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**UNIVERSITY OF VICTORIA  
COMBINATION PENSION  
PLAN**

**ANNUAL REPORT TO MEMBERS  
2013**

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<i>Investments and Returns</i>	2011		2012		2013	
	\$602,878,769		\$655,370,014		\$749,112,447	
	74,913,440		88,768,934		110,004,904	
		%		%		%
	\$5,665,161	0.92	\$60,095,200	9.98	\$100,197,499	15.31
	<u>(1,661,221)</u>	<u>(0.27)</u>	<u>(1,633,285)</u>	<u>(0.27)</u>	<u>(1,979,127)</u>	<u>(0.30)</u>
	4,003,940	0.65	58,461,915	9.71	98,218,372	15.01

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<i>Benefit Payments</i>	2011	2012	2013
	\$10,027,827	\$7,453,666	\$7,320,110
	\$ 1,568,827	\$1,968,368	\$2,341,723
	377,105	350,902	344,116
	179,644	181,632	152,900
	173,338	255,412	342,210
	13,079,992	14,181,481	15,102,349

<i>Contributions</i>	2011	2012	2013
	\$ 6,920,824	\$ 7,716,152	\$ 7,896,944
	14,846,215	16,504,099	16,963,608
	137,597	124,060	147,541
	1,563,497	1,421,061	1,658,433

<i>Adjustments to Pensions</i>	2011	2012	2013
	%	%	%
	3.0	2.9	1.2
	3.6	(4.7)	5.3
	2.1	(6.1)	3.8

Objectives

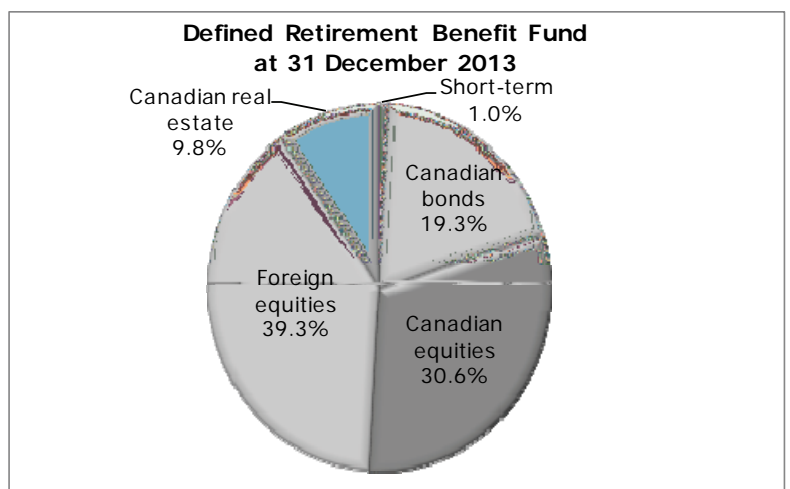
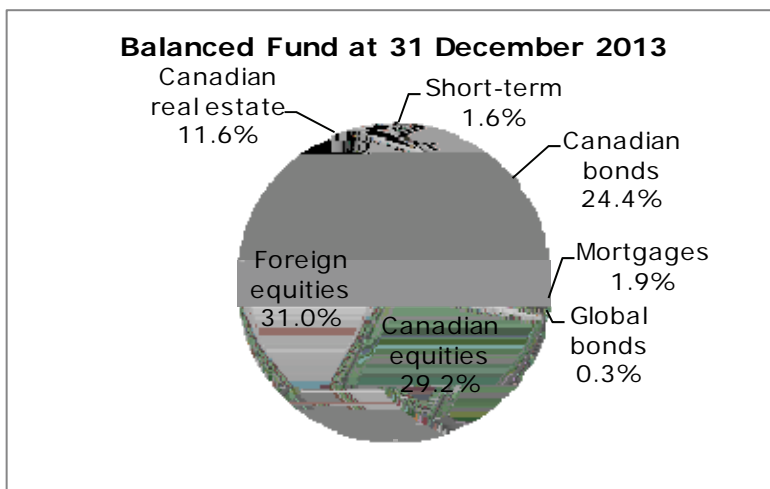
Plan assets are distributed over two funds: the Balanced Fund and the Defined Retirement Benefit Fund. Individual member accounts (Combined Contribution Accounts, Variable Benefit Accounts and Additional Voluntary Contribution Accounts of active and inactive members) are held in the Balanced Fund, together with member accounts from the Money Purchase Pension Plan. The Defined Retirement Benefit Fund holds the assets of the Defined Retirement Benefit Account from which defined benefit pensions and supplements are paid.

