Activity Plan

THE MEMORIAL UNIVERSITY PENSION PLAN

April 1, 2026 to March 31, 2029

OFFICE OF THE ASSOCIATE VICE-PRESIDENT (FINANCE) AND CHIEF FINANCIAL OFFICER

MEMORIAL UNIVERSITY OF NEWFOUNDLAND

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MEMORIAL UNIVERSITY

The Memorial University Pension Plan Activity Plan

April 1, 2026 to March 31, 2029

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June 2026

MEMORIAL UNIVERSITY

Board of Regents

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Chairperson's Message

Honourable Paul Dinn, MHA
Minister of Education and Early Childhood Development
Government of Newfoundland and Labrador
P.O. Box 8700, Confederation Building
St. John's, NL A1B 4J6

Dear Minister Dinn:

I am pleased to submit a three-year Activity Plan for the Memorial University Pension Plan. This plan covers the period April 1, 2026 to March 31, 2029.

The Board of Regents, in its position as trustee, has considered the strategic directions of the Provincial Government, the 2026-29 Strategic Plan Submission for Memorial University, and the overarching University strategic plan, *Transforming Our Horizons*, in the development of this plan. This plan has been prepared in accordance with the Plan's responsibility under the **Transparency and Accountability Act** and the **Memorial University Pensions Act**. Under legislation, the Memorial University Pension Plan is defined as a category three entity and therefore is required to prepare an activity plan.

My signature below is on behalf of the Memorial University Pension Plan and is indicative of its accountability for the preparation of this plan and for the achievement of the objectives contained herein.

Sincerely,

Justin Ladha
Chair, Board of Regents

Table of Contents

ACTIVITY PLAN
The Memorial University Pension Plan
April 1, 2026 TO March 31, 2029

The Memorial University Pension Plan (the Plan) is a contributory defined benefit pension plan, established in 1950 under statute of the provincial legislature. It is designed to provide retirement benefits to full-time permanent employees and qualifying contractual employees of Memorial University of Newfoundland (the University). In addition, employees of certain separately incorporated entities of Memorial or non-university employers are also eligible to participate in the Plan, as described in Appendix A. Benefits, which are integrated with the Canada Pension Plan, are based upon employees' years of pensionable service, best five-year average pensionable salary, and a two per cent accrual factor.

Pension Plan Overview

Authority and Administration

The Plan operates under authority of the **Memorial University Pensions Act**, which prescribes that the Board of Regents of Memorial University is trustee. To assist with its responsibilities as trustee, the Board has established a University Pensions Committee to provide advice on matters relating to the Plan. This committee, which has representation from across the entire University community, operates under terms of reference set out by the Board. The actual administration of the Plan is carried out by Pension Services within the University's Office of the Associate Vice-President (Finance) and Chief Financial Officer.

Investments

All employee and University contributions are paid into the Memorial University Pension Fund (the Fund) for investment by external investment managers. The Statement of Investment Policy and Objectives that has been developed to guide the investment of the Pension Fund, sets out a policy asset mix with the objective of maintaining predictable and stable benefit costs and contributions within a reasonable and acceptable level of risk.

During the 2020-21 fiscal year the Board approved a new strategic asset mix for the Fund that would improve upon its level of diversification and its long term expected return. By the end of the 2024-25 fiscal year, the transition of the Fund to the strategic policy asset mix was fully implemented.

The Fund is invested in 10 separate mandates that are broadly diversified amongst public and private investments. For a more detailed description of the investment structure, please refer to Tables 1 and 2 below.

