WILFRID LAURIER UNIVERSITY Waterloo | Brantford | Kitchener | Toronto

2016 Pension Plan

Annual Information Brochure

LAURIER *Inspiring Lives.*

wlu.ca

Welcome to the Laurier Pension Plan annual brochure for 2016

MESSAGE FROM THE VP, FINANCE & OPERATIONS

I am pleased to present you with the 2016 Annual Pension Brochure. The Pension Brochure is designed to provide Plan members with a broad range of information about the Plan including benefit features, governance structure, financial information, and the activities of the relevant committees.

The Pension Committee of Laurier's Board of Governors meets quarterly and is responsible for ensuring the University has satisfied its Pension Plan legislative, governance, and fiduciary obligations and to monitor the Plan's investments for compliance with our investments policy. In addition, the Investment Oversight Subcommittee (IOC) meets quarterly and advises the Pension Committee and the Finance & Investment Committee in monitoring the performance of the Pension Plan's investment managers and also recommends changes to the Plan's asset mix, policies, or portfolio managers as required. I would like to personally recognize the important work of these committees over the past year, and also the support they received from Laurier's Finance and Administration departments.

The University continues to make important strides in making the Plan more sustainable. A sustainable Plan is based on a reasonable expectation of investment returns combined with total contributions that must meet the Pension promises over the long term. The changes in employee contributions that we have made the last three years as well the continuation of our special payments in aid of our going concern unfunded liability have helped our Plan health significantly. The fund earned a net rate of return of 7.66% in 2016 which exceeds the long-term actuarial rate of return assumption of 5.75%.

We have been working actively with our Pension Plan administrator and actuary throughout the year. We've seen an increase in our member utilization for the ***online pension information portal*** as well as call centre services to assist with Plan member questions or requests. The online portal can be accessed at **https://wlu.penproplus.com** and the call centre at 1-844-342-3624.

I hope you find the information in this brochure helpful and informative. For a detailed description of the WLU Pension Plan, please visit the Human Resources website. If you have any questions pertaining to the information within or the Pension Plan in general, please contact Krista Boertien, Director, Total Rewards (**kboertien@wlu.ca**) or Mary Jo DaSilva, Pension & Benefits Specialist (**mdasilva@wlu.ca**).

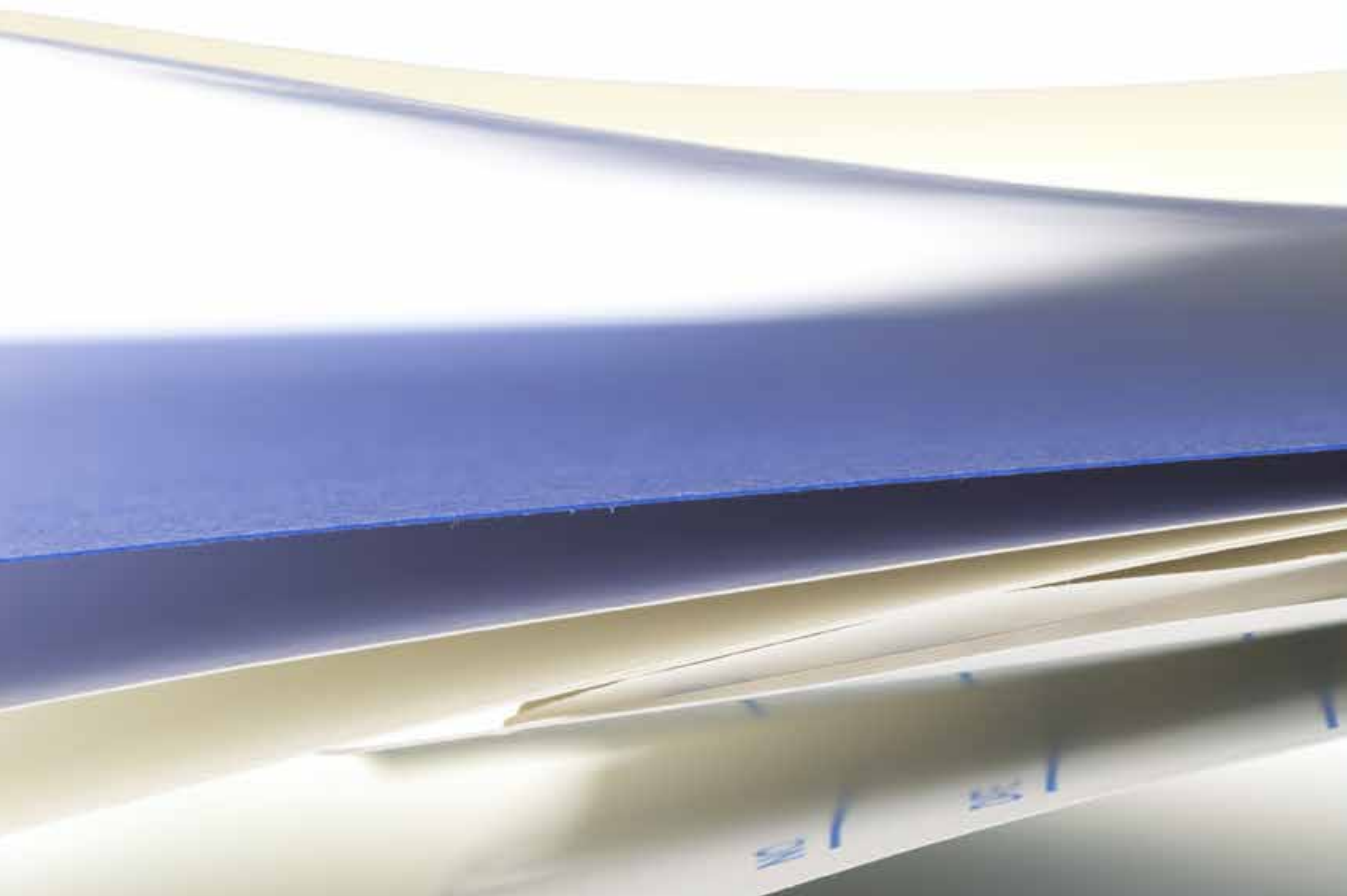
With best regards,

Deborah Dubenofsky
VICE-PRESIDENT FINANCE & OPERATIONS

2016 AT A GLANCE

Event	Details	More information on page...
New Employee Contributions	Effective January 1, 2017, member contributions are 8% up to YMPE and 9.5% above YMPE for CUPE and FOG. Effective July 1, 2017, member contributions will be 8% up to YMPE and 10% above YMPE for CUPE and FOG. For all other groups, member contributions are 8% up to YMPE and 10% above YMPE. The YMPE in 2017 is $55,300	10
Post-Retirement Benefits	Employees retiring on or after January 1, 2017, must be in receipt of a pension from the Laurier Plan to be eligible for post-retirement benefits. All employees, with the exception of CUPE and Facilities Operations Group (FOG), will be required to pay 15% of the cost of the post-retirement benefit premiums. CUPE and FOG employees retiring on or after January 1, 2018 will be required to pay 15% of the cost of the post-retirement benefit premiums.	15
2016 Pension Fund Return	The Laurier pension fund assets earned a gross rate of return of 8.02% (7.66% net of expenses) outperforming the market based benchmark and the long-term actuarial rate of return assumption of 5.75%. The Plan ended the year with a market value of $542,920,429. The main driver of returns was exposure to Canadian equities. The Canadian equity market is concentrated in the Financials, Energy, and Materials sectors. All three sectors experienced large double digit returns in 2016 buoyed by recovering oil and commodity prices. To a lesser extent, exposure to U.S. equities and mortgages with strong yields also contributed to a strong performance.	23

What you'll find in this brochure



How your Pension Plan works

Retirement means different things to different people. To some, it's an opportunity to travel and explore new paths. To others, it's an opportunity to slow down and spend quality time with family and friends. No matter what your retirement goals are, one fact remains true — the road to building your retirement nest egg should be well planned and your sources of retirement income well balanced. At Wilfrid Laurier University, you have access to a pension plan that can help you build that retirement nest egg. Both you and the University make contributions toward this Plan to help you meet your retirement goals.

WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?

All eligible full-time employees will participate in the Laurier Pension Plan on the 1st of the month following or coincident with the commencement of employment.

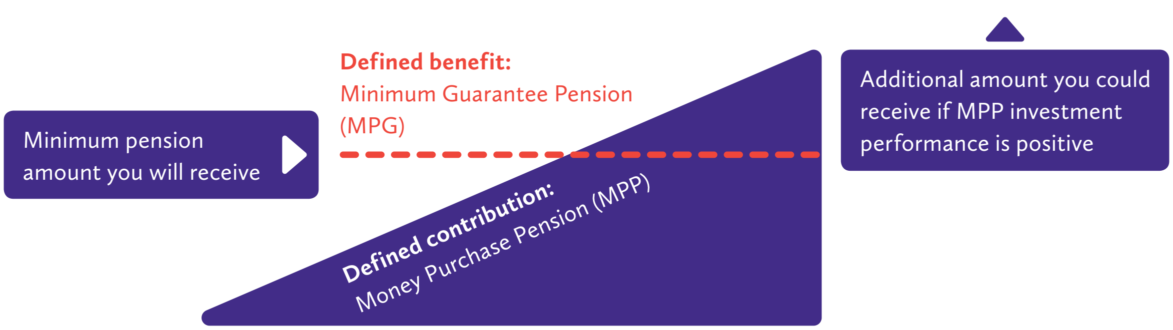
If you are a part-time employee from an eligible employee group, you may be eligible to join the Plan after you have completed two consecutive calendar years of service with the University, during which your earnings were equal to or greater than 35% of the Year's Maximum Pensionable Earnings OR you worked at least 700 hours.

HOW DOES THE PENSION PLAN WORK?

Your Pension Plan at Laurier is made up of two components — a Minimum Guarantee Pension (also known as a defined benefit plan) and a Money Purchase Pension (also known as a defined contribution plan). This type of "hybrid" plan is better than many plans because it provides you with the security of a minimum guaranteed benefit when you retire, while enabling you to reap potentially higher rewards through the Money Purchase Pension's (MPP) cumulative investment performance. In other words, when you retire, you will receive a pension benefit based on the greater value of these two plans.

LET'S LOOK AT EACH OF THESE PLANS IN A BIT MORE DETAIL...

The best of both worlds



MINIMUM GUARANTEE PENSION

Your **Minimum Guarantee Pension (MGP)** is provided to you and paid for solely by the University to the extent it exceeds the value of the Money Purchase Pension (MPP). As already noted, the MGP provides you with an annual retirement benefit based on a formula. More specifically, it provides you with a pension amount equal to:

1.37% of the average of your best five years' earnings up to the average Year's Maximum Pensionable Earnings (YMPE)

PLUS

2% of your best average earnings above the average YMPE

MULTIPLIED BY

Your years of service in the Plan

THIS IS A BIT ABSTRACT, SO LET'S LOOK AT AN EXAMPLE

What will Jim's Minimum Guarantee Pension be at retirement?

Jim is retiring on January 1, 2017

His years of service	25 years
His best average earnings	$88,000
Average YMPE	$52,440

How his Minimum Guarantee Pension is calculated

1.37% × $52,440	$718.43
Plus 2% × $36,880 ($88,000 – $52,440)	$711.20
Pension per year of service	= $1,429.60
Multiplied by Jim's years of service	× 25
Jim's annual MGP	**$35,741**

TERMINOLOGY DEMYSTIFIED...

A defined benefit plan (or DB plan) is a type of pension plan where the benefit paid at retirement is based on a defined formula that takes into account your years of pensionable service and your best five years' annual earnings. The investment performance of the pension fund does not affect the pension amount paid to defined benefit plan members. The pension amount you receive is predictable — you cannot receive any less than what is promised by the benefit formula.

A defined contribution plan (or DC plan) is a type of pension plan where the contributions to the plan are defined. The benefit you receive at retirement depends on the investment earnings that accumulate in your account throughout your years of participation in the plan.

A hybrid pension plan is a combination of a defined benefit plan and a defined contribution plan. It essentially operates like a DC plan, but it eliminates much of the uncertainty and risk for members because it guarantees a minimum level of retirement income.

Annuity conversion factor rate

The annuity conversion factor rate is the factor used to convert the accumulated funds in your Money Purchase Pension (MPP) into a monthly benefit. The conversion rate that is in effect at the time you retire will remain the same throughout your retirement and will be used for any MPP adjustments.

MONEY PURCHASE PENSION

Both you and the University contribute to your **Money Purchase Pension (MPP)**. All contributions are invested in the Pension Plan's investment fund on your behalf. Any investment returns the fund earns are credited to your account balance each year.

When you retire, the value of your Money Purchase Pension is determined based on the balance of your account, standardized mortality tables, and the annuity conversion factor rate (which is based on long-term Canada bond rates at the time of the calculation) which is 2.49% in 2017. If the value of your MPP is greater than your Minimum Guarantee Pension (MGP) amount, you will receive the higher amount. If the value is lower than the MGP, you will receive the minimum guaranteed amount.

WHAT DOES THIS MEAN FOR JIM, OUR EXAMPLE RETIREE? LET'S HAVE A LOOK…

What will Jim's Money Purchase Pension be at retirement?

Jim is retiring on January 1, 2017

His years of service . . . . 25 years
His best average earnings $88,000

How his pension amount is calculated…	Scenario 1 (average 5% returns)	Scenario 2 (average 7% returns)
Jim's MPP account balance at retirement	$460,000	$625,000
= an MPP pension of approximately	$26,500	$36,000
Jim's MGP at retirement	$35,741	$35,741
Therefore Jim's annual pension amount will be the higher of the two plans	**$35,741** (MGP)	**$36,000** (MPP)

A WORD ABOUT…

Mortality tables

A mortality table uses the experience of a population to determine the probability that a person of a specific age will survive or die during the year. Recently, the Canadian Institute of Actuaries performed a study on Canadian mortality. They concluded that Canadians are living longer and mortality is improving faster than previously estimated.

