



KING'S

Western University · Canada



King's University College
60 Years
of Making a Difference

Faculty Pension and Benefits Discussion

1:00pm, November 15th and 17th, 2017

Vitali Lounge, Wemple Hall

Discussion Topics



- Employee Benefits
- Pensions
- Retirement Plan for Employees of KUC
 - » Pension C'ee & Administration
 - » Outline of plan/Recent Changes
 - » Options and Examples
 - » SIPP
 - » Returns and Asset Mix
 - » Valuations
- Government Retirement Plans -CPP and OAS
- Benefits in Retirement
- Questions & Discussion

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Employee Benefits and who pays?

- College and Employee share funding of Pension Plan
 - Employee pays 9% and College contributes remainder (13.6% plus special payments)
- Employee Pays 100% of LTD coverage
 - Allows for tax-free collection on claims
- College pays 100% of premiums for:
 - Life insurance (taxable benefit)
 - Accidental Death and Dismemberment (taxable benefit)
 - Health and Dental Coverage
 - Parking (taxable benefit)



Employee Benefits

Who pays?

| Employee Name | | | | | Check No. | | EPD0172 | | |
|-----------------------|-----------|-----------|------------------|------------------|------------------------|-----------------|------------------|---------|--|
| Earnings | Hours | Rate | This Check | YTD Amount | Gross to Net Pay | This Check | YTD Amount | Balance | |
| Base Salary (1) | | | 7,101.08 | 49,707.56 | Total Earnings | 14,416.08 | 64,337.56 | | |
| Contract (1) | | | 7,315.00 | 14,630.00 | Faculty Association Du | -50.21 | -351.47 | | |
| | | | | | CPP Employee | | -2,425.50 | | |
| | | | | | Pension Employee | -497.08 | -3,479.56 | | |
| | | | | | Federal Income Tax | -2,939.53 | -11,042.86 | | |
| | | | | | Provincial Income Tax | -1,731.17 | -5,973.27 | | |
| | | | | | Long Term Disability | -169.04 | -957.13 | | |
| | | | | | EI Employee | | -913.68 | | |
| Total Earnings | | | 14,416.08 | 64,337.56 | Net Pay | 9,029.05 | 39,194.09 | | |
| Other Information | This Chec | YTD Amo | Balance | | Net Pay Distribution | Amount | | | |
| Gross Earnings | 14,416.08 | 64,337.58 | | | Bank Account #1 | 7,919.05 | | | |
| AD&D | -8.95 | -58.15 | | | Bank Account #2 | 910.00 | | | |
| Pension Employer | -1,117.71 | -7,823.97 | | | Bana Account #3 | 200.00 | | | |
| Dental Faculty | -161.35 | -1,114.40 | | | | | | | |
| Extended Health | -254.33 | -1,779.01 | | | | | | | |
| CPP Employer | | -2,425.50 | | | | | | | |
| EI Employer | | -1,279.15 | | | | | | | |
| Group Life | | -448.50 | | | | | | | |



Employee Benefits Coverage

- Short Term Disability/Sick Leave
 - College pays salary and benefits for up to 120 days
- LTD coverage
 - Must be applied for and supported by medical documentation
 - Covers 2/3 of first \$2,500 and 50% of remainder to a maximum of \$6,300/month (no tax withholdings)
 - Based on “own-occupation” to age 65
- Life Insurance
 - 3.5 x salary, max. \$360,000
 - Reduced to 50% at age 65 or early retirement
 - Terminates at age 70 or retirement post-65



Employee Benefits Coverage

- AD&D
 - Coverage for accidents
 - Benefit payout based on severity of injury
- Health Coverage
 - Extensive coverage for drugs, therapists, ambulance and hospital stays
 - Review benefit booklets on-line or on Manulife website: manulife.com/signin
- Dental
 - 100% coverage for Level 1 basic care, 80% for periodontal, 60% for ortho or implants

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Discussion Topics



- Pension Types
 - Defined Contribution
 - Defined Benefit
 - Hybrid
 - JSPP
 - RRSP



Overview of a Pension Plan

All pension plans basically work the same:

- Regular contributions are made to the retirement plan
- The contributions are allocated to your personal pension plan account
- These contributions are held in a trust fund and invested by professional money managers to generate income
- Pension benefits paid out according to plan arrangements for:
 - Retirement income
 - Termination of employment
 - Benefits to beneficiaries



Defined Contribution Plans

- Like a bank account, funds are accumulated in members' accounts – regular **contributions** by members and sponsor are **defined**
- Several investment options are offered and members normally make their own selections
- Retirement income depends on amount **accumulated** (i.e. on success of investments)
- Investment risk is carried by **employee**
- Income Tax limits focus on contribution limits
- King's has dormant, Pre-1978 accounts in our plan with a few members remaining (Sunlife, Greatwest Life).



