Annual Report 2017-18

THE MEMORIAL UNIVERSITY PENSION PLAN

DEPARTMENT OF HUMAN RESOURCES, MEMORIAL UNIVERSITY OF NEWFOUNDLAND

MEMORIAL UNIVERSITY

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Annual Report of
The Memorial University Pension Plan

April 1, 2017 to March 31, 2018

Department of Human Resources,
Memorial University of Newfoundland
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September 2018

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Chairperson's Message

Honorable Al Hawkins
Minister of Advanced Education, Skills and Labour
West Block, Confederation Building
P.O. Box 8700
St. John's, NL
A1B 4J6

Dear Minister Hawkins:

I am pleased to submit the 2017-18 Annual Report of the Memorial University Pension Plan. This report covers the period April 1, 2017 to March 31, 2018.

This is the first performance-based report to be presented under the Memorial University Pension Plan's Activity Plan for 2017-2020. This document sets forth in clear language how the University has addressed the objectives that were outlined in the plan.

My signature below is on behalf of the Board of Regents and is indicative of our accountability for the actual results reported.

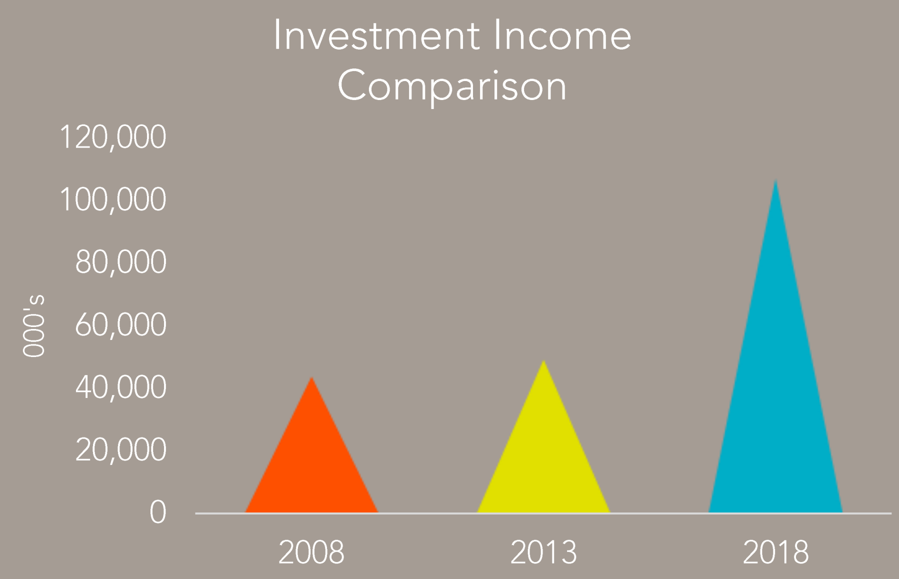
Respectfully submitted,

Iris Petten
Chair, Board of Regents

Pension Plan Highlights

87%

Funded Ratio



50/50

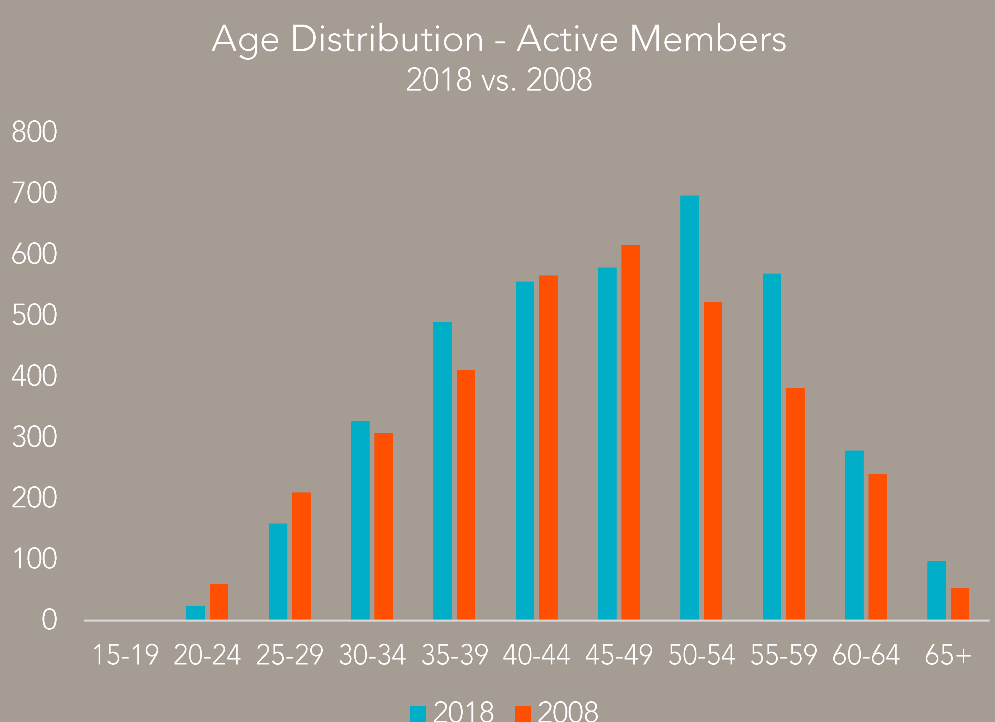
Joint Sponsorship discussions began on Dec. 14, 2017