Policy Asset Mix and Benchmarks

Table 1

Asset Class	Percentage Allocation	Benchmark Index
Canadian Fixed Income	10%	FTSE TMX Universe
Canadian Equity	20%	S&P/TSX
US Equity	15%	S&P 500
International Equity	15%	MSCI ACWI ex-US
Emerging Market Equity	5%	MSCI Emerging Market
Global Small Cap Equity	5%	MSCI ACWI Small Cap
Real Estate	10%	MSCI/REALPAC
Infrastructure	10%	CPI +4%
Mortgages	5%	60% TMX Short + 40% TMX Mid + 0.5%
Private Lending	5%	8% Net

Asset Allocation

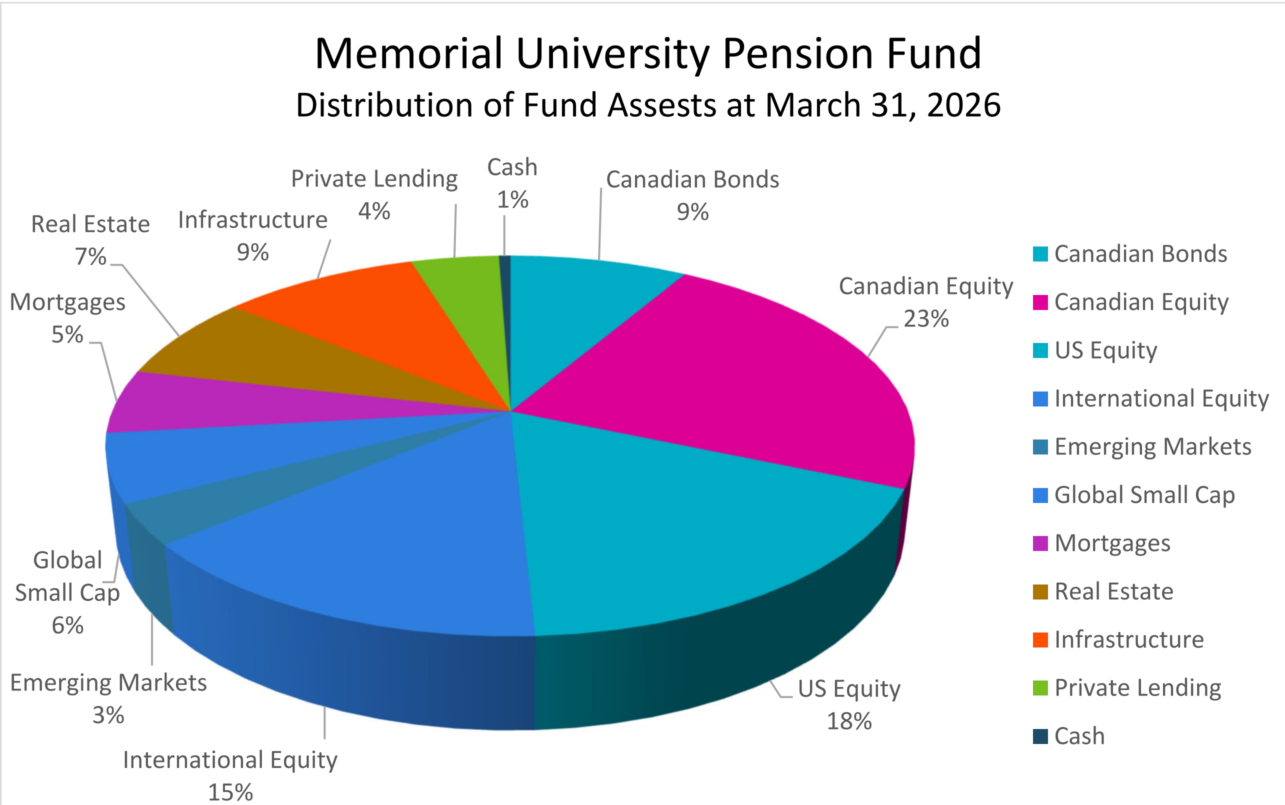
Table 2

Manager	Mandate	Strategic Policy Target	Actual Allocation March 31, 2026
CIBC Global Asset Management	Indexed Bonds	10.0%	8.4%
Jarislowsky Fraser	Canadian Equity	10.0%	9.9%
Connor, Clark & Lunn	Canadian Equity	5.0%	6.8%
Fidelity Investments Canada	Canadian Equity	5.0%	6.3%
Alliance Bernstein	US Equity	7.5%	7.3%
CIBC Capital Markets	US Equity	7.5%	10.5%
Fiera Capital	International Equity	5.625%	5.2%
Wellington Management	International Equity	5.625%	6.3%
Baillie Gifford	International Equity	3.75%	3.3%
Connor, Clark & Lunn *	Emerging Market Equity	5.0%	3.4%
Connor, Clark & Lunn	Global Small Cap Equity	5.0%	5.8%
Fiera Real Estate	Real Estate	4.0%	2.9%
TD Greystone	Real Estate	6.0%	4.4%
CBRE Caledon	Infrastructure	5.0%	4.9%
Northleaf	Infrastructure	5.0%	4.5%
TD Greystone	Mortgages	5.0%	5.4%
Monroe Capital	Private Lending	2.5%	2.1%
Northleaf	Private Lending	2.5%	2.1%

* 2.5% allocated to Connor Clark & Lunn with balance invested opportunistically within the US and international mandates.

The relative distribution of assets across the entire Fund, as at March 31, 2026, is illustrated in the following chart:

Figure 1



For the year ended March 31, 2026, the Pension Fund achieved a rate of return on invested assets of +12.3 per cent. The Net Assets Available for Benefits increased by approximately $250 million – up from $2.387 billion at March 31, 2025 to $2.637 billion at March 31, 2026.

Actuarial Valuation

An actuarial valuation of the Plan was prepared for funding purposes as at December 31, 2024 and the results are reported in the Plan's Annual Report for the year ended March 31, 2025. The valuation revealed a going concern surplus position of $81.5 million and a solvency surplus of $174.3 million.