The main long-term investment objectives set by the Pension Board and accepted by the Plan's investment managers (refer to Appendix E) are to secure the obligation of the Plan and the Uni-

versity for pension benefit payments. In recognition of the Plan's current characteristics, an average degree of risk in terms of short-term variability of returns may be tolerated in the Balanced Fund's investments in pursuit of longer term returns. A higher degree of risk in terms of short-term variability of returns may be tolerated in the Defined Retirement Benefit Fund's investments in pursuit of longer term returns.

The primary objective for the Funds is to achieve a rate of return, net of investment fees and based on a four-year moving average, which is above a benchmark rate of return associated with asset mix policy. The **charts below** show each Fund's actual asset mix at 31 December 2013.

Asset Mix





### *Investment Returns*

Investment returns are measured on a time-weighted basis. The return objectives include realized and unrealized capital gains or losses, plus income from all sources.

The Investment Committee monitors and reviews performance and reports to the Pension Board on a quarterly basis. While short-term results are of interest, it is important to recognize that an investment strategy ought to provide good results over the longer term. As a consequence, the Pension Board focuses on evaluating investment performance over rolling four-

year periods. Over rolling four-year periods, the domestic managers are expected to meet the benchmark plus 0.5% per annum, plus investment management and pooled fund custodial fees. The foreign equity manager is expected to meet the standard plus 1.0% per annum, plus investment management and pooled fund custodial fees. The real estate manager is expected to return the Canadian Consumer Price Index plus 4%. The benchmark for the total fund is a composite of the benchmarks for the individual asset classes.

### *Balanced Fund Asset Mix and Performance as at 31 December 2013*

<b>ASSET CLASS (benchmark)</b>	<b>Actual Weight</b>	<b>Benchmark Weight (Range)</b>	<b>1 year Gross Return</b>	<b>1 year Benchmark Return</b>	<b>4 year Gross Return</b>	<b>4 year Benchmark Return</b>
Underlying manager	(%)	(%)	(%)	(%)	(%)	(%)
BC Investment Management Corporation	0.2					
Fiera Capital Corporation						
Phillips, Hager & North Investment Management Limited						

## Investments

### Balanced Fund—annualized returns

The table below shows the annualized rates of return on the Balanced Fund portfolio over the last ten calendar years. "Gross Gain (Loss)" are returns before expenses. "Net Gain (Loss)" are returns after all investment and operating expenses. "Net Gain (Loss)" is the rate of return credited to members' individual Combined Contribution Accounts, Variable Benefit Accounts and Voluntary Contribution Accounts. Past performance is not a reliable indicator of future performance.

Year ended 31 December	1 year		4 year		10 year	
	Gross Gain (Loss)	Net Gain (Loss)	Gross Gain (Loss)	Net Gain (Loss)	Gross Gain (Loss)	Net Gain (Loss)
	%	%	%	%	%	%
2013	15.31	15.01	8.82	8.54	7.32	7.06
2012	9.98	9.71	8.98	8.71	7.28	7.03
2011	0.92	0.65	2.17	1.90	5.86	5.59
2010	9.56	9.30	2.68	2.42	6.00	5.76
2009	16.01	15.72	3.44	3.18	6.31	6.07
2008	(15.05)	(15.29)	2.75	2.49	5.81	5.57
2007	2.94	2.69	10.05	9.81	8.49	8.23
2006	12.87	12.60	13.12	12.88	9.12	8.85
2005	12.91	12.63	8.70	8.47	9.69	9.41
2004	11.81	11.63	6.04	5.83	9.97	9.68

