

UPEI Pension Plan

Status Report
April 30, 2010



UPEI Pension Plan

- Defined Benefit Plan
 - Permanent full-time & part-time employees
 - Active members 653
 - Retiree members 251
 - Benefits payments: \$6.5million
 - ER Contributions: \$5.4 million
 - EE Contributions \$2.1 million
 - UPEI and Unions agreed to pension plan amendments
 - Employee contribution rate increases
 - On CPP earnings: 5.4%
 - On earnings in excess of CPP earnings: 7.2%
 - Stacking years added (1990-98)
 - Improvement to benefit formula

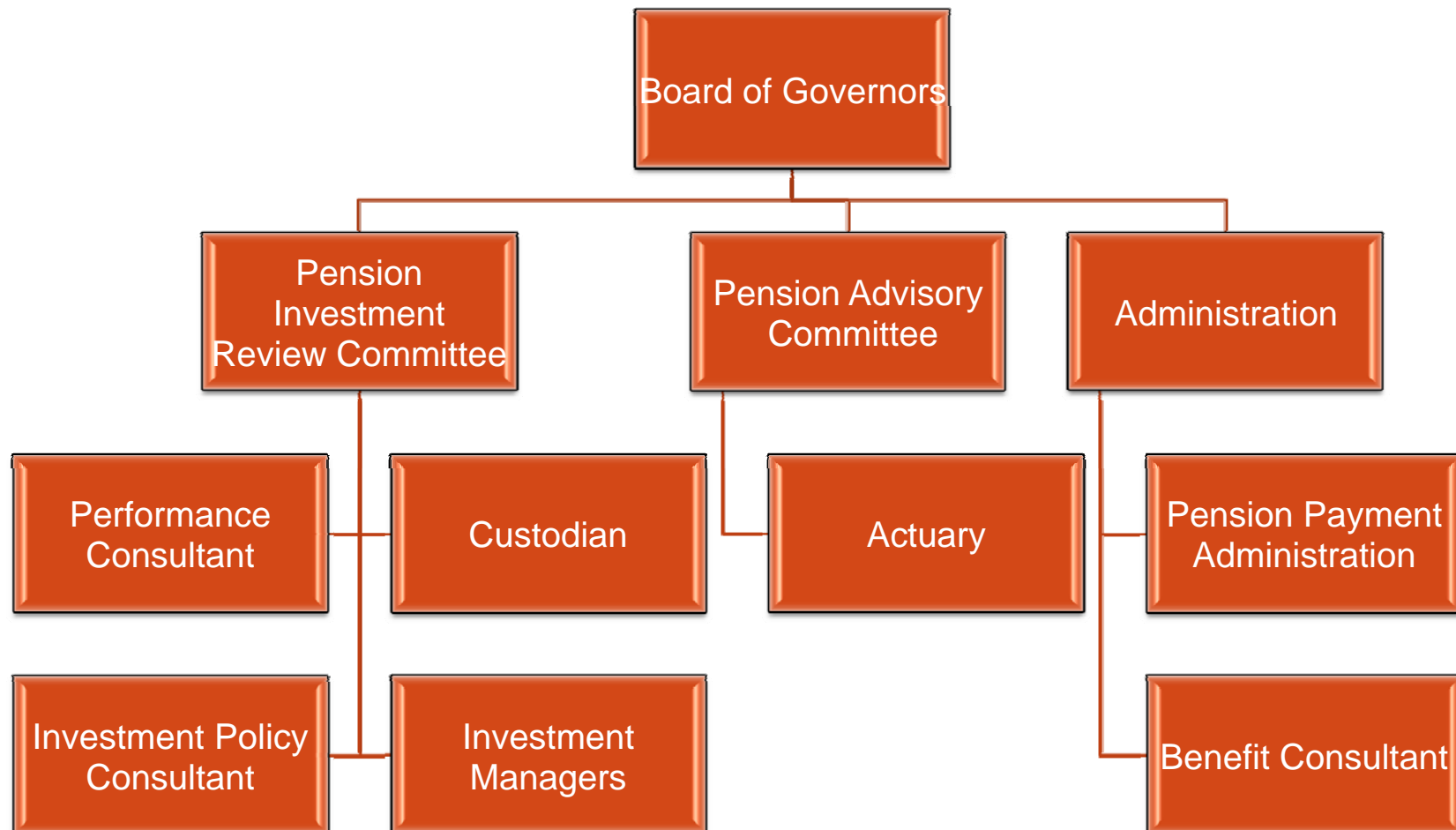
UPEI Pension Plan

- **Employer must contribute balance required to fund benefits (based on actuarial valuation)**