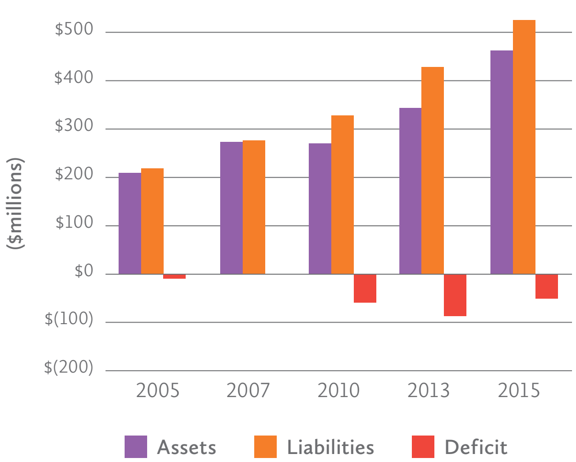
In 2014, the Canadian Institute of Actuaries released a new mortality table which reflects the study's findings. We have adopted this new mortality table for all aspects of the Laurier Pension Plan, including when we determine the liabilities in our actuarial valuation and when we convert our members' MPP balances to a monthly pension at retirement.

HOW IS THE PENSION PLAN FUNDED?

The Minimum Guarantee Pension

The Minimum Guarantee Pension (MGP) is 100% funded by the University to the extent it exceeds the value of the Money Purchase Pension (MPP). To ensure there is sufficient money to fund the MGP benefit for each employee, the University must make contributions to cover pension benefits earned in the current year (service cost) plus any special payments necessary to address funding deficiencies. To determine these amounts, the University is required to prepare an actuarial valuation at least every three years (depending on the Plan's funded status) to determine if the Plan has a surplus or a deficit. When the Plan has a deficit, the University is required to make special payments in addition to the service cost to the Plan until the next actuarial valuation. These contributions are in addition to the contributions the University makes into each member's individual MPP account.

Laurier historical going-concern valuation results



The Money Purchase Pension

The Money Purchase Pension (MPP) has three sources of funding:

(1) member contributions;

(2) University contributions; and

(3) investment earnings.

In 2016, member contributions were 8% up to YMPE and 10% above YMPE for all groups except CUPE and FOG.

Effective January 1, 2017, member contributions are 8% up to YMPE and 9.5% above YMPE for CUPE and FOG. Effective July 1, 2017, member contributions are 8% up to YMPE and 10% above YMPE for CUPE and FOG.

The University contributes 7% of earnings. All contributions are invested in the Plan's investment fund.

The maximum combined University and member contribution to the MPP in 2017 is $26,230.

Subject to Income Tax Act limits, members may also make additional voluntary contributions to their Money Purchase accounts if they would like to increase their pension benefits at retirement. In 2017, the limit for voluntary contributions is 18% of your annual gross earnings, subject to an overall maximum contribution of $26,230. This includes any required contributions you and the University make to your MPP account. The University does not match these voluntary contributions.

How your Pension Plan works (CONTINUED)

LAURIER EMPLOYEE AND EMPLOYER CONTRIBUTION HISTORY

Based on the most recent actuarial valuation as at December 31, 2014, the Laurier Pension Plan has a going-concern funding deficit of $52.0 million. As such, the required contributions are as follows:

2016 Member contributions

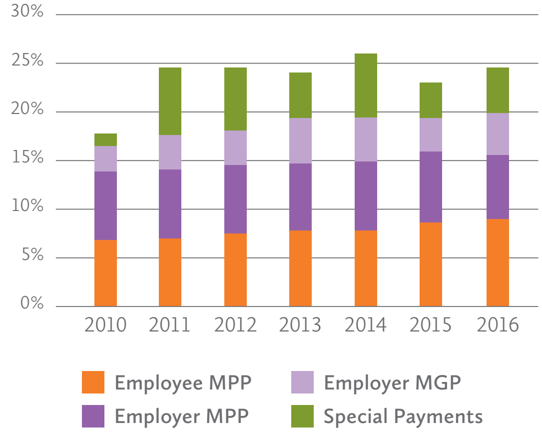
- **CUPE and FOG:** 7.5% of each member's pensionable earnings per year, up to the Year's Maximum Pensionable Earnings (YMPE) and 9% above the YMPE
- **Other groups:** 8% of each member's pensionable earnings per year, up to the Year's Maximum Pensionable Earnings (YMPE) and 10% above the YMPE

2016 University contributions

- 7% of each member's pensionable earnings to their MPP accounts
- 4.2% of each member's pensionable earnings for minimum guarantee service cost
- 4.0% of each member's pensionable earnings for minimum guarantee special payments

Average member contributions of 9% of earnings

Total University contributions of 15.2% of earnings



TERMINOLOGY DEMYSTIFIED...

The Year's Maximum Pensionable Earnings (YMPE) is the salary rate above which employees stop paying Canada Pension Plan contributions for the year. The YMPE is set each year by the Canada Revenue Agency (CRA). In 2017, the YMPE is $55,300.

An annuity is a payment contract you purchase from an insurance company. It pays you a guaranteed amount of monthly income for as long as you (and your spouse, if you so choose) live.

An actuarial valuation is an assessment of the financial status of a defined benefit pension plan, including the value of the Plan assets and the accrued benefits the Plan is obligated to pay out to members at retirement. Actuarial valuations are prepared by actuaries using a series of assumptions.

Going-concern funding refers to the assumption that the Plan will remain in place indefinitely and will be considered fully funded if the existing Plan assets plus future contributions are sufficient to provide for all past and future member benefits.

WHAT HAPPENS IF YOU DECIDE TO RETIRE EARLY?

The normal retirement age is considered 65; however, you can choose to retire anytime after age 55. If you decide to retire before the normal retirement age, your Minimum Guarantee Pension (MGP) benefit will be reduced to reflect the fact that you will be receiving the pension income for a longer period of time.

For service accrued before January 1, 2013:

The MGP is reduced by 1.5% per year if you retire between the ages of 60 and 64 or 2.5% per year if you retire between the ages of 55 and 59.

For service accrued from January 1, 2013, onward:

The MGP is reduced by 3% per year if you retire between the ages of 60 and 64, and an additional 5% per year for each year between the ages of 55 and 59.

Employees who retire early and have accrued service before January 1, 2013, will receive a blended reduction rate.

LET'S LOOK AT AN EXAMPLE:

At retirement, this reduced MGP benefit is compared to the pension that your MPP balance could provide and you will receive the higher of the two amounts.

If you defer retirement and continue working, you can keep contributing to the plan until age 71. For more information on deferring your retirement, please visit the Human Resources website.

The online Pension Information Portal at **https://wlu.penproplus.com** can help you model and project your monthly pension amount. This is a good tool to use to compare your monthly pension based on various retirement dates.

If Jim decides to retire at age 60 instead of age 65, here's how his MGP benefit will be reduced.

Jim is retiring on January 1, 2017

His years of service prior to 2013	21 years
His years of service after 2012	4 years
His total years of service	25 years
His annual unreduced MGP (from example on page 7)	$35,741

How his pre-2013 Minimum Guarantee Pension is calculated

Unreduced annual benefit (for 21 years of service)	$30,022
Less the early retirement reduction (1.5% × 5 years = 7.5%)	– $2,251
Reduced pre-2013 annual benefit	= $27,771

How his post-2012 Minimum Guarantee Pension is calculated

Unreduced annual benefit (for 4 years of service)	$5,719
Less the early retirement reduction (3% × 5 years = 15%)	– $858
Reduced post-2012 annual benefit	= $4,861

Jim's total annual reduced MGP (27,771 + $4,861)	$32,632

DID YOU KNOW?