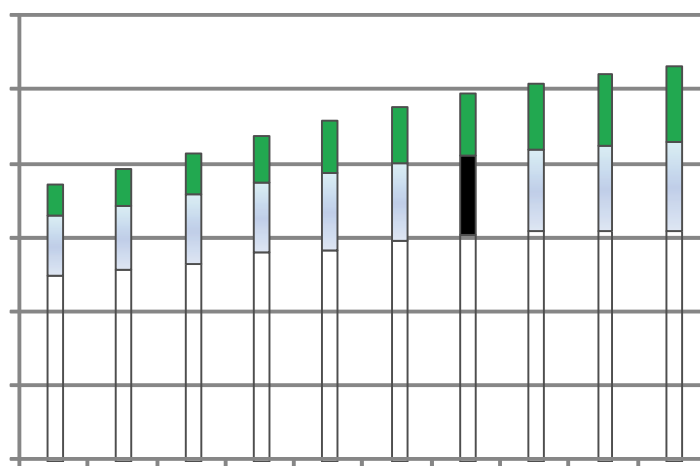
### Balanced Fund—expense ratio detail

The table below provides the detail of all expenses incurred in investing and operating the pension plan. Expenses are deducted from gross gain to determine net gain. Due to the effect of compounding, over extended periods of time expenses can have a material impact on final account balances. Expenses are often described as expense ratios and expressed as basis points; 0.30% is 30 basis points.

	2011		2012		2013	
		%		%		%
	\$1,187,864	0.19	\$1,203,691	0.20	\$1,504,646	0.23
	116,874	0.02	145,569	0.03	138,445	0.02
	-	-	-	-	-	-
	322,868	0.05	255,241	0.04	299,942	0.05
	<u>33,615</u>	<u>0.01</u>	<u>28,784</u>	<u>-</u>	<u>36,094</u>	<u>-</u>
	\$1,661,221	0.27	\$1,633,285	0.27	\$1,979,127	0.30

The table and chart below show the growth in plan membership over the past ten years. Active members are members who are still employed by the University and contributing to the Plan. Inactive members are members who have terminated employment but have not yet elected a benefit; the category also includes a small number of accounts held by surviving spouses of members who died before retirement. Pensioners are members and beneficiaries who are drawing a monthly pension from the Plan.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Active members	1,251	1,297	1,339	1,393	1,416	1,480	1,519	1,538	1,544	1,547
Inactive members	393	420	448	472	517	522	530	556	580	597
Pensioners	<u>217</u>	<u>246</u>	<u>284</u>	<u>321</u>	<u>353</u>	<u>382</u>	<u>414</u>	<u>448</u>	<u>484</u>	<u>512</u>
Total	1,861	1,963	2,071	2,186	2,286	2,384	2,463	2,542	2,608	2,656



### *Pensions*

The table below shows the types of pensions being paid by the Plan.

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Defined benefit pensions	21	20	19	17	15	14	12	11	10	9
Defined benefit supplements	9	8	8	13	16	36	41	47	76	89
Internal variable annuities	51	54	59	68	73	84	99	109	135	154
Variable benefits	151	179	216	247	277	297	320	347	362	373
Adjust for combinations	<u>(15)</u>	<u>(15)</u>	<u>(18)</u>	<u>(24)</u>	<u>(28)</u>	<u>(49)</u>	<u>(58)</u>	<u>(66)</u>	<u>(99)</u>	<u>(113)</u>
<b>Total pensioners</b>	217	246	284	321	353	382	414	448	484	512

## Understanding the Plan

Members and the University share the cost of the Plan.

