



2024 Annual Report

Pension Plan for the Employees of the University of Prince Edward Island



For the period from January 1, 2024, to December 31, 2024

A message from your Trustees

Your UPEI Pension Plan remains in good health.

In 2024, our investment portfolio continued to perform well, in particular with inflation coming under control. We saw strong returns across the board and, for the second year in a row, achieved a double-digit annual rate of return – a healthy 12.61%.

In 2025, we'll continue to focus on managing risk, given political and geopolitical uncertainty. For example, if the U.S. continues with its tariffs on Canadian imports, we expect an impact in the Canadian investment markets, given our current trade dependency with the U.S.

While our focus is always long-term, we remain nimble and ready to make adjustments to maintain the financial health of the Pension Plan and to secure pension benefits for your future.

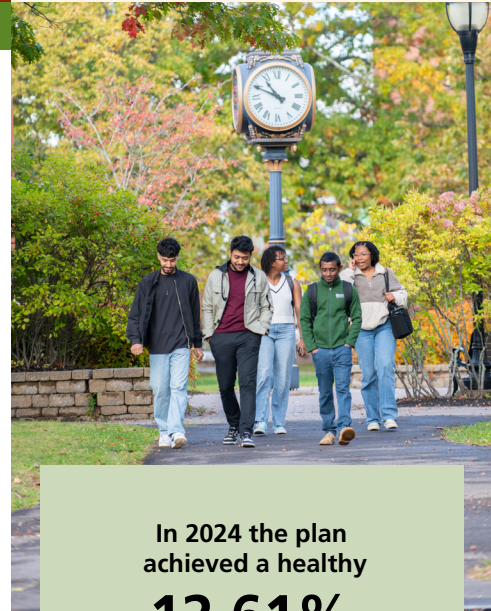
One way we measure the plan's financial health is through actuarial valuations. Our last valuation from 2022 revealed the plan is 102.7% funded. This year, the Plan Trustees and Sponsor Board will work alongside the Plan's actuary to complete the next formal valuation as of April 30, 2025.

We encourage you to review this report to learn more about your Jointly Sponsored Pension Plan (JSPP) funding, investment performance, and governance, as well as some statistics about our growing membership.

Please get in touch if you have any questions.

Sincerely,

*Board of Trustees
of the Pension Plan for Employees of the University of Prince Edward Island*



In 2024 the plan achieved a healthy **12.61%** net investment return

upei.ca/hr/upei-pension-plan

Access your pension booklet, get details about your pension benefits, and learn more about plan governance, funding, and performance.

Hint: add this URL to your bookmarks for easy reference!

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Financial highlights

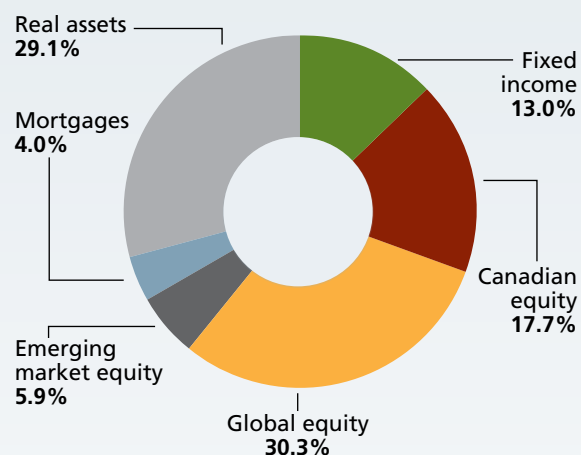
2024 was a successful year for our pension plan, following a successful year in 2023. The plan's investment portfolio returned 12.61% for the year after all fees and expenses. The plan's 4-year net investment return was 7.66%.

How the plan's investments performed

Annualized net returns		
1-year: 12.61%	4-year: 7.66%	10-year: 7.67%

UPEI Pension Plan performance

The plan's investment mix



Policy targets

Whenever the portfolio weights deviate from the policy targets, a re-balancing of assets is performed to re-align with policy targets.

- Fixed income 15%
- Canadian equity 15%
- Global equity 30%
- Emerging market equity 5%
- Mortgages 5%
- Real assets 30%

Asset managers

Asset Class	Manager(s)	UNPRI Rating*
Fixed income	TD Asset Management	5
Canadian equity	Fidelity Fiera	5 4
Global equity	Walter Scott	4
Emerging market equity	Connor, Clark & Lunn	4
Mortgages	Phillips, Hager & North	5
Real assets	Fiera Brookfield IFM Investors	5 5 5

*United Nations Principles for Responsible Investments (UNPRI) rating out of 5 stars.

The plan's assets

Market value of assets as of January 1, 2024	\$370,030,567
Employee regular contributions	\$7,272,033
Employer regular contributions	\$7,488,921
Employee past service contributions	\$403,655
Termination / death payouts	-\$408,814
Payments to pensioners	-\$17,018,115
Plan expenses ¹	-\$2,341,753
Investment income	\$48,530,746
Market value of assets as of December 31, 2024	\$413,957,240

¹ Expenses relate to investment management, audit, actuarial and administration.

