Brock University

2021-22 PENSION ANNUAL REPORT

INCLUDING FINANCIAL STATEMENTS

Contents

This report is designed to describe, in simple terms, the Brock University Pension Plan and related matters for eligible employees as at June 30, 2022. It has been prepared for informational purposes only. Subject to legislation and collective bargaining, as applicable, future amendments may be made to the Plan. If there is a discrepancy between this report and the official Plan text, or questions of interpretation arise, the official Plan text will prevail. The official Plan text, as amended from time to time, is available on request in the Human Resources office.

Message from the Chair

Glenn Skrubbeltrang, Chair, Pension Committee

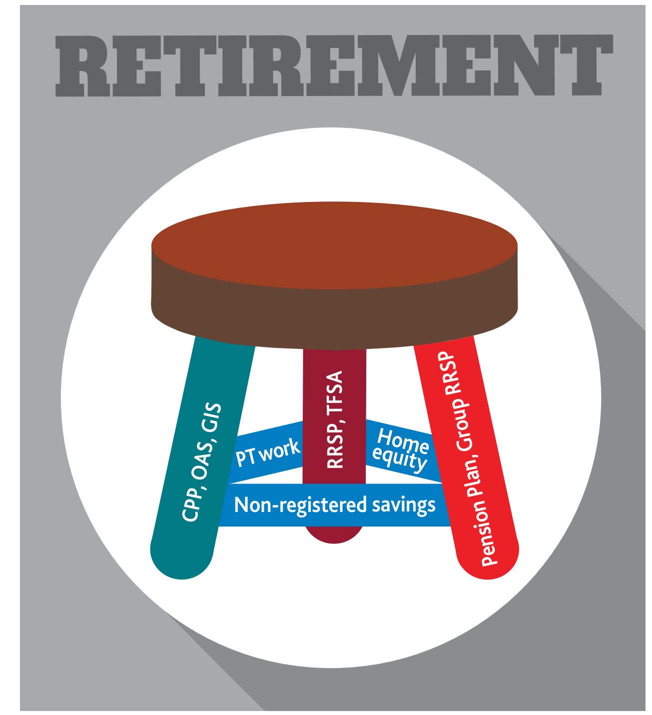
Welcome to the 2021-2022 Annual Pension Report. The report continues to provide Plan members with a wealth of information, including benefit features, governance structure, financial information, committee activities and other pension highlights.

This year, the Pension Committee welcomed the new Vice-Chair Prof. Jeffrey Atkinson. Prof. Atkinson will assume the role of Chair in July 2023 bringing his knowledge, enthusiasm and commitment to the role when my term is complete.

The Pension Committee is made up of Plan stakeholders who bring different outlooks and backgrounds to the meetings and discussions. I would like to once again thank all Pension Committee members for their time and commitment to the oversight of the Plan, including the work that is completed outside of the monthly meetings, especially in a year with so many challenges in the markets. This work, guided and supplemented by the vital contributions of Financial Services and Human Resources staff, is the foundation of a strong governance model essential to the proper administration of a pension plan.

We hope you find this report informative. If you have any questions related to the Pension Plan or retirement, contact **pension@brocku.ca**

Planning for your retirement



The Brock University Pension Plan (the "Plan") is an important part of an eligible employee's compensation package from the University. This will become a major pillar of support for employees who have worked a large portion of their work career at Brock University. The financial support structure for many retired Canadians will consist of three main areas: Government Programs (Canada Pension Plan, Old Age Security and Guaranteed Income Supplement), Registered Savings vehicles (Registered Retirement Savings Plans [RRSPs] and Tax Free Savings Accounts [TFSAs]) and Employer Sponsored Registered Programs [Group RRSP and Pension Plans].) In addition, income may be supplemented through retirement by other means, such as part-time work, home equity and non-registered savings.

Early planning is critical to making the transition from work to retirement successful and less stressful. Retirement income comes from numerous sources and it is important to consider tax implications when making retirement decisions. Most employees making this transition engage a qualified advisor (i.e. tax advisor, financial advisor) during their planning process. Service Canada provides valuable details pertaining to the government pension and retirement payment programs, which can be accessed at the following website: **canada.ca/en/services/benefits/publicpensions.html**

You can obtain a copy of your Canada Pension Plan Statement of Contributions by signing into your "My Service Account" at the following location: **canada.ca/en/employment-social-development/services/my-account.html**

Retirement planning resources and opportunities available to employees through the University include:

- **Annual pension statement** – Active and deferred Plan members receive an annual pension statement (to be provided on or before Dec. 30 of each year). The annual statement provides values as at Plan year end (June 30). The values provided include the defined contribution account balance, accrued pension as at June 30 and estimated pension amounts as at normal retirement date (age 65).
- **Brock Pension Estimator** – The Brock Pension Estimator is available to active Plan members via their employee portal. Employees can use the tool to perform pension estimates for various retirement dates and to access their annual pension statements.
- **Brock University Pension Plan Information Booklet** – The pension booklet located at **brocku.ca/human-resources/wp-content/uploads/sites/81/Brock_BUPP_booklet_web.pdf** contains detailed information on the operation of the pension plan and the pension benefit.
- **Pension information sessions** – Human Resources conducts information sessions throughout the year that explain the hybrid plan structure, pension benefit calculation and options, as well as the pension adjustment process.
- **Retirement planning meetings** – Employees can arrange confidential meetings with Human Resources staff to discuss retirement-related items, including their pension benefit.

This report will provide you with an overview of Plan operation, governance, investments and financial status. In combination with the resources mentioned above, this information will contribute to improving your knowledge of the Plan and supporting your ability to plan for retirement. Detailed information on the Plan can be found in the Brock University Pension Plan Information Booklet.

How the Plan operates

Most pension plans are either:

Defined contribution: Provides a pension based on an individual's pension account balance, adjusted for investment performance over time; or

Defined benefit: Provides a clearly defined benefit based on specific factors, such as years of pensionable service and average earnings, upon retirement.

The Brock University Plan is a hybrid pension plan that provides a Money Purchase Pension (Defined Contribution), with an underlying Minimum Guaranteed Pension (Defined Benefit) that acts as a "safety net" in the event that the Money Purchase Pension falls below the Minimum Guaranteed Pension. When this occurs, the pensioner receives a supplemental payment on top of their Money Purchase Pension amount to bring them up to their Minimum Guaranteed Pension amount.

Required contributions

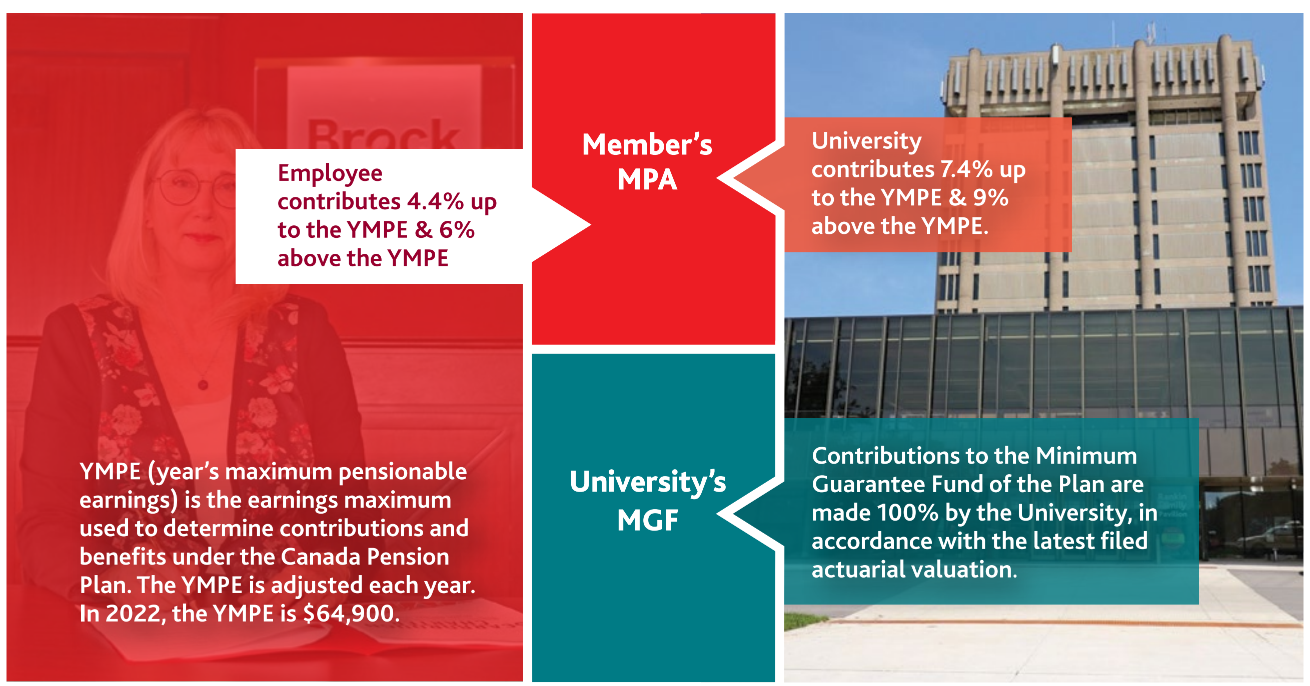
Both the employee and the University have certain contributions that they are required to make to the Plan.

Every employee enrolled in the Plan has a Money Purchase Account (MPA), which can be converted into a Money Purchase Pension at retirement. Both the employee and University contribute to this account as described in Figure 1.

In addition, the University contributes to the Minimum Guarantee Fund (MGF), which is used to provide supplemental payments to Plan members when the Money Purchase Pension has fallen below the Minimum Guaranteed Pension.

Figure 1

Contributions



Example 1

An employee's pensionable earnings are $53,000 for the year (below the YMPE for 2022)

The employee contributes 4.4% on $53,000 =	2,332.00
The University contributes 7.4% on $53,000 =	$3,922.00
Total contributions into your Money Purchase Account for the calendar year =	**$6,254.00**

Example 2

An employee's pensionable earnings are $73,000 per year (above the YMPE for 2022)

An employee's pensionable earnings are $73,000 per year (above the YMPE for 2022)	
The member contributes 4.4% on earnings up to $64,900 (YMPE) =	$2,855.60
The member contributes 6.0% on earnings above the YMPE ($73,000 – $64,900 = $8,100) =	$486.00
The University contributes 7.4% on earnings up to $64,900 (YMPE) =	$4,802.60
The University contributes 9.0% on earnings above the YMPE ($73,000 – $64,900 = $8,100) =	$729.00
Total contribution into your Money Purchase Account for the calendar year =	**$8,873.20**

(All contributions are subject to Income Tax Act maximums.)

Other employee contributions

Additional Voluntary Contributions: In addition to the required contributions, employees may elect to make Additional Voluntary Contributions to the Plan, which are subject to the Income Tax Act maximums.

Special Transfer Contributions: It may be possible for employees to transfer funds into the Plan from other registered pension plans that they had with a previous employer. This option can be explored by contacting pension staff at the University.

Calculation of the pension benefit at retirement

The Brock University Pension Plan is a hybrid plan. At retirement, the Plan member will begin receiving the Money Purchase Pension if greater, or the Money Purchase Pension plus a supplement from the Minimum Guaranteed fund equal to the excess of their minimum guaranteed pension over their Money Purchase Pension (to bring their total retirement income up to the Minimum Guaranteed Pension amount).

Money Purchase Pension: The member's Money Purchase Account provides a pension benefit based on the total contributions in the member's Money Purchase Account and investment returns. A member's starting Money Purchase Pension amount is determined by dividing their Money Purchase Account balance by an annuity factor, based on actuarial factors in effect at the time:

$$\frac{\text{Money Purchase Account}}{\text{Annuity factor}}$$

Minimum Guaranteed Pension: The Minimum Guaranteed Pension provides a pension benefit based on a predetermined formula, which considers a member's best five-year average pensionable earnings and years of pensionable service.