**Combined Contribution Account (defined contribution):** For 2014, members' contributions are 4.35% of basic salary up to the YMPE (Year's Maximum Pensionable Earnings, the contributory earnings upper limit under the Canada Pension Plan) of \$52,500 plus 6.35% of basic salary in excess of that amount. Members' contributions are credited to members' individual Combined Contribution Accounts (CCAs).

The University contributes to individual CCAs an amount equal to 6.02% of basic salary up to the \$52,500 plus 7.65% in excess of that amount.

Total contributions to individual members' CCAs are therefore 10.37% of salary up to the

\$52,500 plus 14% in excess of that amount, subject to the limit that they may not exceed the lesser of 18% of the member's earnings and the annual defined contribution maximum set under the (\$24,930 in 2014).

**Defined Retirement Benefit Account:** The defined benefit minimum is funded by University contributions equal to 5.05% of earnings in 2014.

**Voluntary:** Subject to maximums, members may elect to make additional contributions to a voluntary contribution account through payroll deduction or by transfer from another registered plan (RRSP or Canadian registered pension plan). Transfers from spousal RRSPs are not permitted.

### Example of 2014 pension contributions based on an annual salary of \$90,000

	Member Amount (%)	University Amount (%)	Total Amount (%)
Combined Contribution Account	\$4,665 (5.18)	\$6,029 (6.70)	\$10,694 (11.88)
Defined Retirement Benefit Account	-	4,545 (5.05)	4,545 (5.05)
Canada Pension Plan	<u>2,426 (2.70)</u>	<u>2,426 (2.70)</u>	<u>4,852 (5.40)</u>
Total pension contributions	\$7,091 (7.88)	\$13,000 (14.45)	\$20,091 (22.33)

The Combination Pension Plan provides immediate vesting, which means there are no minimum service requirements for a pension. However, there are age requirements.

**Normal retirement date** for a member of the Combination Pension Plan is the last day of the month in which the member attains 65 years of age. This is the date at which the defined benefit minimum is calculated without reduction.

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### What are the options at retirement?

A member has a range of options designed to allow tailoring of retirement income to suit his or her individual situation, preferences, and financial plan. The detailed selection of any one option or a combination of options is a matter for the individual member and his or her private financial advisor, and the Plan cannot provide this type of advice. Spousal consent is required for some options. Subject to some restrictions, options may be combined for maximum flexibility.

With minor variations, there are basically two options available directly from the Plan and essentially the same two options outside the Plan. Within the Plan, a member may choose between a lifetime annuity and a variable benefit (basically similar to an external life income

#### Options at a Glance

- Purchase an internal variable annuity from the Plan (with defined benefit minimum)
- Start a variable benefit (RRIF/LIF-type option) from the Plan
- Purchase a life annuity from an insurance company
- Transfer CCA to a RRIF/LIF
- Transfer CCA to a (locked-in) RRSP
- Transfer CCA to another registered pension plan
- Leave CCA on deposit for a future pension (default option)

## Understanding the Plan

### Options at retirement, internal variable annuity (defined benefit minimum) continued

The defined benefit minimum is currently limited to \$2,770 per year of service credited after 1990 and is actuarially reduced for early retirement. The resulting single life pension is converted into the same survivor option that was selected for the variable annuity. An individualized sample calculation (single life) is provided to each member as part of the annual member statement. After retirement, the defined benefit minimum is indexed each 1 July based on the annual change in the Canadian Consumer Price Index, to a maximum of 3% per year.

If only a fraction of a member's CCA is applied to this option, there is a minimum of three times the YMPE (in 2014 the figure is 3 x \$52,500); the defined benefit minimum is then reduced to the same fraction.

A table of 2014 single life annuity rates and actuarial reductions is reproduced in Appendix A of this report. Other survivor options are available but the amount of pension will differ. If the member has a spouse, a minimum 60% joint life pension is required unless the spouse waives that right.

