Winnipeg Trusteed Pension Plan has two distinct components: the Defined Benefit (DB) component which is closed to new members, and the Defined Contribution (DC) component, established January 1, 2000 which all new employees join upon becoming eligible.

The DB component is intended to provide members with a monthly benefit upon retirement. The benefit is calculated using a prescribed formula that takes into account:

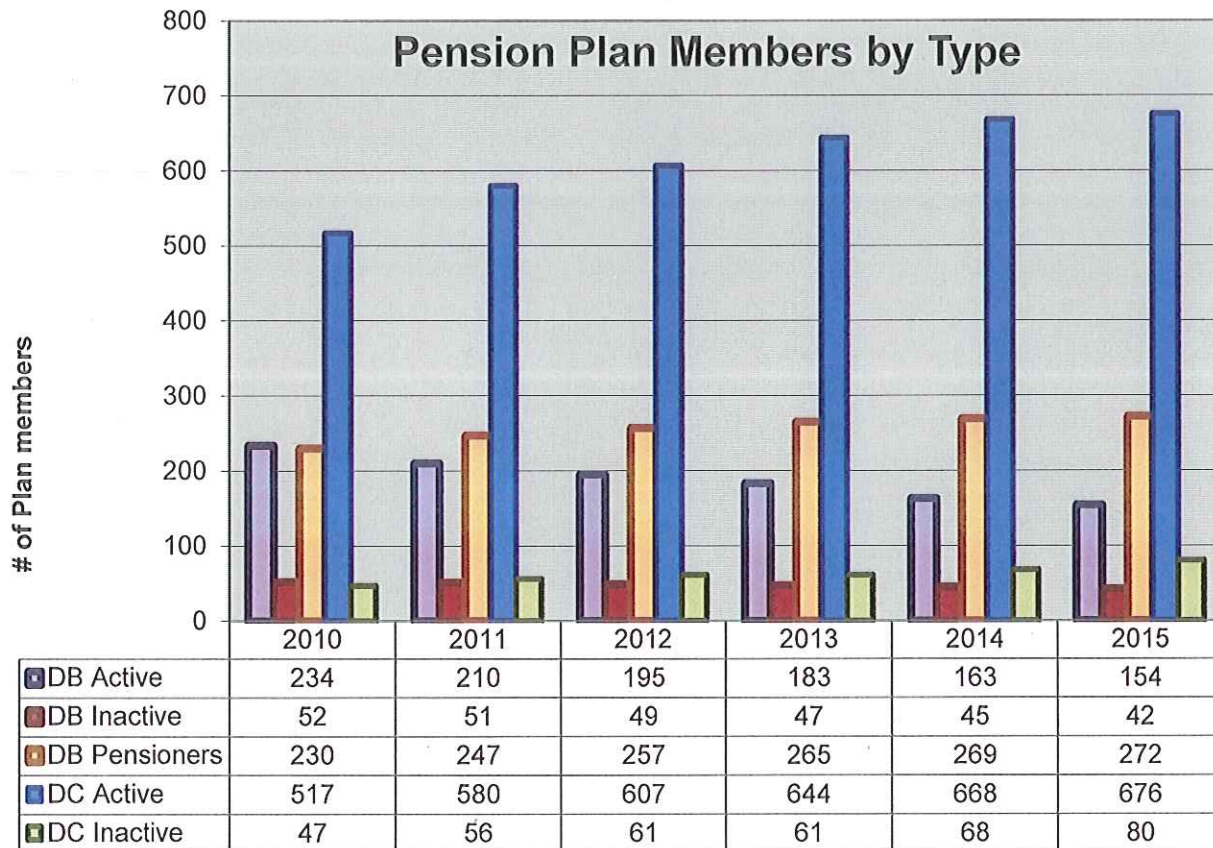
- Years of credited service
- Average pensionable salary (with a reduction for the Canada Pension Plan)

The formula pension is subject to a Plan benefit maximum of \$1,722.22 per year of pensionable service, according to the current Plan provisions. Retirement options include a choice of monthly pension from a variety of payment options, or a transfer of the Commuted Value to a LIRA (Locked-In Retirement Account) or a LIF (Life Income Fund). The DB pension benefit is funded by member and University contributions and investment earnings.

The DC component is intended to provide members with a pension benefit upon retirement that is based on contributions made by the member and the University into a range of investment choices provided through Sun Life Financial. The combination of the contributions and investment earnings provide Plan members with a lump sum value that can be transferred into another registered retirement investment vehicle, or invested through Sun Life to provide a monthly pension benefit.

For additional information relating to the University of Winnipeg Trusteed Pension Plan please go to <http://www.uwinnipeg.ca/hr/benefits/pension.html>.

The following graph shows the number of members in each Plan category for the past six years. An Inactive member is a DB or DC member who has left the University but has not yet settled his/her pension benefit.



### Financial Results

The 2015 financial statements were prepared in accordance with CICA accounting standards for Pension Plans. The returns on Plan assets for 2015 were positive but lower than experienced over the past few years as markets were relatively flat through the year. When combined with contributions from the University and Plan members, the net assets of the Plan at December 31, 2015 increased by \$6.2 million to \$186.5 million from \$180.3 million at December 31, 2014.