The formula is as follows:

1.7% x best average earnings x pensionable service
minus
1/35 x (25% x lesser of best average earnings or final average YMPE) x pensionable service capped at 35 years

The calculation is for the normal form of pension, which is a life pension guaranteed five years.

The following examples show how the pension benefit amounts are calculated for two sample members retiring at age 65.

Example 1

Emma is age 65, has a Money Purchase Account balance of $370,000, best five-year average earnings of $61,000 and 29 years of pensionable service. The final average YMPE is $55,420. The annuity factor at the time of calculation for a member aged 65 is 12.4.

Money Purchase Pension
$370,000 ÷ 12.4 = $29,839

Minimum Guaranteed Pension
(1.7% ×$61,000 × 29) — 1/35 × (25% × $55,420 × 29) = $18,593

Emma's annual pension
In Emma's case, the higher pension is provided by the Money Purchase Pension; therefore, there is no supplemental payment from the Minimum Guarantee Fund.
$29,839+ $0 = $29,839

Example 2

Jakob is age 65, has a Money Purchase Account balance of $670,000, best five-year average earnings of $160,000 and 24 years of pensionable service. The final average YMPE is $55,420. The annuity factor at the time of calculation for a member aged 65 is 12.4.

Money Purchase Pension
$670,000 ÷ 12.4 = $54,032

Minimum Guaranteed Pension
(1.7% ×$160,000 × 24) — 1/35 × (25% × $55,420 × 24) = $55,470

Jakob's annual pension
In Jakob's case, the higher pension is provided by the Minimum Guaranteed Pension and there is a supplemental payment from the Minimum Guarantee Fund.
$54,032 + ($55,470 - $54,032) = $55,470

Pension benefit before or after age 65

Early retirement: Normal retirement age for the Plan is 65; however, members can begin receiving a pension as early as age 55, which will be actuarially reduced due to the early commencement of payment.

Postponed retirement: If a member continues working beyond age 65, contributions to the Plan continue until the earlier of their retirement date or Dec. 1 of the calendar year that they reach age 71. In accordance with legislation, the employee cannot continue to accrue pension benefit beyond the year that they reach age 71. If the employee continues to work at the University beyond Dec. 1 of the year that they reach age 71, they will be collecting their pension in addition to their employment income from the University.

Option to transfer pension benefit

Rather than elect a monthly pension at retirement, Plan members may transfer their Money Purchase Account balance plus the commuted value of their supplemental benefit, if applicable, to either a Locked-In Retirement Account (LIRA) or Life Income Fund (LIF). The transfer payment is subject to Income Tax Act limits with any amounts in excess of these limits paid as cash to the member, less tax.

Figure 2

Brock Pension Plan Options

Annual adjustments to pension amounts during retirement

It is important to understand that pension amounts paid from the Plan are 'variable' in nature. After a member begins receiving their pension, the Money Purchase Pension and Minimum Guaranteed Pension amounts are adjusted annually. The adjustments are effective July 1 of each year. Each year, after adjustments are made to both pension amounts, the pensioner will begin receiving the greater of the two pension amounts. The adjustment processes for both pension amounts are detailed in Figures 4 and 5.

Money Purchase Pension annual adjustment

The pensioner's Money Purchase Pension is adjusted based on two factors 1) the actual rate of return of the Plan compared to the current six per cent assumed rate of return and 2) actual pensioner mortality compared to the mortality assumption used when calculating the starting Money Purchase Pension amount. In addition, the actuary monitors mortality experience of pensioners and provides advice on changes to the mortality tables used when calculating starting pension amounts. If a stronger mortality table must be enacted, pensions will be adjusted to account for the move to the new mortality table. Figure 4 details the components of the annual Money Purchase Pension (MPP) adjustments for the previous 10 years.

What are employees choosing to do at retirement?

Figure 3: **Election of pension option (%)**

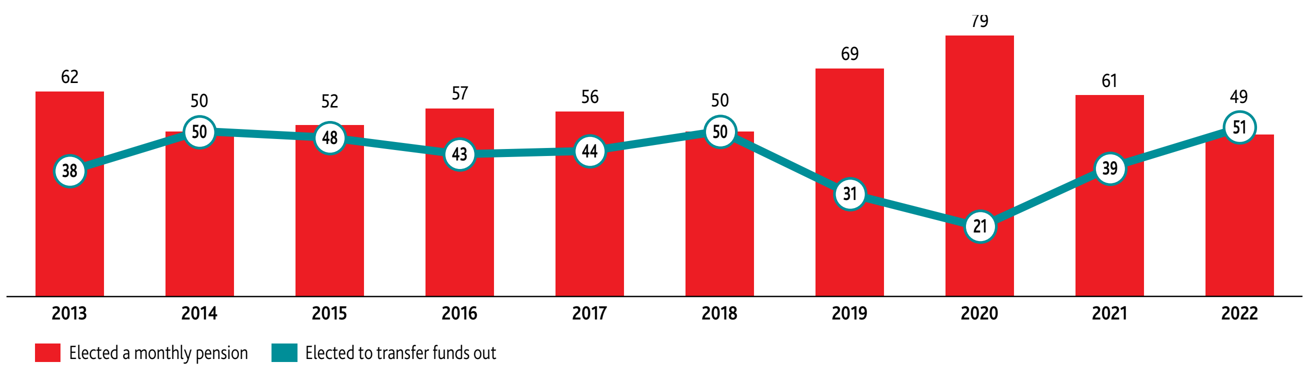


Figure 4: **Money Purchase Pension annual adjustment**

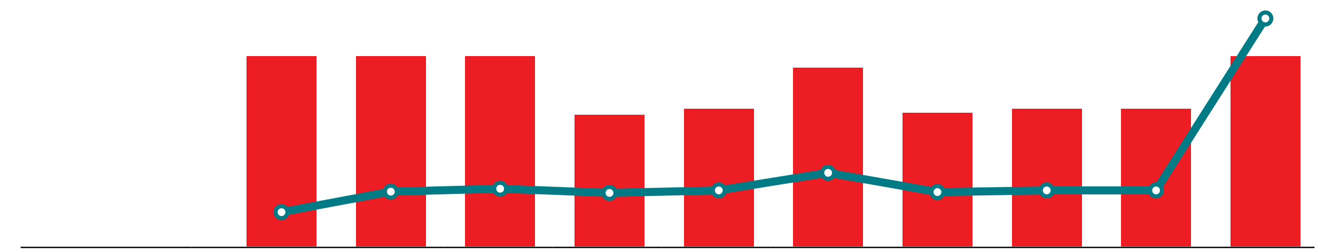
Pension Plan year ending	Fund rate of return (%)	Adjustment for rate of return (%)	Adjustment for mortality (%)	Adjustment for change in mortality table (%)	Total pensioner adjustment (%)
June 30, 2013	10.2725	4.2725	0.3659		4.6384
June 30, 2014	15.8129	9.8129	-1.0564		8.7565
June 30, 2015	9.5487	3.5487	-0.5040		3.0447
June 30, 2016	3.1421	-2.8579	0.5425	-1.5491	-3.8645
June 30, 2017	9.6688	3.6688	-0.0233	-3.4858	0.1597
June 30, 2018	8.3453	2.3453	-0.5230		1.8223
June 30, 2019	8.3413	2.3413	0.2851		2.6264
June 30, 2020	7.4521	1.4521	-0.2188		1.2333
June 30, 2021	12.4968	6.4968	-0.2024		6.2944
June 30, 2022	-6.8485	-12.8485	0.5920		-12.2565

Note: The figures above have been simplified to present them in additive form.

Minimum Guaranteed Pension annual adjustment

The pensioner's Minimum Guaranteed Pension is indexed with the Consumer Price Index (CPI)(1) to a maximum of two per cent, cumulative from pension commencement date. If CPI(1) is greater than two per cent in a year, that excess amount is carried over and applied to your Minimum Guaranteed Pension in future years.

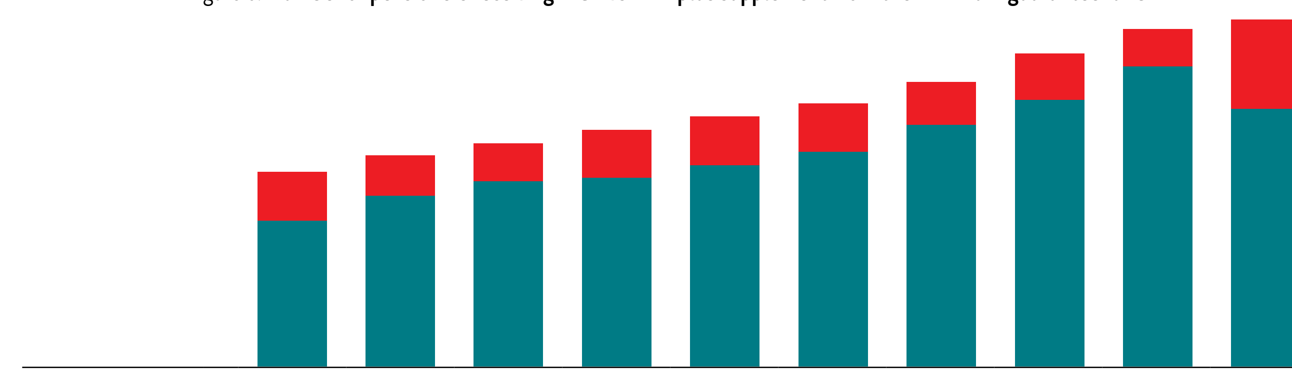
Figure 5: **Minimum Guaranteed Pension adjustments (%)**



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
MGP Adjustment	2.00%	2.00%	2.00%	1.40%	1.46%	1.88%	1.42%	1.46%	1.46%	2.00%
CPI(1)	0.94%	1.43%	1.50%	1.40%	1.46%	1.88%	1.42%	1.46%	1.46%	5.57%

Note: The Minimum Guaranteed Pension is adjusted by the change in Consumer Price Index over the preceding 12 months to a maximum of 2% cumulative from pension commencement, which can result in different adjustments among pensioners depending on when the pensioner's pension commenced. The percentage listed above is the increase received by the majority of pensioners in each year.

Figure 6: **Number of pensioners receiving MGP vs MPP plus supplement from the minimum guarantee fund**



	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Pensioners receiving MGP	75	63	58	74	76	75	66	72	57	138
Pensioners receiving MPP	228	266	289	294	313	334	376	414	466	400

Death of a Plan member

Death of an active or deferred member

If a Plan member passes away before beginning to receive a pension, and the deceased Plan member has a spouse (as defined by pension legislation), the spouse may elect to receive the pension benefit as:

- cash (less taxes) or
- a transfer of funds into an RRSP or
- an annual pension

If the deceased Plan member has no spouse (as defined by pension legislation), the designated beneficiary will receive the pension benefit as a cash payment (less taxes).

Death of a pensioner

When a pensioner passes away, any survivor benefit will be based on the option elected at pension commencement.

(1) Consumer Price Index, monthly, not seasonally adjusted – Table 18-1-004-01 – all items.

Pension Plan governance

Plan Sponsor

Every registered pension plan must have a Plan Sponsor that is responsible for establishing the Plan, amending the Plan and benefits, contributing as required to the Plan, and determining pension expenses. Brock University, acting through its Board of Trustees, is the Plan Sponsor.

Plan Administrator

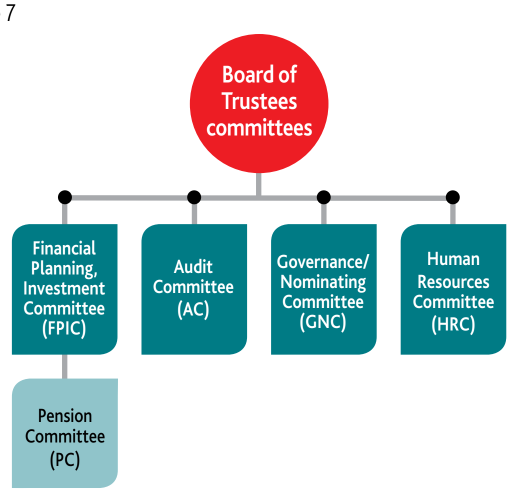
Every registered pension plan must have a Plan Administrator that is responsible for enrolling members, administering benefits, investing Plan assets, communicating with Plan members, appointing and monitoring service providers, and ensuring regulatory compliance. Brock University, acting through its Board of Trustees, is the Plan Administrator; however, in recognition that certain duties require specialized expertise, the University contracts the services of advisors with such expertise and has delegated certain duties to various internal and external parties. The Human Resources Department has the internal delegated responsibility for Plan administration.

