

PENSION PLAN

2024 NEWSLETTER

**NON-TEACHING EMPLOYEES
OF THE SASKATOON BOARD
OF EDUCATION**



Saskatoon Public Schools
Inspiring Learning

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MESSAGE FROM THE PENSION TRUSTEES COMMITTEE

We are pleased to share the Pension Plan's most current financial information from the December 31, 2023 Actuarial Valuation with you, the Plan Members and Pensioners, in this 2024 newsletter.

Expanding the Pension Advisory Committee (PAC)

The PAC is currently a group of employees representing the unions and out-of-scope staff of the school division. This group of representatives is selected from amongst its peers. The PAC provides a forum for discussion and sharing information, thereby improving communication and services to members. Pension Trustees value the contribution of committee members and take their input into consideration when dealing with various matters.

The PAC is expanding and is looking for volunteers from Pensioners to add their voice to the PAC. If you are in receipt of a pension from the Pension Plan and would like to volunteer to become a PAC member, please email Peter Gruening, Pension Manager [PensionManager@spsd.sk.ca], with an expression of your interest and contact information.

Your Pension Plan's Trustees are:

- Dr. Suzanne Zwarych – Board Pension Trustee, Chair
- Ms. Kim Stranden – Board Pension Trustee, Vice Chair
- Ms. Angela Arneson – Board Pension Trustee
- Ms. Kathleen Brannen – Board Pension Trustee
- Mr. Daniel Burke – Executive Staff Pension Trustee
- ** Mr. Ryan Glass – Independent Pension Trustee
- ** Ms. Laura Kennedy – Independent Pension Trustee

** Independent Pension Trustees are members of the general public with appropriate background and experience to serve as pension trustees and are appointed by the Board of Education of the Saskatoon School Division

INTRODUCING RYAN GLASS, INDEPENDENT TRUSTEE, THE PENSION PLAN'S NEWEST TRUSTEE



Ryan has spent much of his career in the pension management industry leading teams of professionals to provide oversight of large pension programs ranging in size from millions of dollars to billions of dollars.

He has extensive experience in all areas of pension management, including: governance, plan design, communications, data management, member services, and pension administration. In addition, he has extensive financial knowledge and experience – particularly in the institutional portfolio management space.

His ultimate objective is to ensure that plan members are well set up to successfully achieve their financial needs in retirement. His journey began as a pension professional with Aon Consulting – providing investment advice to numerous pension plans across Canada. From there, he has worked for major pension programs including those of: Farm Credit Canada, the Saskatchewan Teachers' Federation, and the Saskatchewan Pension Plan. Currently, Ryan is working with PWM Private Wealth as a Wealth Advisor, where he is supporting individuals with their financial needs by applying a pension-style investment philosophy for individual investors.

Ryan has a passion for finance and prudent money management – building effective investment portfolios to enhance returns while controlling risks. In addition to being a Chartered Financial Analyst (CFA), he also has a Bachelor of Arts (BA) in Economics from the University of Saskatchewan.

ANNUAL PENSION STATEMENT

This is perhaps the single most important source of information for your Pension Plan as it contains information specific to you.

On an annual basis, usually in May, you will receive your annual pension statement for the previous calendar year. It's important to spend a few minutes reviewing it to ensure the "Personal Information" section is correct.

Your statement also contains interesting information such as:

- An estimate of your projected annual retirement pension.
- Information on early retirement and earliest unreduced retirement.
- What happens if you terminate your employment or if you die.

THE FINANCIAL HEALTH OF THE PENSION PLAN

The financial health of the Pension Plan is determined by conducting an actuarial valuation. Saskatchewan Pension Regulations requires an actuarial valuation at intervals not exceeding three fiscal years.

The Pension Plan's last filed actuarial valuation was at December 31, 2023. Actuarial valuations determine the financial health and position of the Pension Plan by conducting two assessments required by Saskatchewan Pension Regulations, the going concern basis and solvency basis. In addition, annual contributions requirements are calculated.

The Pension Trustees work with the Pension Plan's actuary, Aon, to monitor the financial position of the Pension Plan. Annually, Aon prepares an estimate of the Pension Plan's financial position for review by the Pension Trustees. If the financial position shows sufficient improvement to warrant a full actuarial valuation, one is completed. This actuarial valuation is then reviewed in detail and, if advantageous to the Pension Plan, filed before the filing deadline (September 30th for the prior calendar year). Filing an actuarial valuation prior to the mandatory triennial date re-sets the triennial date, which could be advantageous in future years depending on investment market performance.

