

THE UNIVERSITY OF WINNIPEG
TRUSTEED PENSION PLAN
BOARD OF TRUSTEES

March 16, 2011

TO: Members of the University of Winnipeg Trusteed Pension Plan

FROM: Karen Zoppa, Chair

RE: Defined Benefit Component Valuation Update

In response to a number of questions raised by Plan members related to an article published in the March 9, 2011 *Winnipeg Free Press*, the Board of Trustees would like to clarify the situation.

The Defined Benefit Component of the University of Winnipeg Trusteed Pension Plan is due for a valuation as of December 31, 2010. Valuations are prepared every three years as required by *The Manitoba Pension Benefits Act*. The valuation will be performed by the Plan Actuary, who reports to the Board of Trustees, and will be finalized by September 2011. Any increase in the University's additional contributions resulting from the valuation will be retroactive to January 1, 2011.

In preliminary meetings with the Actuary, the Board of Trustees was advised that several changes, specifically the actuarial assumptions about the life expectancy of Plan members, and expected rates of return combined with lower than assumed market returns over the past three years, will result in a significant increase in the difference between Plan assets and Plan liabilities. This will require substantial increased Going-Concern contributions by the University. Currently, in addition to its regular contributions, the University is paying annual Going-Concern contributions of \$386,000 into the Plan plus an additional \$291,000 to cover the current service shortfall (the University is responsible for making current service shortfall payments when the Plan is in a deficit position).

The University is responsible for making these additional payments as Plan sponsor, and has obtained a preliminary estimate of what the increased contributions may be in order to budget for the expense in its 2011-12 operating budget. The best estimate they obtained at this time is about \$3 million annually. However, this amount is subject to change and the actual amount will not be known until the valuation is finalized.

The results of the valuation will be shared with Plan members when it is completed in the Fall.