

UNIVERSITY OF TORONTO
THE GOVERNING COUNCIL
REPORT NUMBER 5 OF
THE SPECIAL MEETING OF THE PENSION COMMITTEE

Tuesday, October 18, 2011

To the Governing Council,
University of Toronto.

Your Committee reports that it held a special meeting on Tuesday, October 18, 2011 at 2:15 p.m. in the Forster Room, Simcoe Hall, with the following members present:

Mr. W. John Switzer, In the Chair
Professor George Luste, Vice-Chair *
Mr. Richard Nunn, Chair of the Governing
Council *
Mr. Donald Andrew
Professor Ettore Vincenzo Damiano
Ms Nancy Edwards
Ms Shirley Hoy
Mr. Alex McKinnon *
Mr. Gary Mooney
Mr. Philip Murton
Ms Melinda Rogers *
Ms Helen Rosenthal
Mr. Howard Shearer *
Mr. Andrew Ward *
Mr. W. David Wilson

Non-Voting Assessors:

Ms Sheila Brown, Chief Financial Officer
Professor Angela Hildyard, Vice-President, Human
Resources and Equity
Ms Catherine Riggall, Vice-President, Business Affairs

Mr. Louis R. Charpentier,
Secretary of the Governing Council

Secretariat:

Ms Cristina Oke, Acting Secretary

Regrets:

Professor Laurence Booth
Mr. Thomas Finlay
Mr. Steve (Suresh) K. Gupta
Ms Jane Pepino
Mr. Keith Thomas
Ms Rita Tsang

In Attendance:

Mr. Allan Shapira, Plan Actuary, AON Hewitt

The Chair thanked members for making themselves available for this special meeting.

* Participated via teleconference

1. University of Toronto Pension Master Trust: Investment Targets and Actuarial Assumptions

The Chair reminded members that there had been a complete discussion of the investment targets and actuarial assumptions at the September meeting of the Committee. He asked members to identify themselves before speaking. He explained that, for the vote, those in the room would be asked to raise their hands to indicate their approval, opposition or abstention. Those votes would be counted by the Secretary, but not announced. Those participating by teleconference would be asked to state their name and their vote.

A brief discussion followed during which the following points were made:

- There was a ‘typo’ in the motion – the second word in the last sentence of the first paragraph should be ‘this’ rather than ‘their’.
- A member asked whether the words ‘at least’ in the first sentence of the second paragraph of the motion was necessary. Ms Brown replied that the wording had been used for the past several years.
- A member commented that she was comfortable with the addition of a preamble to the motion, in light of the discussion that had been reflected in the minutes of the meeting of September 28, 2011.

On motion duly moved, seconded, and carried

YOUR COMMITTEE APPROVED

Following presentations by the Assessors, by the Plans’ actuary and by the Vice-Chair, the Committee engaged in an extended discussion with several members’ questions expressing caution about the proposed return target and selected actuarial assumptions. There was a widely-held view that the long-term target return proposed by the Administration would not necessarily represent the expected return in the near term but that it approximated the return assumption used for actuarial purposes. There was recognition among members of the Committee that significant funding consequences would arise if the return assumptions are not met but in light of current market conditions pension investments must have a strong emphasis on avoiding a permanent loss of capital. With this caution and in this context the following recommendation was approved.

Effective July 1, 2011, that a real investment return target of at least 4.0% over 10-year periods while taking an appropriate amount of risk to achieve this target, but without undue risk of loss, be adopted for the University of Toronto Pension Master Trust, and that the going concern, solvency and hypothetical wind-up assumptions contained in Attachment 3, Appendix I to the memorandum from the Vice-President, Business Affairs dated September 14, 2011, be adopted for the University of Toronto Pension Plan, the University of Toronto (OISE) Pension Plan and the Supplemental Retirement Arrangement.

1. University of Toronto Pension Master Trust: Investment Targets and Actuarial Assumptions (cont'd)

The Chair noted that it was not common practice to refer matters back to the administration for further consideration. However, in this case, the Committee had adapted normal procedures in order to reflect the discussion that had taken place at the September meeting.

The meeting adjourned at 2:30 p.m.

Acting Secretary

Chair

October 19, 2011