The Laurier Minimum Guarantee Pension (MGP) provides an early retirement pension that is higher than the one required by the Income Tax Act (ITA).

By comparison, Canada Pension Plan (CPP) reduces your pension benefit by 7.20% per year if you draw on CPP before age 65.

WHAT DIFFERENT FORMS OF PENSION ARE AVAILABLE WHEN YOU RETIRE?

The normal form of pension benefit available under the Plan provides you with a monthly income for the remainder of your lifetime, and is guaranteed for a minimum of 60 monthly payments following your retirement date. However, if you have a spouse on the date that the first monthly payment is made, the form of your pension will be a "joint and survivor pension." This means you will have a reduced monthly benefit for the remainder of your lifetime, and at least 60% of the reduced amount will continue to your spouse after your death until the end of your spouse's lifetime. The joint and survivor pension may be waived only by written notice, signed by both you and your spouse.

There are several alternative forms of pension available as well that you can choose from:

Life — an increased monthly pension benefit that is payable for your remaining lifetime only.

Life, guaranteed 5 years — the normal form of monthly pension benefit that is payable for your remaining lifetime, but is guaranteed for a minimum of 60 months following your date of retirement, in any event.

Life, guaranteed 10 years — a reduced monthly pension benefit that is payable for your remaining lifetime, but is guaranteed for a minimum of 120 months following your date of retirement, in any event.

Life, guaranteed 15 years — a reduced monthly pension benefit that is payable for your remaining lifetime, but is guaranteed for a minimum of 180 months following your date of retirement, in any event.

Joint and survivor — a reduced monthly pension benefit that is payable for your remaining lifetime, with at least 60%, but no more than 100%, of the reduced amount continuing to your spouse after your death for his or her remaining lifetime.

Joint and survivor, with guaranteed period — a reduced monthly pension benefit that is payable for your remaining lifetime, with at least 60%, but no more than 100%, of the reduced amount continuing to your spouse after your death for his or her remaining lifetime. This form of pension is guaranteed for 60, 120, or 180 months following your date of retirement, in any event.

Once you retire and select your pension option, you cannot change it.

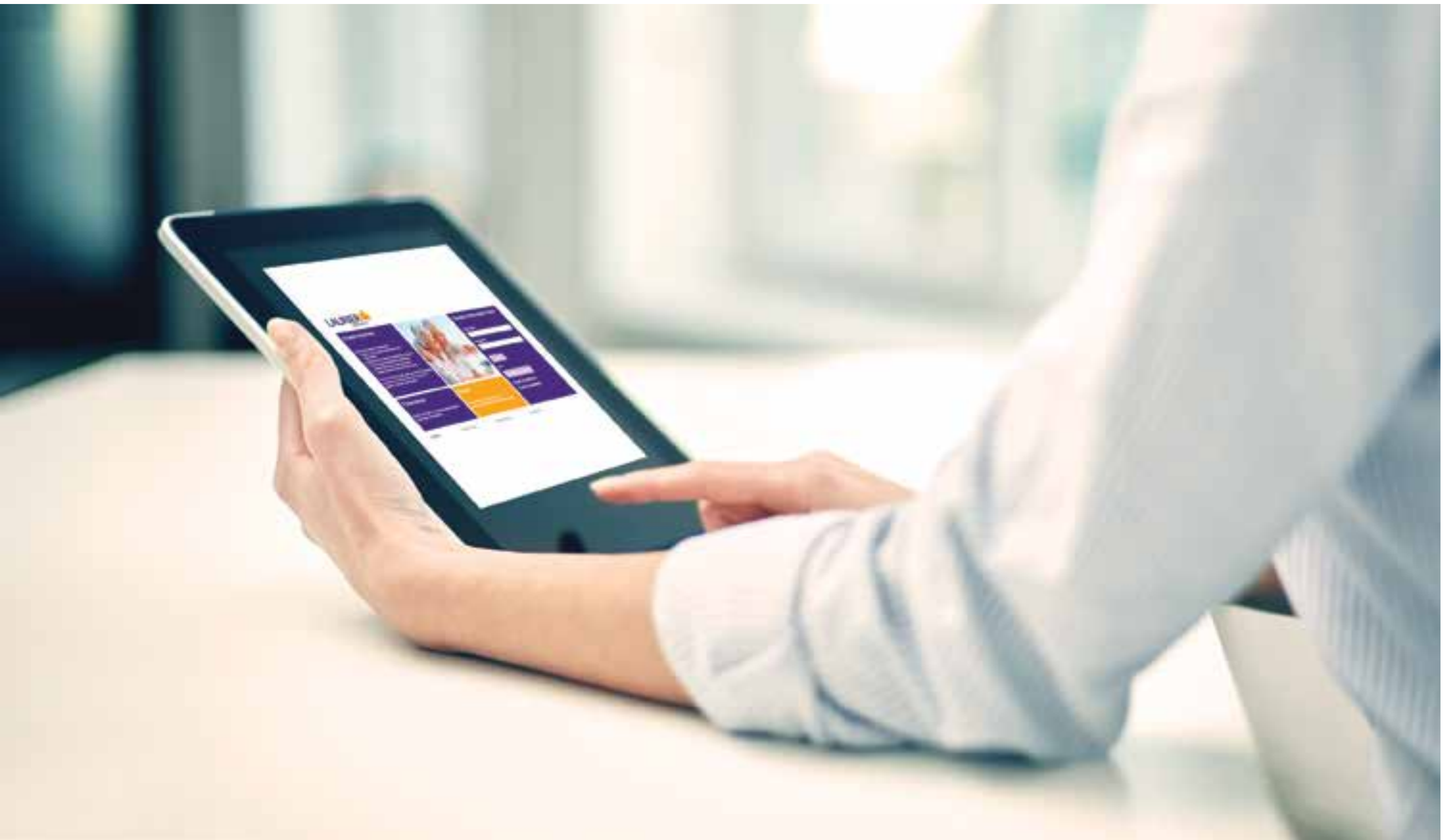
WHAT DO YOU NEED TO CONSIDER WHEN CHOOSING YOUR RETIREMENT PENSION OPTION?

Once you retire and select your pension option, you cannot change it, so the option you choose is very important. Only you (and your spouse) can decide which pension option is right for you.

Here are some things you should consider when thinking about which option is right for you:

- Your age and your spouse's age
- Your and your spouse's health and life expectancy
- Your dependants, if any
- Any other retirement savings you may have, besides your Laurier pension
- Your income needs, debts, and future plans
- Your comfort with investing and risk
- Estate planning
- Other factors that may have an impact on your personal financial situation during your retirement.

The online Pension Information Portal at **https://wlu.penproplus.com** will provide you with personalized information regarding the amount of monthly pension benefit associated with each of the available pension options and guarantee periods.



TRANSFERRING YOUR BENEFIT OUT OF THE PLAN

You can also transfer the lump-sum value of your retirement pension to another locked-in retirement vehicle. More specifically, you can move it to one of the following:

- A prescribed registered retirement savings arrangement,
- Another registered pension plan (if that plan allows transfers in), or
- A life annuity that you can purchase from an insurance company licensed in Canada.