Defined Benefit Plans

- Investment decisions are the responsibility of the Pension Committee, using professional managers
- Investment risk is carried by plan **sponsor/employer**
- Contributions *fluctuate* based on actuarial calculations and negotiated settlements for employee group
- Additional payments may be required depending on funded status of plan
- **Retirement income is defined** and based on preset formula



Hybrid Plans

- Function similar to DB plans but at lower benefit levels
- Contributions are generally fixed subject to minimum benefit guarantee
- Minimum benefit guarantee indicated and affects contributions if valuations indicate requirement for funding



JSPP

- Function similar to DB plans
- Differ in that contributions and governance are generally shared (often but not always 50/50)
- Can involve a number of employers, unions or employee groups
- May allow for lower overall funding due to avoidance of Solvency valuation requirement if multiple employers and approved by government
- Examples – OTPP, CAAT, OMERS
- Current small working group looking at possible Ontario university sector JSPP



Group RRSP

- Similar to Defined Contribution with more flexibility
- Like a bank account, funds are accumulated in members' accounts – regular **contributions** by members and sponsor are defined
- Investment options are offered and members make their own selections
- *Retirement income depends on amount accumulated (i.e. on past success of investments)*
- Investment risk is carried by **employee**
- Income Tax limits focus on contributions
- Ability to move funds to other employer, other RRSP or make withdrawals (subject to tax)

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Pension Committee & Admin.

- Plan Administrator is the Pension Committee,
 - meets quarterly or as needed to review the plan filings, payments and investments
- Consists of 3 members appointed by the Board of Directors, 5 members elected by the Faculty Association, and the VP Finance or his/her representative, who will act as Chairperson of the Pension Committee
- Current members: A. Bohnet, T. Hunter, J. Grant, S. Bangarth, C. Lavrence, G. Hardman, Rev. M. Sargent, D. Sylvester, J. Major



Pension Committee & Admin.

- Ensure plan is in compliance with legislation (annual filings, valuations, amendments)
- Provide information to plan Members
- Monitor investment performance
- Interpret the Plan and resolve ambiguities, inconsistencies and omissions
- Consult with actuaries to compute the amount of benefits which will be payable to any person in accordance with the provisions of the Plan
- Authorize the payment of benefits and expenses



Pension Committee & Admin.

- Pension Plan registered with Ontario Pension Commission and Canada Revenue Agency
- Must comply with strict provisions of the Ontario Pension Benefits Act and Canadian Income Tax Act
- Both Acts require:
 - That the plan to be properly funded
 - That information be communicated to members
 - That funds be kept separate from assets of the University



Outline of Plan

- Eligibility: Full time faculty and part time faculty who meet service requirements. One grandfathered member of PAOA .
- Contributions: Members - 9% (subject to \$13,815 maximum), King's University College – as determined by actuarial valuation (13.6% of salary plus \$23K special payment 2017 and 2018).
 - Member contributions are fully tax deductible and are locked-in and immediately vested
- Benefit:
 - Annuity Formula: [(2% X final average earnings) to **Maximum**] X years of service
 - Reduced 1/2% per month before age 65*
 - **Maximum: 2016: \$2,890**
2017: \$2,914

*subject to grandfathering for those who had already attained age 55 with 10 years as of July 1st, 2011



Outline of Plan Annual Statements

This personal Employee Pension Statement summarizes the main features of the Retirement Plan for the Employees of King's University College (the "Plan"), government registration number 0558759 and reports specific details of your position in the Plan for the period January 1, 2016 to December 31, 2016.

◆ Personal Data

Date of Birth: _____
 Date of Employment: July 1, 2003
 Date of Plan Entry: October 1, 2003
 Normal Retirement Date: July 1, 2035
 Spouse: _____
 Beneficiary: _____
 Relationship: Spouse

◆ Vesting Date

Vesting means that you have a right to the pension you have earned regardless of whether or not you remain employed by King's University College. Your benefits are vested under the Plan.