6.00%

Annualized Rate of Return

Benchmark Return

4.73%



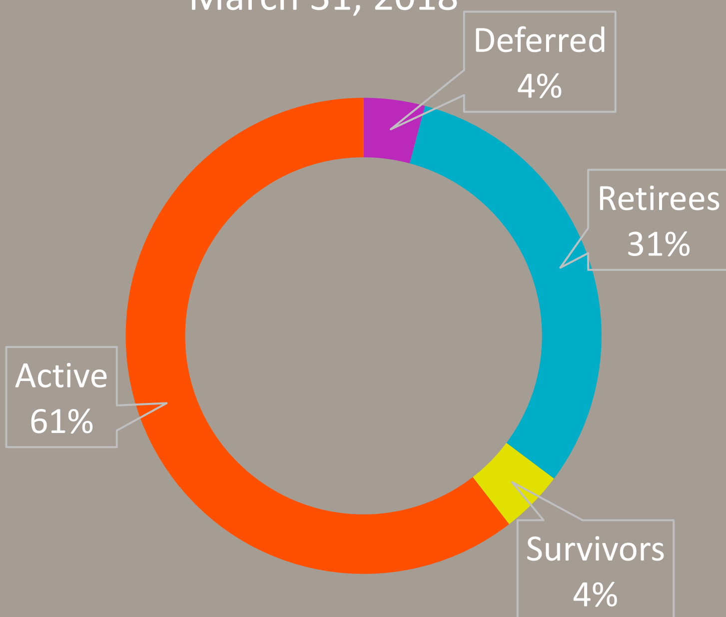
1.57 Billion

Net Assets Available for Benefits

Plan Member Highlights

	March 31				
	2018	2017	2016	2015	2014
Active Members	3,778	3,860	3,961	3,907	3,966
Average Age of Active Members	47.2	46.8	46.6	46.5	46.4
Retirees (incl. survivors)	2,209	2,084	1,961	1,796	1,688
Deferred Pensioners	260	252	268	362	314
Average Age at Retirement	61.30	61.23	61.02	60.97	60.94

Plan Membership
March 31, 2018



2,047
Females
ACTIVE MEMBERS
Males
1,731

36
Active employees over age 71

Active Member to Retiree Ratio

2008 2.60 : 1

2018 1.71 : 1

Pension Plan Overview

The three-year Activity Plan prepared for the Memorial University Pension Plan (the "Plan") set out the Plan's objectives for the period April 1, 2017 to March 31, 2020. This Annual Report discusses the outcome of those objectives for the period April 1, 2017 to March 31, 2018 and provides additional information on the operation of the Plan for the year then ended. The Board of Regents, as trustee of the Fund, is responsible to ensure compliance with the **Memorial University Pensions Act** and operates under its own vision, mission, and mandate. Refer to the Activity Plan for more information on the Plan's mandate: https://www.mun.ca/hr/services/benefits/Activity_Plan_2017-2020.pdf

About the Plan

The Memorial University Pension Plan is one of the largest public sector pension plans in the Province and provides a lifetime defined benefit pension benefit upon retirement. The Plan is funded through contributions made by employees and Memorial, as well as income from its investments. The majority of employees at the University's main campuses are participants in the Plan (i.e., Grenfell Campus, Marine Institute, Labrador Institute, and the St. John's Campus).

Pension Plan Design

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 the University. In addition, employees of certain separately incorporated entities of the University and affiliated employers are eligible to participate in the Plan. 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 FORMULA:

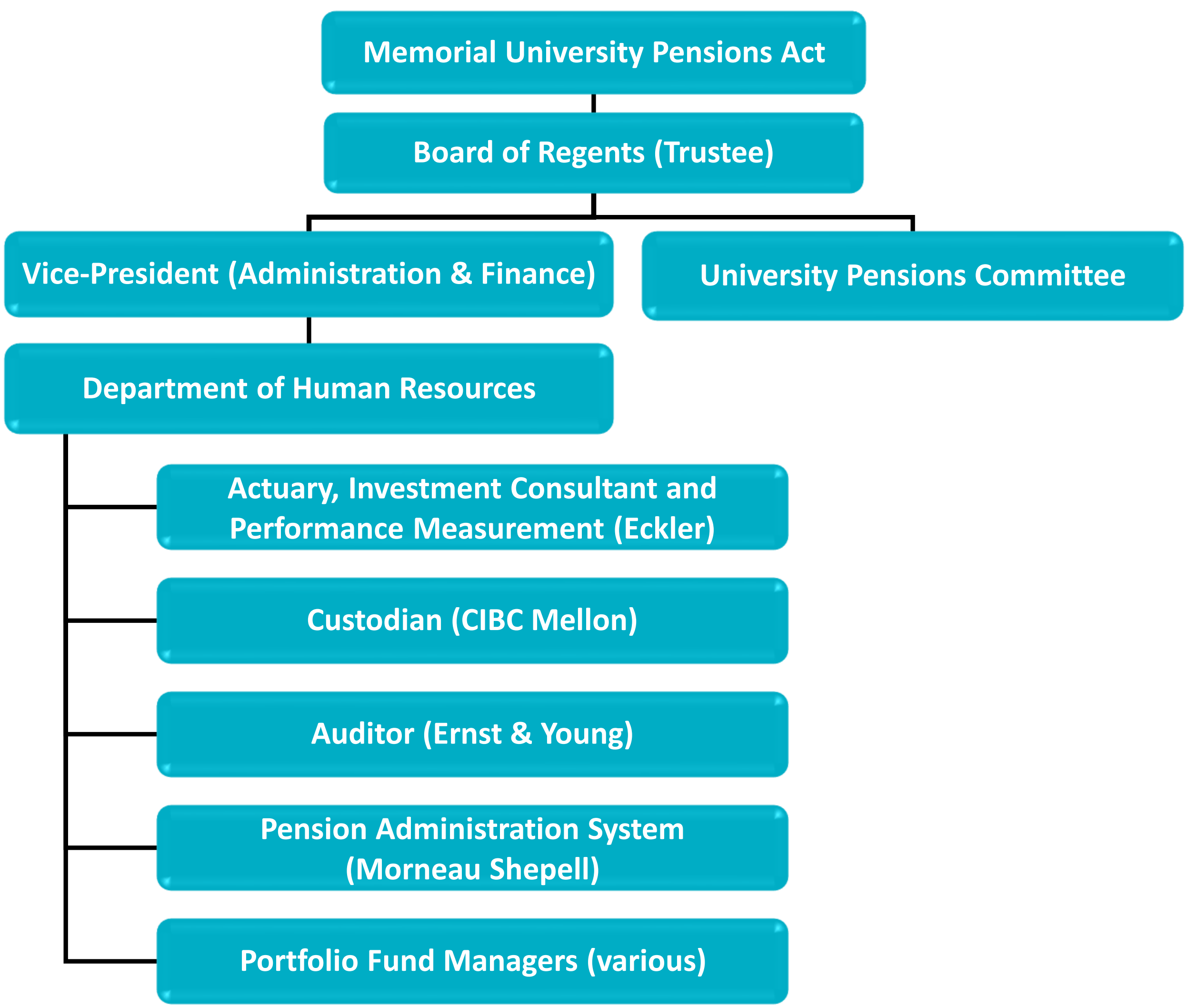
2% x best 5-year average salary x years of pensionable service (inclusive of a "bridge benefit" to age 65)