Transfers are only permitted on a locked-in basis (subject to Income Tax Act transfer limits) because your pension savings are intended to provide you with a retirement income for life.

It is very important to speak with a trusted financial advisor before making a decision to transfer your lump-sum value from the Plan. The chart on the following page outlines some specific differences between the Laurier Pension Plan and the option to transfer your lump-sum value out of the Plan.

	Laurier Pension Plan	Transferring your benefit out of the Plan
Health and Dental Eligibility	Employees, with the exception of CUPE and Facilities and Operations Group (FOG), hired prior to July 1, 2014, must have more than five years of consecutive full-time service immediately prior to retirement to be eligible for post-retirement benefits. Employees hired after July 1, 2014 (July 1, 2016 for CUPE and FOG), must have more than 10 years of consecutive full-time service immediately prior to retirement to be eligible for post-retirement benefits.	Employees **retiring on or after January 1, 2017** (January 1, 2018 for CUPE and FOG), will be required to pay 15% of the annual premium cost. The University will pay 85% of the annual premium cost. Employees from the CUPE and FOG groups, **retiring on or after January 1, 2017**, will be required to be in receipt of a pension from the Laurier Pension Plan to be eligible for post-retirement benefits.
Are payments guaranteed?	Monthly payments are guaranteed for your lifetime. The Plan provides the greater of the Minimum Guarantee Pension (MGP) and the Money Purchase Pension (MPP). Depending on your situation, the Plan may also provide a lifetime retirement income for your surviving spouse.	Bonds and especially stock returns can be volatile, so the value of your investment and the eventual payouts are not known with certainty, unless you purchase an annuity.
Who manages investment performance?	The Laurier Pension Plan is managed by a large team of pension experts (see pages 17-20). The funds are invested by the Plan's investment managers as directed by Laurier's Statement of Investment Policies and Procedures. The performance of the Plan is monitored regularly by the Pension Committee and the Finance & Investment Committee of the Board of Governors, as well as the Investment Oversight Subcommittee. Plan members do not need to worry about managing or monitoring the investment performance of the Plan fund. Regardless of the Plan's investment performance, you will still receive the amount at retirement that is promised by the MGP benefit formula. If the MPP investment performance is strong, you could receive an even greater benefit at retirement than what is dictated by the benefit formula.	The responsibility for managing a personal investment portfolio at another financial institution falls to the Plan member. It is the Plan member's personal responsibility to choose investments and manage any personal investment portfolio he or she may have outside the Laurier Plan, and at another financial institution. In addition, the investments held at other institutions may be subject to administration and/or investment management fees, payable by the individual.
Is the Plan indexed/adjusted?	The MGP is indexed by the Consumer Price Index according to the formula defined under the terms of the plan (see page 16). The MPP is adjusted based on the average rate of interest earned by the Plan fund during the most recent four-year period, less the conversion interest rate used to calculate your initial pension benefit. The MPP fluctuates with market returns, but members have built-in protection with the MGP.	It depends on your choice of investment. A well-diversified portfolio may help your savings keep pace with or beat inflation, but it will depend on the investments you choose and their performance over time.
Could I outlive my retirement savings?	With a life annuity, payments are guaranteed for as long as you live. As of January 1, 2017, the future life expectancy for a 65-year-old is 87.4 years for men and 89.6 years for women.	Depending on how well your investments perform and how much you withdraw each year, you could run out of money. Not all external investment options guarantee lifetime payments.

WILL YOUR PENSION BE ADJUSTED AFTER YOU RETIRE?

Your pension benefits will be adjusted each January 1 following your retirement date. Your Money Purchase Pension is adjusted positively or negatively, based on the average rate of interest earned by the Plan fund during the most recent four-year period, less the Money Purchase conversion factor rate used to calculate your initial pension benefit.

Your Minimum Guaranteed Pension (MGP) is adjusted each year as follows:

For service accrued before January 1, 2013:

Your MGP benefit will be adjusted by 100% of the Consumer Price Index (CPI) increase for the previous year, up to a maximum of 4%.

For service accrued from January 1, 2013, onward:

Your MGP benefit will be adjusted by 50% of the Consumer Price Index (CPI) increase for the previous year, up to a maximum of 4%.

Employees who retire with service accrued both before and after January 1, 2013, will receive a blended adjustment rate.

After you retire, your Minimum Guarantee Pension and your Money Purchase Pension will be compared again each year, and you will receive the greater of the two.

Annual pension adjustments

Plan year ending	Fund return on a four-year rolling average	MPP conversion rate for Plan year	Annual MPP adjustment range*	Increase in CPI	Annual MGP adjustment
Dec. 2005	7.72%	5.63%	0.22% – 2.09%	2.15%	2.15%
Dec. 2006	11.37%	4.71%	3.87% – 5.59%	1.64%	1.64%
Dec. 2007	9.12%	4.79%	1.62% – 3.34%	2.38%	2.38%
Dec. 2008	2.12%	4.93%	-3.51% – -5.38%	1.16%	1.16%
Dec. 2009	3.7%	4.51%	-1.01% – -3.80%	1.32%	1.32%
Dec. 2010	2.99%	4.44%	-1.72% – -4.51%	2.35%	2.35%
Dec. 2011	1.38%	3.96%	-3.33% – -6.12%	2.30%	2.30%
Dec. 2012	8.17%	3.45%	0.67% – 3.66%	0.83%	0.83%
Dec. 2013	6.79%	2.68%	-0.71% – 2.35%	1.24%	0.62% – 1.24%**
Dec. 2014	6.92%	3.41%	-0.58% – 5.37%	1.47%	0.74% – 1.47%**
Dec. 2015	9.22%	3.01%	-1.75% – 5.77%	1.61%	0.81% – 1.61%**
Dec. 2016	9.04%	2.50%	-0.58– 6.55%	1.5%	0.75% – 1.50%**

* Based on the conversion rate in effect as at the date of retirement.

** Represents new indexing for service accrued after January 1, 2013.

How your Pension Plan is managed

The University follows a strong pension governance approach that is intended to ensure accurate, transparent, and timely plan management and financial reporting to its Plan members. To ensure our Plan governance process is of the highest standard, the University — through its representatives on the Pension Committee — upholds the following guiding principles:

- To provide a transparent approach to the administration and management of the Plan
- To ensure consistent and equitable treatment of all Plan members
- To publish timely, accurate, and informative communication about the Plan to all its members.

PENSION PLAN ADMINISTRATION AND MANAGEMENT

The University is responsible for administering the Pension Plan and managing its investments. Recognizing that certain specialized pension roles require specialized expertise, the University retains expert advisors and delegates certain responsibilities to outside parties.

The Pension Committee oversees the general management of the Plan, retains its advisors, and reviews the performance of their services and the Plan's assets. The Committee, whose authority is delegated by the University's Board of Governors, comprises several elected Board members, appointed faculty members, support staff, and retiree representatives. More specifically, the Pension Committee is composed of:

- The Chair of the Board or a designated officer
- The President of the University
- External members of the Board
- Six committee members appointed by the Nominations Committee, as follows:
  - — Two currently employed staff members (one shall be a member of WLUSA/OSSTF)
  - — Two currently employed faculty members
  - — One retiree
  - — One other member.