◆ Contributions with Interest (CWI)

| Required Contributions | Member | King's |
|-----------------------------|---------------------|---------------------|
| CWI at 31/12/15: | \$89,128.01 | \$89,128.01 |
| Current Year Contributions: | \$10,774.21 | \$10,774.21 |
| Current Year Interest: | \$7,079.18 | \$7,079.18 |
| CWI at 31/12/16: | <u>\$106,981.40</u> | <u>\$106,981.40</u> |

Flexible Contributions

Member

| | |
|-----------------------------|---------------|
| CWI at 31/12/15: | \$0.00 |
| Current Year Contributions: | \$0.00 |
| Current Year Interest: | <u>\$0.00</u> |
| CWI at 31/12/16: | <u>\$0.00</u> |



Outline of Plan Annual Statements

This personal Employee Pension Statement summarizes the main features of the Retirement Plan for the Employees of King's University College (the "Plan"), government registration number 0558759 and reports specific details of your position in the Plan for the period January 1, 2016 to December 31, 2016.

◆ Pension Earned to Date

Based on current Plan provisions, your final average earnings of \$120,420.91 and your credited service of 13.2500 years, as at December 31, 2016 you have earned an annual pension of \$31,911.54 payable commencing at your Normal Retirement Date.

◆ Estimated Pension at Normal Retirement Date

Based on current Plan provisions, your projected credited service and estimated final average earnings of \$125,384.79, your estimated annual pension at your Normal Retirement Date is \$79,619.34.

At your retirement date, your final average earnings will be based on your actual earnings history. If you were a member of any previous King's University College pension plans you may be entitled to additional benefits accrued under those plans.

◆ Termination Benefits

If your service with King's University College is terminated before you are eligible for retirement, you are entitled to a deferred pension payable commencing on your Normal Retirement Date equal to the benefit earned to your termination date.

Rather than receiving a deferred pension, you may elect to transfer the commuted value of your benefit under the Plan to a locked-in vehicle.

The value of your benefit is equal to the greater of the following:

- Twice your required contributions made to the Plan with twice the credited interest on those contributions; or
- The commuted value of your deferred pension

If you were a member of any previous King's University College pension plans there may be additional benefits payable from those plans upon your termination of service.



Outline of Plan Annual Statements

This personal Employee Pension Statement summarizes the main features of the Retirement Plan for the Employees of King's University College (the "Plan"), government registration number 0558759 and reports specific details of your position in the Plan for the period January 1, 2016 to December 31, 2016.

◆ Early Retirement

You may retire any time after you attain age 55.

If, as at July 1, 2011, you were a member of the Plan, had attained age 55 and had at least 10 years of continuous service, your pension benefit will be reduced by 3% for each year that your retirement date precedes your 60th birthday.

If, as at July 1, 2011, you were a member of the Plan, had attained age 55 and had less than 10 years of continuous service, your pension benefit will be reduced by 3% for each year that your retirement date precedes your 65th birthday.

If, as at July 1, 2011 you were a member of the Plan and had not attained age 55 or if your Date of Plan Entry is on or after July 1, 2011, your pension benefit will be reduced by 6% for each year that your retirement date precedes your 65th birthdate.

In no event, will your pension be reduced by more than on an actuarially equivalent basis.

The earliest date you are entitled to an unreduced pension is November 1, 2034.

The decision you make regarding these options is an important one and will be based on your personal circumstances at retirement. It is recommended you seek independent advice to choose the option that best suits your needs.



Outline of Plan Annuity Example

- **Annuity** - Series of monthly payments calculated using your contribution amounts (employee & employer) and an annuity factor determined by the actuary

- Base form of pension, reduces employee risk
- Formula – You earn a pension equal to:

2% of your highest average 3yr annual salary

MULTIPLIED BY

Your years of Credited Services

(To a maximum permitted by CRA)

Pension Example

Age: 65
Avg. Sal.: \$140,000
Service: 35 years

Formula \$98,000/yr.
Formula \$8,167/mth.



