



UNIVERSITY OF VICTORIA
MONEY PURCHASE
PENSION PLAN

ANNUAL REPORT TO MEMBERS
2012

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The information in this report is provided for the general information of members. The precise terms and conditions of the Plan are provided in the relevant plan documents. If there is a discrepancy between this report and the plan documents, the plan documents apply.

Starting this letter, I was somewhat amazed to see eleven previous versions residing on my computer! This time has been enjoyable and profoundly educational for me and I would like to

The Plan is governed by a Board of Trustees (the “Pension Board”). The Board of Trustees for the University of Victoria Combination Pension Plan also serves as the Pension Board for this Plan.

The Pension Board oversees investment of the pension fund, financial management of the Plan and ensures the Plan is administered in accordance with the trust agreement, the *Income Tax Act (Canada)* and *Pension Benefit Standards Act (BC)*.

Annual General Meeting

<i>Benefit Payments</i>	2010	2011	2012
<i>Lump sum payments and transfers</i>			

<i>Contributions</i>	2010	2011	2012
<i>Members' required</i>	\$ 677,921	\$ 724,265	\$ 787,661
<i>University required</i>	1,587,128	1,655,966	1,775,778
<i>Members' voluntary</i>	20,310	19,810	21,423
<i>Transfers from other plans</i>	220,735	3,749	79,247

Investments

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 (loss) to determine net gain (loss). 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; 0.29% is 29 basis points.

	2010		2011		2012	
<i>Balanced Fund</i>		%		%		%
<i>Investment management expenses</i>	\$53,933	0.19	\$59,394	0.19	\$64,015	0.21
<i>Custodial and consulting expenses</i>	5,146	0.02	5,843	0.02	7,741	0.02
<i>Office and administration expenses</i>	13,018	0.05	16,143	0.05	13,574	0.04
<i>Audit and legal expenses</i>	<u>4,727</u>	<u>0.02</u>	<u>5,153</u>	<u>0.02</u>	<u>5,149</u>	<u>0.02</u>
<i>Total expenses</i>	\$76,824	0.28	\$86,533	0.28	\$90,479	0.29

Membership statistics

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.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Active members	259	262	287	285						
Inactive members	248	270	283	331						
Pensioners	-	-	-	-						

Members and the University share the cost of the plan.

Money Purchase Contribution Account: For 2013, members' contributions are 3% of basic salary up to the YMPE (Year's Maximum Pension-

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

Options at a Glance

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

...cont'd

2. 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.

3. 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 employment of the University before earliest retirement age (55 years of age), the member is eligible for one of the following options:

- Leave Money Purchase Contribution Account (MPCA) on deposit for a future pension (default option)
- Transfer MPCA to a (locked-in) RRSP
- Transfer MPCA 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.

Understanding the Plan

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 *Pension Benefits Standards Act*, 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 legal marriage or who have had a common-law partner for at least two years 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.

Plan administration

General enquiries or requests for statements should be directed to the Pension Office at (250) 721-7030, by email to pensions@uvic.ca, or to:

Mailing address	Physical address/courier
Pension Services University of Victoria PO Box 1700, Stn CSC Victoria BC V8W 2Y2	Pension Services University of Victoria ASB—Room B278 3800 Finnerty Rd Victoria BC V8P 5C2

Retiring members should contact the Pension Office at least 3-6 months before their retirement date (last date on pay vs last day at work). The Pension Office will send the member a statement of options and the forms required for the various options. The forms must be received in the Pension Office at least one full calendar month prior to the benefit payment date.

Pensions are paid on the first of each month. Lump sum payments and transfers are processed at the end of each calendar month; the payment or transfer value is the market value at the end of the previous month, plus interest for the final month.

APPENDIX A: Portfolio holdings at 31 December 2012, Balanced Fund

Short-term investments (2.27% of total)