Internal governing committees

The University's Board Bylaws and Committee Charters outline responsibilities of the various committees pertaining to the Plan. In addition, the Pension Governance Manual provides an overview of governance pertaining to the Plan.

The Pension Committee is an advisory committee reporting to the Financial Planning and Investment Committee (FPIC) and consists of 14 members, including seven Brock University Faculty Association (BUFA) members, one Board of Trustees member, one Canadian Union of Public Employees (CUPE 1295) member, one Ontario Secondary School Teachers' Federation (OSSTF) member, one Administrative Professional and Exempt Staff (AP&E) member and one pensioner from the Brock University Retirees' Association (BURA). The Associate Vice-President (AVP), Human Resources and AVP, Financial Services are ex officio members of the Pension Committee.

Figure 7



FPIC membership 2021-22

Name and Role/affiliation

- Brian Lang (Chair and Community Member)
- Greg Berti (Community Member)
- Stephanie Thompson (Community Member)
- Debbie Zimmerman (Community Member)
- Don Cyr (Faculty, Staff or Student Member)

Ex officio members

- Mark Arthur (Chair of the Board)
- Mary De Sousa (Vice-Chair of the Board)
- Lynn Wells (President and Vice-Chancellor)

Pension Committee membership 2021-22

Name and role/affiliation

- Glenn Skrubbeltrang (Chair, BUFA)
- Jeffrey Atkinson (BUFA)
- Irene Blayer (Vice-Chair, BUFA)
- Jenna Dustanova (A/P & E)
- Kristian Knibutat (Board of Trustee)
- Ivan Medovikov (BUFA)
- Doug Smith (CUPE 1295)
- Tatyana Sokolyk (BUFA)
- Terry Varcoe (BURA)
- Kayne Wignall (OSSTF)
- Lianxi Zhou (BUFA

Ex officio members

- Jennifer Guarasci (Associate Vic-President, Human Resources)
- Josh Tonnos (Chief Financial Officer and Associate Vice-President Financial Services)

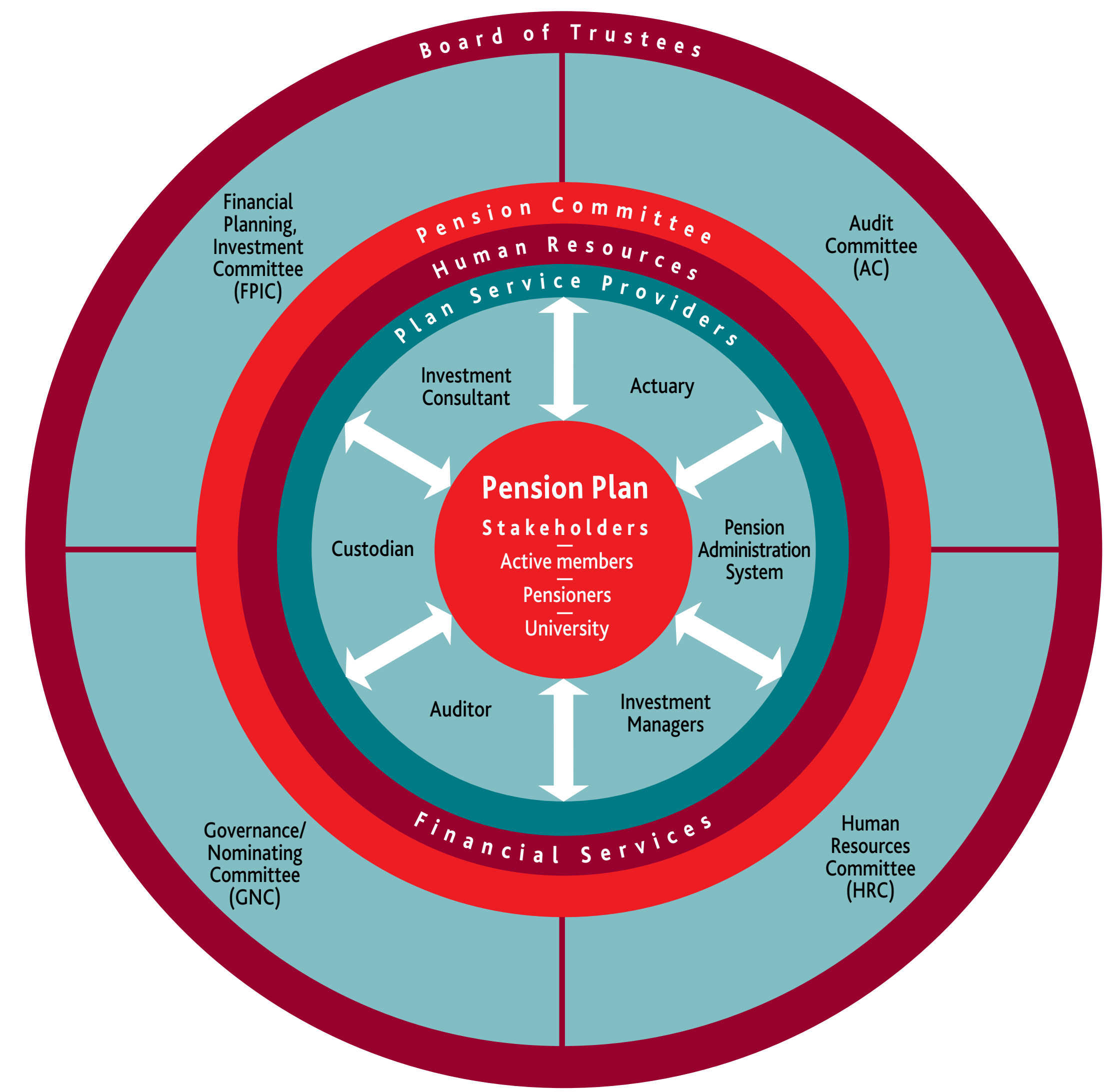
Resource staff

- Janice Facey (Sr. Pension Administrator)
- Wanda Fast (Secretary)
- Nancy Mukama (Pension Analyst)
- Lisa Price (Director, Financial Accounting and Controller)

Governing documents, legislation

The Brock University Pension Plan is registered (#0327767) with the Financial Services Regulatory Authority of Ontario (FSRA) under the Pension Benefits Act (Ontario) and the Canada Revenue Agency under the Income Tax Act. The Pension Benefits Act sets minimum rights and promotes benefit security (the floor), while the Income Tax Act limits contributions and accruals (the ceiling) – the Plan must comply with both regimes. In addition, other various legal regimes that apply to the Plan include, but are not limited to, the following: Employment Standards; Family Law; Contract Law; Human Rights; and Estate Law. In addition, there are many legal documents that are considered in the administration of the Plan. Within the University governance structure, the Pension Committee acts in an advisory capacity, making recommendations to the Financial Planning and Investment Committee.

Figure 8



1964

Plan registered.

1988

New Pension Benefits Act (PBA) passed – created and expanded employee pension rights.

1996

Plan assets **$100 million**.

1998

Number of pensioners in Plan reaches 100.

Short-Term Fund was enacted.

2002

Pension administration moved in-house to Brock using a system from Seclon.

Investment structure
Balanced fund managers
McLean Budden 50%
Jarislowsky Fraser 50%

2003

Number of active members in Plan reaches **1,000**.

2005

Plan assets **$200 million.**

2005 cont'd

Funded status of Plan
- Going Concern: $1.7 million
- Solvency: $968,000

Income Tax Act (ITA) and PBA extended the definition of spouse to include same-sex marriages.

2006

End of mandatory retirement.

2007

Number of pensioners in Plan reaches 200.

Number of Plan members working past age **65 is 9**.

2008

Ontario Expert Commission on Pensions report released. First review of its kind in over 20 years.

Funded Status of Plan
- Going Concern: -$4.2 million
- Solvency: $4.8 million

Investment structure
- Fixed Income (40%)
  – AllianceBernstein
- Canadian Equities (15%)
  – McLean Budden
- Global Equities (45%)
  – Aberdeen (1/3), Acadian (1/3) and Walter Scott (1/3)

2009

Solvency funding relief measures for Defined Benefit (DB) plans announced.

2011

Number of active members in Plan reaches **1,500**.

Number of Plan members working past age **65 is 44**.

Temporary solvency funding relief made available to eligible University pension plans.

Funded status of Plan
- Going Concern: -$35.4 million
- Solvency: $1.8 million

2011 cont'd

Investment structure
- Fixed Income (40%)
  – AllianceBernstein
- Canadian Equities (12%)
  – McLean Budden
- Global Equities (48%)
  – Aberdeen (1/3), Acadian (1/3) and Walter Scott (1/3)

2012

Morneau Report released, includes recommending pooled asset management for Ontario Broader Public Sector (BPS) institutions.

2012 cont'd

PBA legislation creates new rules for marriage breakdown valuations and payment options.

Plan assets **$300 million.**

Investment structure
- Fixed Income (40%)
  – AllianceBernstein
- Canadian Equities (12%)
  – Mawer
- Global Equities (48%)
  – Aberdeen (1/2) and Walter Scott (1/2)

2013

Number of pensioners in Plan reaches 300.

2014

Ontario university sector begins work to create a University Jointly Sponsored Pension Plan (JSPP).

Plan assets **$400 million.**

Funded status of Plan
- Going Concern: -$3.5 million
- Solvency: $18.7 million

First President
James A. Gibson
1963

First faculty
1964

Second President
Allan Earp
1971

Brock wins
Time Life Award
1978

Brock professor
discovers
superconductor
1987

Brock enrolment
passes 10,000
1989

Brock wins small school
of the year award
1997

Employees participate
in first Wellness Day
2000

Brock celebrates
50th anniversary
2014

Brock opens Marilyn I.
Walker School of Fine
and Performing Arts
(MIWSFPA)
2015

Due to the Covid-19 pandemic,
strict isolation guidelines were
enacted by the government.
The majority of the Brock
community worked off-site
as of March 17, 2020

The Canada Games
took place in
August, 2022

1964 HISTORICAL TIMELINE 2022

2015

PBA amended to permit a BPS employer to either transfer or merge into a new or existing JSPP.

2016

Plan assets **$450 million.**

Investment structure
- Fixed Income (40%)
  – AllianceBernstein
- Canadian Equities (12%) – Mawer
- Global Equities (48%) – Walter Scott (1/2), Mawer (1/4) and Carnegie (1/4)

2016 cont'd

Investment Management of Ontario Act came into force – allows BPS pension plans to pool assets. Expected to be operational in spring 2017.

Number of Plan members working past age **65 is 79**.

Implemented stronger mortality table. Average life expectancy Females 89.3, Males 87.3.

Federal and Provincial governments agreed to enhance CPP benefits, effective Jan. 1, 2019.

2017

Plan assets **$500 million.**

Hired two Real Estate Managers: PGIM and Morgan Stanley.

Investment structure
- Fixed Income (30%)
  – AllianceBernstein
- Canadian Equities (10%)
  – Mawer
- Global Equities (40%)
  – Mawer (2/5), Walter Scott (2/5), C Worldwide (1/5)
- Real Assets (20%)
  – PGIM (1/4), Morgan Stanley (1/4), TBD (1/2)

2017 cont'd

OAS Benefit eligibility age change from age 67 to 65.