Outline of Plan Annuity Options

- Guarantee Options:
 - Life Only: Payments ceasing upon your death
 - 5, 10 and 15 Year: If you die prior to receiving 60 payments for the 5 year option or 120 payments for the 10 year option or 180 payments for the 15 year option, the balance of unpaid payments will be made to your beneficiary, or if none, to your estate.
 - Survivor Guarantees:
 - 50%: If you die before your spouse, 50% of monthly pension will be payable to them for their lifetime
 - 60%: If you die before your spouse, 60% of monthly pension will be payable to them for their lifetime
 - 100%: If you die before your spouse, 100% of monthly pension will be payable to them for their lifetime
- *(60% to spouse is required unless waived by spouse)***

Pension Statement - Overview and Options

Statement and Election of Estimated Benefits on Retirement

The Retirement Plan for the Employees of King's University College

Provincial Registration Number: 0558759
 Prepared at: June 30, 2014
 Name: Employee

This statement describes your pension benefits and payment options available as a result of your retirement.

Within 90 days of receipt of this statement, please return a completed election form to Jeff Major.

This statement is based on information in plan records. If you believe any information is incorrect, please report this to Jeff Major immediately.

Please note that the pension amounts may change based on earnings, interest rates and annuity purchase rates in effect at your retirement date.

Member Information

| | |
|---|---------------|
| Birth Date: | |
| Employment Date: | July 1, 1988 |
| Plan Entry Date: | May 1, 1989 |
| Retirement Date: | June 30, 2014 |
| Pension Commencement Date: | July 1, 2014 |
| Normal Retirement Date: | July 1, 2012 |
| Credited Service: | 25.1667 years |
| Required Contributions with Interest: Balance at January 1, 2014: | \$226,596.90 |
| Current Year Contributions: | \$5,728.10 |
| Current Year Credited Interest: | \$14,542.32 |
| Balance at June 30, 2014: | \$246,867.32 |
| Final Average Earnings: | \$133,868.05 |
| Province: | Ontario |
| Spouse: | N/A |
| Beneficiary: | Beneficiary |
| Relationship: | Non-spouse |
| Spouse Birth Date: | N/A |

Your Pension Benefits

You are entitled to a pension of \$5,615.03 per month commencing on July 1, 2014, payable for your lifetime guaranteed 60 months.

Payment Options

Your pension benefits may be paid in one of the following forms:

Life Only Pension

A pension of \$5,689.07 per month payable for your lifetime with pension payments ceasing upon your death.

Life Guaranteed 5 Years Pension

A pension of \$5,615.03 per month payable for your lifetime, guaranteed 60 months. If you die prior to retirement, the balance of the remaining unpaid guaranteed payments will be made to your estate.

Life Guaranteed 10 Years Pension

A pension of \$5,400.93 per month payable for your lifetime, guaranteed 120 months. If you die prior to retirement, the balance of the remaining unpaid guaranteed payments will be made to your beneficiary, or if none, to your estate.

Life Guaranteed 15 Years Pension

A pension of \$5,075.91 per month payable for your lifetime, guaranteed 180 months. If you die prior to retirement, the balance of the remaining unpaid guaranteed payments will be made to your beneficiary, or if none, to your estate.

Commuted Value

The commuted value of \$788,349.97 transferred to a locked-in arrangement plus \$145,007.13 paid in cash, less withholding tax.

Information on Commuted Value Option

The commuted value of your pension is an estimate only. The actual commuted value of your pension and the amount that is taxable will be re-determined based on the cost of purchasing your elected pension from an insurance company. Your minimum benefit will be twice your required contributions with interest made to the plan since January 1, 1978. Amounts payable in cash will be adjusted based on the actual value of your pension.

Applicable Tax Limits

As at your retirement date, the commuted value of your benefits was \$933,357.10 of which you would have been entitled to a locked-in transfer of \$788,349.97, plus a cash payment of \$145,007.13 less withholding tax. The amount that can be transferred on a tax-free basis cannot exceed the limit prescribed by the Income Tax Regulations, as determined on the payment date. The excess of your commuted value over this limit must be paid in cash, less withholding tax. However, if you have sufficient RRSP contribution room, you can transfer the amount that exceeds the limit to an RRSP by completing a Canada Revenue Agency form T2151 and the enclosed Member Declaration Regarding RRSP Deduction Limit form.

Pension Statement - Overview and Options

Statement and Election of Estimated Benefits on Retirement

The Retirement Plan for the Employees of King's University College

Provincial Registration Number: 0558759
 Prepared at: June 30, 2014
 Name: Employee

This statement describes your pension benefits and payment options available as a result of your retirement.

Within 90 days of receipt of this statement, please return a completed election form to Jeff Major.