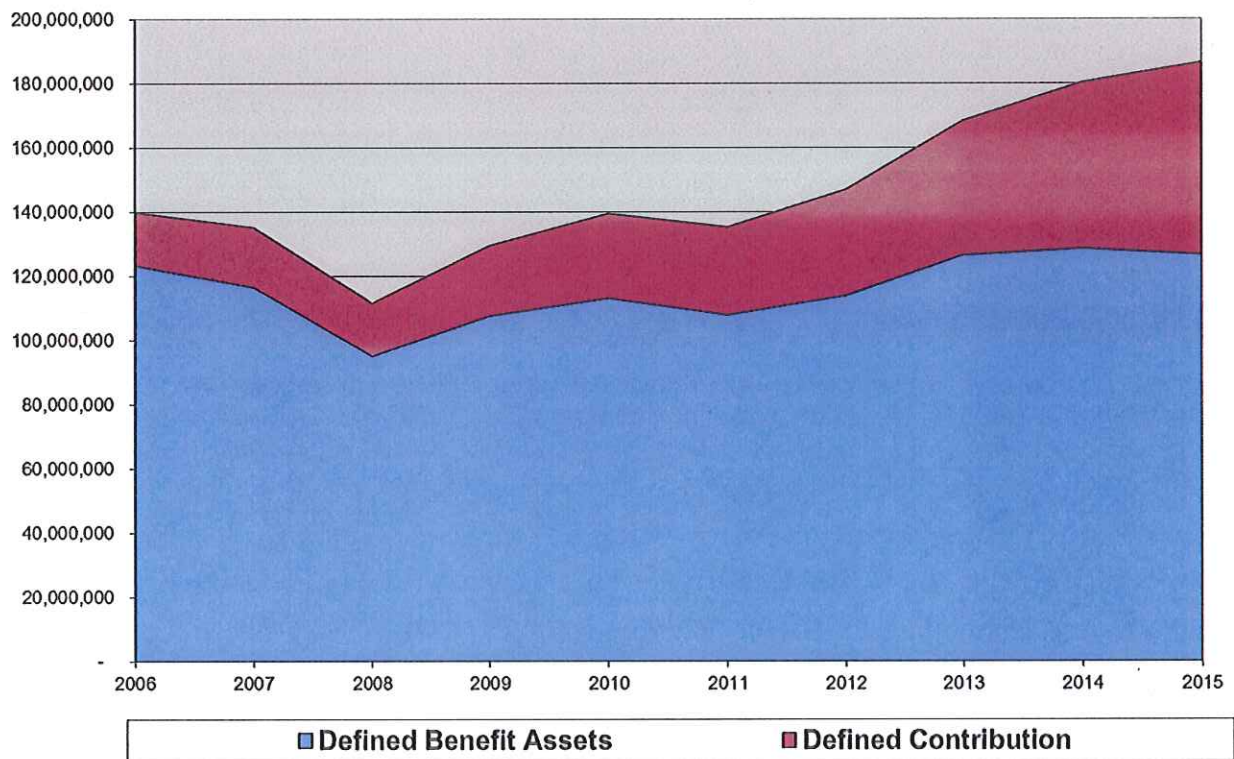
The net return for 2015 on the Defined Benefit component, based on market value and net of expenses, was 3.32% (as compared to 9.23% for 2014). According to the smoothing calculation, which is a geometric average of returns over a four year period, the return on the fund was 8.41% (as compared to 7.2% for 2014).

This smoothing method of calculating the return on the Fund is used to determine whether a cost of living increase is payable to pensioners. For a cost of living increase to be payable, the smoothed rate earned by the Fund must be greater than 6%. Since the smoothed rate for 2015 was 8.41%, a cost of living increase of the Consumer Price Index from December 2014 to December 2015 or 1.61% will be payable effective July 1, 2016.

The net return on the Defined Contribution component varies by investment fund and by Plan member depending on individual fund selection.

The following graph provides a nine year overview of the changes in Plan Assets.

**Plan Assets 2006 - 2015**



**Valuation**

The DB component of the Pension Plan is required to undergo an actuarial valuation on a regular basis. The last full valuation was performed as of December 31, 2014.

As the DB pension fund is below 90% funded on a solvency basis, it is subject to annual actuarial reviews. According to the most recent valuation, the Plan’s unfunded liability position decreased at December 31, 2014 from December 31, 2013. As a result the University’s special funding payments for the period starting January 1, 2015 were reduced somewhat. The decrease

in the unfunded liability is the result of better than anticipated investment returns in 2014 and the impact of the special funding payments made by the University.

The Statement of Investment Policy (SIP) for the DB component of the Plan calls for the Plan to reduce the risk in the investment portfolio as the Plan becomes better funded. The 2014 going concern ratio was less than 90% and greater than 85% so no adjustment to the asset mix was required. The SIP also calls for the Plan to reallocate a portion of its fixed income assets from Universe Bonds to Long-Term Bonds which behave more similar to the Liabilities of the Plan. In 2015 an additional 10% of the Bond portfolio was moved from Universe Bonds to Long Bonds in accordance with the SIP.

It is important to note that the unfunded actuarial liability in the Plan does not impact the benefits that the Defined Benefit members are accruing or are receiving, but it does affect the amounts that the University is required to pay into the Plan to fund those benefits.

More information on the valuation is available on the Trustees website under Documents & Forms at:

<http://www.uwinnipeg.ca/hr/benefits/pension-trustees.html>

#### **Contributions, Benefit Payments and Plan Expenses:**

Active Members and the University make regular contributions to the DB and DC components of the Pension Plan based on the contribution formulas set out in the Plan.

The University also made required additional contributions to the DB component in 2015 of \$2.166 million. This is made up of \$350,000 to fund a current service shortfall and Plan expenses (the cost of DB benefits earned by active DB members plus Plan expenses in 2015 were \$301,000 higher than the member and University's basic contributions for the year, that difference was made up by additional contributions from the University) and \$1.816 million to address the "going-concern" actuarial valuation deficiency for 2015. These payments will continue to be required until the actuarial deficiency is eliminated.

