

# **University of Toronto Pension Results to June 30, 2012**

December 2012

# Purpose of Reports

- Annual financial report brings together information on defined benefit plan, including assets, liabilities and deficit, in a historical context. The financial statements and excerpts from the actuarial reports are included as appendices to the report.
- Actuarial reports provide an estimate of liabilities, which are pension benefits earned for service up to the valuation date, and an estimate of the cost of new benefits being earned.
- Audited financial statements provide an audited confirmation of the fair value of the assets on hand to the valuation date.

# Governance

- Annual financial report, including audited financial statements and actuarial report excerpts as appendices, is approved by the Pension Committee, and provided for information to the Audit Committee and the Business Board.
- Business Board approved the pension contribution strategy on May 2, 2012, and an update has been provided in the annual financial report on the impact of the July 1, 2012 results.
- Audited financial statements are recommended by the Audit Committee to the Pension Committee for approval by the Pension Committee.
- Actuarial reports are approved by the Pension Committee.

# Going Concern Results for the Year

## (millions of dollars)

\$1,178.3 Going concern deficit at July 1, 2012 (RPP, RPP(OISE), SRA)

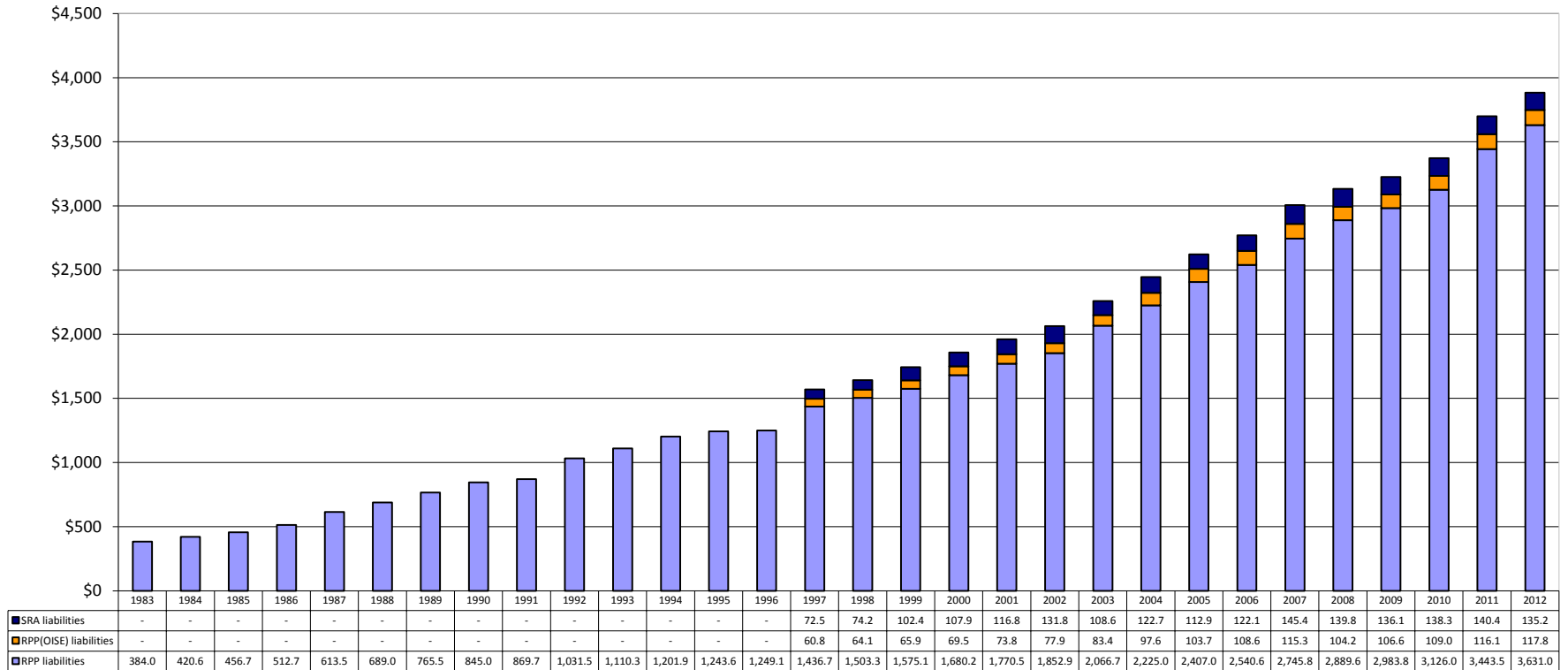
\$1,016.8 Going concern deficit at July 1, 2011 (RPP, RPP(OISE), SRA)

\$ 161.5 Increase in going concern deficit.

Mainly due to investment return at 0.9%, lower than nominal target return of 5.5%.