In addition to reporting on the solvency position of the Plan, an actuarial valuation is performed to determine the ability of the Plan to meet its obligations or "pension promises" on a going concern basis. It is also used to project the cost of benefits that will accrue to active plan members in the years following the valuation.

The results of the extrapolation to March 31, 2026 and the December 31, 2024 valuation are highlighted in the following table together with comparative figures for an extrapolation of the Pension Plan's financial position to March 31, 2025 which was also based on the actuarial valuation of the Plan at December 31, 2024:

Table 3

<table>
<tr><th colspan="7">Actuarial Balance Sheet</th></tr>
<tr><th rowspan="2"></th><th colspan="2">March 31, 2026
($ Millions)</th><th colspan="2">March 31, 2025
($ Millions)</th><th colspan="2">December 31, 2024
($ Millions)</th></tr>
<tr><th>Going Concern</th><th>Solvency</th><th>Going Concern</th><th>Solvency</th><th>Going Concern [1]</th><th>Solvency</th></tr>
<tr><td>Actuarial Value of Assets [2]</td><td>2,487.9</td><td rowspan="3">See Note 3) below</td><td>2,270.9</td><td rowspan="3">See Note 3) below</td><td>2,258.6</td><td>2,401.1</td></tr>
<tr><td>Actuarial Liabilities</td><td>2,265.6</td><td>2,193.9</td><td>2,177.1</td><td>2,226.8</td></tr>
<tr><td>Surplus (Unfunded Liability)</td><td>222.3</td><td>77.0</td><td>81.5</td><td>174.3</td></tr>
</table>

Notes:

1) The going concern financial position does not include a future payment stream related to the introduction of indexing in July 2004. A financing plan is in place to amortize past service costs of indexing (approximately $63.7 million at December 31, 2024) over a remaining period of 19.5 years from December 31, 2024.
2) The actuarial value of assets includes a fair value adjustment to smooth market effects over a three-year period.
3) An extrapolation of the solvency position was not performed as at March 31, 2025 or March 31, 2026.