	Par Value or Units	Market Value
Canada Treasury Bill		

APPENDIX A: Portfolio holdings at 31 December 2012, Balanced Fund continued

Mortgages (1.93% of total)		
	Units	Market Value
Phillips, Hager & North Mortgage Pension Trust Fund	1,255,818.958	\$13,364,927.68
Canadian equities (28.85% of total)		
	Shares	Market Value
Consumer Discretionary		
Dollarama	20,900	\$ 1,232,473.00
Magna International Inc	29,300	1,455,624.00
Shaw Communications Inc Class B Non-Vtg	59,500	1,358,980.00
Tim Hortons Inc	21,663	1,057,804.29
Consumer Staples		
Saputo Inc	32,400	1,630,044.00
Shoppers Drug Mart Corp	31,000	1,326,800.00
Energy		
Arc Resources Ltd	50,900	1,243,996.00
Baytex Energy Corp	18,200	780,234.00
Cameco Corp	64,900	1,271,391.00
Canadian Natural Resources Ltd	104,775	3,000,756.00
Cenovus Energy Inc	73,910	2,460,463.90
Crescent Point Energy Corp	42,500	1,598,850.00
Imperial Oil Ltd	27,200	1,162,256.00
Inter Pipeline Fund Class A	58,900	1,384,150.00
Keyera Corp	19,286	949,449.78
Meg Energy Corp	32,000	974,080.00
Suncor Energy Inc	125,027	4,089,633.17
Tourmaline Oil Corp	37,800	1,180,494.00
Vermilion Energy Inc	24,400	1,268,068.00
Financials		
Bank of Nova Scotia (The)	101,100	5,809,206.00
Brookfield Asset Management Inc Class A Ltd Vtg	81,400	2,966,216.00
Canadian Imperial Bank of Commerce	42,680	3,413,119.60
Intact Financial Corp	16,800	1,088,136.00
Manulife Financial Corp	187,198	2,529,046.08
Onex Corp Sub-Vtg	24,347	1,019,408.89
Royal Bank of Canada	115,028	6,887,876.64
Toronto-Dominion Bank (The)	78,700	6,591,125.00
Health Care		
Catamaran Corp	38,223	1,788,071.94
Industrials		
Canadian National Railway Co	49,500	4,471,335.00
Finning International Inc	56,749	1,394,322.93
Materials		
Agrium Inc	14,879	1,475,104.06
Eldorado Gold Corp	116,819	1,495,283.20
Goldcorp Inc	89,000	3,254,730.00
New Gold Inc	90,600	997,506.00
Potash Corp of Saskatchewan Inc	81,800	3,311,264.00
Silver Wheaton Corp	52,511	1,883,044.46
Teck Resources Ltd Class B Sub-Vtg	50,192	1,814,440.80
West Fraser Timber Co Ltd	6,324	442,996.20

APPENDIX B: History of the Plan

The Money Purchase Pension Plan is a defined contribution plan. It was created 1 January 1991 for members of the faculty and administrative and academic professional staff holding term appointments or regular (continuing) appointments of 50% or more of full time, but less than full time and for senior instructors and sessional lecturers. In a defined contribution plan, the contributions of the member and his or her employer, together with net investment earnings or losses, accumulate throughout the member's career. At retirement, the accumulated sum is used to purchase a pension. In a defined contribution plan, net investment returns are obviously of great importance to the member.

Member contribution rates. Members of the plan contribute an amount equal to:

- (a) 3% of basic salary up to the contributory earnings upper limit for the Canada Pension Plan (the "Year's Maximum Pensionable Earnings" - YMPE), plus
- (b) 5% on the salary in excess of that limit.

University contribution rates. The University contributes an amount equal to:

- (a) 8.37% of basic salary up to the YMPE, plus
- (b) 10% on the salary in excess of that limit.

The contributions are directed to the members' Money Purchase Contribution Accounts. The University's contributions in respect of a member, when combined with the member's required contributions, cannot exceed the lesser of 18% of the member's earnings and the annual defined contribution limit set under the Income Tax Act. In 1994, in response to these limits, the Supple-

mental Benefit Arrangement (SBA) was created. The SBA is a complement to the Money Purchase Pension Plan. It provides benefits that may not be provided under the registered pension plan.

On 1 January 1993, minimum pension standards legislation became effective in BC. The most significant impact this had on members of the Money Purchase Pension Plan is that contributions made on or after 1 January 1993 must be locked-in to provide a lifetime retirement income. Contributions made prior to 1993 were restricted under the plan document. The restricted (under IT* (h)-1 co) 8.3 (b) 4.5 (s) - .5 () TJ 0 -1.2126 TD -.0425 Tc .34gu (bu

APPENDIX C: Service providers

Service providers at the end of December 2012		
Investment Managers	BC Investment Management Corporation (bcIMC) manages one-half the Canadian equity portion, and all the global equity and real estate portions of the Balanced Fund	Victoria, BC
	Fiera Capital Corporation manages one-half the Canadian equity portion of the Balanced Fund	Vancouver, BC
	Phillips, Hager & North Investment Management Limited manages the fixed income portion of the Balanced Fund	Vancouver, BC
Custodian	RBC Investor Services Trust custodian of plan assets, excluding bcIMC funds payment service for pensions and taxable lump sums	Vancouver, BC
Investment consultant	Towers Watson	Vancouver, BC
Performance measurement	RBC Investor Services Limited	Vancouver, BC
Actuary	Mercer (Canada) Limited	Vancouver, BC
Auditor	Grant Thornton LLP	Victoria, BC