	2005	2008
• Future liabilities	9.41%	9.92%
• Deficit amortization	<u>3.55%</u>	<u>.67%</u>
• Combined rate	12.96%	10.59%

- **UPEI decided to continue 12.96% until next actuarial valuation.**
- **Next formal valuation date = April 30, 2011**
 - **Employer contribution rate may increase by 3%**

Plan Administration



UPEI Pension Plan - Administration

- Actuary – Eckler Partners
- Investment policy consultant – Eckler Partners
- Benefit consultant- Eckler Partners
- Investment managers
 - Foyston, Gordon & Payne (Canadian equities)
 - Pioneer Global Equity Management (global equities)
 - TD Quantitative Capital (bonds)
 - GPM Real Estate (closed commercial real estate fund)
- Performance Measurement
 - Eckler Partners
- Custodian
 - RBC Dexia
- Pension Payment Administration
 - RBC Dexia

Investment Policy

- Investment Policy Statement
- Manager Mandates
- Diversified investment strategy
 - 40% Fixed Income
 - Includes Canadian Bonds 30% and Real Estate 10%
 - 30% Cdn. Equities
 - 30% Global Equities
- Pension Investment Review Committee
 - Phil Hooper(chair), Gary Bradshaw, Peggy Leahey, Roger Black, Sean Hennessey, Pat Doyle, Jim Miller

Pension Plan Valuation- April 30, 2005

Under 3 different valuation methods

	Actuarial Valuation		Financial Statements
	Going Concern	Wind up	CICA calculation
Assets	\$ 110,319,800	\$ 110,319,800	\$ 110,319,800
Asset market smoothing	-\$ 3,627,000	N/A	N/A
Value of Assets	\$ 106,692,800	\$ 110,319,800	\$ 110,319,800
Accrued Benefit Obligation	\$ 122,447,000	\$ 122,369,000	\$ 134,463,000
Plan Deficit	-\$ 15,754,200 (86.2%)	-\$ 12,049,200	-\$ 24,143,200
Interest rate assumptions:			
pre-retirement	7.00%	n/a	5.60%
post-retirement	6.00%		5.60%
Average Plan return since inception (1969)	8.32%		
Methodologies	The Going Concern Actuarial Valuation is used to determine the amount of ongoing contributions required to maintain the Pension plan.	The Wind up valuation is used to determine the liquidity of the Plan.	The CICA formula is used to calculate the annual amortization of surpluses or deficits to be reported on the UPEI Financial Statements.

Pension Plan Valuation- April 30, 2008

Under 3 different valuation methods

	Actuarial Valuation		Financial Statements
	Going Concern	Wind up	CICA calculation
Assets	\$ 136,128,000	\$ 135,928,000	\$ 136,128,000
Asset market smoothing	6,801,000	N/A	N/A
Total	\$ 142,929,000	\$ 135,928,000	\$ 136,128,000
Accrued Benefit Obligation	\$ 146,406,000	\$ 154,682,000	\$ 154,743,000
Plan Deficit	-\$ 3,477,000 (98.3%)	-18,754,000	-\$ 18,150,000
Interest rate assumptions:			
pre-retirement	6.50%	n/a	5.7%
post-retirement	6.00%	4.0%	5.7%
Average Plan return since inception (1969)	8.29%		
Methodologies	The Going Concern Actuarial Valuation is used to determine the amount of ongoing contributions required to maintain the Pension plan.	The Wind up valuation is used to determine the liquidity of the Plan.	The CICA formula is used to calculate the annual amortization of surpluses or deficits to be reported on the UPEI Financial Statements.

Estimated Pension Plan Position - April 30, 2009

Under 3 different valuation methods

	Actuarial Valuation		Financial Statements
	Going Concern	Wind up	CICA calculation
Assets	\$ 113,943,000	\$ 113,943,000	\$ 113,943,000
Asset market smoothing	5,697,000	N/A	N/A
Total	\$ 119,540,000	\$ 113,943,000	\$ 113,943,000
Accrued Benefit Obligation	\$ 154,714,000	\$ 155,542,000	\$ 152,646,000
Plan Deficit	-\$ 35,050,000 (77.2%)	-41,775,000	-\$ 38,679,000
Interest rate assumptions:			
pre-retirement	6.50%		7.00%
post-retirement	6.00%	5.15%	6.00%
Average Plan return since inception (1969)	7.67%		
Methodologies	The Going Concern Actuarial Valuation is used to determine the amount of ongoing contributions required to maintain the Pension plan.	The Wind up valuation is used to determine the liquidity of the Plan.	The CICA formula is used to calculate the annual amortization of surpluses or deficits to be reported on the UPEI Financial Statements.