Funding

Our plan's growth and future financial health depend on contributions (from both members and the Employer) and, to a larger extent, on investment returns.

Current contribution rates

Member

- **9.68%** of pensionable payroll (8.96% on CPP earnings and 10.76% on non-CPP earnings).
- *Includes 0.88% for special contributions* payable until June 30, 2025.*

Employer

- **9.80%** of pensionable payroll.
- *Includes 1.00% for special contributions* payable until September 30, 2031.*

* *Special contributions were put in place to address the deficit that existed at the time of the plan's conversion to a JSPP.*

Monitoring the plan's financial health

Investment income finances most pensions paid to members, which means the level of investment return will largely determine the plan's future financial health. Under the JSPP model, the Trustees will assess the plan funding and recommend actions to the Sponsor Board if a surplus or deficit arises.

Funded status

The Income Tax Act requires the UPEI Pension Plan to conduct an actuarial valuation at least once every three years. Through this valuation, an actuary will look at how well our plan assets are balancing against our plan

liabilities and determine the funded status. The funded status reflects the plan's financial health and helps gauge when corrective action is required.

The UPEI Pension Plan relies on a going-concern valuation, which assumes the plan will continue to operate indefinitely. The most recent valuation as of April 30, 2022, showed the plan was **102.7%** funded on a going-concern basis.

The Plan Trustees and Sponsor Board will work alongside the Plan's actuary to complete the next formal valuation, scheduled for April 30, 2025. Once complete, we will communicate the results to all members.

Indexing

Indexing is an advantage of the UPEI Pension Plan because it provides periodic increases to your pension benefits to help offset the impact of inflation. This year's increase is **2.05%**. Many plans do not include this valuable feature.

To help maintain overall plan sustainability, indexing is contingent on the plan's 4-year average net rate of return exceeding 5.50%. When awarded, indexing is effective on January 1 each year.

Here is a summary of pensioner indexing in recent years:

2025	2024	2023	2022	2021
2.05% ¹	1.06%	2.03%	3.40%	0.72%

¹ The plan's four-year average net rate of return at December 31, 2024 was 7.66%, which exceeded the base rate of 5.50%. Therefore, monthly pension payments will be increased retroactive to January 1, 2025, at 2.05% (i.e., $1.0766 / 1.055 - 1$).



Plan membership

We're pleased to see our membership continuing to grow, with **138** new active members in 2024. We also had **32** new retirees – congratulations and best wishes on this new chapter in your life.

	Actives	Deferred	Retirees	Total
As of December 31, 2023	761	86	502	1,349
Retired	-29	-3	32	0
Moved to deferred status	-17	17	0	0
Termination paid	-16	-12	0	-28
Death	-3	0	-14	-17
New survivors	0	0	9	9
New entrants	138	0	0	138
As of December 31, 2024	834	88	529	1,451

Governance

Governance responsibilities are split between the Sponsor Board and the Board of Trustees.

The Board of Trustees held six meetings in 2024, including four quarterly meetings and two special meetings, one of which was a joint session with the Sponsor Board. In addition to regular business matters, the Trustees focused on policy development, including an Education Policy Review and Signing Authority, ongoing investment management and education, and renewing contracts with consultants and the administrator. The Sponsor Board held two meetings in 2024 – one was a joint session with the Board of Trustees and the other focused on education and a review of ESG (Environmental, Social, and Governance) scores.

Sponsor Board

- Sets benefits, contributions, and funding policies
- Determines the timing of actuarial valuations
- Determines the level of risk appropriate for the plan's asset mix

Employer	Unions
Alex MacBeath (Co-chair) Board of Governors	Larry Hale (Co-chair) Faculty Association
Tara Judson VP Administration & Finance	Nathan Rainnie CUPE 1870
Jennifer Mersereau Board of Governors	Thomas Ravenhill CUPE 501
Susan Connolly VP People & Culture	Adam Timmons IBEW 1928

Board of Trustees

- Manages member communication
- Administers the plan
- Manages plan investments
- Makes decisions about the plan's day-to-day operations

Employer	Unions
Carol De Veau (Co-chair) Board of Governors	Robert Olscamp (Co-chair) CUPE 1870
Marianna Carter Board of Governors	Yechao Meng Faculty Association
Peter Hayes Board of Governors	Enio Rodriguez Camiro CUPE 501
Kathy MacKenzie Board of Governors	Jonathan Holmes IBEW 1928
Phil Hooper Retiree Appointee	Betty Jeffery Retiree Appointee

Have questions or need more information?

Contact Human Resources

Email: upeipension@upe.ca

Phone: (902) 566-0517

Fax: (902) 894-2895

Final word

This report provides summary information about the University of Prince Edward Island Pension Plan. It is not intended to be comprehensive or to provide advice. If there are any differences between the information provided in this report and the legal documents that govern the plan, the legal documents will apply.

The University of Prince Edward Island Pension Plan – Registration No. 05290635