The attached financial statements are prepared to assist Plan members and others in reviewing the activities of the Plan for the year. They do not report on the funding requirements of the Plan. This information is provided in the actuarial valuations.

The Plan's 2015 Financial Statements received an unqualified audit opinion from KPMG, an independent audit firm appointed by the Board of Trustees.

The following table summarizes the non-investment related transactions of the Plan

<b>Contributions</b>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
DB Member	852,196	785,478	873,936	958,753	893,509	830,921
DB University	1,745,399	4,501,369	5,160,859	4,211,465	3,486,099	3,173,885
DC Member	1,506,344	1,603,161	2,020,518	2,532,999	2,764,090	3,003,486
DC University	1,520,145	1,620,873	2,033,904	2,549,143	2,768,105	3,019,152
	5,624,084	8,510,881	10,089,217	10,252,360	9,911,803	10,027,444
<b>Distributions</b>						
DB Pensioners	6,219,149	6,659,993	7,214,854	7,578,593	7,880,869	8,111,698
DB Refunds & Transfers	1,866,029	2,476,906	917,849	508,277	5,656,105	1,977,876
DC Refunds & Transfers	1,141,792	1,948,097	632,782	1,451,104	690,465	1,508,938
DB Investment Manager Fees	399,344	398,867	392,836	428,289	559,254	531,730
DB Actuarial Fees	82,432	144,158	83,863	61,013	36,055	40,116
DB Custodial Fees	52,309	45,428	44,903	47,603	48,619	47,187
DB/DC Administration Fees	37,098	25,137	41,151	35,756	29,226	23,982
DB/DC Other Expenses	122,225	106,964	96,421	119,062	79,194	53,541
	9,920,378	11,805,550	9,424,659	10,229,697	14,979,787	12,295,068

**Benefit Payments:**

Benefit payments to DB pensioners increased by \$230,829. 2015 saw a return to historical normal after an unusually high number of members commuted their pension benefits in 2014. DC refunds and transfers were up \$818,473 from last year. Overall, Plan expenses were down slightly as investment management fees and other expenses were lower than the prior year.

**DC Fund Asset Mix**

The Defined Contribution component of the Plan is a member directed investment plan administered through Sun Life Financial.

The following table summarizes the percentage of assets invested in each fund offered by the Plan as at December 31, 2015.

Fund Name	%	Fund Name	%
B.G. Balanced Fund	10.2%	MB Responsible Balanced	1.0%
B.G. Global Fund	0.3%	MB Responsible Cdn. Equity	0.9%
B.G. American Equity	4.8%	MB Responsible Global Research	0.7%
BLK Active Canadian Eq.	3.2%	SLA Universe Bond Fund	3.5%
JF Canadian Equity Fund C	2.3%	SLA 5Yr Guaranteed Fund	0.9%
MB Cdn Equity Core Fund	0.5%	SLF Money Market	2.2%
MB Global Research A	1.4%	TDAM Balanced Index Fund	28.9%
MB Global Equity Fund	3.4%	TDAM Cdn Bond Index Fund	2.8%
MB Lifeplan 2015	1.9%	TDAM Cdn Equity Index Fund	2.1%
MB Lifeplan 2020	6.7%	TDAM Global Equity Index	0.7%
MB Lifeplan 2025	4.2%	TDAM US Mkt Index Fund	2.2%
MB Lifeplan 2030	3.2%		
MB Lifeplan 2035	3.7%		
MB Lifeplan 2040	3.5%		
MB Lifeplan 2045	2.4%		
MB Lifeplan 2050	0.9%		
MB Lifeplan Retiree	1.8%		

Michael D. Emslie, CPA, CA

Treasurer, University of Winnipeg Trusteed Pension Plan

June 6, 2016



# THE UNIVERSITY OF WINNIPEG

## THE UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The University of Winnipeg contracted by the Trusteed Board of The University of Winnipeg Trusteed Pension Plan are responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with the accounting principles stated in the financial statements and approved by the Board of Trustees.

As management is responsible for the integrity of the financial statements, management has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available at the time of preparing the financial statements.

*(Original signed by Michael Emslie)*

---

Michael Emslie, CPA, CA  
(Acting) Vice-President Finance & Administration

*(Original signed by Gary Pawlychka)*

---

Gary Pawlychka, CPA, CGA  
Executive Director, Financial Reporting

June 6, 2016

Andrew Kulyk, FSA, FCIA

**Eckler Ltd.**  
2475 – One Lombard Place  
Winnipeg, Manitoba R3B 0X3  
Canada

Tel 204-988-1586 Fax 204-988-1589  
[www.eckler.ca](http://www.eckler.ca)

Writer's Tel 204-988-1572  
Email [akulyk@eckler.ca](mailto:akulyk@eckler.ca)

## Actuary's Opinion

Eckler Ltd. had been retained by The Board of Trustees of the University of Winnipeg Trusteed Pension Plan Trust to perform an actuarial valuation of the assets and the going-concern liabilities of the defined benefit part of the University of Winnipeg Pension Plan (the "Plan") as at December 31, 2014 and adapted that valuation for inclusion in the Plan's financial statements. Eckler Ltd. has prepared an extrapolation of the results of that valuation to December 31, 2015 for inclusion in the Plan's financial statements.

In my opinion, for the purposes of the valuation,

- (a) the membership data on which the valuation is based are sufficient and reliable,
- (b) the assumptions are appropriate, and
- (c) the methods employed in the valuation are appropriate.