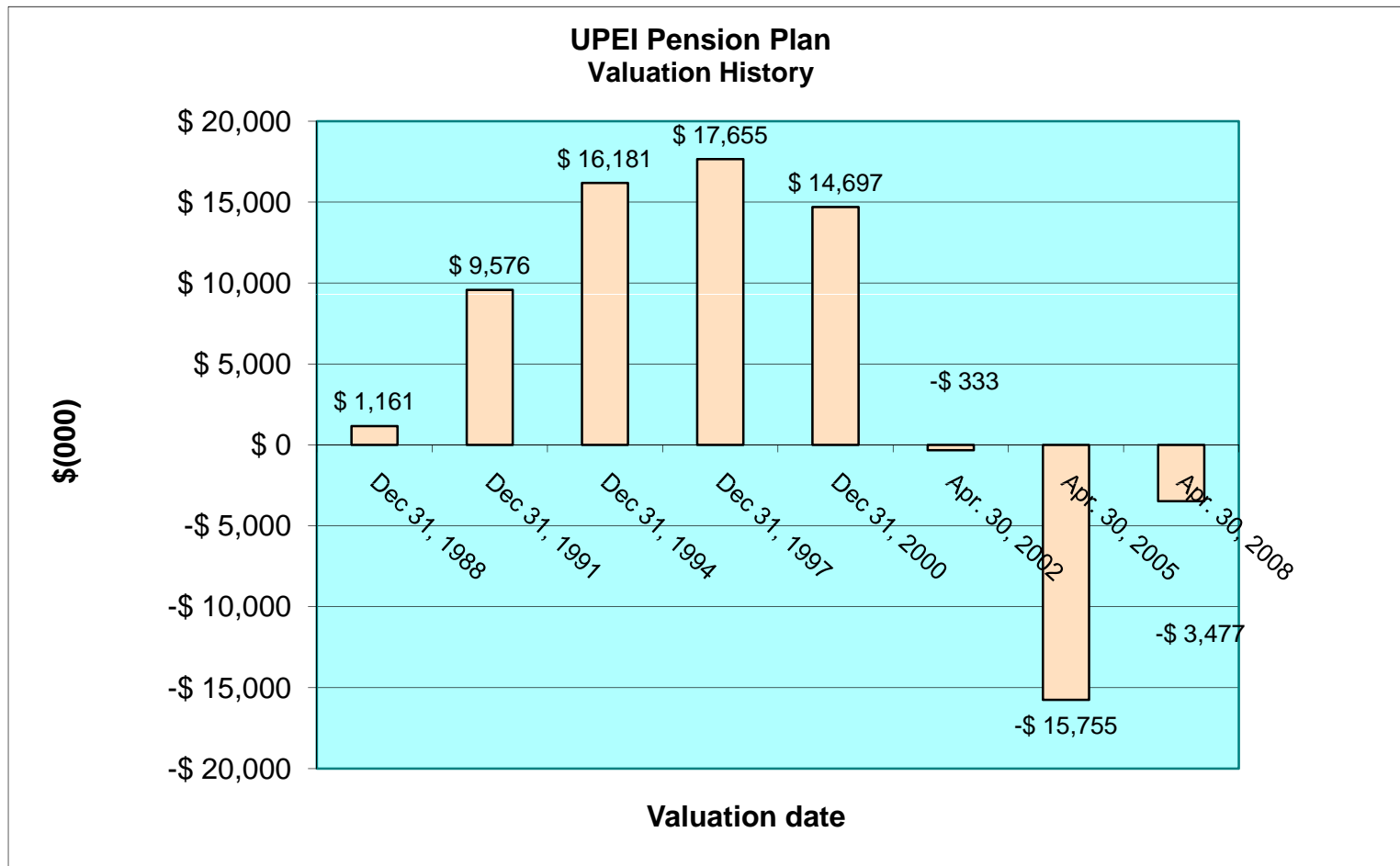
Estimated Pension Plan Position - April 30, 2010

Under 3 different valuation methods

	Actuarial Valuation		Financial Statements
	Going Concern	Wind up	CICA calculation
Assets	\$ 131,919,000	\$ 131,719,000	\$ 131,919,000
Asset market smoothing	4,944,000	N/A	N/A
Total	\$ 136,863,000	\$ 131,719,000	\$ 131,919,000
Accrued Benefit Obligation	\$ 163,540,000	\$ 173,577,000	\$ 174,295,000
Plan Deficit	-\$ 26,677,000 (80.7%)	-41,858,000	-\$ 42,376,000
Interest rate assumptions:			
pre-retirement	6.50%	4.35%	5.60%
post-retirement	6.00%	4.35%	5.60%
Average Plan return since inception (1969)	%		
Methodologies	The Going Concern Actuarial Valuation is used to determine the amount of ongoing contributions required to maintain the Pension plan.	The Wind up valuation is used to determine the liquidity of the Plan.	The CICA formula is used to calculate the annual amortization of surpluses or deficits to be reported on the UPEI Financial Statements.