This statement is based on information in plan records. If you believe any information is incorrect, please report this to Jeff Major immediately.

Please note that the pension amounts may change based on earnings, interest rates and annuity purchase rates in effect at your retirement date.

Member Information

| | |
|---------------------------------------|---------------|
| Birth Date: | |
| Employment Date: | July 1, 1981 |
| Plan Entry Date: | May 1, 1983 |
| Retirement Date: | June 30, 2014 |
| Pension Commencement Date: | July 1, 2014 |
| Normal Retirement Date: | July 1, 2014 |
| Credited Service: | 31.1667 years |
| Required Contributions with Interest: | |
| Balance at January 1, 2014: | \$409,198.97 |
| Current Year Contributions: | \$6,390.98 |
| Current Year Credited Interest: | \$26,135.92 |
| Balance at June 30, 2014: | \$441,725.87 |
| Final Average Earnings: | \$150,235.32 |
| Province: | Ontario |
| Spouse: | |
| Beneficiary: | |
| Relationship: | Spouse |
| Spouse Birth Date: | |

Your Pension Benefits

You are entitled to a pension of \$7,194.31 per month commencing on July 1, 2014, payable for your lifetime guaranteed 60 months.

Payment Options

Your pension benefits may be paid in one of the following forms:

Life Only Pension

A pension of \$7,194.31 per month payable for your lifetime with pension payments ceasing upon your death, regardless of when you die. **\$7,194.31**

Life Guaranteed 5 Years Pension

A pension of \$7,194.31 per month payable for your lifetime, guaranteed 60 months. If you die prior to receiving 60 payments, the balance of the unpaid guaranteed payments will be made to your beneficiary, or if none, to your estate. **\$7,194.31**

Life Guaranteed 10 Years Pension

A pension of \$7,194.31 per month payable for your lifetime, guaranteed 120 months. If you die prior to receiving 120 payments, the balance of the unpaid guaranteed payments will be made to your beneficiary, or if none, to your estate. **\$7,194.31**

Life Guaranteed 15 Years Pension

A pension of \$7,194.31 per month payable for your lifetime, guaranteed 180 months. If you die prior to receiving 180 payments, the balance of the unpaid guaranteed payments will be made to your beneficiary, or if none, to your estate. **\$7,194.31**

Joint and 60% Survivor Pension

A pension of \$7,064.13 per month payable to you and your spouse are both alive. If you die before your spouse, a pension of \$7,064.13 per month will be payable to your spouse for their lifetime. If your spouse dies before you, a pension of \$7,064.13 per month will be payable to you for the remainder of your lifetime. **\$7,064.13**

Joint and 66 2/3% Survivor, Guaranteed 5 Years Pension

A pension of \$6,961.80 per month payable to you and your beneficiary are both alive, guaranteed 60 months. If you die before your beneficiary, the pension of \$6,961.80 per month will be payable to your beneficiary for the remainder of their lifetime. If your beneficiary dies before you, the pension of \$6,961.80 per month will be payable to you for the remainder of your lifetime. **\$6,961.80**

Joint and 100% Survivor Pension

A pension of \$6,607.55 per month payable to you and your spouse are both alive. If you die before your spouse, a pension of \$6,607.55 per month will be payable to your spouse for their lifetime. If your spouse dies before you, a pension of \$6,607.55 per month will be payable to you for the remainder of your lifetime. **\$6,607.55**

Commuted Value

The commuted value of \$1,070,513.81 transferred to a locked-in arrangement plus \$356,775.83 paid in cash, less withholding tax.



Outline of Plan Lump-Sum Option

Pension Plans Branch
Financial Services
Commission
of Ontario

Direction des régimes de retraite
Commission des
services financiers
de l'Ontario



Notice of Registration of Amendment

Avis d'enregistrement d'une Modification

Plan Name/*Nom du Régime*
Retirement Plan for the Employees of King's University College

Registration Number/*Numéro d'enregistrement*
0558759

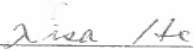
Pursuant to section 17 of the *Pension Benefits Act*, R.S.O. 1990, c. P.8, this is to confirm registration of the following amendment(s):

En vertu de l'article 17 de la *Loi sur les régimes de retraite*, L.R.O. 1990, c. P.8, nous confirmons l'enregistrement de la ou des modifications suivantes:

Amendment No. 6 effective May 1, 2014 and July 1, 2015, certified September 24, 2014