This report has been prepared and my opinion given in accordance with accepted actuarial practice in Canada.

June 22, 2016  
Date

*(Original signed by Andrew Kulyk)*  
Andrew Kulyk,  
Fellow of the Society of Actuaries  
Fellow of the Canadian Institute of Actuaries





**KPMG LLP**  
Suite 2000 - One Lombard Place  
Winnipeg MB R3B 0X3  
Canada

Telephone (204) 957-1770  
Fax (204) 957-0808  
Internet www.kpmg.ca

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
University of Winnipeg Trusteed Pension Plan

We have audited the accompanying financial statements of University of Winnipeg Trusteed Pension Plan, which comprise the statement of financial position as at December 31, 2015, the statements of changes in net assets available for benefits and changes in obligations for pension benefits for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of University of Winnipeg Trusteed Pension Plan as at December 31, 2015, and the changes in its net assets available for benefits and changes in its obligations for pension benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

*KPMG LLP*

---

Chartered Professional Accountants

June 6, 2016

Winnipeg, Canada

## UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Financial Position

December 31, 2015, with comparative figures for 2014

	2015	2014
<b>Assets</b>		
Cash	1,269,955	1,900,609
Contributions receivable:		
Members	89,851	64,758
University	298,798	274,408
Investments (schedule A)	<u>185,004,777</u>	<u>178,379,233</u>
	<u>186,663,381</u>	<u>180,619,008</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	158,915	172,634
Due to University of Winnipeg	<u>41,655</u>	<u>172,358</u>
	<u>200,570</u>	<u>344,992</u>
<b>Net Assets Available for Benefits</b>		
Available for defined contribution obligations	59,876,852	51,772,537
Available for defined benefit obligations	<u>126,585,959</u>	<u>128,501,479</u>
	186,462,811	180,274,016
<b>Obligations for Pension Benefits</b>		
Defined contribution obligations	59,876,852	51,772,537
Actuarial present value of accrued pension benefits	<u>147,519,000</u>	<u>142,734,000</u>
<b>Deficiency of Net Assets Available for Benefits over Obligations for Pension Benefits</b>	<u>(20,933,041)</u>	<u>(14,232,521)</u>

Continuity of operations [note 2(a)(ii)]

On behalf of the Board of Trustees:

*(Original signed by Henry Hudek)* Chair*(Original signed by Laurel Repski)* Vice-Chair

See accompanying notes to financial statements

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

## Statement of Changes in Net Assets Available for Benefits

December 31, 2015, with comparative figures for 2014

(see schedule C)

	2015	2014
Increase (decrease) in assets:		
Contributions (note 6):		
Members		
Required contributions	3,834,407	3,657,599
University		
Current service contributions	4,377,037	4,251,204
Special contributions	1,816,000	2,003,000
Transfers from other plans	217,348	70,042
Investment income	19,977,078	8,029,507
Current period change in fair value of investments	(12,809,535)	3,264,260
Net realized gain on sale of investments	1,071,528	5,673,079
	<u>18,483,863</u>	<u>26,948,691</u>
Decrease in assets:		
Benefits paid		
Retirement benefit payments	8,111,698	7,880,869
Termination benefit payments	3,486,814	5,533,686
Death benefit payments	-	812,884
Administrative expenses:		
Investment managers' fees	531,730	559,254
Actuarial fees	40,116	36,055
Administrator's fees	23,982	29,226
Custodial fees	47,187	48,619
Audit fees	16,000	17,159
Other expenses	37,541	62,035
	<u>696,556</u>	<u>752,348</u>
	<u>12,295,068</u>	<u>14,979,787</u>
Net increase (decrease) in assets available for benefits	6,188,795	11,968,904
Net assets available for benefits, beginning of year	<u>180,274,016</u>	<u>168,305,112</u>
Net assets available for benefits, end of year	<u>186,462,811</u>	<u>180,274,016</u>

See accompanying notes to financial statements

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

## Statement of Changes in Obligations for Pension Benefits

Year ended December 31, 2015, with comparative figures for 2014

	2015			2014		
	Defined Benefit Segment	Defined Contribution Segment	Total	Defined Benefit Segment	Defined Contribution Segment	Total
OBLIGATIONS FOR PENSION BENEFITS, BEGINNING OF YEAR	142,734,000	51,772,537	194,506,537	144,639,000	41,889,065	186,528,065
Interest accrued on benefits	8,183,000	-	8,183,000	8,335,000	-	8,335,000
Net investment return	-	3,373,267	3,373,267	-	4,971,700	4,971,700
Experience gains and losses	1,683,000	-	1,683,000	(275,000)	-	(275,000)
Contributions and transfers in	-	6,239,986	6,239,986	-	5,602,237	5,602,237
Benefits accrued	2,005,000	-	2,005,000	2,080,000	-	2,080,000
Benefits paid, refunds and transfers	(10,090,000)	(1,508,938)	(11,598,938)	(13,537,000)	(690,465)	(14,227,465)
Actuarial (gain) loss	3,004,000	-	3,004,000	1,492,000	-	1,492,000
OBLIGATIONS FOR PENSION BENEFITS, END OF YEAR	<u>147,519,000</u>	<u>59,876,852</u>	<u>207,395,852</u>	<u>142,734,000</u>	<u>51,772,537</u>	<u>194,506,537</u>