The following information is taken from the December 31, 2023 Actuarial Valuation Report. You can access the full report [here](#).

GOING CONCERN FINANCIAL POSITION

The going concern valuation provides an assessment of the Pension Plan's financial position on the premise that the Plan continues on into the future indefinitely. The following excerpt from the 2023 actuarial valuation shows the Pension Plan's improvement in its unfunded liability by \$337,000 vs. 2022.

Going Concern Financial Position

	December 31, 2023	December 31, 2022
Market Value of Assets	\$ 172,377,000	\$ 160,491,000
Outstanding amounts ¹	(492,000)	(263,000)
Actuarial Value of Assets	\$ 171,885,000	\$ 160,228,000
Going Concern Liabilities		
Active & Disabled members	\$ 76,069,000	\$ 69,892,000
Deferred members	6,997,000	5,416,000
Inactive members	182,000	172,000
Retired members and Survivors	76,113,000	72,391,000
Transfer deficiency holdbacks	1,901,000	1,974,000
Provision for adverse deviation ²	11,560,000	11,657,000
Total Liabilities	\$ 172,822,000	\$ 161,502,000
Surplus/(Unfunded Liability)	\$ (937,000)	\$ (1,274,000)

¹ Represents the outstanding in-transit amounts payable from the Plan at the valuation date.

² An explicit provision for adverse deviation of 7.25% of best estimate liabilities has been included in the going concern financial position as at December 31, 2023. In comparison, an explicit provision for adverse deviation of 7.90% of best estimate liabilities was included in the going concern financial position as at December 31, 2022.

SOLVENCY FINANCIAL POSITION

The solvency valuation calculation provides an assessment on the premise that the Pension Plan must pay its obligations for all members on that date, in effect ceasing its operation and paying out all required benefits to all members. The following excerpt from the 2023 actuarial valuation shows the solvency ratio improving (increasing) to 96.1% vs. 93.6% from 2022.

Solvency Financial Position

	December 31, 2023	December 31, 2022
Assets		
Solvency assets	\$ 172,377,000	\$ 160,491,000
Outstanding amounts	(492,000)	(263,000)
Present value of future unfunded liability payments	912,000 ¹	1,111,000 ²
Estimated wind up expenses	<u>(525,000)</u>	<u>(450,000)</u>
Total Assets	\$ 172,272,000	\$ 160,889,000
Solvency Liabilities		
Active and disabled members	\$ 80,386,000	\$ 78,862,000
Deferred vested members	7,758,000	6,236,000
Inactive members	275,000	276,000
Retired members and Survivors	87,907,000	83,268,000
Transfer deficiency holdbacks	<u>1,901,000</u>	<u>1,974,000</u>
Total Liabilities	\$ 178,227,000	\$ 170,616,000
Solvency Surplus/(Deficiency)	\$ (5,955,000)	\$ (9,727,000)
Solvency Ratio	96.1%	93.6%

The annual going concern costs of benefits in respect of service accruing after the valuation date is known as the current service cost. Since the Pension Plan has a going concern unfunded liability, the employer must contribute an additional amount to fund it.

¹ Equal to the present value of the following special contributions: 0.4% of pay from January 1, 2024 through December 31, 2028.

² Equal to the present value of the following special contributions: 0.7% of pay from January 1, 2023 through December 31, 2023; and 0.4% of pay from January 1, 2023 through December 31, 2027.

The following table summarizes the amortization schedules of the going concern special payment.

Nature of Deficiency	Effective Date	End Date	Special Payment (% of payroll)	Present Value as of Dec. 31, 2023
Going concern	December 31, 2018	December 31, 2028	0.4%	\$ 937,000

INVESTMENT PERFORMANCE

Unlike a defined contribution pension plan, your pension benefit is not impacted by investment performance. Your Pension Plan is a defined benefit pension plan, which means your pension benefit at retirement is based on a formula, NOT on investment performance.

Access to the Pension Plan's Member Guide with details on the formula, retirement examples and much, much more can be found by clicking [here](#).

While your pension benefit is not directly related to the Pension Plan's investment performance, the Pension Plan's investment returns are important.