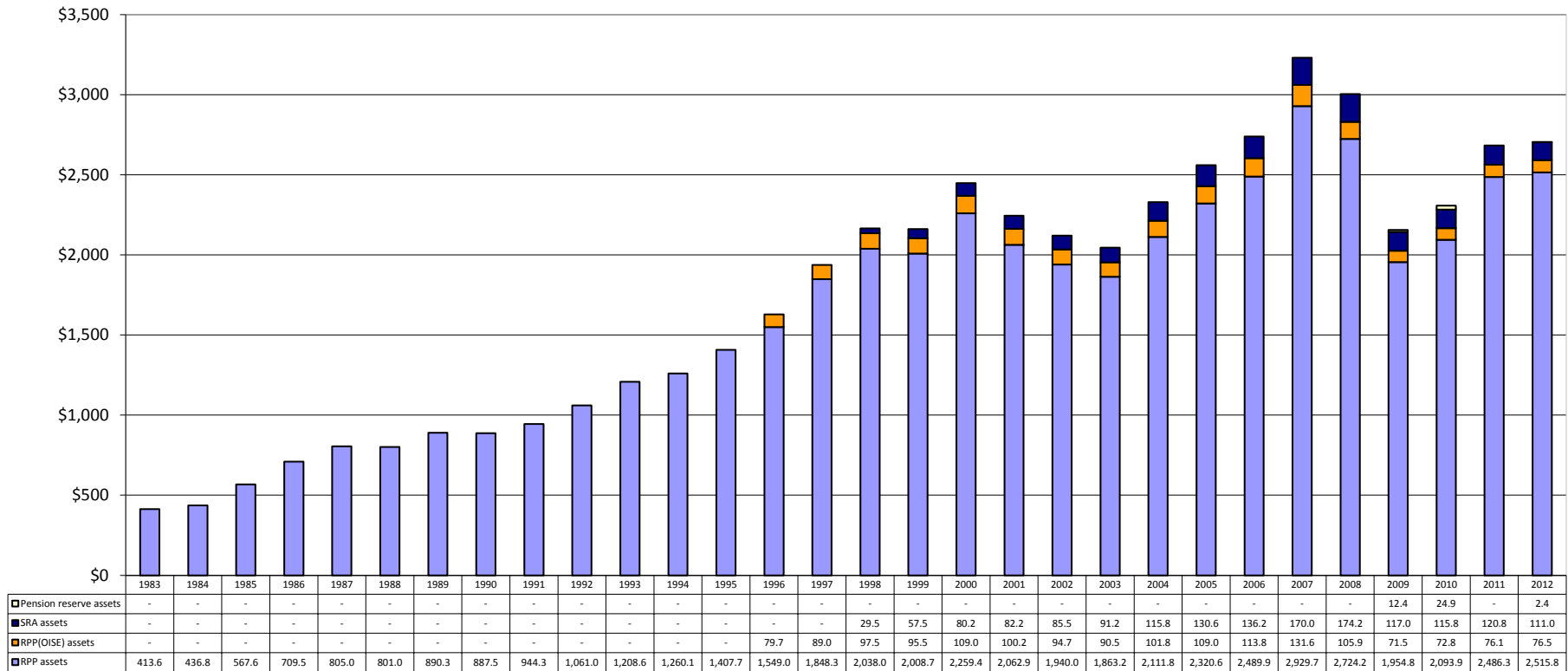
# Going Concern Pension Liabilities

Going Concern Pension Liabilities  
RPP, RPP(OISE) and SRA  
at July 1  
(millions of dollars)



# Market Value of Pension Assets

Market Value of Pension Assets <sup>1,2</sup>  
at June 30  
(millions of dollars)



<sup>1</sup> Including partial wind-up members in RPP(OISE) assets in years up to 2007

<sup>2</sup> Pension reserve assets were transferred to the RPP in 2011.



# Solvency Results for the Year

(millions of dollars)

\$1,811.0 Solvency deficiency July 1, 2012 (registered plans)

\$1,057.6 Solvency deficiency July 1, 2011 (registered plans)

\$ 753.4 Increase in solvency deficiency

Mainly due to current long-term bond rates used to discount liabilities fell from 4.20% at July 1, 2011 to 3.05% at July 1, 2012.

If rates had remained unchanged, the solvency deficiency would have been \$1,192.5 million at July 1, 2012, a change of \$134.9 million from July 1, 2011.



# Implications

- Going concern:
  - Increase of \$9 million per annum in special payments effective July 1, 2014, with payment beginning July 1, 2015, everything else remaining the same.
- Solvency:
  - Current Ontario Government 2-stage programme for temporary solvency relief may not be sufficient if interest rates remain so low.
  - Discussions are underway with Government through COU regarding additional actions.