The following resource people (non-voting members) shall be available to the Committee, as required:

- Vice-President: Finance & Operations
- Assistant Vice-President: Human Resources
- Director: Total Rewards

PENSION PLAN GOVERNANCE STRUCTURE

Wilfrid Laurier University Board of Governors

Pension Committee 2016–17

Lynda Kitamura
Pension Committee Chair

John Bowey Laurier Board of Governors Chair **Paul Kwasnik, Joe Rooney, Jillian Swartz** External members of the Board	**Max Blouw** Laurier President **Gail Forsyth, Geoff Schwarz** Currently employed staff members (one shall be a member of WLUSA/OSSTF)	**Marc Kilgour, William McNally** Currently employed faculty members **Alastair Robertson** One retiree **Karin Johnston** One other member

Non-voting Members

Deborah Dubenofsky Vice-President, Finance & Operations	**Pamela Cant** Assistant Vice-President, Human Resources	**Krista Boertien** Director, Total Rewards

Investment Oversight Subcommittee

Bill Muirhead
Investment Oversight Subcommittee Chair

Marc Kilgour, Joe Rooney Members of the Pension Committee **Tom Berczi** Member of the Finance & Investment Committee	**Brian Smith, Robin Stanton, Rick Vandermey** One or more other members may be appointed on the recommendation of the Nominations Committee	**Mary Anne Banks, Wayne Steffler, Nic Wright** Resources as appointed by the Vice-President, Finance & Administration

External Partners/Providers

CIBC Mellon Plan trustee	**Proteus** Investment consultant	**Aon Hewitt** Actuary and administrator	**KPMG LLP** Auditor

Investment Managers (9)

Romspen Mortgage Investment Fund	**QV Investors**	**IFM**
Polar Securities Inc.	**First Eagle**	**Brandywine**
CI Institutional Asset Management	**Walter Scott**	**CGOV**

PENSION PLAN RESPONSIBILITIES

Wilfrid Laurier University Board of Governors

- Serves as sponsor of the Laurier Pension Plan and its legal administrator
- Approves Plan changes (proposed by the Pension Committee)
- Approves changes to the Statement of Investment Policies and Procedures (SIPP) (as recommended by the Pension Committee)
- Appoints investment managers and trustee(s) (as recommended by the Pension Committee)
- Ultimately responsible for Plan administration

Laurier Investment Oversight Subcommittee

- Advises and assists the Pension Committee and the Finance & Investments Committee in meeting their governance and fiduciary obligations for oversight of the Laurier Pension Plan as well as other University investments, including the Endowment Fund, the Sinking Fund, and the Balsillie Fund
- Monitors investment performance for compliance with the funds' investment policies
- Recommends changes to the University's investment policies or managers
- Conducts a detailed quarterly investment review with the investment manager(s) and prepares a full report for the relevant standing committees
- Oversees the investment manager(s) to ensure compliance with the Investment Mandate Statement and the SIPP
- Retains or appoints any experts and advisors it deems necessary to carry out its duties

Laurier Pension Committee

- Advises and assists the Board of Governors in meeting its mandate with respect to the Laurier Pension Plan
- Retains or appoints, at the University's expense, such experts and advisors as it deems necessary to carry out its duties; the Committee advises the Executive & Governance Committee of any such actions
- Reviews (at least biennially) the terms of reference for the Committee and makes recommendations to the Board as appropriate
- Ensures that the University satisfies all of its pension plan governance and fiduciary obligations
- Reviews legislation regarding pension plan administration and ensures that systems are put in place to facilitate the monitoring of the Board's pension governance role, including a report to the Audit & Compliance Committee
- Advises the Board on pension plan policy issues
- Reviews the annual Pension Plan audit
- Periodically reviews and makes recommendations on all external relationships supporting Plan administration, including, but not limited to, the appointment of the Pension Plan actuary and the Pension Plan administrator
- Monitors the performance of the Plan's investments and recommends to the Board the appointment of an investment counsel and a portfolio manager
- Monitors Plan investments and funding to ensure they are managed according to the law and Board investment policy
- Prepares recommendations to the Board on proposed changes to the Plan or its funding
- Reviews the following fund information quarterly: assets, asset mix, investment performance vs. objectives, and portfolio characteristics

PENSION PLAN RESPONSIBILITIES (CONTINUED)

Administrators

Laurier's Department of Human Resources

- Instructs the trustee to pay pensions and other benefits
- Works with the administrator to provide data for processing all member events and provides required statements (when a Plan member ends his or her employment, retires, or dies)
- Provides information to Plan members and answers questions
- Assists in developing and delivering communication materials and presentations
- Ensures remittance of pension contributions on a timely basis
- Serves as a resource to the Pension Committee

Laurier's Department of Financial Resources

- Reviews trustee reports
- Prepares pension fund financial statements and regulatory reporting
- Administers investment fund

Trustee

CIBC Mellon as of January 1, 2016

- Receives contributions from members and the University
- Verifies that required contributions are paid
- Administers pension payments
- Is the custodian of the securities
- Calculates monthly rates of return at the Plan level
- Provides regular performance reports at the total Plan level

Investment consultant

Proteus

- Provides expert advice and support to the Investment Oversight Committee, including fund and investment manager reporting, analysis, and evaluation

Investment managers

Romspen Mortgage Investment Fund
Polar Securities Inc.
CI Institutional Asset Management
QV Investors
First Eagle
Walter Scott
IFM
Brandywine
CGOV

- Invest the pension fund's assets in accordance with the SIPP, within their respective investment mandates, subject to applicable legislation, and in the best interest of members and beneficiaries
- Prepare required reports
- Report their activities to the Investment Oversight Subcommittee
- Meet with the Investment Oversight Subcommittee, as requested

Actuary and administrator

Aon Hewitt

- Prepares annual information returns and Plan valuations
- Determines required University contributions to the Minimum Guaranteed Pension fund
- Ensures that the Plan complies with legislation
- Amends the Plan text as required to reflect negotiated provisions
- Prepares annual statements for Plan members
- Serves as Plan administrator

Auditor

KPMG LLP Chartered Accountants

- Audits the financial statements prepared by the University

WHAT ARE MY RESPONSIBILITIES AS A PLAN MEMBER?

- **Understand** how the Laurier Pension Plan works and the roles of everyone involved in managing the Plan.
- **Understand** how your Laurier Pension Plan fits into your overall retirement savings plan.
- **Review** your personalized pension information available through the online Pension Information Portal to ensure the information is accurate and up-to-date.
- **Read through** and keep all Pension Plan communications that you receive to ensure you understand the Plan, your choices, Plan updates and changes, governance, and performance. These include your pension statements, pension notices, member booklets, the annual pension brochure, etc.
- **Seek advice** from a financial advisor on your overall retirement savings plan and when making decisions about your Laurier Pension Plan or which options to choose when you retire.
- **Contact Human Resources** if you have any questions, concerns, or complaints regarding the Laurier Pension Plan or if you do not understand any aspect of the Plan.
- **Notify the Laurier Pension Contact Centre or Human Resources** as soon as possible about any change(s) to your personal situation (e.g., mailing address, marital status, designated beneficiary).
- **Complete and submit** all paperwork by the requested deadline.