#### 2. Variable Benefit

This option is similar to an external life income fund. The funds that accumulated in a member's CCA are held in a Variable Benefit Account (VBA). The member retains ownership of the funds and each year sets the monthly retirement benefit, subject to statutory minima and maxima. The minimum does not take effect until the year the member reaches age 72 and, for a particular year after age 71, is the value of the account at the start of the year multiplied by the appropriate percentage rate from an age-based table. A member with a younger spouse may elect to use the spouse's age for purposes of determining the appropriate percentage rate for the minimum withdrawal. The maximum for a particular year only applies to the locked-in (post-1992) portion of a member's account. For pensioners who have been on the option for a full calendar

year, the maximum is the greater of: (a) actual investment returns for the preceding year; and (b) the locked-in portion of the account at the start of the year multiplied by the appropriate factor from an age-based table. A booklet explaining the variable benefit in more detail is available upon request from the Pension Office. The booklet contains a table of withdrawal rate limits.

The balance remaining in a member's account after each month's withdrawal shares in the investment performance of the Balanced Fund and, when the member dies, any remaining balance forms the survivor benefit.

#### **If the member has a spouse, spousal consent is required for the variable benefit option.**

With one full calendar month of notice, a variable benefit pensioner may terminate the pension and apply the balance remaining to one or a combination of the other options, except that the defined benefit minimum is not available. If the member is over 71 years of age, the minimum withdrawal for the year must be satisfied before the funds are applied to another option. If the funds are transferred to a life income fund, no withdrawal is permitted from the new life income fund until the following calendar year.

#### 3. Life Annuity from a life insurance company

Life annuities may be purchased from life insurance companies. Normally, a life annuity pays a fixed annual amount, unlike our internal annuities, which vary according to investment performance. Some companies may offer annuities with a fixed annual percentage escalation over time. As with the internal annuities, the initial payments depend on the balance available, the age of the annuitant, and the survivor option selected. Annuity rates offered are based on prevailing interest rates and other market factors, and can vary substantially from one company to another.

### Options at retirement continued

#### 4. Registered Retirement and Life Income Funds (RRIFs and LIFs)

The portion of a member's account that is attributable to pre-1993 contributions may be transferred to a registered retirement income fund (RRIF). The remainder (post-1992) is locked-in and is only transferable to a life income fund (LIF). In both cases, the member retains ownership of the monies.

The permissible underlying investments of RRIFs and LIFs are the same as for registered retirement savings plans (RRSPs) and may be self-directed. Based on the age of the member, there are statutory annual minimums for withdrawals from RRIFs and LIFs, and a maximum for LIFs, but no maximum for RRIFs. If the member has a spouse, spousal consent is required for a transfer to a LIF.

### What are the options upon termination of employment?

If a member leaves the employ of the University before earliest retirement age (55 years of age), the member is eligible for one of the following options:

- Leave Combined Contribution Account (CCA) on deposit for a future pension (default option)
- Transfer CCA to a (locked-in) RRSP
- Transfer CCA to another registered pension plan
- Purchase a deferred life annuity from an insurance company

Any portion of the member's account that is attributable to contributions made prior to 1993 is not subject to lock-in conditions and may be transferred to a regular RRSP or Registered Retirement Income Fund (RRIF) or be paid in cash less withholding tax. A member must commence a pension benefit or effect a transfer from the Plan by the end of the calendar year in which the member attains 71 years of age.

### What are the survivor benefits?

The survivor benefit for a member who dies **before commencing a benefit, or for a variable benefit pensioner**, is the balance in the member's account(s).

Under the , the beneficiary for the survivor benefit must be the member's spouse (if the member has a spouse), unless the spouse has completed and filed a Spouse's Waiver of Pre-retirement Benefits with the Pension Office; or, in the case of the variable benefit, the member did not have a spouse at the start date of the variable benefit. The definition of spouse includes a common-law or same sex partner.