The surplus positions do not include approximately $63.7 million in expected future cash flows in respect of the past service costs associated with the introduction of indexing in 2004. By special provision of the **Pension Benefits Act, 1997** (PBA), the University and employees are financing the indexing liability over a remaining period of 18.25 years from March 31, 2026 through contributions equivalent to 1.2 per cent of pensionable payroll (shared equally by the University and employees).

Current Service Cost

Current service cost is the basis upon which the Plan's contribution rate for both employees and the University is determined. The December 31, 2024 actuarial valuation revealed that the cost of pension benefits being earned by members had decreased by 0.8 percentage points over levels identified in the previous funding valuation at December 31, 2021.

Based on the December 31, 2024 valuation and in accordance with the University's practice of implementing contribution rate adjustments on January 1 of the year following receipt of the valuation, effective January 1, 2026 pension contributions have been changed based upon the rate structure set out below:

Table 4

Rate Structure	Former Contribution Rate (To December 31, 2025)	Current Contribution Rate (From January 1, 2026)
Earnings up to Year's Basic Exemption under Canada Pension Plan	11.4%	11.0%
Earnings between Year's Basic Exemption under Canada Pension Plan and the Year's Maximum Pensionable Earnings under Canada Pension Plan	9.6%	9.2%
Earnings above Year's Maximum Pensionable Earnings under Canada Pension Plan	11.4%	11.0%

Pension Plan Member Statistics

Table 5

	March 31 2026	2025	2024	2023	2022
Active Members	3,601	3,692	3,664	3,587	3,535
Average Age of Active Members	47.8	47.6	47.7	47.7	47.8
Retirees (incl. principal beneficiaries)	2,946	2,832	2,803	2,737	2,592
Deferred Pensioners	481	457	476	468	460
Average Age at Retirement	61.9	61.2	62.3	61.3	60.8

Figure 2

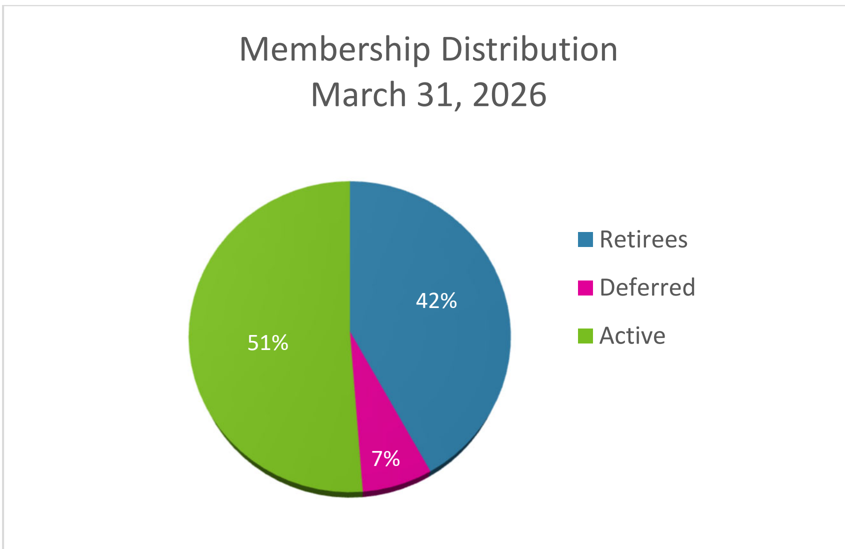
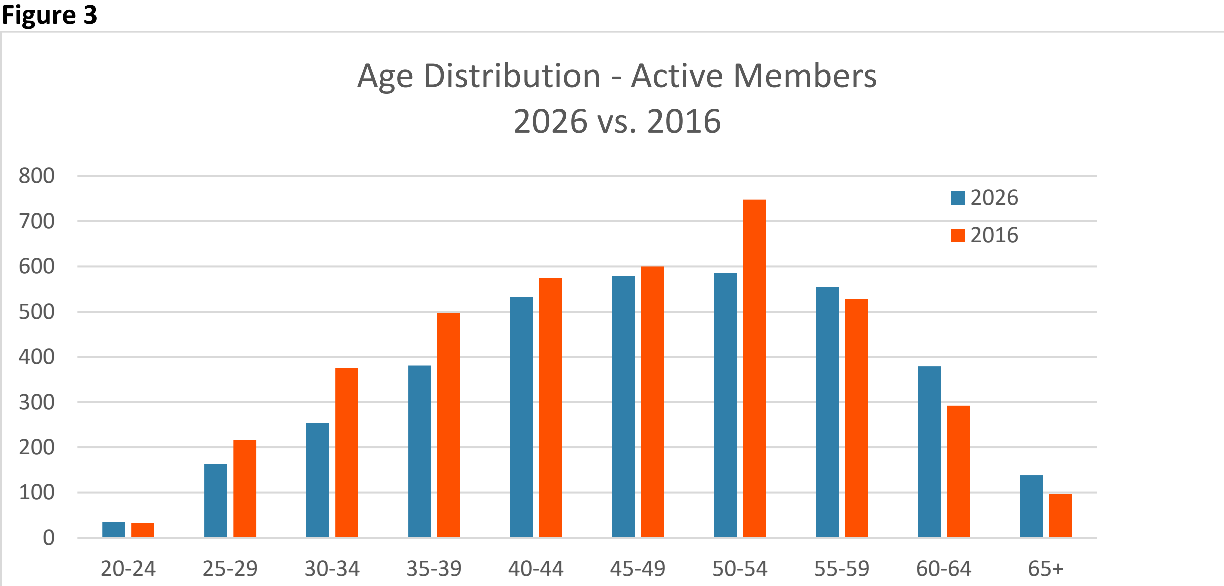