The long-term investment objective of the Pension Plan is to achieve a total annual real return of 3.9% (i.e. Consumer Price Index plus 3.9%) before expenses which is to be measured over rolling ten-year periods.

The market value of the Pension Plan assets (excluding the operating account) increased by \$11,481,360 for the year ended December 31, 2023 vs. the prior December.

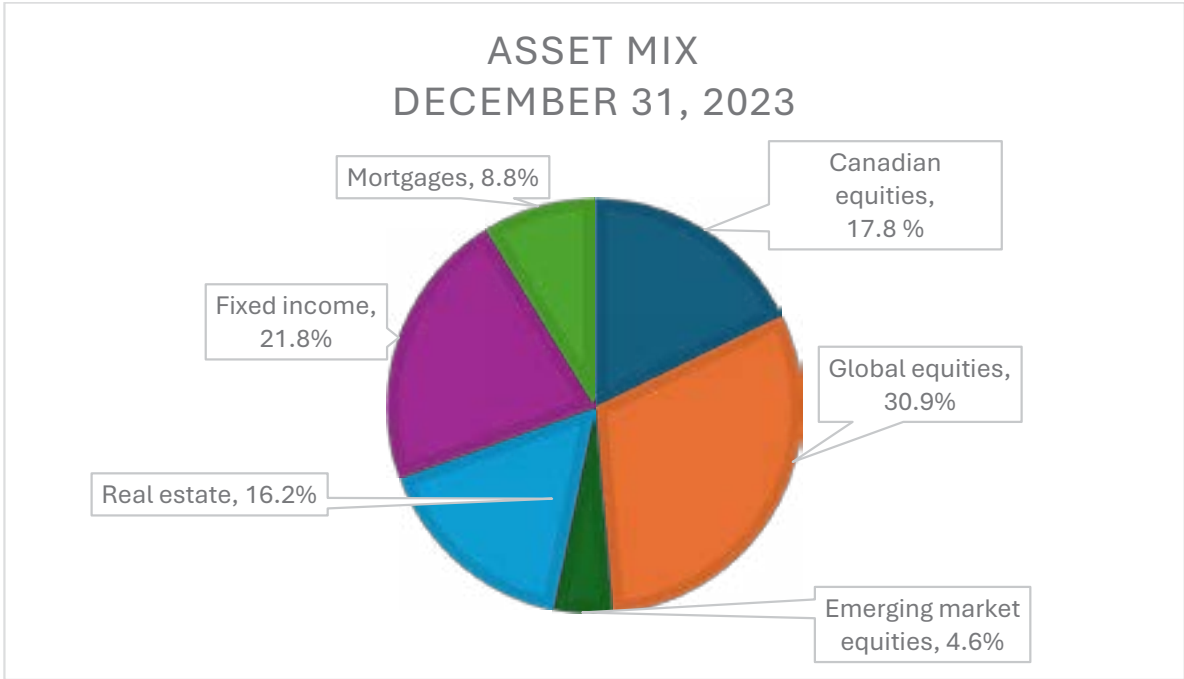
The Pension Plan earned 8.7% for the year, and a total real return of 4.5% on a ten-year basis, achieving its long-term investment objective.

Another key investment matrix, used in large part to judge the individual investment manager’s performance, is the use of benchmarks. For the year, the Pension Plan under performed its 10.9% benchmark’s rate of return by 2.2%. Three of the seven investments outperformed their respective benchmarks during the year.

	1 year	2 year	3 year	4 year	5 year	10 year	Since inception
Total Fund	8.7%	2.1%	5.6%	5.5%	7.1%	7.1%	6.9%
Benchmark	10.9%	1.5%	4.8%	5.9%	7.6%	7.0%	6.6%
Value Add	-2.2%	0.6%	0.8%	-0.4%	-0.5%	0.1%	0.3%

Pension Trustees monitor the actual holdings against pre-established ranges contained within the Statement of Investment Policies and Procedures (SIPP) and rebalance the portfolio if investment holdings move outside of their specified range. No rebalancing was required in 2023.

Access a copy of the [Statement of Investment Policies and Procedures](#).



Information on your Pension Plan's is only a click away!

[Access the Pension Plan Digital Library](#) that contains:

- Member Guide
- Purchase of Past Pension Service
- Statement of Investment Policies and Procedures
- Actuarial Valuation at December 31, 2023
- Past Newsletters

Send your questions and comments to PensionManager@spsd.sk.ca