**Members who have ended a marriage or marriage-like relationship are encouraged to verify that their beneficiary designation is current and valid. A person to whom you**

**are married retains spousal status for up to two years following separation.**

A beneficiary who is a spouse may elect a monthly benefit or a transfer of the member's account balance to (locked-in) RRSPs or RRIFs/LIFs. All options that are available to a member are available to a surviving spouse, with the exception that the defined benefit minimum is not available and the spouse need not have attained 55 years of age to commence a monthly benefit. The spouse must commence a pension benefit or effect a transfer from the Plan by the later of one year following the member's date of death or the end of the calendar year in which the spouse attains 71 years of age.





## APPENDIX A: Annuity Rates and Actuarial Reduction factors

The table below shows the rates that will be used in 2014 to convert a member's Combined Contribution Account balance into a single life 3.5% internal variable annuity, and the actuarial reduction factors that are applied to the defined benefit minimum if the pension starts before normal retirement age (age 65). A single life annuity ceases on the death of the annuitant. Survivor benefits are available by selecting an optional form (joint life and guaranteed terms), but the amount payable is reduced. The optional form is selected at the time the annuity commences and, like the annuity, is irrevocable.

**Table of Rates for Annual Single Life 3.5% Annuity  
Commencing in 2014 Provided by \$1000 of Combined Contribution Account  
and Actuarial Reduction Factors for Defined Benefit Minimum\***

Age in Years Upon Commencement of the Annuity	Annual Annuity Rate per \$1,000	Actuarial Reduction Factor for Defined Benefit Minimum
55	53.39	0.55440
56	54.40	0.58459
57	55.47	0.61711
58	56.61	0.65220
59	57.82	0.69017
60	59.11	0.73133
61	60.48	0.77604
62	61.93	0.82475
63	63.47	0.87792
64	65.10	0.93612
65	66.83	n/a
66	68.67	n/a
67	70.62	n/a
68	72.70	n/a
69	74.95	n/a
70	77.37	n/a
71	79.99	n/a

\*

## APPENDIX B: Portfolio holdings at 31 December 2013, Balanced Fund

### Short-term investments (1.57% of total)

	Par Value or Units	Market Value
Canada Treasury Bills	\$75,000	\$74,828.25
Ontario Province Treasury Bill	300,000	299,595.00
Saskatchewan Province Promissory Note	850,000	848,359.50
Pooled Funds		
bcIMC Canadian Money Market Fund ST2	0.021	83.03
Phillips, Hager & North Institutional STIF	1,119,487.565	11,194,875.65
		\$12,417,741.43