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

## Summary of Investments

December 31, 2015, with comparative figures for 2014

	2015			2014		
	Fair Value	Cost	% Fair Value	Fair Value	Cost	% Fair Value
Defined benefit:						
Fixed Income	43,751,118	42,572,611	34.96	44,536,798	42,996,392	35.19
Canadian Equities	18,338,418	17,860,582	14.66	21,511,205	17,360,931	16.98
U.S. equities	18,477,470	19,008,053	14.77	18,899,730	15,269,341	14.93
International equities	30,035,713	30,267,676	24.00	28,235,181	23,445,242	22.30
Real Estate	14,525,130	12,425,000	11.61	13,423,706	12,425,000	10.60
Short-term	76	76	-	76	76	-
	<u>125,127,925</u>	<u>122,133,998</u>	<u>100.00</u>	<u>126,606,696</u>	<u>111,496,982</u>	<u>100.00</u>
Defined contribution	<u>59,876,852</u>	<u>56,564,136</u>	<u>100.00</u>	<u>51,772,537</u>	<u>47,652,237</u>	<u>100.00</u>
Total investments	<u>185,004,777</u>	<u>178,698,134</u>	<u>100.00</u>	<u>178,379,233</u>	<u>159,149,219</u>	<u>100.00</u>

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Statement of Financial Position by Segment

December 31, 2015

	Defined Benefit Segment	Defined Contribution Segment	Total
<b>Assets</b>			
Cash	1,269,955	-	1,269,955
Contributions receivable:			
Members	89,851	-	89,851
University	298,798	-	298,798
Investments (schedule A)	<u>125,127,925</u>	<u>59,876,852</u>	<u>185,004,777</u>
	<u>126,786,529</u>	<u>59,876,852</u>	<u>186,663,381</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	158,915	-	158,915
Due to University of Winnipeg	<u>41,655</u>	<u>-</u>	<u>41,655</u>
	<u>200,570</u>	<u>-</u>	<u>200,570</u>
<b>Net Assets Available for Benefits</b>	126,585,959	59,876,852	186,462,811
<b>Obligations for Pension Benefits</b>	<u>(147,519,000)</u>	<u>(59,876,852)</u>	<u>(207,395,852)</u>
<b>Deficiency of Net Assets Available for Benefits over Obligations for Pension Benefits</b>	<u>(20,933,041)</u>	<u>-</u>	<u>(20,933,041)</u>

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Changes in Net Assets Available for Benefits by Segment

Year ended December 31, 2015

	Defined Benefit Segment	Defined Contribution Segment	Total
Increase (decrease) in assets:			
Contributions			
Members			
Required contributions	830,921	3,003,486	3,834,407
University			
Current service contributions	1,357,885	3,019,152	4,377,037
Special contributions	1,816,000	-	1,816,000
Transfers from other plans	-	217,348	217,348
Investment income	16,040,765	3,936,313	19,977,078
Current period change in fair value of Investments	(12,119,212)	(690,323)	(12,809,535)
Net realized gain on sale of investments	944,251	127,277	1,071,528
	<u>8,870,610</u>	<u>9,613,253</u>	<u>18,483,863</u>
Decrease in assets:			
Benefits paid			
Retirement benefit payments	8,111,698	-	8,111,698
Termination benefit payments	1,977,876	1,508,938	3,486,814
Death benefit payments	-	-	-
Administrative expenses:			
Investment managers' fees	531,730	-	531,730
Actuarial fees	40,116	-	40,116
Administrator's fees	23,982	-	23,982
Custodial fees	47,187	-	47,187
Audit fees	16,000	-	16,000
Other expenses	37,541	-	37,541
	<u>696,556</u>	<u>-</u>	<u>696,556</u>
	<u>10,786,130</u>	<u>1,508,938</u>	<u>12,295,068</u>
Net increase in assets available for benefits	(1,915,520)	8,104,315	6,188,795
Net assets available for benefits, beginning of year	<u>128,501,479</u>	<u>51,772,537</u>	<u>180,274,016</u>
Net assets available for benefits, end of year	<u>126,585,959</u>	<u>59,876,852</u>	<u>186,462,811</u>



# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 1. Description of the trustee pension plan:

The following description of the University of Winnipeg Trusteed Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Agreement, Trust Agreement and Transition Agreement.

The Plan was established as a contributory defined benefit pension plan on September 1, 1972, at which time the funds were invested with an insurance company. In 1977, the funds were transferred to a trust fund and professional investment counselors were retained. Eligible Plan members at December 31, 2000, were given the option to remain in the defined benefit segment of the Plan or convert their accrued benefits to the newly formed defined contribution segment of the Plan. All new employees hired after that date are required to become members of the defined contribution segment of the Plan. The Plan is registered under the Income Tax Act and the Manitoba Pension Benefits Act (Registration #309914).

On July 7, 2008 responsibility for plan administration was transferred to a Board of Trustees. The Board which includes representatives from stakeholder groups is responsible for all decisions related to the plan, except those that would cause an increase in the University's contribution rate.

Prior to the transfer of responsibilities, a pension committee oversaw the administration of the Plan, monitored the investments with the assistance and advice of the investment committee, and made policy recommendations to the Board of Regents of the University of Winnipeg (University).

The Plan covers all eligible employees of the University, except those who are members of the United Church of Canada Pension Plan and those who are members of the Teachers' Retirement Allowances Fund. Permanent academic employees join the Plan on their date of employment. Permanent non-academic employees may elect to join the Plan on their date of employment and must join by the first anniversary date of their employment. Under the Plan, contributions are made by plan members and by the University (note 6). A member who receives benefits from the long-term disability plan of the University is not required to contribute to the Plan.