Authority and Administration

The Plan operates under authority of the **Memorial University Pensions Act**, which prescribes the Board of Regents of the University as 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 advisory 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 the University's Department of Human Resources.

The administrative and governance structure of the Plan is outlined below:

Figure 1: Organization Chart



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 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. The Fund is invested in 13 separate investment mandates that include equities, traditional fixed income, real estate, and mortgages. Of the total investment, 31 per cent has been allocated to foreign equity markets.

The University Pensions Committee routinely monitors the performance of the Fund and where appropriate will recommend changes to the investment policy and its implementation. During the 2017-18 fiscal year, the Board of Regents approved a recommendation of the Committee to move the 10 per cent international equity allocation from a single mandate to three separate mandates, each having a distinct investment strategy and style. The objective was to improve upon performance expectations and lower the risk profile through diversification. For a more detailed description of the investment structure, please refer to Tables 1 and 2.

Investing Locally

Through the Greystone Real Estate Fund, the Pension Plan is invested locally in: "351 Water Street" and "Scotia Place" in St. John's and the "Beclin Business Park" in Mount Pearl. The investment management firms engaged to manage the real estate portfolio routinely assess the local marketplace to identify further investment opportunities.

Policy Asset Mix

The policy asset mix set for the investment of the Fund is set out below:

Table 1: Policy Asset Mix

Asset Class	Percentage Allocation	Benchmark Index
Canadian Equity	25%	S&P/TSX
U.S. Equity	21%	S&P 500
International Equity	10%	MSCI ACWI ex-US
Canadian Fixed Income	25%	FTSE TMX Universe
Cash/Short Term	3%*	n/a
Real Estate	8%	CPI + 4%
Mortgages	8%	60% TMX short + 40% TMX mid + 0.5%

* Note: For monthly re-balancing purposes, cash is included with active fixed income.

Rebalancing of Assets

The actual distribution of assets will vary from the policy asset mix over time due to the impact of market forces. Once an asset class moves outside a pre-determined range, a re-balancing will be performed by the University to move funds to, or from, that asset class to bring it back in line with investment policy limits.

Investment Manager Benchmark Distribution

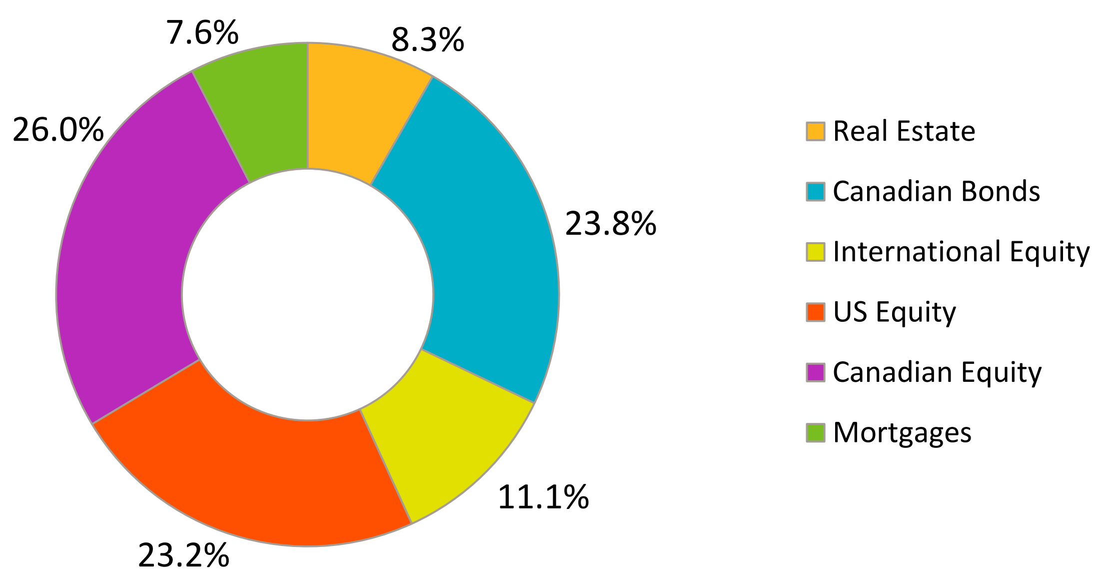
The Fund is invested by external institutional investment management firms. Their mandates and fund allocations are detailed in the table below:

