

UPEI Pension Update

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

September 2025



UNIVERSITY
of Prince Edward
ISLAND

The Trustees and Sponsor Board, along with the plan actuaries, have completed an actuarial valuation of the UPEI Pension Plan as at April 30, 2025. The purpose of the valuation is to measure the plan's overall health and determine if a change to contributions is required.

The Jointly Sponsored Pension Plan (JSPP) model continues to serve the plan and its members well. At April 30, 2025, the plan was over 100% funded and continues to deliver solid returns for members. As a JSPP, plan governance is shared equally between the Employer and the Unions, providing greater transparency for members into the plan's operations, funding, and decision-making.

Please review this newsletter to learn more about plan performance and upcoming contribution decreases, starting with the October 10, 2025, payroll.

Plan performance update

Over the past couple of years, the plan has benefited from strong investment returns. The plan's assets earned an annualized 7.87% rate of return (net of expenses) between the last formal actuarial valuation on April 30, 2022, and the recent one on April 30, 2025.

As part of ongoing good governance, and requirements of the Canada Revenue Agency, plan valuations are conducted at least every three years. Results of the April 30, 2025, valuation were presented to the Board of Trustees and Sponsor Board on August 20, 2025, and show the continued health of the plan (see the summary table below). The next valuation must be completed by no later than April 30, 2028.

Summary of actuarial valuation results

	At April 30, 2022	At April 30, 2025
Actuarial Value of Assets	\$335,926,000	\$405,603,000
Plan Liabilities	-\$327,027,000	-\$390,901,000
Excess/(Shortfall)	\$8,899,000	\$14,702,000
Funded Ratio	102.7%	103.8%

Plan highlights

7.87%

The plan's annualized rate of return over the past three years

103.8%

The plan's funded ratio as of April 30, 2025



Actuarial Value of Assets

The money that has been saved in the plan, adjusted for payables/receivables. An asset smoothing adjustment is also applied to smooth out investment market volatility.

Plan Liabilities

The actuary's estimate of the funds needed to cover the plan's current obligations, based on certain assumptions about the future.

Changes to contribution rates

An actuarial valuation helps determine if contributions need to be adjusted to ensure the plan's continued good health. Results from the latest valuation show that contributions for both members and the Employer will be adjusted slightly downward, and this process has already started.

- July 2025: Member contributions reduced by 0.88% when the member special contribution ceased.
- October 10, 2025: Member contributions will further decrease by 0.09%.

	Member Contribution Rates (Prior to July 1, 2025)	Member Contribution Rates (As of July 1, 2025)	Member Contribution Rates (October 10, 2025)
On earnings up to the YBE (\$3,500 in 2025)	10.76%	9.88%	9.79%
On earnings between the YBE and the YMPE (\$71,300 in 2025)	8.96%	8.08%	7.99%
On earnings in excess of the YMPE	10.76%	9.88%	9.79%

YBE = Year's Basic Exemption **YMPE** = Year's Maximum Pensionable Earnings

The new contribution rates amount to 8.68% of payroll for the entire group of active contributing members. Employer contributions to the plan are also changing, effective October 10, 2025, from 9.80% to 9.68% of payroll. In total, contributions to the plan will amount to 18.36% of payroll.

What's the impact on member pay?

Here are some examples showing the expected increase in bi-weekly take-home pay starting October 10, 2025. This is measured by looking at the pension contributions effective October 10, 2025, versus those in place prior to July 2025.

Annual Earnings	Estimated Increase in Bi-weekly Net Pay
\$50,000	\$13
\$75,000	\$17
\$100,000	\$23
\$125,000	\$28

Why are contributions decreasing?

Pension plan funding has two elements:

- 1 Contributions required to pay off any deficit revealed in an actuarial valuation.
- 2 Contributions required to pay for current benefits accruing (i.e., the additional pensionable service that is being accumulated by each active member of the Plan).

There are no contributions required for the first element, since there was no deficit in the latest valuation. This means that contribution requirements are driven by the second element (i.e., the cost of benefits accruing).

Did you know?

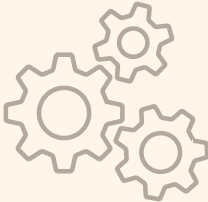


One of the most influential factors is the average age of the active population. Generally, with a lower average age, the cost of benefits accruing is lower. Fewer contributions are required since they have a longer time to accumulate investment income before pensions are paid. For the UPEI Pension Plan, the average age has decreased, lowering the cost of benefits accruing.

Understanding plan governance

As a JSPP, the plan is managed by two entities:

- Sponsor Board, which makes decisions about plan design and funding.
- Board of Trustees, which is responsible for the plan's day-to-day operations and ensuring the funds are prudently managed.

Both boards have equal representation from the Employer and the Unions – and they have all been working together to ensure the plan's successful operation.

	Sponsor Board	Board of Trustees
Key Responsibilities 	<ul style="list-style-type: none"> • Sets benefits, contributions, and funding policies • Determines the timing of actuarial valuations • Determines the level of risk appropriate for the plan's asset mix 	<ul style="list-style-type: none"> • Communicates with plan members • Administers and invests plan funds • Makes decisions about the plan's day-to-day operations, including: <ul style="list-style-type: none"> - Preparation of actuarial valuations and yearly audited financial statements - Ensuring compliance with applicable laws - Investment of plan assets - Payment of pension benefits to members
Employer Appointees 	<ul style="list-style-type: none"> • Alex MacBeath (Co-Chair) – <i>Board of Governors</i> • Tim Walker – <i>Board of Governors</i> • Jane Ngobia – <i>Board of Governors</i> • Jennifer Mersereau – <i>Board of Governors</i> 	<ul style="list-style-type: none"> • Carol De Veau (Co-Chair) – <i>Board of Governors</i> • Marianna Carter – <i>Board of Governors</i> • Peter Hayes – <i>Board of Governors</i> • Kathy MacKenzie – <i>Board of Governors</i> • Phil Hooper – <i>Retiree Appointee</i>
Union Appointees 	<ul style="list-style-type: none"> • Ye (George) Jia (Co-Chair) – <i>Faculty Association</i> • Nathan Rainnie – <i>CUPE 1870</i> • Thomas Ravenhill – <i>CUPE 501</i> • Adam Timmons – <i>IBEW 1928</i> 	<ul style="list-style-type: none"> • Rob Olscamp (Co-Chair) – <i>CUPE 1870</i> • Yechao Meng – <i>Faculty Association</i> • Enio Rodriguez Camiro – <i>CUPE 501</i> • Jonathan Holmes – <i>IBEW 1928</i> • Betty Jeffery – <i>Retiree Appointee</i>





Closing message from your Trustees

We've now completed our third actuarial valuation since moving to the JSPP structure, and we continue to see positive results and outcomes for members. The Trustees remain committed to monitoring the plan regularly, ensuring its long-term financial health, and operating in the best interests of members.

We look forward to sharing plan updates with you in the future. In the meantime, if you have any questions, please feel free to contact the pension office.



Email: upeipension@upei.ca



Phone: (902) 566-0517

Sincerely,

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

Final Word

This report provides information about the Pension Plan for the Employees of the University of Prince Edward Island (Registration No. 0520635) in simple terms. The plan is administered by Human Resources and Eckler Ltd. Every effort has been made to provide accurate information, but if there is any discrepancy between the information contained here and the official plan reports and legal documents, the official documents will apply.