The annual pension payable to a defined benefit member on retirement is based on the member's final five year average earnings and years of credited service, subject to the Plan's maximum.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 2. Significant accounting policies:

### (a) (i) Basis of presentation:

The Plan follows Canadian accounting standards for pension plans for accounting policies related to its investment portfolio and pension obligations. In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, the Plan complies on a consistent basis with Canadian accounting standards for private enterprises.

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity. Only the net assets of the Plan and obligations to the members eligible to participate in the Plan have been included in these financial statements. These financial statements do not portray the funding requirements of the Plan or the security of benefits of individual Plan members.

### (ii) Continuity of operations:

In accordance with the *Pension Benefits Act*, an actuarial valuation is required at least every three years. An actuarial valuation of the defined benefit segment of the Plan was completed as at December 31, 2014.

The actuarial valuation at December 31, 2014 reported that the defined benefit segment of the Plan had a solvency deficiency of \$47,196,000 at that date.

The University would normally be required under the *Pension Benefits Act* to make additional contributions to amortize the solvency deficiency over a five year period. However, the Provincial Government has provided universities in Manitoba with an opportunity to be permanently exempted from the usual solvency funding requirements while the Plan continues on a going concern basis. The University Pension Plans Exemption Regulation (Regulation 141/2007) was registered October 15, 2007. In February 2008, the Manitoba Pension Commission provided the University with confirmation of a permanent exemption from meeting the solvency funding requirements.

A full actuarial valuation of the Plan as at December 31, 2014 was completed in 2015. This valuation established a going concern unfunded liability of \$15,100,000 with annual special payments of \$1,816,000 required to amortize the deficiency over 15 years starting January 1, 2015. Based on the current financial position of the plan, annual valuations are required. The next actuarial valuation of the Plan is required as at December 31, 2015 and will be completed during 2016.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 2. Significant accounting policies (continued):

### (b) Investments:

Investments are stated at fair value. In determining fair values, adjustments have not been made for transaction costs as they are not considered to be significant. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits as the current period change in fair value of investments.

Fair value of investments are determined as follows:

Bonds and equities are valued at year end quoted market prices where available. Where quoted prices are not available, estimated fair values are determined using comparable securities.

Real estate investments are valued at the most recent appraisals or external manager's valuations of the underlying properties.

Short-term notes, treasury bills and term deposits maturing within a year are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

### (c) Fair Value Measurement:

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction on the measurement date.

The Plan has categorized its assets and liabilities that are carried at fair value on a recurring basis, based on priority of the inputs to the valuation techniques used to measure fair value, into three level fair value hierarchy. Financial assets and liabilities measured at fair value are categorized as follows:

Level 1: Fair value is based on unadjusted quoted prices in active markets for identical unrestricted assets or liabilities.

Level 2: Fair value is based on quoted prices for similar assets and liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation of other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Plan's assumptions about the market participants would use in pricing assets or liabilities.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 2. Significant accounting policies (continued):

(d) Net realized (loss) gain on sale of investments:

The net realized (loss) gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

(e) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income and dividends.

(f) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of financial position are translated into Canadian dollars at year end rates of exchange. Gains and losses arising from translations are included in the change in fair value of investments.

Foreign currency denominated transactions, as well as cost amounts included in schedule A to the financial statements are translated into Canadian dollars at the rates of exchange in effect on the dates of the related transactions.

(g) Transaction costs:

Transaction costs are incremental costs directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. Actual transaction costs incurred are expensed and included in net realized gains or losses.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(i) Fair value of other financial assets and financial liabilities:

The carrying values of all other financial assets and liabilities approximate their fair market values due to the short term nature of these amounts.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 3. Summary of investments:

The summary of investments (schedule A) represents the total investments of the defined benefit segment and defined contribution segment of the Plan held by the custodians. In respect to the defined benefit segment of the Plan, an external investment manager invests the Plan assets pursuant to the approved investment policy. The members of the defined contribution plan select their own investments and have the right to allocate their pension assets to investment funds that are offered by the custodian for the defined contribution segment of the Plan.

## 4. Risk management:

Fair value of investments and therefore the Plan's net assets available for benefits are exposed to the following risks:

(a) Market risk

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair value of financial instruments. Interest rate risk arises when the Plan invests in interest-bearing financial assets. The Plan is exposed to the risk that the value of such financial assets will fluctuate due to changes in the prevailing levels of market interest rates.

(ii) Foreign currency risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian dollar. Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 4. Risk management (continued):

### (b) Credit risk

The Plan is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

### (c) Liquidity risk

Liquidity risk is the possibility that investments in the Plan cannot be readily converted into cash when required. The Plan may be subject to liquidity constraints because of insufficient volume in the markets for the securities of the Plan or the securities may be subject to legal or contractual restrictions on their resale.

## Defined Benefit

### (a) Market risk

#### (i) Interest rate risk

The Plan's exposure to interest rate risk is concentrated in its investments in bonds, debentures, short-term notes and deposits. To manage the Plan's interest rate risk, appropriate guidelines on the weighting and duration for fixed income investments are set and monitored by the Board of Trustees. As at December 31, 2015, if the prevailing interest rates were raised or lowered by 100 basis points, with all other factors held constant, net assets would be estimated to decrease or increase, respectively, by approximately \$2,900,553 (\$2,849,770 - 2014). The Plan's interest rate sensitivity was determined based on portfolio weighted duration.