Table 2: Benchmark Distribution

Manager	Mandate	Benchmark Allocation	Actual Allocation March 31, 2018
Jarislowsky Fraser Limited	Canadian Equity	12.5%	13.6%
Connor Clark & Lunn	Canadian Equity	6.25%	6.1%
Fidelity Investments Canada	Canadian Equity	6.25%	6.3%
Greystone Managed Investments Inc.	Canadian Fixed Income	7.75%	6.7%
Jarislowsky Fraser Limited	Canadian Fixed Income	7.75%	5.4%
CIBC Global Asset Management Inc.	Indexed Bonds	12.5%	11.7%
Alliance Bernstein	US Equity	21%	23.2%
Wellington	International Equity	3.75%	4.2%
Fiera	International Equity	3.75%	4.2%
Baillie Gifford	International Equity	2.5%	2.7%
IAM Real Estate Group	Real Estate	3.2%	3.0%
Greystone Managed Investments Inc.	Real Estate	4.8%	5.3%
Greystone Managed Investments Inc.	Mortgages	8%	7.6%

The relative distribution of assets across the entire Fund, as at March 31, 2018, is illustrated in the following chart:

Figure 2: Distribution of Assets



Investment Performance

For the year ended March 31, 2018 the Fund achieved an annual return of 6.0 per cent which was slightly ahead of the Pension Plan's long term objective of 5.8 per cent, established for discounting liabilities. In a universe of similarly invested funds it ranked in the 21st percentile where the 1st percentile represents the top performer and the 100th percentile, the worst.

On a longer term annualized basis, the Fund continues to be a top performer within its peer comparator group. Over a five year period the annualized return of 9.78 per cent surpassed the benchmark by 1.56 percentage points. On a ten year basis the Fund has generated an annualized return of 7.39 per cent, an excess of 1.13 percentage points over the benchmark and ranking it in the 17th percentile.

The performance of the Fund has exceeded the benchmark in nine of the last ten years and has ranked above the median balanced fund in eight of those years. Selected performance metrics are as follows:

Annual Return:

March 31, 2018 .... 6.0%
March 31, 2017........ 11.9%

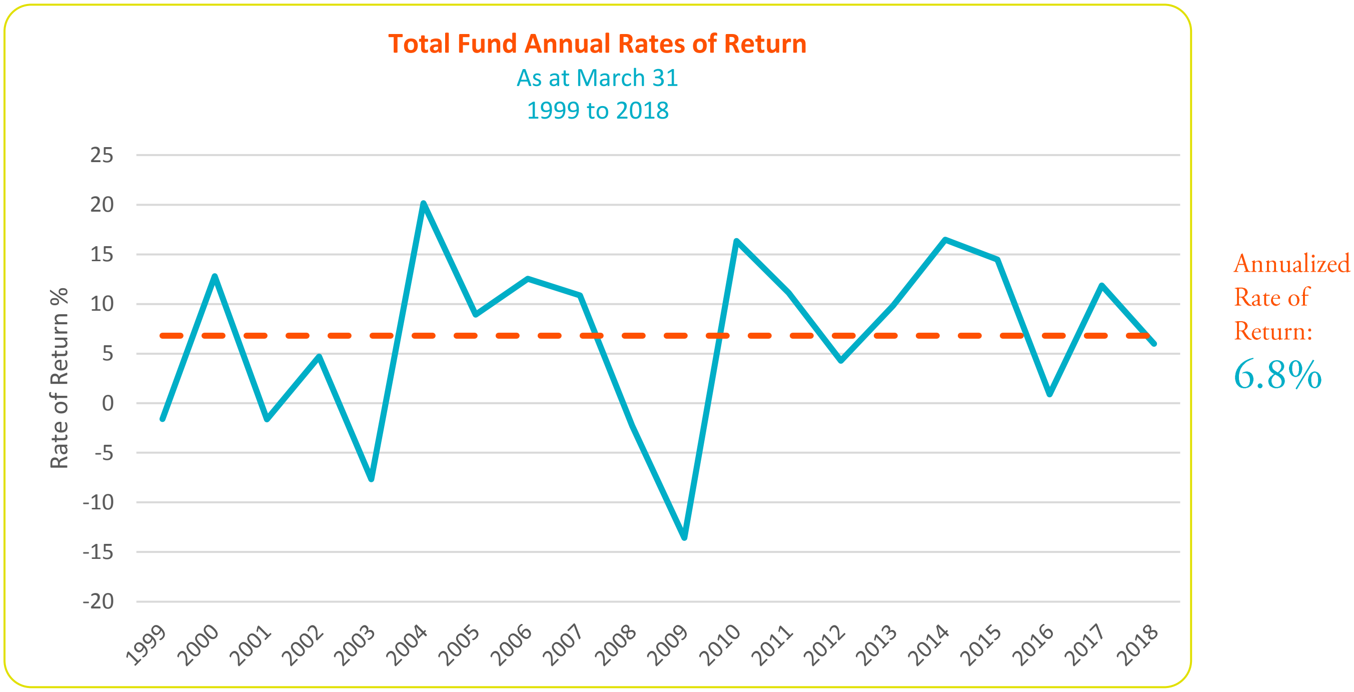
Table 3: Investment Performance

	1 year	4 years	5 years	10 years
Annualized Return	6.00%	8.17%	9.78%	7.39%
Benchmark Return*	4.73%	6.92%	8.22%	6.26%
Value Added	1.27%	1.25%	1.56%	1.13%
Percentile Ranking	21	3	4	17

* The benchmark is the expected return of the Fund based upon a passive investment in the indices underlying the policy asset mix.