Funded Status of Plan
- Liability Going Concern: -$17.8 million
- Solvency $21.6 million

2018

Ontario's new DB Funding framework came into effect and includes changes to Solvency funding, going concern funding and improvements to the maximum PBGF payments.

2018 cont'd

Hired Infrastructure Manager: IFM Investors.

Number of pensioners in Plan reaches 400.

2019

IFM (Infrastructure) funded **$25 million.**

Investment structure
- Fixed Income (30%)
  – AllianceBernstein

2019 cont'd

- Global Equities (50%)
  – Mawer (2/5)
  – Walter Scott (2/5)
  – Pier 21 (1/5)
- Real Assets (20%)
  – Morgan Stanley (1/4)
  – Prudential PRISA (1/4)
  – IFM Investors (1/4)
  – TBD (1/4)

Financial Services Regulatory Authority of Ontario (FSRA) replaced Financial Services Commission of Ontario (FSCO) as the Ontario pension regulator.

2020

Funded status of Plan
- Liability Going Concern: -$12.7 million
- Solvency: $32.4 million

Number of Plan members working past age **65 is 122**.

Legislated change to commuted value calculations.

2021

Number of pensioners in Plan reaches 500.

2022

OAS pension for individuals aged 75 or over increased by 10%

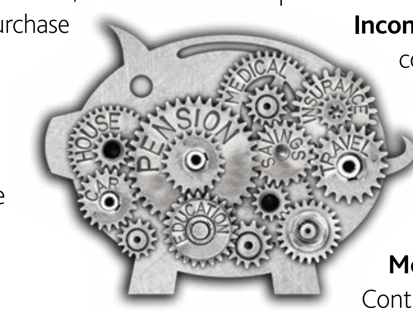
Investment structure
- Fixed Income (30%)
  – PH&N (2/3)
  – Aviva (1/3)
- Global Equities (50%)
  – Mawer (2/5)
  – Walter Scott (2/5)
  – Pier 21 (1/5)
- Real Assets (20%)
  – Morgan Stanley (1/4)
  – Prudential PRISA (1/4)
  – IFM Investors (1/4)
  – Axium (1/4)

Aboriginal Events Co-ordinator Cindy Biancaniello sets up the display featured prominently in the Rankin Family Pavilion during the National Day for Truth and Reconciliation on Sept. 30,2021.

Definition of pension terms

Best Average Earnings: refers to the average of your pensionable earnings during your five highest-paid years of pensionable service. If you have fewer than five years of pensionable service, the average of your total pensionable earnings is used.

Commuted Value: an estimate of money that a person would need to invest right now to give them the pension they would receive if they were to leave their pension benefit in the pension plan. The calculation is based on a number of factors, including the Plan member's age at retirement, the amount of the member's Money Purchase Pension and Minimum Guaranteed Pension and interest rates in effect at the date of retirement. Any amounts in excess of the Income Tax Act limits are paid directly to the member and are subject to income tax for lump-sum payments.



Custodian: an institution that holds a pension plan's assets and is responsible for the safekeeping of those assets. Custodial services are offered by most of the major trust and insurance companies.

Defined Benefit (DB) pension plan: a pension plan that defines the pension benefit to be provided in accordance with a formula, usually based on years of service and earnings.

Defined Contribution (DC) plan: a pension plan that defines the amount of contributions to the pension plan. The member's retirement income is based on contributions from the member and employer, plus investment return on these contributions. At retirement, the amount of retirement income that is received is based on the accumulated contributions and investment return in the member's account.

Going-Concern Valuation: part of the triennial valuation performed to determine the financial position of the pension plan, assuming continuation of the Plan indefinitely. This also determines the Plan Administrator's ongoing contribution requirements.

Hybrid Pension Plan: a pension plan that has both a Defined Contribution (DC) component and a Defined Benefit (DB) component. The Brock University Pension Plan is a Hybrid plan. The pension benefit received will be the greater of the Money Purchase Pension (DC) or the Minimum Guarantee Pension (DB).

Life Income Fund (LIF): an arrangement that provides retirement income for life from funds that originate from a registered pension plan or LIRA. A LIF is regulated by the Income Tax Act (Canada) and governed by provincial or federal pension benefits legislation.

Locked-In Retirement Account (LIRA): similar to a RRSP for income tax purposes, a LIRA is set up with locked-in funds that are transferred out of a pension plan. Financial institutions accepting locked-in funds must agree to administer them based on the applicable pension legislation. The range of investments offered in a LIRA depends on your financial institution, but is often the same range as for RRSPs.

Minimum Guarantee Pension: the Defined Benefit component of a member's pension based on the pension plan's formula.

Income Tax Act (ITA): federal law governing tax collection and related benefit distribution, administered by the Canada Revenue Agency. It sets maximum limits on contributions made to a retirement plan, on a tax-deferred basis, and maximum benefits a retirement plan can provide.

Money Purchase Pension: the Defined Contribution component of the member's pension benefit resulting from the member's Money Purchase Account balance being converted to a variable pension.

Pension Adjustment: the pension benefit earned by an employee during a calendar year under a registered pension plan. This amount is reported on T4 statements and is used to reduce available RRSP contribution room in the following year.

Pension Benefits Guarantee Fund (PBGF): the PBGF is a special fund that was established by the Government of Ontario to cover pension benefits for certain defined benefit pension plans if they are wound up because the employer is insolvent and there is a funding shortage. The PBGF is funded by certain employers who sponsor defined benefit pension plans and qualify for this coverage. They are responsible for making yearly payments into the PBGF, based on the pension plan's financial status and the number of Ontario plan beneficiaries who are part of the pension plan. The Brock University Pension Plan contributes to the PBGF due to the DB component of the Plan.

Special Payments: Special Payments are additional contributions made by the Plan sponsor of a Defined Benefit pension plan to fund any unfunded liabilities and solvency deficiencies. The amount and timing of payments are determined as part of the actuarial valuation.

Provision for Adverse Deviation (PfAD): the PfAD is a new regulation that provides for an additional level of funding on top of existing normal cost and going concern funding requirements. The PfAD is based on a number of factors, including the asset allocation of the plan, the discount rate, etc.

Frequently asked questions

Pension

Q: Am I contributing the maximum into the pension plan?

A: All Plan members must contribute 4.4% of their pensionable earnings up to the YMPE and 6% above the YMPE. The University must contribute 7.4% of the member's pensionable earnings up to the YMPE and 9% above the YMPE. A Plan member may contribute Additional Voluntary Contributions.

Q: What happens to my pension benefit if I die before retirement?

A: If you die before retirement, your beneficiary will receive a pension benefit based on your Money Purchase Account balance together with the commuted value, if any, of the excess of your Minimum Guaranteed Pension over your projected Money Purchase Pension. Alternatively, a surviving spouse may choose to take an annual pension. University pension staff will meet with the surviving spouse and provide documentation outlining his or her options.

Note: If you have an eligible spouse, and unless your spouse has waived his or her entitlement to the survivor benefit, your spouse will receive the survivor benefit even if he or she is not your designated beneficiary.

Q: What are my pension benefit options if I leave employment with the University (before age 55)?

A: Within 30 days of your exit, the University will provide you with a Statement and Election of Benefits on Termination form that will detail all of your pension benefits, their value and your options. Your pension benefit will include your contributions, the University's contributions, investment interest earned to date and the commuted value of the supplementary retirement benefit (subject to Income Tax Act limits), if applicable. You will have the option to:

a) leave your pension benefit invested in the Plan until you are ready to begin a pension (age 55 or later)
b) transfer your pension benefit to a Locked-In Retirement Account (LIRA)
c) transfer your pension benefit to another registered pension plan as long as the plan is registered in Canada, accepts such transfers and the plan administrators agree to the terms of the transfer.

Q: I am an active Plan member. How can I find out for myself what my pension might be?

A: The Brock Pension Estimator allows active plan members to estimate monthly pensions with user-defined retirement dates and other assumptions. Using this tool, you can estimate the benefits you would be entitled to from the Money Purchase Account and the Minimum Guarantee Fund. The Estimator's calculations are based on the assumption that you will remain employed by the University until your selected retirement date. You can access the Estimator from your "**My Work**" tab in the "**my.brocku.ca**" portal.

Retirement

Q: Does CPP affect my Brock University pension?

A: Your Brock University pension does not change when you begin to receive CPP. Likewise, your Brock University pension does not affect your CPP payment amount. You can contact Service Canada for more information about your CPP amount.

Q: If I retire early (prior to age 65), how does that affect my pension?

A: You can begin receiving a pension as early as age 55. The monthly pension amount will be actuarially reduced to account for the fact that you will be receiving the pension for a longer period of time.

Q: If I die while collecting a pension, who should my spouse notify?

A: A spouse must notify University pension staff of the pensioner's death. Staff will speak with the spouse regarding next steps and will notify the Custodian.

Q: Who do I contact if I do not receive my tax form (T4A statement) for my pension payments?

A: You can contact the custodian, CIBC Mellon at 1-800-565-0479 for North America or 1-519-873-2218 internationally.

Q: How do I change the account my pension payments are deposited into?

A: You can contact the Custodian, CIBC Mellon at 1-800-565-0479 for North America or 1-519-873-2218 internationally. They will inform you of the steps to take to change your banking information.

Q: When will I find out my new monthly pension payment after the annual (July 1) adjustment?

A: In September, University pension staff will send you a Pensioner Adjustment Letter, which will explain your new adjusted Money Purchase Pension amount, your new adjusted Minimum Guarantee Pension Amount and your new monthly (gross) payment amount. The new payment amount is retroactive to July 1; however, you will receive the first adjusted payment in October. You will also receive a Pensioner Statement annually that summarizes information outlined in the Pension Benefits Act (PBA) regulations. You will note that your pension amounts on this statement are stated for the previous year, as the regulations require that pension statements be retrospective (providing information for the previous year).

Q: Who do I contact regarding a change of address?

A: You can contact University pension staff or CIBC Mellon directly at 1-800-565-0479 for North America or 1-519-873-2218 internationally. Staff will update your information and notify CIBC Mellon, if necessary.

Q: How soon will I receive my money after my retirement date?

A: If Brock University receives your paperwork in a timely fashion – that is, at least two months before pension commencement – your first pension payment will be deposited to your account within two weeks of the pension commencement date. Thereafter, the payment will be deposited into your account on the first business day of each month. If you elected to transfer your funds from the Plan, the transfer typically will be processed within three weeks of your retirement date.

Q: Does my pension amount change if my spouse dies before me?

A: No, your pension amount does not change after a spouse's death. However, you should notify University pension staff of your spouse's death if you retired with a Joint and Survivor pension, as this information is used by the actuary when calculating the annual mortality adjustments for the pensioner group.

Q: If I die while collecting a pension, does my spouse, family or estate receive a survivor benefit?

A: When a pensioner death occurs, the survivor benefit depends on the form of pension elected at pension commencement. For example, if you chose a Joint and Survivor 60 per cent pension with a 15-year guarantee, after your death, your spouse would receive 60 per cent of your pension amount for the rest of their life. Both Money Purchase and Minimum Guaranteed Pension amounts are reduced to the 60 per cent level and both amounts continue to be adjusted on an annual basis. However, using the same example, if both you and your spouse die before the end of the 15-year guarantee period, the value of any remaining payments to the end of the 15-year guarantee period would be paid to the estate of the last living pension recipient. If you and/or your spouse live beyond the 15-year guarantee period, pension payments will end after the death of the last pension recipient and there is no payment to the estate.

Q: I am an active plan member. When should I speak with someone about my retirement options?

A: If you're thinking of retiring within two years, contact Pension staff for a meeting. Pension staff will provide a pension projection, review pension options and answer any pension-related questions. Meetings are confidential.

Q: When do I provide notice of my retirement?

A: Written notice of your retirement should be provided to the Human Resources Department at least four months before your retirement date. The letter must include the date of retirement and your signature. It is important to note that pension payments are made on the first day of the month; therefore, an employee's last day of employment (the retirement date) would normally be the last day of the month.

Q: Where can I see my current pension account balance?