Date of Issue/*Date de délivrance* March 3, 2015

Authorized Signing Officer/
Signataire de l'agent(e)
accrédité(e)


Lisa He
by Delegated Authority from the Superintendent of Financial Services /
Pouvoir délégué par le Surintendant des services financiers

Issued To/Délivré à: Jeff Major
King's University College

Copy To/Délivré à: Adam Blake
Mercer (Canada) Limited

The issuance of this Notice of Registration is not to be construed as indicating that the Superintendent of Financial Services (Superintendent) or any other employee of the Financial Services Commission of Ontario has determined that the amendment complies with the *Pension Benefits Act* or the Regulations thereunder. It is the responsibility of the plan administrator to ensure and to certify (by signing and filing the required Form 1, 1 with the amendment) that the filed amendment complies with the *Pension Benefits Act* and the Regulations thereunder. The Superintendent is relying on this certification when registering the amendment. However, if subsequent to the registration of the amendment, the Superintendent determines that the amendment is



Statement of Invest't Policies and Procedures

Investment Objectives

The primary objectives in investing the assets of the Fund shall be:

- The preservation and enhancement of the value of the trust capital through adequate diversification of high quality investments.
- The achievement of the highest investment return that can be obtained with assumption of an *acceptable degree of risk*. The rate of return expected is inflation plus 4%, where inflation is measured by the annual consumer price index.



SIPP

Investment Guidelines – Asset Mix

- The fund shall be invested in fixed income and equity securities in such proportions as may be established from time to time by the Pension Committee in consultation with the Investment counsel.
- The initial mix of the Fund shall be 50% committed to the equity section (Canadian and U.S.) and 50% committed to the fixed income section. Asset mix range for equities shall be 40% to 60%. Short Term investments will be 0-20%.



Pension Fund Asset Mix

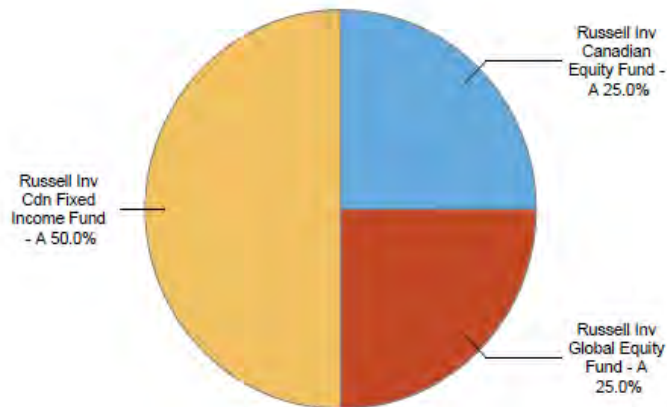
Asset Summary

King's University College

As of August 31, 2017

Retirement Plan for the Employees of King's University College

Policy Allocation



Asset Allocation

| | Ending Market Value | Actual Holding | Policy Holding | Holding Variance |
|---------------------------------------|---------------------|----------------|----------------|------------------|
| Russell Inv Canadian Equity Fund - A | \$13,631,999 | 25.1% | 25.0% | 0.1% |
| Russell Inv Global Equity Fund - A | 13,522,867 | 24.9 | 25.0 | -0.1 |
| Russell Inv Cdn Fixed Income Fund - A | 27,113,685 | 50.0 | 50.0 | -0.0 |
| Total Assets | 54,268,550 | 100.0 | 100.0 | 0.0 |

Market Value Reconciliation

| | One Month | Three Months | Year to Date |
|-----------------------------|------------|--------------|--------------|
| Beginning Market Value (\$) | 53,606,344 | 54,738,238 | 51,374,262 |
| Net Inflows/Outflows (\$) | 181,587 | 569,898 | 1,481,195 |
| Net Market Gain/Loss (\$) | 480,619 | -1,039,586 | 1,413,093 |
| Ending Market Value (\$) | 54,268,550 | 54,268,550 | 54,268,550 |