Figure 3: Rate of Return

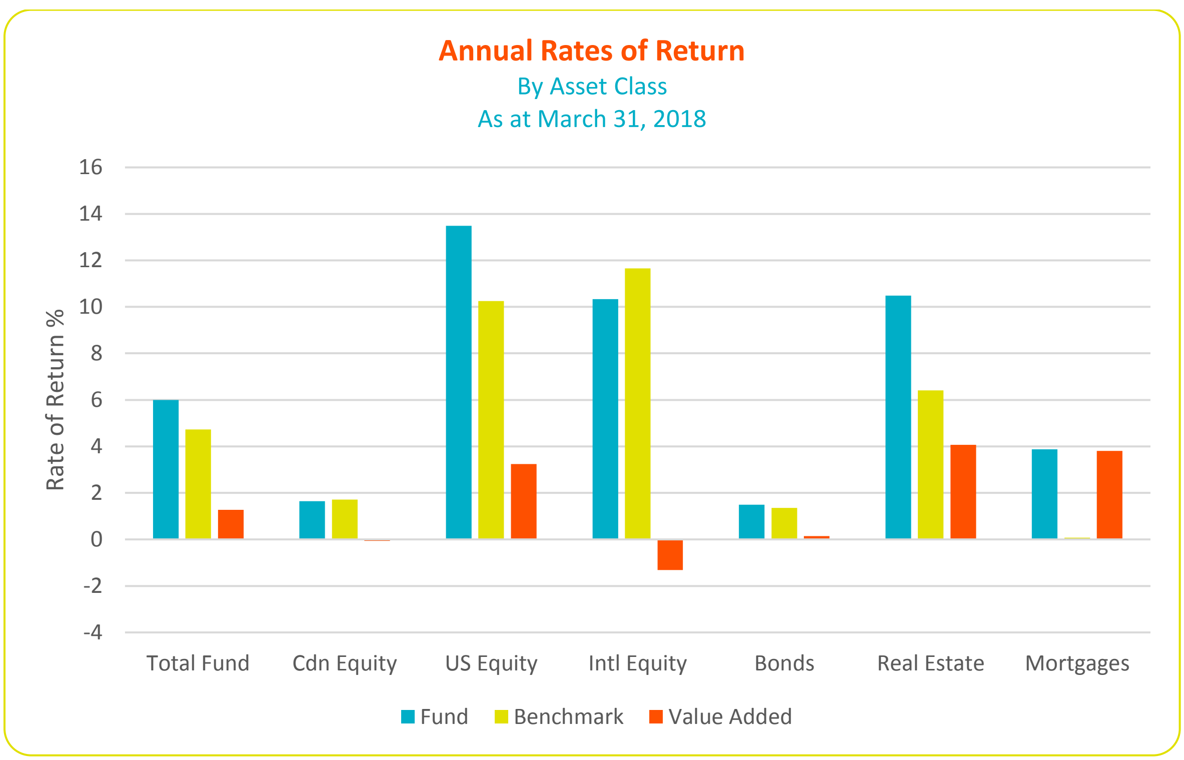
Annual fund returns over the period 1999 to 2018 are presented in the chart below.



Note: For presentation purposes, long term returns are available from 1999 onwards. Past returns should not be viewed as an indicator of future fund performance.

Figure 4: Asset Class Rate of Return

Annual returns by asset class for the one year period ended March 31, 2018 are shown below:



Actuarial Valuation

An actuarial valuation of the Pension Plan was performed as at December 31, 2017 and the results have been extrapolated to March 31, 2018 for reporting purposes.

While an actuarial valuation of the Pension Plan is normally required at least once every three years for funding purposes, annual valuations have been performed since 2006. These valuations have been requested by the provincial Office of the Superintendent of Pensions as a condition of granting a solvency funding exemption under the **Pension Benefits Act Regulations.** The current exemption is in effect until December 31, 2018.

In addition to reporting on the solvency position of the Pension Plan, an actuarial valuation is performed to determine the ability of the Pension 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, 2018 and the December 31, 2017 valuation are highlighted in the following table together with comparative figures for an extrapolation of the Pension Plan's financial position to March 31, 2017:

Table 4: Actuarial Results

Actuarial Balance Sheet	March 31, 2018 ($ Millions)		December 31, 2017 ($ Millions)		March 31, 2017 ($ Millions)	
	Going Concern	Solvency	Going Concern [1]	Solvency [2]	Going Concern	Solvency
Actuarial Value of Assets [4]	1,546.2	See Note 3) below	1,539.3	1,725.7	1,474.5	See Note 3) below
Actuarial Liabilities	1,798.4		1,778.9	2,142.2	1,736.6	
Unfunded Liability	(252.2)		(239.6)	(416.5)	(262.1)	

Notes:

1) The going concern unfunded liability, as at December 31, 2017 includes approximately $77.4 million related to the introduction of indexing in July 2004. A financing plan is in place to amortize this portion of the unfunded liability over a remaining period of 26.5 years from December 31, 2017.
2) Solvency assets at December 31, 2017 include the present value of five years' worth of going concern special payments ($145.5 million).
3) An extrapolation of the solvency position was not performed as at March 31, 2017 or March 31, 2018.
4) The actuarial value of assets includes a fair value adjustment to "smooth" market effects over a 3 year period.

