



Financial Statements

University of Victoria Money Purchase Pension Plan

December 31, 2013

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University of Victoria Money Purchase Pension Plan

Statement of Financial Position

December 31	2013	2012
Assets		
Cash	\$ <u>100,755</u>	\$ <u>91,496</u>
Investments (Note 4)		
Short-term	658,337	802,832
Canadian bonds	10,253,586	10,046,141
Foreign bonds	106,587	-
Mortgages	800,083	683,350
Canadian equities	12,265,696	10,187,200
Foreign equities	12,982,682	9,226,350
Currency hedges	22,146	34,028
Real estate	<u>4,849,098</u>	<u>4,334,873</u>
	<u>41,938,215</u>	<u>35,314,774</u>
Receivables		
Accrued interest and dividend income	31,496	33,940
Miscellaneous	<u>3,514</u>	<u>65,939</u>
	<u>35,010</u>	<u>99,879</u>
	42,073,980	35,506,149
Liabilities		
Accounts payable and accrued liabilities	<u>15,365</u>	<u>5,048</u>
Net assets available for benefits	42,058,615	35,501,101
Obligations for benefits (Note 6)	<u>42,058,615</u>	<u>35,501,101</u>
Net assets available for benefits less obligations for benefits	\$ <u>-</u>	\$ <u>-</u>

Approved by the Board of Pension Trustees

See accompanying notes to the financial statements.

University of Victoria Money Purchase Pension Plan

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31

2013

2012

Change in net assets

Net return on investments (Note 5)

Interest income	\$ 501,111	\$ 457,920
Mortgage income	31,718	34,296
Dividend income	131,798	232,116
Net realized and unrealized gain on investments	4,827,285	2,471,652
Investment administration costs	<u>(90,059)</u>	<u>(71,756)</u>
	<u>5,401,853</u>	<u>3,124,228</u>

Contributions (Note 1)

Members' required	809,182	787,661
Members' additional voluntary	28,580	21,423
University's required	1,867,715	1,775,778
Transfers from other plans	<u>78,898</u>	<u>79,247</u>
	<u>2,784,375</u>	<u>2,664,109</u>

Payments to or on behalf of members

Pensions to retired members or beneficiaries	(180,884)	(160,660)
Members' accounts transferred and refunded, and death benefits	<u>(1,425,674)</u>	<u>(2,123,061)</u>
	<u>(1,606,558)</u>	<u>(2,283,721)</u>

Operating expenses

Office and administrative costs	(16,440)	(13,574)
Audit and registration fees and legal fees	<u>(5,716)</u>	<u>(5,149)</u>
	<u>(22,156)</u>	<u>(18,723)</u>

Increase in net assets

6,557,514 3,485,893

Net assets available for benefits, beginning of year

35,501,101 32,015,208

Net assets available for benefits, end of year

\$ 42,058,615 \$ 35,501,101

See accompanying notes to the financial statements.

University of Victoria Money Purchase Pension Plan
Statement of Changes in Obligations for Benefits

Year Ended December 31

2013

2012

Obligations for benefits, beginning balance	\$ <u>35,501,101</u>	\$ <u>32,015,208</u>
Net investment returns	5,379,697	3,105,505
Contributions	2,784,375	2,664,109
Benefits paid	(180,884)	(160,660)
Accounts transferred or refunded	<u>(1,425,674)</u>	<u>(2,123,061)</u>
Change in obligations for benefits	<u>6,557,514</u>	<u>3,485,893</u>
Obligations for benefits, ending balance	\$ <u>42,058,615</u>	\$ <u>35,501,101</u>

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University of Victoria Money Purchase Pension Plan

Notes to the Financial Statements

December 31, 2013

1. Description of plan

The following description of the University of Victoria Money Purchase Pension Plan is a summary only. For more complete information, reference should be made to the Trust Agreement.

(a) General

The Plan is a defined contribution pension plan. The Plan covers all faculty and administrative and academic professional staff holding regular appointments of 50% or more of full-time but less than full time and for assistant teaching professors and sessional lecturers.

(b) Funding policy

In accordance with the Trust Agreement, members are required to contribute 3% of their basic salary up to the Canada Pension Plan Year's Maximum Pensionable Earnings (YMPE) (\$51,100 in 2013), and 5% of the basic salary in excess of that amount. The contributions are directed to the members' money purchase contribution accounts.

The University contributes 8.37% of basic salary up to the Canada Pension Plan YMPE, and 10% of the basic salary in excess of that amount. The contributions are directed to the members' money purchase contribution accounts.

The total combined member and University contributions to a member's money purchase contribution account in a calendar year are limited to the Income Tax Act (Canada) maximum (\$24,270 in 2013).

Subject to Income Tax Act (Canada) maximums, members may elect to make additional contributions to a voluntary contribution account through payroll deduction or by transfer from other registered vehicles.

(c) Investment options

Members' money purchase contribution accounts and additional voluntary accounts are invested in a balanced fund.

(d) Retirement

All members are eligible for a retirement benefit. Normal retirement is the end of the month in which the member attains age 65. Members may elect early retirement any time after attaining the age of 55, or postpone retirement benefits until December 1st of the calendar year in which the member attains age 71.

University of Victoria Money Purchase Pension Plan

Notes to the Financial Statements

December 31, 2013

4. Investments (fair value) (continued)

The following table summarizes the changes in the fair value of the Plan's financial instruments classified as level 3 investments:

	2013	2012
Beginning balance	\$ 4,334,873	\$ 3,649,901

University of Victoria Money Purchase Pension Plan

Notes to the Financial Statements

December 31, 2013

10. Risk management (continued)

Interest rate risk: Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Duration is an appropriate measure of interest rate risk for fixed-income securities as a rise in interest rates will cause a decrease in the price of fixed income securities – the longer the duration, the greater the effect. At December 31, 2013, the average duration of the fixed income securities in the Balanced Fund was 6.4 years (2012: 6.2 years). Therefore, if nominal interest rates were to increase by 1%, the value of the Balanced Fund fixed income securities would drop by 6.4% (2012: 6.2%).

Other price risk: Other price risk relates to the possibility that the investments will change in value due to future fluctuations in market prices. This risk is reduced by the investment policy provisions approved by the Board of Pension Trustees for a structured asset mix to be followed by the investment managers, the requirement for diversification of investments within each asset class and credit quality constraints on fixed income instruments. Other price risk can be measured in terms of volatility, i.e., the standard deviation of change in the value of a financial instrument within a specific time horizon. Based on the volatility of the current asset class holdings shown in Note 4, the expectation is that over the long-term, the Balanced Fund will return around 6.7%, within a range of +/- 9.5% (i.e., results ranging from -2.8% to 16.2%).

Short-term holdings

Volatility %