A: Pension statements are issued once per year, for the Plan's fiscal year July 1 to June 30. Active plan members can view their current pension statement and past pension statements on the Brock Pension Estimator.

Q: What happens if I remarry after pension commencement?

A: If you elected a Joint and Survivor Pension option at pension commencement, the spouse you had at pension commencement is eligible to receive a spousal pension upon your death. If you remarry or enter into a different common-law relationship after the date your pension payments begin, your new spouse is not eligible to receive the spousal benefit.

Q: Is it possible for me to have more taxes deducted from my pension?

A: Yes. You can contact CIBC Mellon directly at 1-800-565-0479 for North America or 1-519-873-2218 internationally.

Q: Do I pay taxes on my pension benefits?

A: Yes. You will pay taxes on your pension as well as benefits from CPP and OAS. However, you may benefit from being in a lower tax bracket during retirement than the bracket that currently applies to you. The Plan's custodian will deduct applicable taxes and provide you with the appropriate tax form required for you to use when preparing your income tax return.

Current state of activities

Key Pension Committee activities 2021-2022

Figure 13

Fund Performance Reviews	The Plan's investment consultant presented two detailed performance reviews for periods ending June 30/21 and December 31/21. Quarterly performance summaries were received for periods ending September 30/21 and March 31/22.
Pension Committee Education	Committee members participated in the following education sessions: • Currency hedging • ESG Considerations
Fund Manager Presentations	Committee members received presentations from the following Investment managers on their investment process, organization, past performance, and market outlook: • Mawer, a global equity manager • Walter Scott, a global equity manager • CWorldwide, a global equity manager
Review of Audited Financial Statements	Committee members reviewed the Plan's audited financial statements for Plan year ending June 30, 2021.
Review of SIPP	Conducted review of Statement of Investment Policy and Procedures (SIPP).

Helpful hints for Plan Members to ensure pension records remain accurate:

1 Review your annual pension statement!

• Active plan members can login to **my.brocku.ca** and go to the Brock Pension Estimator link to view your latest pension statement

• Deferred plan members and pensioners: Your statement is mailed annually to your address on record with the University. If you have moved and have not received your annual statement, contact pension staff to update your contact information (see #3)

2 Your spouse and beneficiary designation, identified on your annual pension statement, should be reviewed annually and after notable life-changing events such as:

i. Change in employment (new plan member)

ii. Change in spousal status

iii. Death of a spouse or beneficiary

Need to update your spouse and beneficiary information? Click here to download and complete a new designation form.

3 Keep your contact information with the University up to date! This includes name, address, email and phone number.

• Active plan members can update contact information in Workday

• Pensioners and deferred plan members can contact pension staff (pension@brocku.ca) who will verify your identity and update your contact information.

Importance of a beneficiary form….

A death benefit may become payable if you die prior to retirement. In the event that a pension death benefit becomes payable, if you have no qualifying spouse, your designated beneficiary or beneficiaries will be entitled to receive a benefit from the Plan.

The beneficiary designation form

The beneficiary designation form is made available to you so that you may designate one or more beneficiaries under the Plan and keep your beneficiary information on file with Brock University (the "University"). Once you have submitted a valid beneficiary designation form, you can alter or revoke your designation at any time, including after your pension has commenced.

If a death benefit becomes payable in respect of your pension and you do not have a qualifying spouse, but you do have a valid beneficiary designation on file, the University will pay the death benefit directly to your beneficiary(ies), and the benefit will not pass through your estate.

While you are not required to complete the beneficiary designation form, it is important to understand the possible consequences of declining to designate a beneficiary for your pension benefit. This information is provided in order to assist you in making an informed decision as to whether to execute the beneficiary designation form. Plan members are strongly recommended to obtain independent financial and/or legal advice before making any decisions with respect to estate planning. The information provided here is not intended as advice regarding the planning of your estate.

If no beneficiary designated

If you do not designate a beneficiary, if a pension death benefit becomes payable and you do not have a qualifying spouse, the benefit will be payable to your estate.

The payment of a pension death benefit to your estate could have tax and other consequences. If your death benefit passes through your estate, it could be subject to Estate Administration Tax and could be accessible to creditors, if any. Passing through your estate could also result in additional delay and administrative burden in the distribution of the intended benefit. Many Plan members designate a beneficiary to avoid these consequences.

Beneficiary designated through your will

Members may designate a beneficiary through their will. However, the University cannot confirm the efficacy of a beneficiary designation made through your will.

Information to be provided

Regardless of whether your pension death benefit is payable to a designated beneficiary or to your estate, and regardless of whether any beneficiary designation was executed in the form provided by the University or through your will, the University will require the person(s) entitled to receive your pension death benefit to provide any information the University deems relevant in order to confirm entitlement to and pay such benefits. The Pension Benefits Act specifically requires the University, as Plan administrator, to request information required to calculate and pay benefits and entitled recipients are required by the Pension Benefits Act to provide such information prior to payment.

Brock University Pension Plan Marriage Breakdown

Dividing financial assets upon separation can be complicated and there can be many complex decisions to make. It's advisable to engage the services of an independent professional, such as a lawyer, to help you understand your options when considering the division of any applicable assets.

If you and your married spouse separate, you may face decisions regarding how to divide your shared family assets, including your pension benefit in the Brock University Pension Plan. Pensions are included in the definition of 'family property' in Ontario's Family Law Act and must be considered as part of the net family property as a whole for married spouses. Up to 50% of the pension benefit earned during the period of a spousal relationship may be allocated to the former spouse.

The Ontario Family Law Act does not require common-law spouses to equalize their Net Family Property. They may choose to do so under a domestic contract or a family arbitration award. Common-law spouses who are considering division of their pension assets should seek legal advice.

The rules for the valuation and division of pension assets following marriage breakdown are regulated by the Financial Services Regulatory Authority of Ontario (FSRA). The information below pertains to current rules which came into effect on January 1, 2012. If you are separated from your spouse, considering the division of family assets and have pension benefits, you may require a Family Law Value.

Family Law Value (FLV) is the total value of the pension accrued during the relationship.

Either the Plan member or the married spouse of the Plan member can submit application for a FLV. If the relationship was a common law relationship, only the Plan member can make application for a FLV. The FLV applicant must complete the "Application for Family Law Value Family Law Form FL-1" available on the FSRA website (see link below). The application form requires the start date of the spousal relationship and the Family Law Value date (the date the relationship ended).

Once Brock University pension staff receive the completed application, they will prepare the Family Law Value calculation and provide the information to the member (or members' contact) and the former spouse (or the former spouse's contact). The information provided will include the maximum benefit amount that may be transferred to the former spouse.

Separation prior to retirement:

A lump-sum payout to the former spouse is the only settlement option available to you and your former spouse if you choose to settle your net family property equalization with your pension. The lump sum can be transferred to a locked-in retirement account (LIRA) or a Life Income Fund (LIF) or, if applicable, another registered pension plan of which your former spouse is a member.

Separation while in receipt of a monthly pension:

The division of your monthly pension payment is the only settlement option available to you and your former spouse if you choose to settle your net family property equalization with your pension.

Fee for the Family Law Value calculation:

FSRA allows plan administrators to collect a fee for processing FLV requests. The fee for Brock University's hybrid pension plan is $800 for each FLV application.

FSRA provides information regarding marriage breakdown on their website. Plan members should review this information in detail to understand relevant facts and process:

FSRA guide to help pension plan members through the process:
fsrao.ca/consumers/pensions/pensions-and-marriage-breakdown-guide-members-and-their-spouses

FLV forms:
fsrao.ca/industry/pension-sector/pensions-forms

Instructions for submitting completed FLV application forms for the Brock University Pension Plan:
brocku.ca/human-resources/wp-content/uploads/sites/81/Marriage-Breakdown-Stmt-for-Web-Nov-2021.pdf

Financial overview of the Plan

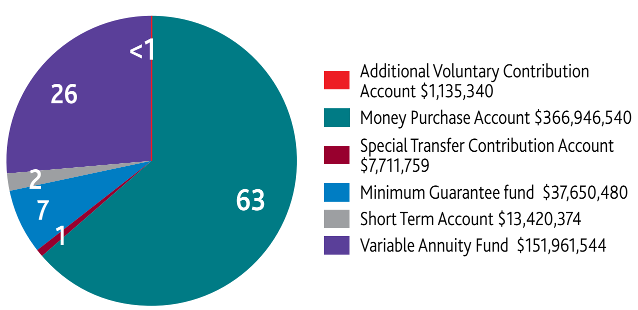
The Plan

The Plan is comprised of a number of separate accounts held together under one Trust Fund and administered by professional fund managers. The Pension Committee closely monitors performance of the fund and the fund managers, supported by the Plan's investment consultant.

Trust Fund

The Plan's actuary confirms amounts that make up the Trust Fund at each actuarial valuation date – the total Trust Fund value as at the last valuation (Jan. 1, 2020) was $579 million. The chart below provides a breakdown of the allocation of funds in the Trust Fund.

Figure 14: **Trust Fund allocation – January 1, 2020 valuation (%)**



The Plan's investment structure and market value of funds by asset class, as at June 30, 2022, are shown in Figure 15 and Figure 16.

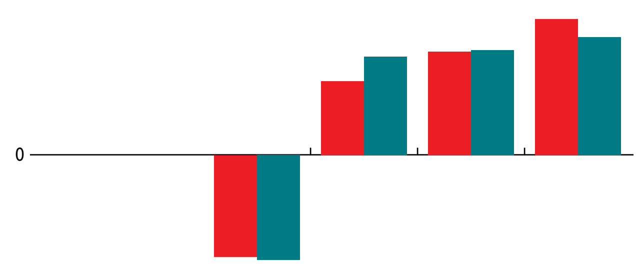
Figure 15: **Fund managers as at June 30, 2022**

	Fund managers	Located
Fixed Income	• Aviva • PH&N	• Toronto • Toronto
Global Equities	• C Worldwide • Mawer • Walter Scott	• Montreal • Calgary • Edinburgh
Real Estate	• Morgan Stanley • Prudential (PGIM)	• New York • New Jersey
Infrastructure	• Axium • IFM Investors	• Quebec • Melbourne

Fund and investment manager performance

The Pension Committee regularly monitors performance of the fund and individual investment managers. The Plan's investment consultant provides quarterly reports to support the monitoring process. Figure 17 provides details on the total fund performance.

Figure 17: **Annualized rates of return – as of June 30, 2022 gross of expenses**



	1 Year	3 Years	5 Years	10 Years
Brock University Pension Fund (gross)	-6.20%	4.50%	6.30%	8.30%
Fund Benchmark	-6.40%	6.00%	6.40%	7.20%
Value added	0.20%	-1.50%	-0.10%	1.10%

Figure 16: **Asset mix as at June 30, 2022**

Asset class	Market value	Allocation (as a % of the fund)	Policy allocation	Range: Minimum	Range: Maximum
Fund Value	**$596M**				
Equities					
Cash/Cash Equivalents	$7M	1.13%	0.00%	0.00%	5.00%
Fixed Income	$169M	28.53%	30.00%	22.50%	37.50%
Global Equity	$310M	52.39%	50.00%	40.00%	60.00%
Real Assets	$106M	17.95%	20.00%	10.00%	30.00%

Market Value amounts have been rounded, so percentages are based on actual amounts.
Does not include Short Term Fund.

Figure 18 provides details on the performance of each fund the Plan is invested in.