Funding

The Pension Plan is being funded in accordance with the December 31, 2015 actuarial valuation, which disclosed a going-concern deficiency of $297.2 million. Of this amount, approximately $78.8 million was in respect of 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 26.5 years from December 31, 2017 through contributions equivalent to 1.2 per cent of pensionable payroll (shared equally by the University and employees). The balance, namely $218.4 million, must be liquidated by the University through special payments of 8.6 per cent of pensionable payroll over a period of 15 years. For the fiscal year 2015-16 and 2016-17, the University was given regulatory approval to defer the required going concern special payments. With respect to the 2017-18 special payment, the University has requested further deferral pending the outcome of negotiations with employee groups on joint sponsorship of the Pension Plan.

The Plan's unfunded liability is addressed as Issue Two in the Objectives section of this Activity Report.

Current Service Cost

Current service cost is the basis upon which the Pension Plan's contribution rate for both employees and the University is determined. The current contribution rate, based upon the Pension Plan's funding valuation, is shown below:

Table 5: Contribution Rate

Rate Structure	Current Contribution Rate
Earnings up to Year's Basic Exemption under Canada Pension Plan	11.4%
Earnings between Year's Basic Exemption under Canada Pension Plan and the Year's Maximum Pensionable Earnings under Canada Pension Plan	9.6%
Earnings above Year's Maximum Pensionable Earnings under Canada Pension Plan	11.4%

Report on Performance 2017-18

Three primary issues and related goals and objectives as identified in the 2017-2020 Activity Plan.

Responsible stewardship in the collection, investment and disbursement of the Fund

The Board of Regents, as trustee of the 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 a special payment stream to liquidate unfunded liabilities. The special payment stream is addressed in Issue Two. The Board must further ensure that the Plan is administered in accordance with the **Memorial University Pensions Act** and other governing legislation.

Over the past year of the Plan, the Board of Regents ensured that the funding objectives of the Plan were met and that current contributions were invested in a timely and prudent manner in accordance with all governing legislation. In doing so, they successfully achieved their objective as outlined in the 2017-2020 Activity Plan. During the period April 1, 2017 to March 31, 2018 a total of $68.5 million in contributions from the University and its employees were paid into the pension fund for investment while the plan paid out a total of $74.7 million in benefits to eligible retired employees and their beneficiaries. Over that same period, $6.7 million in administrative expenses were paid in addition to $7.7 million in termination benefits. The following details the Plan's successful achievement of the indicators, and therefore the objective presented in the activity plan for the 2017-18 fiscal year.

Objective

By March 31, 2018, the Memorial University Pension Plan will have met its funding objectives, including the awarding of monies to eligible retired members or their survivors and the payment of associated administrative expenses.

Indicators:

1. Collected and invested contributions
During the 2017-18 fiscal year, the Plan collected a total of $68,453,000 in contributions, representing amounts paid by the University and its employees and funds transferred from other employers' plans. All contributions are paid into the Pension Fund for investment by external investment managers. Summary information on the Plan's investment structure and performance has been included in this Report under the "Investments" section.

2. Eligible retired members/survivors are receiving pension benefits
The Plan paid a total of $74,674,000 in benefits to eligible retired employees or their beneficiaries in 2017-18.

3. Paid associated administrative expenses
During 2017-18, the Plan paid a total in $6,709,000 in administrative expenses and $7,709,000 in termination benefits.

2018-19 Objective

By March 31, 2019, the Memorial University Pension Plan will have met its funding objectives, including the awarding of monies to eligible retired members or their survivors and the payment of associated administrative expenses.

Indicators: Collected and invested contributions

Ensured eligible retired members/survivors received pension benefits

Paid associated administrative expenses

Unfunded Liability

As the employer, Memorial University must comply with the pension plan funding requirements of the *Pension Benefits Act, 1997* (PBA). When the Pension Plan experiences funding deficiencies, as measured by periodic actuarial valuations, the University must make additional special payments into the Pension 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. The University is exempt from the requirement to fund solvency deficiencies until December 31, 2018. 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 26.25 years from March 31, 2018.

With respect to going concern funding, the University was given regulatory approval to defer the required special payments for 2015-16 and 2016-17. During these years the University had engaged its employee groups through the University Pensions Committee to study joint sponsorship of the Pension Plan. Subsequent to this, in the fall of 2017, negotiations began between the University and the representative unions on reaching agreement relative to the sharing of responsibility for the Pension Plan. These negotiations continued throughout the 2017-18 fiscal year and are expected to conclude in 2018-19. The proposed parties to joint sponsorship, the University and the unions, have reached preliminary consensus on many of the associated guiding principles and funding policy issues. The University has made a request to the Provincial Government for further deferral of annual special payments while pension reform negotiations are ongoing.

An actuarial valuation of the Pension Plan was performed as at December 31, 2015 for funding purposes and the next funding valuation is expected to be completed as at December 31, 2018. In the intervening years annual valuations are also performed. The going concern unfunded liability, revealed at December 31, 2015, was $297.2 million and this includes approximately $78.8 million in respect of indexing introduced in 2004. Under the PBA the balance of $218.4 million would be amortized over a 15 year period with special annual payments of 8.6 per cent of pensionable payroll.

Objective

By March 31, 2018, Memorial University will have utilized a funding policy to guide the long term sustainability of the Pension Plan and to address the unfunded liability.