Figure 3



Mandate

The mandate of the Board of Regents of Memorial University, acting as trustee for the Plan, is set out in the **Memorial University Pensions Act** (the Act). In this role, the Board is responsible for the administration of the Pension Fund and has delegated certain administrative activities to the University's Office of the Associate Vice-President (Finance) and Chief Financial Officer.

Administration of the pension fund involves:

- collecting and depositing employee and employer contributions into the fund;
- investing funds in accordance with the Act;
- paying pensions to eligible retired employees or their beneficiaries as per the Act; and,
- keeping complete books of account detailing all transactions of the fund.

For further details, please refer to the legislation at the following website address: http://assembly.nl.ca/Legislation/sr/statutes/m08.htm.

Vision

To provide secure and sustainable retirement benefits for members and beneficiaries through prudent governance, responsible investment, and effective administration of the pension fund.

Issues and Objectives

Issue One: Responsible stewardship in the collection, investment and disbursement of the Pension Fund

The Board, as trustee of the Pension Fund, is responsible to ensure that funding objectives for the Plan are met and that contributions are invested in a prudent and timely manner. The funding objectives include an actuarially sound contribution rate, an appropriate investment strategy, and, if required, a special payment stream to liquidate unfunded liabilities. The Board must further ensure that the Plan is administered in accordance with the **Memorial University Pensions Act** and other governing legislation.

The following objective will be the focus of the Plan for each of the fiscal years ending March 31 in 2027, 2028, and 2029 and will be reported upon in each of the respective annual reports:

Objective: By March 31, 2027, 2028, and 2029, the Pension Plan will have met its funding objectives, including the payment of monthly entitlements to eligible retired members or their survivors, lump-sum payments to eligible terminated members or the beneficiaries of deceased members, and the reimbursement of associated administrative expenses.