#### (ii) Foreign currency risk

The Plan and its investment managers have the ability to utilize derivative instruments to mitigate foreign currency risk, subject to the approval of the Board of Trustees. The Plan is exposed to fluctuations in the U.S. dollar, Japanese yen and European currencies, notably the Euro and British pound sterling.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

## 4. Risk management (continued):

The Plan's exposure to foreign currencies to Canadian dollars is shown below:

As at December 31, 2015	Actual currency exposure	%
Canadian	76,614,742	61.1
US dollar	18,856,583	15.1
Euro	6,978,891	5.6
British pound sterling	5,485,446	4.4
Japanese yen	3,716,778	3.0
Hong Kong dollar	2,375,071	1.9
Swiss franc	2,327,817	1.9
Other currencies	8,772,597	7.0
	125,127,925	100.0

As at December 31, 2014	Actual currency exposure	%
Canadian	79,471,904	62.8
US dollar	19,387,913	15.3
Euro	5,898,357	4.7
British pound sterling	4,841,758	3.8
Japanese yen	3,812,768	3.0
Swiss franc	2,148,297	1.7
Hong Kong dollar	2,133,357	1.7
Other currencies	8,912,342	7.0
	126,606,696	100.0

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 4. Risk management (continued):

A 10 percent increase or decrease in exchange rates, with all other factors held constant would result in a change in unrealized gains (losses) of approximately \$4,851,000 (\$4,713,000 - 2014) as at December 31, 2015.

### (iii) Other price risk

To manage the Plan's other price risk, appropriate guidelines on asset diversification to address specific security, geographic, sector and investment manager risks are set and monitored by the Board of Trustees. As at December 31, 2015, a decline of 10 percent in equity values, with all other variables held constant, would have impacted the Plan's equity investments by an approximate unrealized loss of \$6,685,000 (\$6,865,000 - 2014).

### (b) Credit risk

All transactions in listed securities are settled upon delivery using approved investment managers. The risk of default is considered minimal, as delivery of securities sold is only made once the investment manager has received payment. Payment is made on a purchase once the securities have been received by the investment manager. The trade will fail if either party fails to meet its obligation. The breakdown of the Plan's fixed income portfolio (at market value) by credit ratings from various rating agencies is presented below:

	2015	2014
Credit Rating		
AAA	19,528,829	19,780,147
AA	3,806,843	4,287,723
A	10,880,045	11,425,470
B - BBB	9,535,401	9,043,458
	43,751,118	44,536,798



# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 4. Risk management (continued):

### (c) Liquidity risk

Liquidity risk is managed by investing the majority of the Plan's assets in investments that are traded in an active market and can be readily disposed.

The table below summarizes the market value by the earliest contractual maturity of the Plan's fixed income investments:

	2015	2014
Less than one year	222,542	462,583
One to five years	12,281,962	15,577,936
After five years	31,246,614	28,496,279
Total fair value	43,751,118	44,536,798

### Defined Contribution

Investment allocation for the Defined Contribution Segment of the plan is directed by individual plan members to a series of investment funds. The funds may be exposed to a variety of financial risks. Each of the fund's exposures to financial risks is concentrated in its investment holdings and is managed by the respective Fund Managers. The risk management process for each Fund Manager includes the monitoring of compliance to the fund's investment policies and objectives. It is the responsibility of each Fund Manager to manage the potential effects of these financial risks on the fund's performance by regularly monitoring the fund's positions, market events and making adjustments to the fund as necessary to diversify investment portfolios within the constraints of the investment guidelines. The following is a list of the potential risks individual funds may be exposed to:

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

## 4. Risk management (continued):

Fund Name	Fair Value 2015	Fair Value 2014	Credit Risk	Currency Risk	Interest Rate Risk	Liquidity Risk	Other Price Risk
B.G. Balanced	6,083,216	5,428,873	X	X	X		X
B.G. Global	163,802	90,429		X			X
B.G. American Equity	2,859,792	2,203,579		X			X
BLK Active Canadian Equity	1,936,818	2,182,272		X			X
JF Canadian Equity	1,347,428	1,403,370		X			X
MB Cdn Equity Core	307,454	227,763		X		X	X
MB Global Research	816,508	632,148		X		X	X
MB Global Equity	2,016,200	1,599,815		X		X	X
MB Lifeplan 2015	1,123,705	1,189,587	X	X	X	X	X
MB Lifeplan 2020	4,004,844	3,467,932	X	X	X	X	X
MB Lifeplan 2025	2,517,846	2,088,363	X	X	X	X	X
MB Lifeplan 2030	1,904,118	1,501,297	X	X	X	X	X
MB Lifeplan 2035	2,188,669	1,690,540	X	X	X	X	X
MB Lifeplan 2040	2,099,938	1,444,927	X	X	X	X	X
MB Lifeplan 2045	1,413,308	912,620	X	X	X	X	X
MB Lifeplan 2050	515,391	283,912	X	X	X	X	X
MB Lifeplan Retiree	1,106,607	1,069,025	X	X	X	X	X
MB Responsible Balanced	623,956	589,572	X	X	X	X	X
MB Responsible Cdn Equity	543,402	483,961		X		X	X
MB Responsible Global Research	435,031	315,597		X		X	X
SLA Universe Bond	2,080,450	1,814,591	X	X	X	X	X
SLA 5Yr Guaranteed	512,509	421,587	X	X	X	X	X
SLF Money Market	1,331,142	840,559	X		X		
TDAM Balanced Index	17,317,515	15,796,155	X	X	X	X	X
TDAM Cdn Bond Index	1,670,723	1,435,051	X	X	X	X	X
TDAM Cdn Equity Index	1,235,422	1,620,255		X		X	X
TDAM Global Equity Index	405,998	166,255		X		X	X
TDAM US Mkt Index	1,315,060	872,502		X		X	X
	59,876,852	51,772,537					

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 5. Obligation for pension benefits:

### (a) Defined benefit obligation:

The actuarial present value of accrued pension benefits under the defined benefit segment was determined using the projected unit credit actuarial method and using assumptions recommended by the actuary and approved by the Board of Trustees. An actuarial valuation of the Plan was prepared, effective December 31, 2014 by Eckler Ltd., a firm of consulting actuaries. The results were extrapolated by them to December 31, 2015. The extrapolation of the actuarial present value of the pension benefits as at December 31, 2014 and the principal components of changes in actuarial present values during the year are provided in the financial statements (Statement III).

