



# Actuarial Valuation as at July 1, 2019 for University of Toronto Supplemental Retirement Arrangement

November 2019

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## Preparation of this Actuarial Valuation

### University of Toronto Supplemental Retirement Arrangement

This material has been prepared primarily to present the current obligations of the University of Toronto Supplemental Retirement Arrangement (the "SRA") as of July 1, 2019.

In conducting the valuation, we have used personnel information provided by the University of Toronto as of July 1, 2019, and the actuarial assumptions and methods described in the actuarial assumptions section of this report.

For the purposes of this valuation, it is our opinion that:

- The data on which the valuation is based are sufficient and reliable;
- The assumptions used are appropriate; emerging experience differing from the assumptions will result in gains or losses which will be revealed in subsequent valuations; and
- The actuarial methods used are appropriate.

This report and its associate work have been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.



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Andrew M. Hamilton, FCIA, FSA  
Partner



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Allan H. Shapira, FCIA, FSA  
Senior Partner

Aon  
20 Bay Street, Suite 2300  
Toronto, Ontario M5J 2N9

November 2019

## Valuation Results

The going concern actuarial valuation of the SRA is prepared based on the same actuarial assumptions and methods used for the actuarial valuation of the University of Toronto Pension Plan (the "Pension Plan").

|   | As of July 1, 2019 | As of July 1, 2018 |
|---|--------------------|--------------------|
| <b>Going Concern Valuation Results Past Service</b> |                    |                    |
| Accrued liability for SRA                           |                    |                    |
| Active members                                      | \$ -               | \$ -               |
| Retirees and beneficiaries                          | <u>124,569,000</u> | <u>126,295,000</u> |
| Total   | \$ 124,569,000     | \$ 126,295,000     |

## Personnel Information

### Source of Data

The valuation was based on personnel data for members of the Pension Plan, supplied by the University as of July 1, 2019.

### Personnel Characteristics—Retirees and Beneficiaries

Following are some pertinent characteristics of the retirees and beneficiaries who are receiving an SRA benefit as of July 1, 2019. Corresponding data for prior valuations is shown for comparison.

|              | <b>Number</b> | <b>Average Age</b> | <b>Average<br/>Monthly Benefit</b> |
|--------------|---------------|--------------------|------------------------------------|
| July 1, 2019 | 1,060         | 79.5               | \$ 925                             |
| July 1, 2018 | 1,070         | 78.8               | \$ 897                             |
| July 1, 2017 | 1,086         | 78.0               | \$ 885                             |
| July 1, 2016 | 1,092         | 77.1               | \$ 879                             |
| July 1, 2015 | 1,103         | 76.3               | \$ 869                             |
| July 1, 2014 | 1,110         | 75.4               | \$ 861                             |
| July 1, 2013 | 1,064         | 74.8               | \$ 858                             |
| July 1, 2012 | 1,041         | 74.1               | \$ 879                             |
| July 1, 2011 | 964           | 73.8               | \$ 897                             |
| July 1, 2010 | 935           | 73.2               | \$ 890                             |
| July 1, 2009 | 893           | 72.8               | \$ 890                             |
| July 1, 2008 | 823           | 72.6               | \$ 877                             |
| July 1, 2007 | 829           | 71.9               | \$ 868                             |
| July 1, 2006 | 799           | 71.4               | \$ 837                             |
| July 1, 2005 | 767           | 70.9               | \$ 778                             |
| July 1, 2004 | 679           | 70.8               | \$ 731                             |
| July 1, 2003 | 620           | 71.1               | \$ 560                             |

## Plan Provisions

### Plan Establishment

The SRA was established effective July 1, 1996, to provide eligible members of the Pension Plan with additional retirement income to compensate for the limitations prescribed under the regulations to the *Income Tax Act* (Canada) on the amount of lifetime retirement benefits payable from a registered pension plan.

As of July 1, 2016, the maximum salary recognized for the purpose of determining benefits under the Pension Plan does not result in pension benefits which exceed the *Income Tax Act* maximum pension. As such, active members no longer accrue benefits under the SRA.

The SRA is not required to be, and shall not be, registered with the federal government or any provincial government.

|   |   |
|---|---|
| <b>Effective Date</b>                         | July 1, 1996  |
| <b>Eligibility</b>                            | As of July 1, 2016, the maximum salary recognized for the purpose of determining benefits under the Pension Plan does not result in pension benefits which exceed the <i>Income Tax Act</i> maximum pension. As such, active members no longer accrue benefits under the SRA. |
| <b>Form of Payment of Retirement Benefits</b> | The retirement pension payable from the SRA is paid in the same manner and in the same form of payment as the annual pension payable to the member from the Pension Plan.   |
| <b>Cost-of-Living Adjustments</b>             | The retirement pension payable from the SRA shall be adjusted at the same time, and in the same manner and in the same percentage as the cost-of-living adjustments and other augmentations that are applied to the member's pension payable from the Pension Plan.           |

## Going Concern Assumptions and Methods

The actuarial assumptions and methods used for this actuarial valuation are summarized below and are the same as those used for the actuarial valuation as of July 1, 2019 for the Pension Plan. The rationale for the assumptions is described in the July 1, 2019 actuarial valuation report for the Pension Plan.

|   | July 1, 2019   | July 1, 2018 |
|---|--|--------------|
| <b>Economic Assumptions</b>               |  |              |
| Discount rate                             | 5.55% per year   | Same         |
| Increase in Consumer Price Index          | 2.00% per year   | Same         |
| Cost-of-living adjustment                 | 1.50% per year   | Same         |
| Expenses and margin for adverse deviation | Reflected in discount rate   | Same         |
| <b>Demographic Assumptions</b>            |  |              |
| Mortality table                           | 2014 Canadian Public Sector Pensioners' Mortality Table, combined with mortality improvement Scale MI-2017 (sex-distinct rate) | Same         |
| Retirees marital status                   | Actual marital status and ages are used  | Same         |
| <b>Methods</b>                            |  |              |
| Actuarial cost method                     | Unit credit cost method  | Same         |

## About Aon

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