Figure 18: **Annual manager performance at June 30**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Canadian Equities										
Mawer (Canadian Equity)	19.30%	31.00%	8.10%	2.60%	16.00%	7.70%	4.00%	0.00%	0.00%	0.00%
S&P TSX Capped Composite	7.90%	28.70%	-1.20%	-0.20%	11.00%	10.40%	3.90%	0.00%	0.00%	0.00%
Value Added	11.40%	2.30%	9.30%	2.80%	5.00%	-2.70%	0.10%	0.00%	0.00%	0.00%
Global Equities										
Mawer (Global Equity)	25.10%	27.00%	20.60%	7.90%	15.00%	14.60%	12.60%	9.20%	19.90%	-6.40%
MSCI World (Net) (CAD)	22.70%	25.20%	18.90%	1.10%	18.20%	12.50%	5.70%	6.90%	26.60%	-10.80%
Value Added	2.40%	1.80%	1.70%	6.80%	-3.20%	2.10%	6.90%	2.30%	-6.70%	4.30%
C Worldwide Equity	21.80%	21.40%	32.40%	1.10%	16.80%	13.80%	10.30%	14.30%	22.50%	-13.40%
MSCI World (Net) (CAD)	22.70%	25.20%	18.90%	1.10%	18.20%	12.50%	5.70%	6.90%	26.60%	-10.80%
Value Added	-0.90%	-3.80%	13.50%	0.00%	-1.40%	1.30%	4.60%	7.40%	-4.10%	-2.60%
Walter Scott	20.70%	20.10%	20.80%	7.30%	16.00%	17.40%	12.80%	10.10%	23.40%	-12.30%
MSCI World (Net) (CAD)	22.70%	25.20%	18.90%	1.10%	18.20%	12.50%	5.70%	6.90%	26.60%	-10.80%
Value Added	-2.00%	-5.10%	1.90%	6.20%	-2.20%	4.90%	7.10%	3.20%	-3.20%	-1.50%
Fixed Income										
Aviva (Alliance Bernstein results to 2021)	0.20%	6.60%	5.80%	6.10%	0.90%	7.00%	7.70%	4.80%	0.30%	-12.50%
FTSE TMX Universe Bond	-0.20%	5.30%	6.30%	5.20%	0.00%	8.00%	7.40%	7.90%	-2.40%	-12.20%
Value Added	0.40%	1.30%	-0.50%	0.90%	0.90%	-0.10%	0.30%	-3.10%	2.70%	-0.30%
PH&N (Alliance Bernstein results to 2021)	0.20%	6.60%	5.80%	6.10%	0.90%	7.00%	7.70%	4.80%	0.30%	-12.30%
FTSE TMX Universe Bond	-0.20%	5.30%	6.30%	5.20%	0.00%	8.00%	7.40%	7.90%	-2.40%	-12.20%
Value Added	0.40%	1.30%	-0.50%	0.90%	0.90%	-0.10%	0.30%	-3.10%	2.70%	-0.10%
Real Estate										
Morgan Stanley Prime Real Estate	20.20%	16.00%	37.40%	17.60%	9.90%	11.00%	7.00%	5.90%	-2.40%	33.50%
NCREIF Fund Index-Opend End Diversified Core	15.70%	13.40%	34.20%	17.10%	7.80%	10.00%	6.30%	6.70%	-0.90%	34.60%
Value Added	4.50%	2.60%	3.20%	0.50%	2.10%	1.00%	0.70%	-0.80%	-1.50%	-1.20%
PRISA Prudential Real Estate	14.60%	15.10%	33.60%	17.30%	7.50%	10.10%	6.60%	6.70%	-2.30%	33.90%
NCREIF Fund Index-Opend End Diversified Core	15.70%	13.40%	34.20%	17.10%	7.80%	10.00%	6.30%	6.70%	-0.90%	34.60%
Value Added	-1.10%	1.70%	-0.60%	0.20%	-0.30%	0.10%	0.30%	0.00%	-1.40%	-0.70%
Infrastructure										
IFM Global Infrastructure								-	14.10%	12.50%
10.0% Per Annum								10.00%	10.00%	10.00%
Value Added								-	4.10%	2.50%

Mawer Canadian Equity portfolio was liquidated and redispursed to global equities in December 2019.
Mawer Global Equity and Carnegie Worldwide Equity returns prior to August 2016 represent manager returns sourced from eVestment.
Aviva funded December 2021. Returns are YTD at June 30, 2022. Previous years' results are Alliance Bernstein.
PH&N funded December 2021. Returns are YTD at June 30, 2022. Previous years' results are Alliance Bernstein.
Morgan Stanley Prime Real Estate returns prior to September 2017 were sourced from the manager.
PRISA Prudential Real Estate returns prior to 30 March 2018 were sourced from the manager.
IFM Global Infrastructure was funded in October 2019.

Rate of return and expenses

The chart below shows the funds' gross rate of return as well as the Plan's expenses for the 10 previous fiscal years. A breakdown of plan expenses can be found in the financial statements on page 34.

Additional historical rates of return can be found on the pension website at **brocku.ca/human-resources/pension**

Figure 19: **Pension Plan fiscal year-end June 30**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fund Return – Gross	11.1%	16.7%	10.3%	3.7%	10.4%	9.2%	9.1%	8.3%	13.6%	-6.1%
Expenses	0.8%	0.9%	0.8%	0.6%	0.7%	0.8%	0.7%	0.8%	0.8%	0.8%
Fund Return – Net	10.3%	15.8%	9.5%	3.1%	9.7%	8.4%	8.3%	7.5%	12.5%	-6.8%

Brock University Biological Sciences Professor Liette Vasseur.

Actuarial valuation

What is an actuarial valuation?

What is an actuarial valuation and why is it important to the University and Plan members?

An actuarial valuation is a mathematical analysis of the financial position of a defined benefit pension plan and is prepared at least once every three years. Given that the University's hybrid pension plan has an underlying defined benefit pension, an actuarial valuation must be conducted for the Plan. The valuation determines the financial position of the Plan and the future obligations. The analysis requires making assumptions about future investment returns, inflation rates and salary increases, as well as retirement ages and life expectancies of the Plan's membership.

There are three different calculations performed during the valuation:

Going Concern Basis: Assumes the Plan will continue indefinitely. Assumptions are set by the actuary with the employer's input and are subject to actuarial standards of practice. Going Concern deficits are amortized over a 10-year period. The Brock University Pension Plan has a Going Concern deficit of $12.7 million, which the University is funding by making additional payments into the Plan. Funds to make these payments come from the University's operating budget, thus years of higher Going Concern deficit payments reduce the amount of funds available for other operational expenditures.

Wind-up Basis: Assumes that the Plan will hypothetically terminate on the valuation date and uses prescribed assumptions. The Brock University Pension Plan has a Wind-up deficit of $131 million.

Solvency Basis: This calculation is identical to the Wind-up valuation, with the exception that regulations allow certain adjustments to be made (e.g. future indexing can be excluded). Solvency deficits are amortized over a five-year period. The Brock University Pension Plan has a Solvency surplus of $32.4 million and, therefore, based on current funding rules, no solvency special payments are required.

The values noted above are associated with the most recent valuation, effective Jan. 1, 2020.

In addition to the contributions required to the defined contribution portion of the Plan, the University is also making Current Service contributions and Going Concern deficit contributions into the defined benefit portion of the Plan. The payment of these contributions comes from the University's operating budget.

The University's required contributions for the past eight years are illustrated in Figure 20.

Figure 20: **Required contributions to Plan (July 1 to June 30)**

	2013/14 (Valuation Year)	2014/15	2015/16	2016/17 (Valuation Year) July 1, 2017	2017/18	2018/19	2019/20 (Valuation Year) Jan. 1 2020	2020/21	2021/22
Employee contributions to the Plan									
DC – Employee	$6,918,726	$6,980,217	$7,120,641	$7,271,883	$7,384,301	$7,670,863	$7,822,920	$7,760,984	$7,859,530
University contributions to the Plan									
DC – University	$11,021,901	$11,113,619	$11,334,319	$11,569,413	$11,755,991	$12,222,287	$12,462,710	$12,386,669	$12,562,846
DB – Current Service Cost	$2,636,035	$1,199,073	$1,231,871	$1,257,956	$1,816,580	$1,879,361	$1,916,615	$1,765,275	$1,816,067
DB – Provision for Adverse Deviation (PfAD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	$4,229	$8,000
DB – Going Concern Deficit	$3,452,148	$132,658	$413,000	$413,000	$540,167	$1,939,000	$1,938,999	$1,661,336	$1,463,004
Total University	**$17,110,084**	**$12,445,350**	**$12,979,190**	**$13,240,369**	**$14,112,738**	**$16,040,648**	**$16,318,324**	**$15,817,509**	**$15,849,917**
University/Employee Required Contribution Ratio	2.5	1.8	1.8	1.8	1.9	2.1	2.1	2.0	2.0

DC = Defined Contribution
DB = Defined Benefit

The Plan's financial position for the past five valuations are illustrated in Figure 21.

Figure 21

	July 1, 2008	July 1, 2011	July 1, 2014	July 1, 2017	Jan. 1, 2020
Financial position of the Plan Going Concern Basis					
Funding excess (shortfall)	($4,203,000)	($35,442,000)	($3,557,000)	($17,882,000)	($12,711,000)
Funding ratio	98%	89%	99%	96%	98%
Financial position of the Plan Wind-up Basis					
Wind-up excess (shortfall)	($5,732,000)	($45,902,000)	($69,207,000)	($124,097,000)	($130,954,000)
Wind-up ratio	98%	86%	85%	79%	82%
Financial position of the Plan Solvency Basis					
Solvency excess (shortfall)	$6,674,000	$1,871,000	$183,730,000	$21,689,000	$32,464,000
Solvency ratio	102%	105%	105%	105%	1.06%

Paper statues of Indigenous military leaders John Norton, left, and John Brant overlook the campus. Below is the Healing Garden which is meant to symbolize Brock's commitment to Indigenous students and issues.

Going Concern liability breakdown

The $12.7-million Going Concern liability identified in the 2020 valuation is allocated to the Plan membership as outlined in Figure 22. The breakdown of the active member liability between the various employee groups at the University is illustrated in Figure 23.