How your Pension Plan is invested

The University's long-term financial objectives for the management of the pension fund are as follows:

Primary objective — to achieve and maintain a going-concern funded ratio of at least 100% over 10 years.

Secondary objective — to allow for a 5% funding reserve (105% funded ratio on a going-concern basis).

To achieve these objectives, the University has set the following targets:

- 5.75% average annual return from asset mix policy, before fees
- 0.5% expected additional return from active management, before fees
- 6.25% expected total return, before fees.

PENSION FUND OVERSIGHT AND INVESTMENTS

The performance of the Laurier Pension Plan is monitored regularly by the Pension Committee and the Finance & Investment Committee of the Board of Governors, as well as the Investment Oversight Subcommittee.

The Investment Oversight Subcommittee follows a detailed quarterly investment review process with the investment fund managers, providing insight to ensure compliance with the Investment Mandate Statement and the Statement of Investment Policies and Procedures. The Subcommittee then provides a full quarterly report to the relevant standing committees.

The Laurier Pension Plan investment fund is allocated across four different types of investments that will help it ensure long-term growth:

Equities

Canadian equities, which can deliver very strong and inflation-sensitive returns — but also carry greater risk and volatility.

Foreign equities, which invest in foreign securities and — like Canadian equities — can deliver strong returns, but with greater potential risk and volatility.

Bonds

Typically provide lower — though more stable and less risky — returns.

Cash and cash equivalents

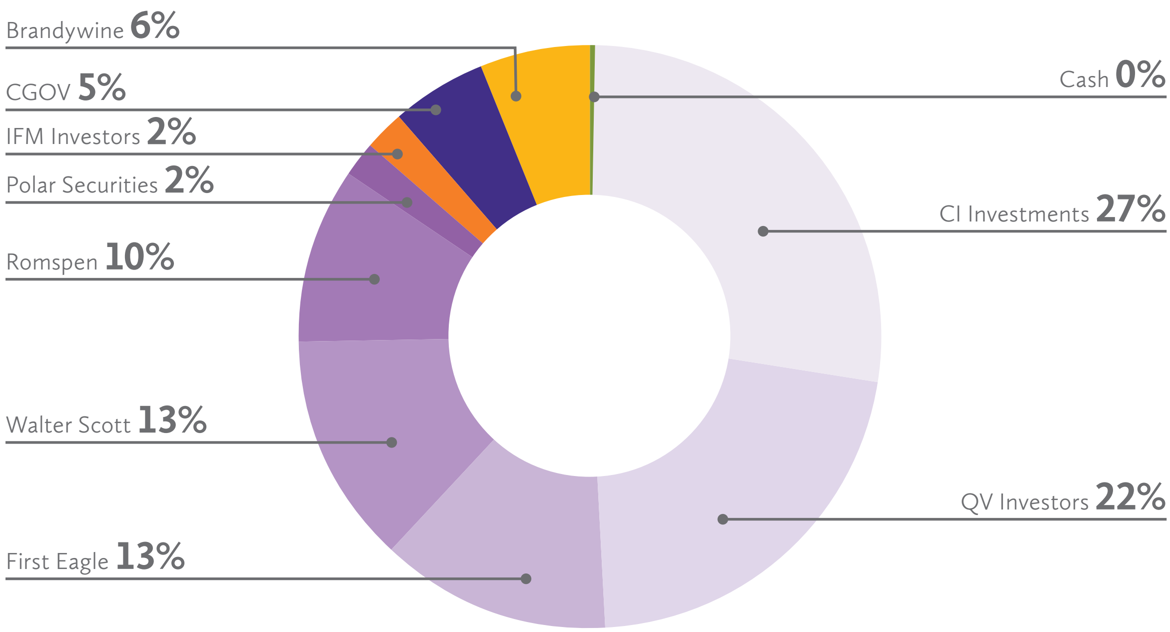
May be held on a temporary basis or as defensive reserves.

Alternative assets

May include any non-traditional assets that have the ability to generate additional economic value outside of a traditional asset portfolio.

Below is an illustration of how the pension fund was allocated across its six investment managers, as at December 31, 2016. This closely aligns on the recommended allocation approach that is outlined in the Laurier Pension Plan Statement of Investment Policies and Procedures.

Laurier Pension Fund investment allocations — as at December 31, 2016



2016 pension fund performance

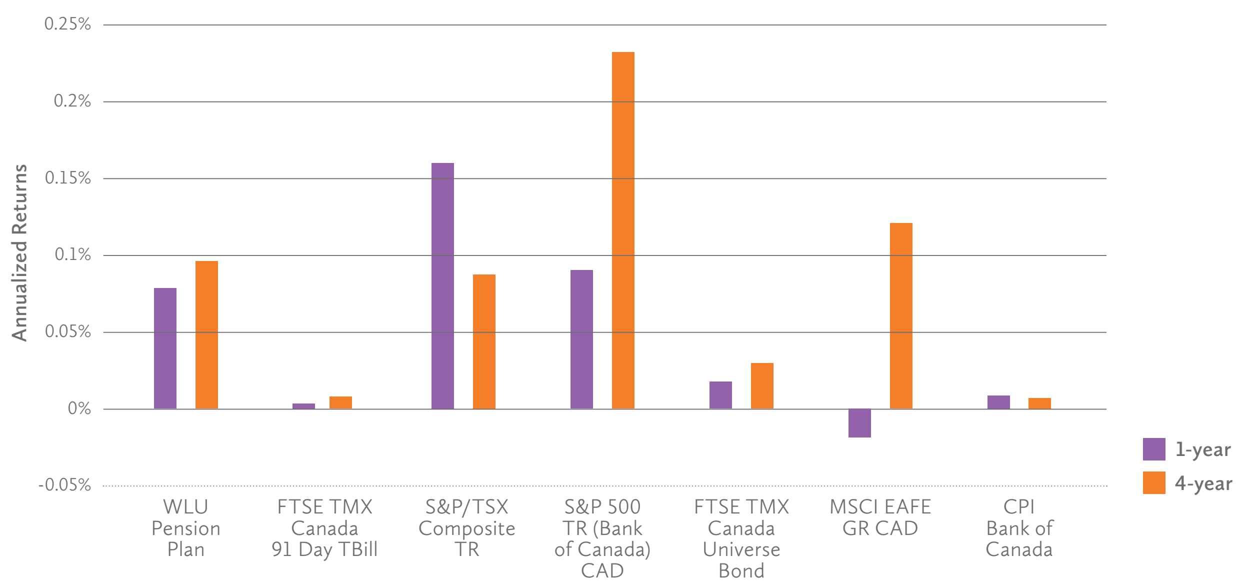
As at December 31, 2016, the Pension Plan had assets with a market value in excess of $542.9 million.

Pension Plan market value	One month	Three months	Year to date
Beginning market value	$537,014,010	$527,730,826	$490,288,594
Net inflows/outflows	$1,061,414	$3,675,040	$12,886,130
Net market gain/loss	$4,845,005	$11,514,563	$39,745,705
Ending market value	$542,920,429	$542,920,429	$542,920,429

The pension fund had an annual return of 7.66% net of expenses. The year-to-date rate of return of the pension fund is updated monthly and can be viewed on the Human Resources website.