Issues and Objectives (continued)

Indicators:
1. Collected and invested contributions
2. Eligible retired members/survivors are receiving pension benefits
3. Eligible terminated members or beneficiaries of eligible deceased members receive lump-sum entitlements
4. Paid associated administrative expenses

Issue Two: Funding Policy for Sustainability of the Pension Fund

As the employer, Memorial University must comply with the pension plan funding requirements of the provincial **Pension Benefits Act, 1997** (PBA). When the Plan experiences funding deficiencies, as measured by periodic actuarial valuations, the University must make additional special payments into the Plan. The PBA requires that going concern deficiencies be amortized over a period not greater than 15 years, while solvency deficiencies must be paid over not more than 5 years. In addition, through special provision under the PBA, the past service costs associated with the introduction of indexing in 2004 are being amortized over a remaining period of 18.25 years from March 31, 2026.

The Plan is being funded in accordance with the December 31, 2024 actuarial valuation until such time as the next triennial valuation for funding purposes is filed with the regulatory authorities. The valuation revealed a going concern surplus position of $81.5 million and a solvency surplus of $174.3 million at December 31, 2024. The Plan is fully funded at its triennial funding date and neither going concern nor solvency special payments are required.

With respect to the sustainability of the Pension Fund, the investment of the Fund is guided by the Plan's Statement of Investment Policy and Objectives.

The following objective will be the focus for each of the fiscal years ending March 31 in 2027, 2028, and 2029 and will be reported upon in each of the respective annual activity reports:

Objective: By March 31, 2027, 2028 and 2029 Memorial University will have prudently managed the Memorial University Pension Fund.

Indicator:
1. Completed an Asset Liability Study of the Plan by March 31, 2027, and implemented approved changes to the asset mix by March 31, 2029
2. Reviewed the Plan's Statement of Investment Policy and Objectives to ensure the sustainability of the Pension Fund

Issue Three: Joint Sponsorship of the Memorial University Pension Plan

Other large public sector pension plans in Newfoundland and Labrador have undergone a transformational pension reform process which has culminated in the establishment of shared responsibility for pension plan management and funding.

In consideration of the Plan's status as a public sector pension plan and in recognition of potential funding risks, the Provincial Government has requested that the University and Plan stakeholders also move to establish joint sponsorship of the Plan and formulate a funding policy to guide its future sustainability. Under this structure, the Plan would be jointly sponsored by the University and employee groups and the sponsors would share equally in the Plan's management and funding. This change would be developed with input from employee stakeholder groups in consultation with the Provincial Government.

The University and employee groups began working toward reaching agreement on a framework for Plan reform in the fall of 2017. This continued through to 2023-24, at which time employee groups indicated that they were no longer interested in pursuing joint sponsorship of the Plan and the issue was held in abeyance. The University will re-engage with employee groups on jointly sponsoring the Plan.

The following objective will be the focus of Memorial University for each of the fiscal years ending March 31 in 2027, 2028 and 2029 and will be reported upon in each of the respective annual reports:

Objective: By March 31, 2027, 2028 and 2029 Memorial University will have continued work towards transitioning to a jointly sponsored pension plan.

Indicator: Progress toward a jointly sponsored pension plan governance model through formal engagement with employee stakeholder groups and development of governance and funding framework options.

Appendix A – Participating Employers

In addition to employees of Memorial University, employees of certain separately incorporated entities and non-university employers are also eligible to participate in the Memorial University Pension Plan, subject to the terms and conditions applicable to each participating employer.

Separately Incorporated Entities

Employer	Pension Plan Participation Status
Campus Childcare	Grandfathered only; no new entrants
C-CORE	Grandfathered only; no new entrants
Memorial University Recreation Complex (MURC)	Eligible to participate

Non-University Employers

Employer	Pension Plan Participation Status
Geological Association	Grandfathered only; no new entrants
Graduate Students' Union	Grandfathered only; no new entrants
Medical Practice Associates (MPA)	Grandfathered only; no new entrants
Memorial University of Newfoundland Students' Union (MUNSU)	Grandfathered only; no new entrants

"Grandfathered only" indicates that existing participating employees remain eligible under the Plan; however, no new employees are permitted to join the Plan through these employers.