Figure 22

Going Concern liability by plan membership

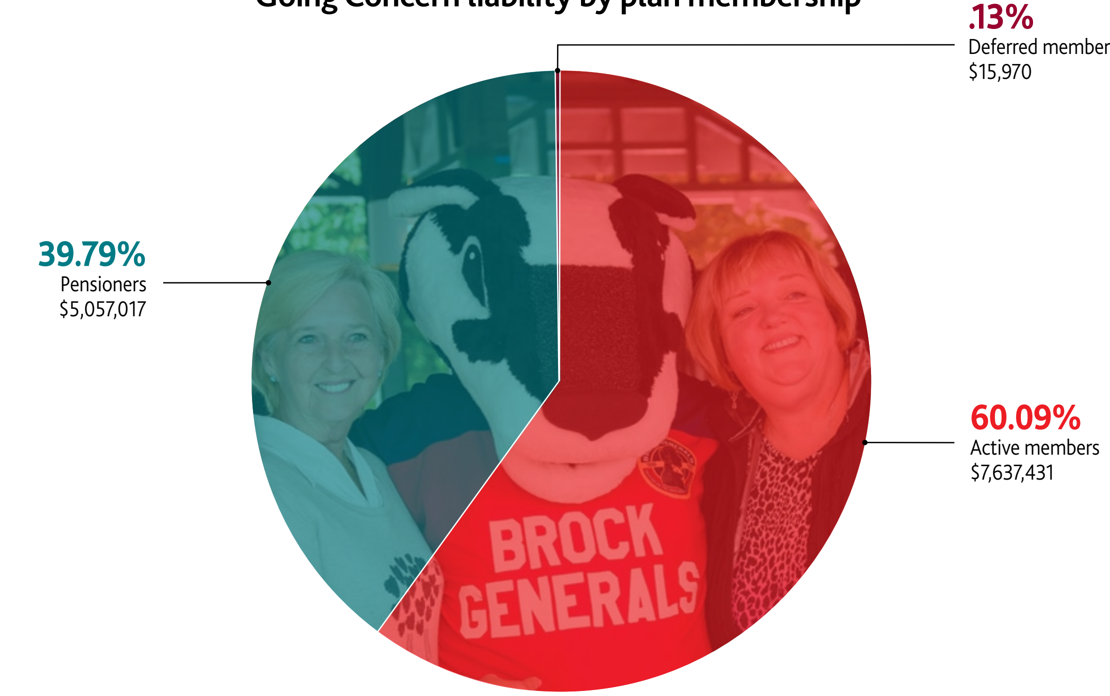
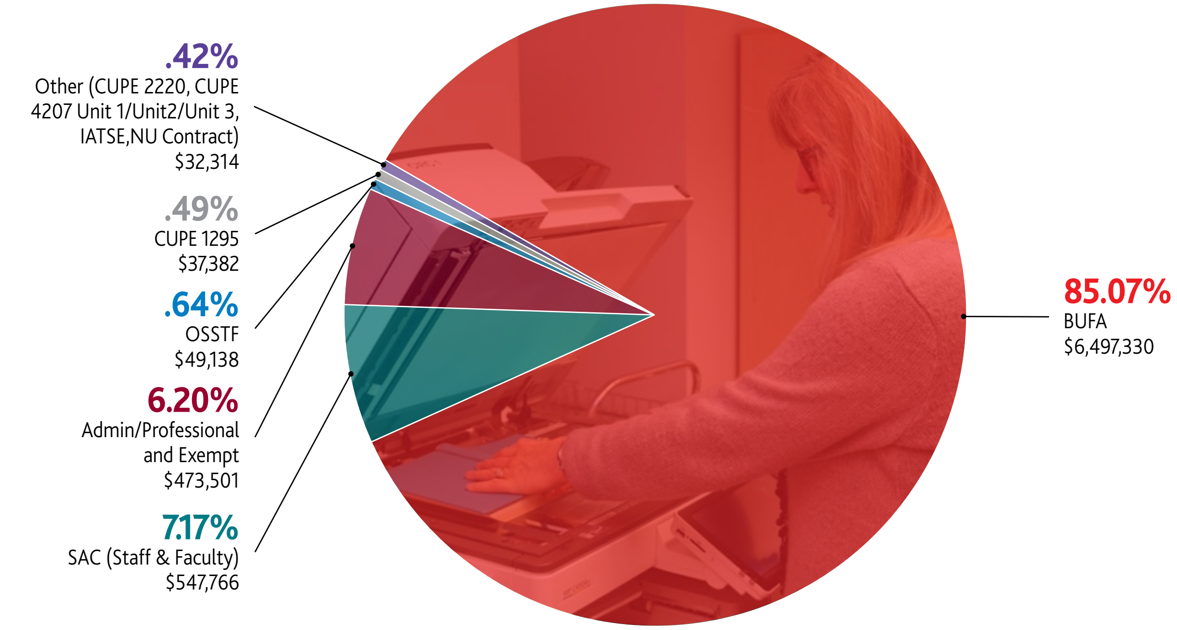


Figure 23

Active member Going Concern liability by employee group



Financial Statements of BROCK UNIVERSITY PENSION PLAN

(Registration Number 327767)
And Independent Auditors' Report thereon, year ended June 30, 2022

Scott Roper stands in Brock University's Rankin Family Pavilion, one of the several major infrastructure projects he worked on as a project manager.

KPMG LLP
Commerce Place
21 King Street West, Suite 700
Hamilton ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITORS' REPORT

To the Administrator of the Brock University Pension Plan

Opinion

We have audited the fund financial statements of Brock University Pension Plan (the Plan), which comprise:

- the statement of net assets available for benefits as at June 30, 2022
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the fund financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at June 30, 2022, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act (Ontario).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' report.

We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Financial Reporting Framework

We draw attention to Note 1(a) in the financial statements, which describes the applicable financial reporting framework and the purpose of the financial statements.

As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

KPMG

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension Benefits Act (Ontario) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Plan's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Plan's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

KPMG

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Plan's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Plan to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

September 28, 2022

FINANCIAL STATEMENTS

July 2021 – June 2022 Pension Annual Report

BROCK UNIVERSITY PENSION PLAN

Statement of Net Assets Available for Benefits

June 30, 2022, with comparative information for 2021.

	2022	2021
Assets		
Contributions receivable:		
Employer	$ 1,203,592	$ 1,151,110
Employee	673,043	645,755
	1,876,635	1,796,865
Investments (note 2)	595,545,803	652,558,875
Total assets	597,422,438	654,355,740
Liabilities		
Accrued liabilities (note 4)	678,895	738,077
Net assets available for benefits	$ 596,743,543	$ 653,617,663

See accompanying notes to the fund financial statements.

On behalf of the Board of Trustees:

Lynn Wells
President and Vice-Chancellor

Mark Arthur
Chair, Board of Trustees

BROCK UNIVERSITY PENSION PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended June 30, 2022, with comparative information for 2021.

	2022	2021
Increase in net assets available for benefits:		
Investment income (note 5)	$ 13,467,251	$ 11,378,166
Change in net unrealized gain in investments	–	47,198,149
Net realized gain on sale of investments	21,442,329	20,942,990
Transfers from other pension plans	146,200	259,299
	35,055,780	79,778,604
Contributions (note 6):		
Employer	16,082,984	15,857,176
Employee	8,119,984	7,884,535
	24,202,968	23,741,711
	59,258,748	103,520,315
Decrease in net assets available for benefits:		
Benefit payments (note 7)	38,259,621	38,794,587
Administrative expenses and professional fees (note 8)	5,274,237	5,059,614
Change in net unrealized loss in investments	69,085,033	–
Change in fair value of forward foreign currency contracts	3,513,977	1,272,448
	116,132,868	45,126,649
Increase (decrease) in net assets available for benefits	(56,874,120)	58,393,666
Net assets available for benefits, beginning of year	653,617,663	595,223,997

See accompanying notes to the fund financial statements.

Participating in senior fitness at the Brock-Niagara Centre for Health and Well-Being.

BROCK UNIVERSITY PENSION PLAN

Notes to Fund Financial Statements

Year ended June 30, 2022.

The Brock University Pension Plan (the "Plan") is a registered pension plan in the Province of Ontario under registration number 327767. The Plan is a hybrid defined benefit money purchase pension plan, which contains both a defined contribution component and a defined benefit component. The defined contribution component of the plan is funded by Brock University (the "University") and member contributions and provides a benefit to members based on their accumulated account. The defined benefit component of the Plan is funded by University contributions and provides for a guaranteed minimum benefit. The Plan provides pension benefits to substantially all permanent employees of the University.

1. Significant accounting policies:

(a) Basis of presentation:

As permitted by the Financial Services Regulatory Authority of Ontario ("FSRA"), the Plan may prepare financial statements in accordance with Canadian accounting standards for pension plans as outlined in the Chartered Professional Accountants Canada ("CPA Canada") Handbook, Section 4600, excluding pension obligations and any resulting surplus or deficit.

The Plan has prepared financial statements in accordance with Section 4600 excluding pension obligations and any resulting surplus or deficit.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Section 4600 requires the Plan comply (on a consistent basis) with either International Financial Reporting Standards ("IFRS") in Part 1 of the CPA Canada Handbook – Accounting or Canadian accounting standards for private enterprises in Part II of the CPA Canada Handbook - Accounting. The Plan has chosen to comply on a consistent basis with IFRS.

These financial statements are prepared in accordance with the financial reporting provisions of Section 76 of Regulation 909 of the Pension benefits Act (Ontario). The purpose of these financial statements is to assist the Pension Committee in meeting the requirements of the FSRA under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario). As a result, these fund financial statements may not be suitable for another purpose.

The financial statements of the Plan do not purport to show the adequacy of the Plan's assets to meet its pension obligation. Such an assessment requires additional information, such as the Plan's actuarial reports and information about the University's financial health.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value through the statement of changes in net assets available for benefits.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Plan's functional currency.

1. Significant accounting policies (continued):

(d) Financial assets and financial liabilities:

(i) Non-derivative financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Plan becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

The Plan measures all of its investments at fair value through the statement of changes in net assets available for benefits. All other non-derivative financial assets including contributions receivable are measured at amortized cost.

The Plan derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Plan neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain or loss on sale of investments.

(ii) Non-derivative liabilities:

All financial liabilities are recognized on the trade date at which the Plan becomes a party to the contractual provisions of the instrument.

The Plan derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

The Plan considers its accrued liabilities to be a non-derivative financial liability.

(iii) Derivative financial instruments:

Derivative financial instruments are recognized initially at fair value and attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets available for benefits, when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

1. Significant accounting policies (continued):

(e) Fair value measurement:

In determining fair value, the Plan follows the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CPA Canada Handbook - Accounting.

All changes in fair value, other than investment income and expense, are recognized in the statement of changes in net assets available for benefits as part of the change in net unrealized gains in investments.

The investments are stated at fair value.

The Plan is invested in pooled fund investments as disclosed in note 2. Pooled fund investments are valued at the unit values supplied by the investment manager, which represent the Plan's proportionate share of underlying net assets at fair values determined using closing market prices.

(f) Net realized gain on sale of investments:

The net realized gain on sale of investments is the difference between proceeds received and the average cost of investments sold.

(g) Investment income:

Investment income, which is recorded on the accrual basis, includes interest income, dividends and pooled fund distributions.

(h) Foreign currency translation:

The fair values of foreign currency denominated investments included in the statement of net assets available for benefits are translated into Canadian dollars at the year end rate of exchange. Gains and losses arising from translations are included in the change in net unrealized gains on investments.

Foreign currency denominated transactions are translated into Canadian dollars at the rate of exchange on the date of the related transaction. Cost of investments, as disclosed in note 2, are translated into Canadian dollars at the rate of exchange on the date of purchase.

(i) Forward foreign currency contracts:

The Plan entered into forward foreign currency contracts (the "contracts") to hedge approximately one half of the currency exposure of foreign equity investments. The fair value of the contracts is based on amounts quoted by the Plan's investment manager to realize favourable contracts or settle unfavourable contracts, taking into account current foreign exchange rates. The net unrealized gain on contracts is included in the current period change in fair value of forward foreign currency contracts and recognized in the statement of changes in net assets available for benefit. When the contracts are closed out the net gain or loss is reflected in the net realized gain or loss on sale of investments.

1. Significant accounting policies (continued):

(j) Income taxes:

The Plan is not subject to income taxes since it is a Registered Pension Trust as defined by the Income Tax Act (Canada).

(k) Use of estimates:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of net assets available for benefits and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Brock University Professor of Chemistry Jeffrey Atkinson is a key contributor to a North American research team examining how proteins and enzymes contribute to the distribution of Vitamin E in mammals.

2. Investments:

The following is a summary of investments, including all individual investments with a cost or fair value in excess of 1% of the cost or market value of the total Plan, as required by the Pension Benefits Act (Ontario):

	2022		2021	
	Cost	Fair value	Cost	Fair value
Equity funds:				
Walter Scott and Partners Canadian Institutional Trust Global Equity Fund	$ 97,098,048	$ 120,231,581	$ 92,575,714	$ 137,114,801
Mawer Global Equity Fund Class O	102,844,109	127,031,618	107,699,324	151,757,958
Pier 21 World Wide Equity Pool	47,852,430	62,910,169	47,310,062	75,868,441
	247,794,587	310,173,368	247,585,100	364,741,200
Fixed income funds:				
Alliance Bernstein Core Plus Bond Fund	–	–	183,043,222	192,427,185
Aviva Core Plus Fund	64,012,124	56,187,898	–	–
PH&N Core Plus Fund	130,715,127	112,699,551	–	–
Mawer Canadian Money Market Fund	5,954,610	5,954,610	7,501,808	7,501,808
	200,681,861	174,842,059	190,545,030	199,928,993
Real estate and infrastructure:				
Morgan Stanley-Prime Property Fund LLC	27,337,518	35,381,253	26,141,988	26,557,439
Prudential Prisa LP	26,479,744	37,929,355	25,268,130	28,342,584
Axium Infrastructure	155,000	155,000	–	–
IFM Global Infrastructure	26,088,147	32,804,802	25,873,011	29,155,642
	80,060,409	106,270,410	77,283,129	84,055,665
CIBC USD Hedge	–	(2,441,549)	–	1,072,428
Cash and cash equivalents	6,701,515	6,701,515	2,760,589	2,760,589
	$ 535,238,372	$ 595,545,803	$ 518,173,848	$ 652,558,875

On July 28, 2021, the Plan entered into a subscription agreement with Axium Infrastructure NA Limited Partnership with a Capital Commitment in the amount of $31,000,0000 in exchange for Limited Partnership Units of the Partnership. As of June 30, 2022, the undrawn Capital Commitment is $30,845,000.