Pension Fund Asset Returns

Performance Report King's University College

As of August 31, 2017

Retirement Plan for the Employees of King's University College

| | Market Value | One Month | Three Months | Year to Date | Annualized | | | | Since Inception | Inception Date |
|--|---------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|-----------------|----------------|
| | | | | | One Year | Two Years | Three Years | Four Years | | |
| Total Assets | \$54,268,550 | 0.89% | -1.90% | 2.74% | 4.79% | 6.03% | 5.54% | 8.05% | 7.62% | 08/01/2011 |
| Policy ^[1] | - | 0.95 | -2.10 | 2.69 | 3.68 | 5.10 | 4.87 | 7.65 | 6.94 | - |
| Russell Inv Canadian Equity Fund - A | 13,631,999 | 0.40 | 0.01 | 0.33 | 7.32 | 9.20 | 2.47 | 8.04 | 6.37 | 08/01/2011 |
| S&P/TSX Capped Composite Index | - | 0.67 | -0.15 | 1.35 | 7.23 | 7.96 | 2.10 | 7.85 | 5.79 | - |
| S&P/TSX Composite Index | - | 0.67 | -0.15 | 1.35 | 7.23 | 7.96 | 2.10 | 7.85 | 5.79 | - |
| Russell Inv Global Equity Fund - A | 13,522,867 | 0.47 | -4.30 | 6.36 | 12.50 | 9.07 | 13.17 | 15.54 | 15.41 | 08/01/2011 |
| Russell Developed Large Cap Index Net | - | 0.30 | -4.83 | 5.61 | 10.63 | 7.85 | 11.10 | 14.40 | 14.23 | - |
| MSCI World Net Dividend Index ^[2] | - | 0.30 | -4.85 | 5.66 | 10.58 | 7.86 | 11.01 | 14.24 | 14.06 | - |
| Russell Inv Cdn Fixed Income Fund - A | 27,113,685 | 1.34 | -1.60 | 2.05 | -0.38 | 2.69 | 3.05 | 4.10 | 4.05 | 08/01/2011 |
| FTSE TMX Canada Universe Bond Index ^[3] | - | 1.41 | -1.68 | 1.83 | -1.42 | 2.10 | 3.03 | 4.15 | 3.80 | - |



Pension Valuation

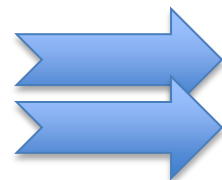
- Legislatively required by FSCO to determine if assets are sufficient to meet expected liabilities
- Numerous assumptions required – asset returns, mortality, wage expectations, retirement trends, etc.
- Valuation filed at September 30th, 2017 based on Dec. 31st, 2016.
- Determines funding requirements
- Valuation based on “going concern” assumption and “wind-up” assumption



Pension Valuation

Summary of Results

| | 31.12.2016 | 31.12.2013 |
|--|---------------|---------------|
| Going Concern Financial Status | | |
| Market value of assets | \$51,582,500 | \$41,052,700 |
| Going concern funding target | \$51,796,800 | \$44,619,800 |
| Funding excess (shortfall) | (\$214,300) | (\$3,567,100) |
| Funded ratio | 99.6% | 92.0% |
| Hypothetical Wind-up Financial Position | | |
| Wind-up assets | \$51,457,500 | \$40,967,700 |
| Wind-up liability | \$57,247,700 | \$42,401,000 |
| Wind-up excess (shortfall) | (\$5,790,200) | (\$1,433,300) |
| Wind-up ratio | 90.1% | 96.8% |
| Funding Requirements in the Year Following the Valuation ¹ | | |
| Total current service cost | \$2,432,900 | \$2,159,800 |
| Estimated members' required contributions | (\$945,800) | (\$668,300) |
| Estimated employer's current service cost | \$1,487,100 | \$1,491,500 |
| Employer's current service cost as a percentage of members' pensionable earnings | 13.60% | 15.28% |
| Minimum special payments | \$23,484 | \$400,032 |
| Estimated minimum employer contribution | \$1,510,584 | \$1,891,532 |
| Estimated maximum eligible employer contribution | \$7,277,300 | \$5,058,600 |
| Next required valuation date | Dec. 31, 2019 | Dec. 31, 2016 |





Plan Service Providers

- Defined contribution accounts: Great West Life
- Defined benefit investment counsel: Russell Investments
- DB custodian: CIBC Mellon
- Consultants: Mercer Human Resource Consulting
- Auditors: KPMG

Discussion Topics



- Employee Benefits
- Pensions
- Retirement Plan for Employees of KUC
 - » Pension C'ee & Administration
 - » Outline of plan/Recent Changes
 - » Options and Examples
 - » SIPP
 - » Returns and Asset Mix
 - » Valuations
- **Government Retirement Plans -CPP and OAS**
- Benefits in Retirement
- Questions & Discussion