### Canadian bonds (24.45% of total)

	Interest Rate	Maturity Date	Par Value or Units	Market Value
Federal (government and government guaranteed)				
Canada	1.250	2018	\$204,000	\$197,679.06
Canada	4.000	2041	600,000	682,831.20
Canada	5.750	2029	169,000	224,684.99
Canada Housing Trust	2.400	2022	1,023,000	968,818.85
Canada Housing Trust	2.650	2022	763,000	746,584.06
Canada Housing Trust	3.150	2023	4,594,000	4,577,507.54
Canada Housing Trust	3.350	2020	559,000	583,333.83
Canada Housing Trust	3.800	2021	971,000	1,037,743.63
Canada Housing Trust	4.100	2018	2,585,000	2,812,960.81
NHA MBS #96505011 by Peoples Trust Co	4.200	2019	185,000	181,621.90
NHA MBS #96503636 by Equitable Trust Co	4.350	2018	620,000	590,608.28
Provincial (government and government guaranteed)				
New Brunswick	2.850	2023	384,000	362,504.45
New Brunswick	3.550	2043	388,000	343,171.64
New Brunswick	4.800	2041	591,000	643,507.99
Ontario - residual strip	0.000	2041	1,548,000	485,257.75
Ontario	2.850	2023	6,674,000	6,310,413.83
Ontario	3.150	2022	2,357,000	2,320,131.81
Ontario	3.450	2045	831,000	730,141.53
Ontario	3.500	2043	2,009,000	1,786,836.74
Ontario	4.600	2039	4,529,000	4,839,105.16
Ontario	4.650	2041	4,871,000	5,257,762.27
Ontario	4.700	2037	454,000	491,872.23
Ontario	5.600	2035	6,065,000	7,337,297.51
Ontario	5.850	2033	1,822,000	
Ontario	6.200	2031	1,616,000	
Ontario	6.500	2029	1,478,000	
Ontario	7.600	2027	6,109,000	
Ontario	8.000	2026	505,000	
Ontario	8.100	2023	1,970,000	
Ontario	8.500	2025	1,715,000	
Ontario Hydro	8.250	2026	1,768,000	
Quebec - residual strip	0.000	2041	1,080,000	
Quebec	3.000	2023	520,000	
Quebec	3.750	2024	966,000	
Quebec	4.250	2043	197,000	
Quebec	5.000	2041	215,000	
Quebec	5.750	2036	1,567,000	
Quebec	6.000	2029	374,000	
Quebec	6.250	2032	923,000	
Quebec	8.500	2026	1,601,000	
Quebec	9.375	2023	441,000	

**APPENDIX B: Portfolio holdings at 31 December 2013, Balanced Fund continued**

**Canadian bonds continued**

	Interest Rate	Maturity Date	Par Value or Units	Market Value
Municipal (government and government guaranteed)				
Municipal Finance Authority BC	3.350	2022	\$139,000	\$137,881.33
South Coast BC Transportation	3.800	2020	705,000	731,554.53
Corporate				
CBC Monetization Trust	4.688	2027	197,092	216,316.16
CDP Financial Inc	4.600	2020	138,000	150,472.72
Hospital for Sick Children	5.217	2049	330,000	354,264.90
Pooled Funds				
Phillips, Hager & North High Yield Bond Fund			737,569.222	8,586,854.64
Phillips, Hager & North Investment Grade Corp Bond Trust			10,775,006.831	107,892,298.40
				\$193,406,090.16

**Foreign bond (0.25% of total)**

			Par Value	Market Value
United States Treasury Bond	3.625	2043	US\$2,013,000	\$2,010,466.99

**Mortgages (1.91% of total)**

	Units	Market Value
Phillips, Hager & North Mortgage Pension Trust Fund	1,439,949.305	\$15,091,388.69

**Canadian equities (29.25% of total)**

	Shares	Market Value
Consumer Discretionary		
Canadian Tire Corp Ltd Class A Non-Vtg	10,677	\$1,062,254.73
Cineplex Inc	29,487	1,299,197.22
Dollarama	23,584	2,080,344.64
Magna International Inc	28,597	2,490,798.70
Shaw Communications Inc Class B Non-Vtg	62,992	1,628,343.20
Tim Hortons Inc	21,663	1,342,889.37
Consumer Staples		
Alimentation Couche-Tard Inc Class B Sub-Vtg	30,440	2,431,547.20
Energy		
Arc Resources Ltd	76,521	2,262,725.97
Cameco Corp	64,900	1,430,396.00
Cenovus Energy Inc	82,084	2,495,353.60
Crescent Point Energy Corp	55,577	2,292,551.25
Inter Pipeline Ltd	62,645	1,618,120.35
Keyera Corp	13,948	891,695.64
Meg Energy Corp	40,186	1,230,093.46
Shawcor Ltd	29,952	1,272,360.96
Suncor Energy Inc	134,632	5,013,695.68
Tourmaline Oil Corp	52,808	2,360,517.60
Trilogy Energy Corp	40,926	1,129,557.60
Vermilion Energy Inc	32,057	1,998,753.95

