

York University Annual Pension Plan Meeting

Presented by Terisa Ducharme, Associate Director, Pension &
Benefits

Agenda

1. 2010 Valuation Results
2. York University Budget Implications

Funded status

Funded status on a **going concern** basis can be either a positive (surplus) or negative (deficit) position

- Going concern assumes that the pension plan will continue indefinitely

Funded status on a **solvency** basis can also be either positive (surplus) or negative (deficit) position

- Solvency basis assumes that the pension plan will close (wind-up) at the date the actuarial valuation report is written

2010 Valuation Results

Going Concern Financial Position

2010 Fund Rate of Return 9.76%

At December 31 (\$ Million)

	2010	2009	2008	2007
Market Value of Assets	1,333.9	1,221.0	1,060.5	1,320.4
Money Purchase Accounts	723.8	650.6	540.4	724.3
Defined Benefit Assets	610.1	570.4	520.1	596.1
Pensioner Liability	608.6	600.6	592.7	536.6
Active Members Minimum Guarantee Liability	218.7	198.2	193.0	103.6
Excess/(Unfunded Liability)	(217.2)	(228.4)	(265.6)	(44.1)

2010 Valuation Results

Wind-Up and Solvency Position

At December 31 (\$ Million)

	2010	2009	2008	2007
Assets				
Market Value of Assets	1,333.9	1,221.0	1,060.5	1,320.4
Provision for Wind-Up Expenses	(2.5)	(2.5)	(2.5)	(2.5)
Net Assets	1,331.4	1,218.5	1,058.0	1,312.9
Money Purchase Accounts	723.8	650.6	540.4	724.4
Defined Benefit Assets	607.6	567.9	517.6	593.5
Pensioner Liabilities	660.6	636.6	621.0	557.2
Active Members Minimum Guarantee Liabilities	145.8	124.0	178.0	64.1
Wind-Up Excess/(Deficiency)	(198.8)	(192.7)	(281.4)	(27.8)
Present Value of Special Payments	103.5	107.5	124.1	21.7
Reserve for Future Indexing	0.0	0.0	0.0	6.5
Solvency Excess/(Deficiency)	(95.3)	(85.2)	(157.3)	(0.4)

2010 Valuation Results

Contributions Summary – without solvency relief

	<u>2011 “Required”</u>		<u>2010 Actual</u>		<u>2009 Actual</u>	
	\$ Million	%*	\$ Million	%*	\$ Million	%*
Member Contributions	19.1	100%	18.5	100%	17.8	100%
Employer Contributions						
Money Purchase ***	19.6	103%	19.6	103%	18.9	103%
Minimum Guarantee Normal Cost **	18.4	96%	12.1	66%	11.7	66%
Unfunded Liability Special Payments	23.1	121%	4.8	26%	4.8	29%
Solvency Deficiency Special Payments	21.2	111%	0.0	0%	0.0	0%
Total Minimum Employer Contributions	82.3	431%	36.5	194%	35.3	198%

* As a % of member contributions

** Includes expenses

*** Contributions are greater than 103% due to the employer paying employee and employer pension contributions for those on Long Term Disability

University Solvency Funding Relief

Assuming approval for Stage 1 solvency funding relief

	2011		2012	
	\$ Million	%*	\$Million	%*
Member Contributions	19.1	100%	20.1	100%
Employer Contributions				
Money Purchase	19.6	103%	20.7	103%
Minimum Guarantee Normal Cost **	18.4	96%	19.3	96%
Unfunded Liability Special Payments	4.8	25%	24.2	120%
Solvency Deficiency Special Payments	4.0***	21%	0.0	0%
Total Minimum Employer Contribution	46.8	245%	64.2	319%

* As a % of member contributions

** Includes expenses

*** Required to cover interest on solvency deficit

2010 Valuation Results

- Valuation as at December 31, 2010 must be filed
- Would require significant increase in contributions by York University creating a severe budget strain
- Most of this can be traced to:
 - 2008 financial crisis
 - Increasing longevity
 - Prevailing very low interest rates

York University Budget Implications

- York has been contributing approximately \$34 million per annum
- Budget for 2011/2012 incorporates \$39 million for pension contributions
- Budget for 2012/2013 includes \$49 million for pension contributions
- But even with Stage 1 University Solvency Funding Relief, York will need to contribute \$46.8 million in 2011
- This jumps to \$64.2 million in 2012

Questions

Please contact your Pension & Benefits Counsellor at 416-736-2100 based on the first initial of your last name as follows:

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