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Summary of Actuarial Surplus/Deficit

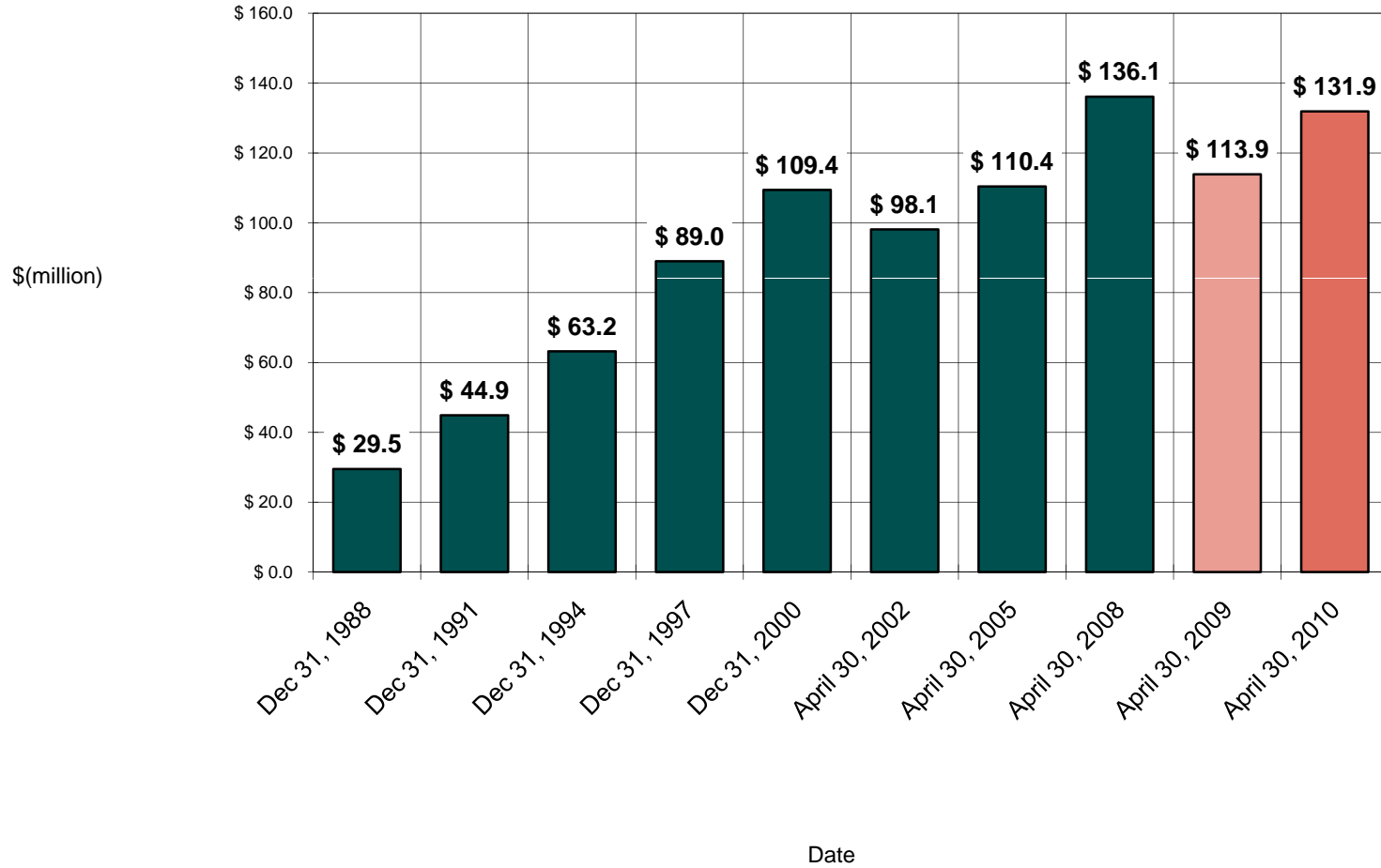


Rates of return (calendar year)

2006	11.72%
2007	.00%
2008	-16.70%
2009	15.54%

- Plan assumption = 6.5%
- Since 1969 = 8.14 %
- Past ten years = 4.17 %
- Jan - Sep 2010 = 5.0%
- Plan Assets at Oct 31, 2010 = \$137,661,600

UPEI Pension Plan Assets
Valuation dates plus current



Contribution Rates

UPEI Pension Plan
Contribution Rates History