**APPENDIX B:** Portfolio holdings at 31 December 2013, Balanced Fund continued**Canadian equities continued**

	<b>Shares</b>	<b>Market Value</b>
<b>Financials</b>		
Bank of Nova Scotia (The)	105,312	\$6,995,876.16
Brookfield Asset Management Inc Class A Ltd Vtg	90,366	3,724,886.52
Canadian Imperial Bank of Commerce	35,888	3,255,759.36
Element Financial Corp	165,809	2,321,326.00
Manulife Financial Corp	237,126	4,970,160.96
Onex Corp Sub-Vtg	24,347	1,396,300.45
Royal Bank of Canada	108,974	7,781,833.34
Toronto-Dominion Bank (The)	81,392	8,148,153.12
<b>Health Care</b>		
Catamaran Corp	37,864	1,910,238.80
<b>Industrials</b>		
Bombardier Inc Class B Sub-Vtg		
Brookfield Infrastructure Limited Partners		
Canadian National Railway Co		

**APPENDIX B:** Portfolio holdings at 31 December 2013, Balanced Fund continued

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<b>Real estate (11.56% of total)</b>		
	<b>Units</b>	<b>Market Value</b>
bcIMC Realpool Investment Fund	11,894.688	\$91,465,074.38
<b>Total Balanced Fund investment portfolio at market value</b>		<b>\$791,050,661.66</b>
<b>Portion held by the University of Victoria Combination Pension Plan (94.70%)</b>		<b><u>\$749,112,447.32</u></b>

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**APPENDIX C:** Portfolio holdings at 31 December 2013, Defined Retirement Benefit Fund continued

Pension plans are of two major types: defined benefit



defined benefit minimum were revised to equal:

- (a) 1% of salary, which at the discretion of the Pension Board acting on the advice of the actuary, could be directed in whole or in part to member's CCAs, plus
- (b) such additional contributions as are recommended by the plan actuary to maintain the Defined Retirement Benefit Account on a sound actuarial basis (4.05% of salary effective 1 May 2011).

From 1 January 1991 to 30 June 1993, and from 1 July 1998 to 31 December 2001, the 1% contribution was not required for the defined benefit minimum and, on the advice of the plan actuary, was redirected to members' CCAs. Since that time, plan actuaries have recommended that the 1% of salary be gradually returned to its original purpose, namely to fund the defined benefit minimum (registered plan and/or the Supplemental Benefit Arrangement). Consequently, for 2002, the Pension Board changed the allocations to 0.8% to CCAs and 0.2% to the defined benefit minimum. For 2003 and 2004, the corresponding alloca-

tions were 0.7% and 0.3% and, effective 1 January 2005, the full 1% was allocated to accounts funding the defined benefit minimum. The 1% was increased to 5.05% effective 1 May 2011.

**Immunization options.** A Canadian Government Treasury Bill Fund was created in 1991 and a Short Term Bond and Mortgage Fund was added in 2003.

## APPENDIX E: Service providers

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### Service providers at the end of December 2013

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<b>Investment Managers</b>	<p>BC Investment Management Corporation (bcIMC) manages one-half the Canadian equity portion, and all the foreign equity and real estate portions of the Balanced Fund Manages the foreign equity and real estate portions of the Defined Retirement Benefit Fund</p> <p>Fiera Capital Corporation manages one-half the Canadian equity portion of the Balanced Fund</p> <p>Phillips, Hager &amp; North Investment Management Limited manages the fixed income portion of the Balanced Fund and the domestic portion of the Defined Retirement Benefit Fund</p>
<b>Custodian</b>	<p>RBC Investor Services Trust custodian of plan assets, excluding bcIMC funds payment service for pensions and taxable lump sums</p>
<b>Investment consultant</b>	<p>Towers Watson</p>
<b>Performance measurement</b>	<p>RBC Investor Services Limited</p>
<b>Actuary</b>	<p>Mercer (Canada) Limited</p>
<b>Auditor</b>	<p>Grant Thornton LLP</p>

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