Indicator: Developed a funding policy to guide the sustainability of the Pension Plan and address the unfunded liability.

Due to ongoing negotiations with employee groups on joint sponsorship, Memorial University did not meet the objective of utilizing a funding policy to guide the long term sustainability of the Pension Plan and to address the unfunded liability as set out in the 2017-2020 Activity Plan. A proposal to eliminate the unfunded liability upon conversion to joint sponsorship has, however, been developed in addition to the framework for a new funding policy. The University is working with employee groups and Government toward concluding these initiatives within the next fiscal year.

With respect to the portion of the unfunded liability related to indexing, this is being financed by ongoing contributions from the University and employees at a combined rate of 1.2 per cent of pensionable payroll. It is proposed that this financing arrangement will continue under a jointly sponsored Pension Plan.

2018-19 Objective

By March 31, 2019, Memorial University will have utilized a funding policy to guide the long term sustainability of the Pension Plan and to address the unfunded liability.

Indicator: Implemented a funding policy to guide the sustainability of the Pension Plan and address future surpluses and deficits.

Joint Sponsorship

Within the province of Newfoundland and Labrador, other large public sector pension plans 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 Memorial University Pension Plan's status as a public sector pension plan and in recognition of its funding challenges, the Provincial Government has requested that the University and Pension 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 Pension Plan would be jointly sponsored by the University and employee groups and the sponsors will share equally in the Plan's management and funding.

During the fiscal year 2017-18, the University was working toward joint sponsorship of the Pension Plan with employee groups as represented by the Memorial University Faculty Association (MUNFA), the Canadian Union of Public Employees (CUPE), and the Newfoundland and Labrador Association of Public and Private Employees (NAPE). At March 31, 2018, negotiations were still ongoing and are expected to conclude before the end of the fiscal year 2018-19.

Objective

By March 31, 2018, the Memorial University Pension Plan will have transitioned to a jointly sponsored pension plan.

Indicator: Began the development of a joint sponsorship agreement for the future management and funding of the Pension Plan.

Memorial University did not meet the objective of transitioning to a jointly sponsored pension plan by March 31, 2018. Negotiations did, however, begin with employee groups during the year and are expected to continue throughout 2018-19 with the objective of reaching agreement before March 31, 2019.

2018-19 Objective

By March 31, 2019, the Memorial University Pension Plan will have transitioned to a jointly sponsored pension plan.

Indicators: Continued negotiations with employee groups toward the development of a joint sponsorship agreement for the future management and funding of the Pension Plan.

Signed reform agreement.

Signed joint sponsorship agreement.

Highlights and Partnerships

Financial Highlights

Selected financial highlights for the Plan are shown in the table below. More detailed information can be found in the audited financial statements beginning on page 27 of this report (forthcoming).

Table 6: Financial Highlights

		March 31 2018	2017
Net Assets Available for Benefits *		1,569,748,000	1,500,468,000
One-Year Annual Rate of Return		6.00%	11.87%
Realized Investment Income		107,205,000	107,660,000
Pensions Paid**		71,679,000	66,380,000
Current Contributions:	Employee	30,478,000	27,583,000
	University	30,479,000	27,577,000
Buyback Contributions:	Employee	3,538	4,892
	University	201	191
University special payments:			
	Going Concern	Nil	Nil
	Solvency deficit (refunds)	3,757,000	2,907,000

* Net assets available for benefits is reported at fair value and does not include the actuarial smoothing adjustment. Refer to note 6 of the accompanying financial statements for further information.

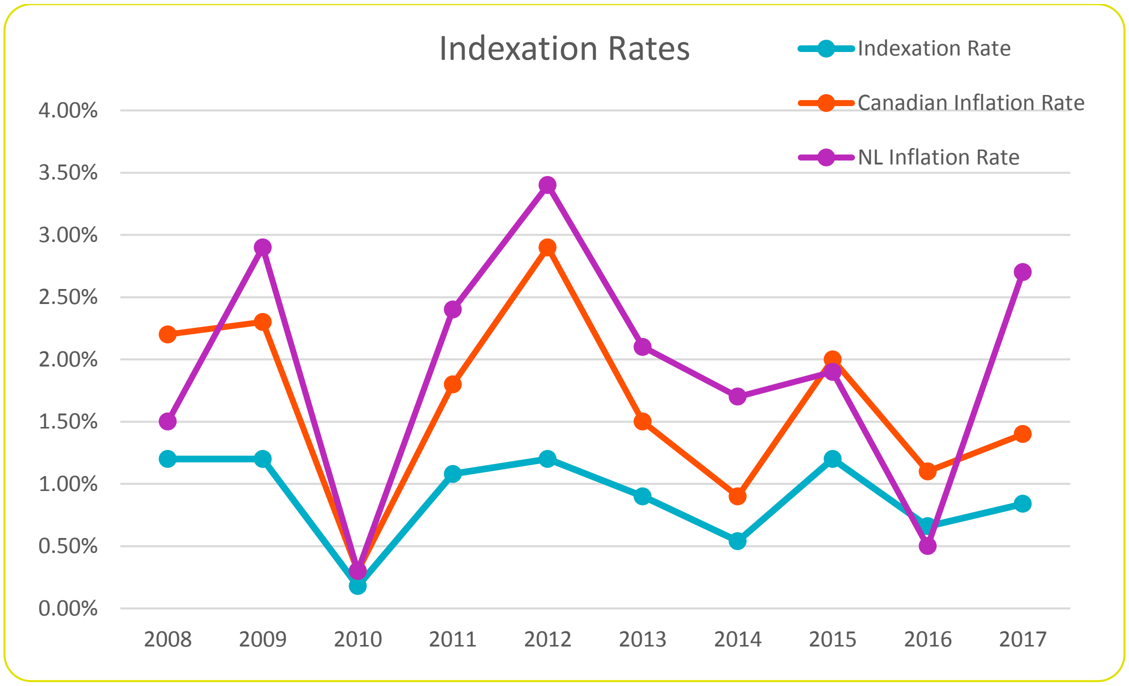
** Not inclusive of death benefits or refunds.