The actuarial loss in 2015 was measured as the impact of changes in membership, including the impact of salary changes, between the previous actuarial valuation as at December 31, 2013 and the actuarial valuation as at December 31, 2014.

The Plan provides that a pension increase in respect of a year is effective July 1 of the following year and is equal to the excess of the four year average rate of return of the fund, over 6%, subject to a maximum of the increase in the CPI in that year. The four year average rate of return for the period ending December 31, 2015 was greater than 6%, therefore, a pension increase in respect of 2015 will be provided to retirees effective July 1, 2016 (not less than 1.20%). As the excess return for 2015 was greater than the increase in CPI for that year, the pension increase effective July 1, 2016 has been limited to the increase in CPI for 2015 of 1.61%.

The four year average rate of return for the period ending December 31, 2014 was greater than 6%, and a pension increase of 1.20% was provided to retirees effective July 1, 2015.

The value of net assets available for benefits at December 31, was

	2015	2014
Market Value of net assets	126,586,000	128,501,000

---

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

## 5. Obligation for pension benefits (continued):

The economic assumptions used in determining the actuarial value of accrued benefits were changed for the extrapolation to December 31, 2015 and were developed by reference to expected long-term market conditions. Significant actuarial assumptions used in the valuation were:

	2015	2014
Rate of return on investments	5.70%	5.90%
Post-retirement pension increases	0.75%	0.75%
Rate of salary increase	3.0% per year, plus merit, if applicable	3.0% per year, plus merit, if applicable

\* Salaries are assumed to increase in accordance with general wage increases in Canada at the rate of 3.00% per year for all members. Salaries for academic plan members are assumed to increase by an additional merit and promotion component in accordance with the following table:

Age	Average Annual Increase over next 5 years	Average Annual Increase To age 65
40	2.4%	2.0%
45	2.2%	1.9%
50	2.0%	1.8%
55	1.8%	1.7%
60	1.6%	1.6%

### (b) Defined contribution obligation:

The obligation for pension benefits under the defined contribution segment will always be equal to the net assets in each member's account. Therefore, no surplus or deficiency arises from fluctuations in the investment market.

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

## 6. Funding policy:

The University's regular contribution to the defined benefit segment is 9.0% of contributory earnings less an adjustment for the Canada Pension Plan. The University's contribution to the defined contribution segment is 6.2% of contributory earnings. The Plan defines maximum contributory earnings for both DB and DC members. For members receiving long-term disability benefits, the University pays the employee regular contributions as well as its own contributions. In addition, the University is responsible for any additional contributions required under the Pension Benefits Act of Manitoba.

## 7. Fair value disclosure:

The Plan's investments have been categorized based upon a fair value hierarchy. See note 2(c) for a discussion of the Plan's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Plan's investments measured at fair value as at December 31, 2015. There have been no transfers between levels during 2015 or 2014.

Investments at Fair Value as at December 31, 2015				
	Level 1	Level 2	Level 3	Total
Fixed Income	-	43,751,118	-	43,751,118
Canadian Equities	18,338,418	-	-	18,338,418
U.S. Equities	18,477,470	-	-	18,477,470
International Equities	30,035,713	-	-	30,035,713
Real Estate	-	-	14,525,130	14,525,130
Short-Term	-	76	-	76
Defined Contribution	-	59,876,852	-	59,876,852
	66,851,601	103,628,046	14,525,130	185,004,777

Investments at Fair Value as at December 31, 2014				
	Level 1	Level 2	Level 3	Total
Fixed Income	-	44,536,798	-	44,536,798
Canadian Equities	21,511,205	-	-	21,511,205
U.S. Equities	18,899,730	-	-	18,899,730
International Equities	28,235,181	-	-	28,235,181
Real Estate	-	-	13,423,706	13,423,706
Short-Term	-	76	-	76
Defined Contribution	-	51,772,537	-	51,772,537
	68,646,116	96,309,411	13,423,706	178,379,233

# UNIVERSITY OF WINNIPEG TRUSTEED PENSION PLAN

Notes to the Financial Statements

Year ended December 31, 2015

---

## 8. Capital disclosures:

The Plan's objective in managing capital is to preserve the net assets available for pension benefits for its membership. The Board of Trustees is responsible for all aspects of the operation and administration of the Plan. Managing capital takes into account capital requirements provided in the terms of the respective components of the Plan and applicable legislation within the Manitoba Pension Benefits Act and the Income Tax Act.

The Plan's capital is comprised of the net assets available for benefits. The Plan's risks are defined in Note 4 as are the Board of Trustees risk management strategies. A trust company holds the assets under a Trust Agreement and provides daily administration of the Plan. Professional investment managers administer the portfolio. In regards to the defined contribution component of the Plan, all members make their own investment decisions.

The Statement of Changes in Net Assets Available for Benefits (Statement II) sets out the balances at the beginning and the end of the year.

In the year ended December 31, 2014 the Plan introduced two new asset classes into the Plan. These new asset classes, Real Estate and Emerging Market Equities, are also managed by professional third party investment managers. The Plan has complied with its externally imposed capital requirements.