Canada Pension Plan

- Takes approx. 8 weeks to receive first payment once Service Canada receives application
- Eligible to receive as early as age 60 (with reduction) or as late as age 70 (with increase)
- Can earn additional Post-retirement benefit if continue to work while receiving CPP
- Statements sent upon request only to Service Canada
- Pension sharing and survivor benefits available



Canada Pension Plan

[Service
Canada
Site](#)



Canada Pension Plan pensions and benefits - Monthly and maximum payment amounts January to December 2017

| Type of pension or benefit | Average amount for new beneficiaries (July 2017) | Maximum payment amount (2017) |
|--|--|-------------------------------|
| Retirement pension (at age 65) | \$653.27 | \$1,114.17 |
| Post-retirement benefit (at age 65) | \$10.34 | \$27.85 |
| Disability benefit | \$962.66 | \$1,313.66 |
| Survivor's pension – younger than 65 | \$426.39 | \$604.32 |
| Survivor's pension – 65 and older | \$307.30 | \$668.50 |
| Children of disabled CPP contributors | \$241.02 | \$241.02 |
| Children of deceased CPP contributors | \$241.02 | \$241.02 |
| Death benefit (one-time payment) | \$2,302.79 | \$2,500.00 |
| Combined benefits | | |
| Combined survivor's and retirement pension (at age 65) | \$823.00 | \$1,114.17 |
| Combined survivor's pension and disability benefit | \$1,057.71 | \$1,313.66 |



Old Age Security

- Application or automatic enrollment depending on personal situation
- Living in Canada: Eligible to receive after age 65 upon application, be a Canadian citizen or legal resident at time of application and resided in Canada for 10 years after age 18
- Living outside Canada: Eligible to receive after age 65 upon application, be a Canadian citizen or legal resident day before leaving and resided in Canada for 20 years after age 18
- **Starting 2023 age of eligibility will increase gradually over 6 years to 67. Affects people born in 1958 and later.**



Old Age Security

- Claw-backs between \$74,788 and \$121,314
- Claw-back at \$0.15 per \$1 over \$74,788 based on prior year's tax return
- GIS for lower income (household income <\$42,575) earners and survivor benefits



Old Age Security



| Your situation | Maximum monthly payment amount | Maximum annual income to receive the OAS pension ¹ |
|--|--------------------------------|---|
| <u>Old Age Security (OAS) pension</u> | | |
| Regardless of your marital status | \$585.49 | \$121,314 (individual income) |
| <u>Guaranteed Income Supplement</u> (GIS) amounts for individuals receiving a full Old Age Security (OAS) pension. | | |
| If you are a single, widowed or divorced pensioner | \$874.48 | \$17,760 (individual income) |
| If your spouse/common-law partner receives the full OAS pension | \$526.42 | \$23,472 (combined income) |
| If your spouse/common-law partner does not receive an OAS pension | \$874.48 | \$42,576 (combined income) |
| If your spouse/common-law partner receives the Allowance | \$526.42 | \$42,576 (combined income) |



Pension Overview

Retirement Income Example

| | <u>Annually</u> | <u>Monthly</u> |
|-------------------------------|-------------------|--------------------|
| Pension - \$140,000 @ 35 yrs. | \$ 98,000 | \$ 8,166.67 |
| CPP - Max | \$ 13,370 | \$ 1,114.17 |
| OAS - Clawed back | <u>\$ 1,538</u> | <u>\$ 128.22</u> |
| Retirement Income | <u>\$ 112,908</u> | <u>\$ 9,409.00</u> |
| Working Income | <u>\$ 140,000</u> | <u>\$11,666.67</u> |

80.6%

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- Questions & Discussion



Retiree Benefits

- Minor differences from existing employee benefits
 - Drug Plan:
 - Deductible is \$2.00, no dispensing fee cap
 - Prescribed drugs covered
 - Max. \$10,000/yr for RE, \$2,000 for RL *after* ODB
 - Dental:
 - Lowest cost alternative in Level III and IV
 - Ext. Health:
 - \$50,000 lifetime max.
 - Emergency Out of Country max. lifetime of \$50,000 and 60 day trips
 - Vision at \$200.00 every 2 years
 - Hearing aids at \$600.00 every 5 years

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Questions & Discussion



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