Benefits Provision Indexing

On July 1, 2017, 1,586 retirees and survivors received a 0.84 per cent indexing adjustment to their pensions. Indexing was introduced under the Plan in July 2004, with yearly adjustments calculated as 60 per cent of the annual change in the consumer price index, as measured by Statistics Canada, to a maximum yearly increase of 1.2 per cent.

Figure 5: Indexation Rates

Indexation rates from 2008 to present are showing in the chart below:



Membership Movement

Throughout the fiscal year the pension plan participant distribution will inevitably change with retirements, new hires, etc. Movement within the 2017-18 fiscal year is shown below:

Table 7: Membership Movement

Membership Group	March 31, 2018	April 1, 2017
Actives	3,778	3,860
Retirees	1,941	1,838
Survivor	268	246
Deferred	260	252

Retirement Planning Seminars

To help Memorial employees plan for their retirement, full day retirement planning seminars are held annually. With almost 1,000 employees eligible for unreduced retirement by 2019, this year's seminar had approximately 200 participants. The seminar was open to employees and their spouses and was attended by those who anticipate retiring in the next few years and those who are planning ahead for retirement in the years to come. During the seminar, participants learned about the University's pension and post-retirement benefits, the Canada Pension Plan and Old Age Security Benefits. Presentations were also provided by a representative of Memorial University of Newfoundland Pensioners' Association (MUNPA) and from a financial planning and consulting firm. The University also provides pension information sessions upon request from individual departments.

Actuarial Valuation and Financial Position

A full valuation of the Plan was performed at December 31, 2017 and extrapolated to March 31, 2018 for financial reporting purposes. The results of this valuation are reported upon in an earlier section. The financial position of the Plan improved from the prior year due to:

i. investment returns of 6.0 per cent exceeding the discount rate of 5.8 per cent; and
ii. experience gains relative to the assumptions used to value pension liabilities

The Plan's funded position over the past five years is shown below:

Table 8: Financial Position

	March 31				
	2018 (000s)	2017 (000s)	2016 (000s)	2015 (000s)	2014 (000s)
Net Assets at Market Value	1,569,748	1,500,468	1,358,381	1,359,270	1,176,485
Pension Obligations	1,798,415	1,736,599	1,657,148	1,465,989	1,399,236
Deficit	228,667	236,131	298,767	106,719	222,751
Funded Ratio	87%	86%	82%	93%	84%

- Results of December 31 valuations are extrapolated to March 31 for financial reporting.
- Financial positions and funded ratios are reported at market value as per Pension Plan financial statements and do not reflect asset "smoothing" adjustments contained in actuarial valuation reports.

Opportunities and Challenges Ahead

Opportunities

The following areas of opportunity have been identified for 2018-19:

- Providing retirement planning seminars;
- Individual employee meetings on preparing for retirement.

Challenges

The following challenges have been identified for 2018-19:

- Continued monitoring of the investment performance of fund managers and review of the Statement of Investment Policy and Objectives;
- Funding valuation at December 31, 2018;
- Continued negotiation with employee groups on reaching agreement on joint sponsorship of the Pension Plan and development of associated funding policy and governance documents.

Conclusion

The Pension Plan performed well during the 2017-18 fiscal year. The growth in Plan assets outpaced pension liabilities leading to an improvement in the funded ratio which stood at 87 per cent at March 31, 2018. Net assets available for benefits increased by $69.3 million to end the year at $1.57 billion while pension liabilities grew to $1.8 billion, representing an increase of $62 million over the prior year.

On the investment side, the Pension Fund posted an annual return of 6.0 per cent for the year, ranking it in the 21st percentile when compared to a universe of similarly invested funds. This result was slightly ahead of the Plan's actuarial hurdle of 5.8 per cent and was a contributor to the improved financial position. The unfunded liability measured on a market value basis, as reported in the Pension Plan's financial statements, declined by approximately $7.5 million from the prior year to $228.7 million at March 31, 2018.

Following extensive consultation with its Pension Committee, the University engaged the three major unions on campus in December 2017 to begin negotiations on reaching agreement on joint responsibility for the Pension Plan. Significant progress on the terms of sponsorship and the plan's future sustainability was made during the year. These negotiations will continue into 2018-19 with the objective of reaching agreement before March 31, 2019. The Provincial Government has been kept abreast of progress to date and will be further consulted as negotiations proceed.

The Board, through the work of the University administration and stakeholder groups, will continue its efforts to ensure that funding and governance goals are achieved and that the Pension Plan remains competitive and affordable for its constituent groups.

With respect to the objectives set out in the Board of Regents' three-year activity plan intended to guide the Plan for the fiscal years 2017-18 to 2019-20, the University met the funding objective relative to the collection, investment, and disbursement of the fund. As negotiations with plan stakeholders on joint sponsorship are ongoing, the objectives related to the unfunded liability and joint sponsorship have not been met. The University anticipates that these objectives will be fulfilled in 2018-19, subject to successful conclusion of joint sponsorship negotiations.