Cash and cash equivalents includes pending investments, benefit and expense payments held by CIBC Mellon.

3. Forward foreign currency contracts:

The Plan uses financial instruments to reduce risks associated with its investments and is committed under various forward foreign currency contracts to both purchase and sell various foreign currencies with a notional amount in Canadian dollars totaling $93,575,060 (2021 – $97,636,037). The fair value of these forward foreign currency contracts as at June 30, 2022 is

$(2,441,549) (2021 – $1,072,428) and has been recognized in the statement of changes in net assets available for benefit. Notional amounts are the contract amounts used to calculate the cash flows to be exchanged. These are a common measure of volume of outstanding transactions but do not represent credit or market risk.

The forward foreign currency contracts mature on July 19, 2022.

4. Accrued liabilities:

	2022	2021
Portfolio administration fees	$ 653,498	$ 700,638
Actuarial and other professional fees	6,003	19,920
Audit fees	13,179	12,317
Custodial fees	6,215	5,202
	$ 678,895	$ 738,077

5. Investment income:

	2022	2021
Pooled funds:		
Global equity	$ 4,204,836	$ 4,015,857
Bonds and debentures	9,162,718	6,995,358
Real estate	73,185	357,113
Money market	26,512	9,838
	$ 13,467,251	$ 11,378,166

6. Contributions:

Contributions received by the Plan were as follows:

2022	Regular	Voluntary	Special	Total
Employer	$ 14,619,980	$ –	$ 1,463,004	$ 16,082,984
Employee	8,000,296	119,688	–	8,119,984
	$ 22,620,276	$ 119,688	$ 1,463,004	$ 24,202,968

2021	Regular	Voluntary	Special	Total
Employer	$ 14,156,174	$ –	$ 1,701,002	$ 15,857,176
Employee	7,760,984	123,551	–	7,884,535
	$ 21,917,158	$ 123,551	$ 1,701,002	$ 23,741,711

7. Benefit payments:

	2022	2021
Pension benefits	$ 18,896,600	$ 17,005,618
Transfers to other retirement funds	15,722,596	16,961,174
Cash refunds	2,255,012	3,941,746
Death benefits	1,385,413	886,049
	$ 38,259,621	$ 38,794,587

8. Administrative expenses and professional fees:

	2022	2021
Portfolio administration fees	$ 4,548,852	$ 4,217,246
Actuarial and other professional fees	647,246	735,261
Custodial fees	63,494	94,857
Audit fees	14,645	12,250
	$ 5,274,237	$ 5,059,614

9. Related party transactions:

The University provides certain administrative services to the Plan. The cost to the Plan for these services in the year ended June 30, 2022 were $221,475 (2021 – $206,931), being the exchange amount agreed to by the parties, and is included in administrative expenses and professional fees in the statement of changes in net assets available for benefits. At June 30, 2022 accounts payable and accrued liabilities included nil (2021 – nil) owing to the University relating to such services.

10. Fair value of financial instruments:

The objective of the Plan is to accumulate funds for the purpose of providing lifetime income in retirement for Members of the Plan. The objectives of the Administrator are to meet the fund objectives outlined in the Plan's Statement of Investment Policies & Procedures (see note 11).

The Plan manages the following risks by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds in accordance with the approved Statement of Investment Policies and Procedures. The Pension Committee reviews on a quarterly basis the performance of investments invested by the Plan's investment managers.

(a) Fair values:

The fair values of investments are described in note 1(e) and disclosed in note 2. The fair value of forward foreign currency contracts is described in note 1(i). The fair value of other financial assets and liabilities, being contributions receivable and accrued liabilities, approximates their carrying value due to the short term nature of these instruments.

Fair value measurements recognized in the statement of net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

10. Fair value of financial instruments (continued):

(a) Fair values:

Level 1 – unadjusted quoted prices in active markets for identical assets and liabilities:

Level 1 – inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; and

Level 1 – inputs for assets and liabilities that are not based on observable market data.

All investments are categorized as Level 2 at June 30, 2022. There has been no change in the category of any of the Plan's financial instruments during the year.

(b) Associated risks:

(i) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all other factors affecting all instruments traded in the market. As all of the Plan's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly result in a change in net assets available for benefits. Market price risk is managed by the Plan by investing in a diversified portfolio of instruments traded on various markets and across various industries.

As at June 30, 2022, had the equity prices of all equity benchmarks increased or decreased by 10% and assuming there is a perfect positive correlation between the Plan's equities and the benchmarks, with all other variables held constant, the value of the Plan's investments would have increased or decreased, by approximately $31,017,337 (20211 – $36,474,120).

(ii) Foreign currency risk:

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. Through the pooled fund investments the Plan holds investments in financial instruments and enters into transactions denominated in various foreign currencies. Consequently, the Plan is exposed to risks that the exchange rate of the foreign currency may change in a manner that has an adverse effect on the value of the portion of the Plan's assets or liabilities denominated in currencies other than Canadian dollars. The Plan's overall currency positions and exposures are monitored on a regular basis by the Plan Administrator.

10. Fair value of financial instruments (continued):

(b) Associated risks (continued):

(ii) Foreign currency risk (continued):

Real estate investments are not hedged. Presently, approximately half of equity investments are hedged as the Plan has adopted a mechanism to apply a United States dollar hedge under certain market conditions. Of the total PH&N Core Plus Bond Fund, 6.5% is held in foreign currency with 0.00% of the portfolio not hedged back to the Canadian dollar. Of the Aviva Core Plus Bond Fund, 1.33% is held in foreign currency with 0.00% of the portfolio not hedged back to the Canadian dollar. In the prior year, the Alliance Bernstein Core Plus Bond Fund portfolio held 24.20% in foreign currency with 0.10% of the portfolio not hedged back to the Canadian Dollar.

The Plan's non-Canadian currency exposure of its equity, real estate and infrastructure investments as at June 30 is as follows:

	2022		2021	
	Canadian dollar equivalent	Percentage of total	Canadian dollar equivalent	Percentage of total
United States dollar (hedged)	$ 93,575,060	15.71	$ 97,636,037	14.96
United States dollar (unhedged)	154,991,444	26.03	158,812,803	24.34
Euro	31,934,000	5.36	41,796,148	6.40
Japan yen	18,839,250	3.16	24,218,832	3.71
United Kingdom pound	17,748,584	2.98	21,868,513	3.35
Switzerland franc	16,230,271	2.73	21,254,880	3.26
Denmark krone	11,793,653	1.98	9,613,143	1.47
Hong Kong dollar	5,688,522	0.96	8,720,233	1.34
Sweden krona	5,657,698	0.95	6,790,878	1.04
Other currencies	7,418,827	1.25	13,641,405	2.09
	$ 363,877,309	61.11	$ 404,352,872	61.96

As at June 30, 2022, if the Canadian dollar strengthened or weakened by 5% in each respective foreign currency, with all other factors remaining constant, the following table summarizes the estimated impacts:

	Net exposure	Estimated impact
United States dollar (unhedged)	$ 154,991,444	$ 7,749,572
Euro	31,934,000	1,596,700
Japan yen	18,839,250	941,963
United Kingdom pound	17,748,584	887,429
Switzerland franc	16,230,271	811,514
Denmark krone	11,793,653	589,683
Hong Kong dollar	5,688,522	284,426
Sweden krona	5,657,698	282,885
Other currencies	7,418,827	370,941
	$ 270,302,249	$ 13,515,113

10. Fair value of financial instruments (continued):

(b) Associated risks (continued):

(iii) Liquidity risk:

Liquidity risk is the risk that the Plan will not be able to meet its obligations as they fall due. The Plan maintains an investment policy, as approved by the Plan, which contains asset mix guidelines which help to ensure the Plan is able to liquidate investments to meet its pension benefits or other obligations.

The accrued liabilities are all due within 90 days or less.

All the Plan's investments are considered to be readily realized as their underlying assets are listed on recognized stock exchanges and can be quickly liquidated at amounts close to their fair market value in order to meet liquidity requirements. Although market events could lead to some investments becoming illiquid, the diversity of the Plan's portfolio should ensure that liquidity is available for benefit payments. The Plan also maintains cash on hand for liquidity purposes and to pay accrued liabilities. At June 30, 2022, the Plan has cash in the amount of $6,701,515 (20211 – $2,760,589).

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's cash flows, financial position and income. The value of the Plan's assets is affected by short term changes in interest rates. Interest rate changes directly impact the value of any fixed income securities in the pooled funds.

As at June 30, 2022, had the prevailing interest rates increased or decreased by 1% with all other variables remaining unchanged, the Plan's net assets available for benefits would have decreased or increased by approximately $12,430,019 (20211 – $14,335,825)

(v) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Plan. Credit risk is generally higher when a non exchange traded financial instrument is involved because the counterparty for non exchange traded financial instruments is not backed by an exchange clearing house.

11. Capital risk management:

The Plan defines its capital as the net assets available for benefits. The main objective of the defined benefit component of the Plan is to sustain a certain level of net assets in order to meet the pension obligations of the University, which are not presented or discussed in these financial statements. The primary investment objective of the defined contribution component of the Plan is to permit members to accumulate assets within the Plan in order to provide an appropriate level of retirement income, considering contribution rates under the Plan and the investment objectives and risk tolerances of Stakeholders. The benefits a retiree or employees receives at retirement or on termination under this defined contribution plan are not predetermined. Income distribution or benefits are based on the assets within the retiree or employee individual retirement plan account at the time they retire. The Plan

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fulfills its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIPP"), which is reviewed annually by the Pension Committee. The SIPP states investment objectives, guidelines and benchmarks used in investing the capital of the Plan, permitted categories of investment, asset-mix diversification and rate of return expectations. The Plan manages net assets available for benefits by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employer contributions) in accordance with the approved SIPP. The SIPP was last amended effective September 30, 2021. This amendment included minor verbiage updates and there is no change to the long-term asset mix. There is no change in the manner in which the capital is managed in the current year.

The SIPP permits four categories of assets. The Plan's investment was allocated within the allowed asset categories range, as of the date of these financial statements. The following table presents the asset allocation of each asset category and total investments, along with appropriate benchmark:

		Asset allocation (%)	
Asset categories	**SIP&P Ranges***	**2021**	**2020**
Equity	40.00% - 60.00%	52.39%	56.64%
Fixed income	22.50% - 37.50%	28.53%	29.88%
Real assets	10.00% - 30.00%	17.95%	13.05%
Cash and cash equivalents	0.00% - 5.00%	1.13%	0.43%
Total investments		100.00%	100.00%

*Long Term Allocation

Asset categories	Benchmark
Global equity	MSCI World Index
Fixed income	FTSE Canada Universe Bond Index
Real estate	NCREIF Fund Index – Open End Diversified Core
Infrastructure	No external benchmark – Adopted a 8%-10% return target

Although there are no regulatory requirements relating to the level of net assets available for benefits, the funding to be maintained by the defined benefit component of the Plan is determined through triennial actuarial valuations. More details on employer contributions that were paid during the year can be found in note 6. Contributions past due as of June 30, 2022 are presented as contributions receivable on the statement of net assets available for benefits.

The Plan is required to file financial statements with the FSRA annually.

Brock University
Niagara Region
1812 Sir Isaac Brock Way
St. Catharines, ON
L2S 3A1 Canada
905 688 5550
pension@brocku.ca

brocku.ca/human-resources/pension

STRATEGIC PRIORITIES

Student Experience
Research
Community Engagement
Inclusivity