Laurier Pension Plan annual rate of return 2005 to 2016 (Plan year ending December 31)

Laurier Pension fund and index performance, December 31, 2016



Pension Plan financials

AUDITED FINANCIAL STATEMENTS

The Pension Plan's financial statements are prepared by the University and audited by KPMG LLP Chartered Accountants. They are reviewed by the Pension Committee and forwarded to the Board of Governors for approval. The audited financial statements present the new assets available in the Plan as at December 31, 2016, and the changes in those assets from the previous years. The audited financial statements are available through the Human Resources website.

DID YOU KNOW?

The surplus or deficit of the Pension Plan is determined using a set of actuarial assumptions. These assumptions help provide an estimate of the amount that will be required to pay the pension benefits to all current members and retirees from the date of their retirement through the remainder of their lifetimes. If there is a shortfall (or a deficit) in this amount, the University makes special payments to the Plan for a number of years to make up the difference.

OVERVIEW OF THE ACTUARIAL VALUATION RESULTS

The last actuarial valuation of the Laurier Pension Plan was prepared as at December 31, 2014, by our Plan actuaries at Aon Hewitt. As of December 31, 2014, the Pension Plan had a going-concern funding deficit of $52,049,229. As a result, the University continues to make contributions to the Pension Plan to amortize the funding deficit.

Valuation year	Surplus/(deficit)
2009	($59,008,417)
2012	($86,188,912)
2014	($52,049,229)

Complete details of the 2014 valuation can be found on the Human Resources website. The next required valuation is no later than December 31, 2017.

TERMINOLOGY DEMYSTIFIED...

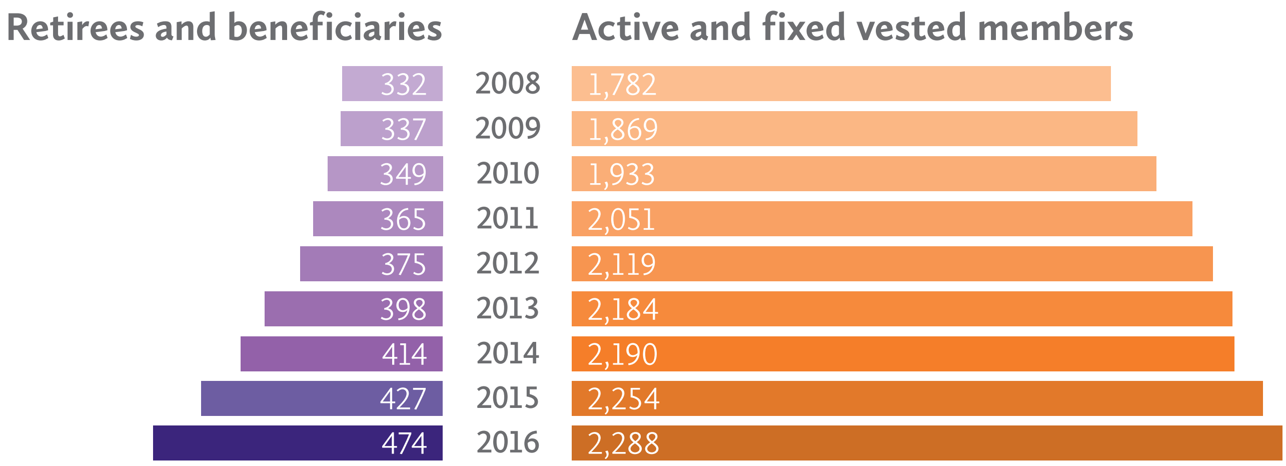
Actuarial assumptions are estimates of future events that will affect the costs and obligations of future employee pension benefits. These include rates of return on Plan assets, employee turnover, mortality, retirement age, etc.

If you would like to review the assumptions used for the Laurier Pension Plan, you will find them in the December 31, 2014, valuation results available on the Human Resources website.

Pension Plan membership information

The total membership of the Laurier Pension Plan is approximately 2,762 members. Of that total, approximately 474 are retirees and surviving beneficiaries. Both active membership and retiree numbers have grown during 2016.

Plan membership growth — active and retirees



Below is an overview of some additional membership data, as of the Plan's 2014 valuation. As you will see, the average age of active members and retirees has changed little over the years — at approximately 47 and 75, respectively.

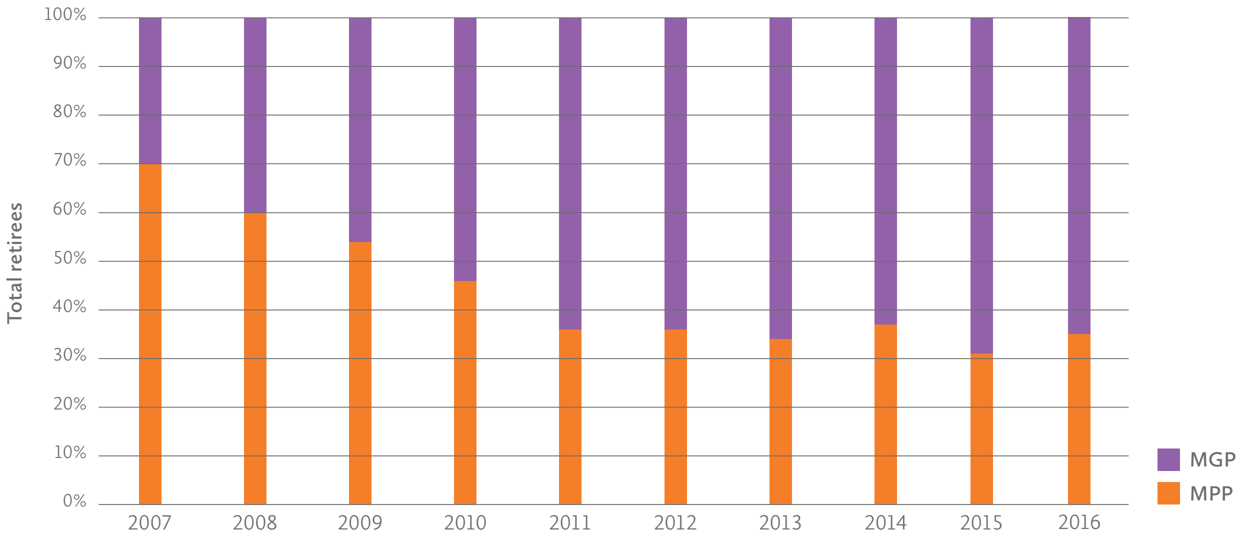
Summary of membership data		December 31, 2012	December 31, 2014
Active Membership	Number	1,685	1,743
	Average age	46.7	46.9
	Average credited service	9.2	9.4
	Average Money Purchase Pension account	$119,033	$147,539
	Average pensionable earnings	$80,104	$84,264
Fixed vested members	Number	433	436
	Average age	48.4	48.7
	Average annual accrued benefit	$3,902	$3,900
	Average Money Purchase Pension account	$52,784	$58,797
Retirees and beneficiaries	Number	379	417
	Average age	75.4	75.4
	Average annual Money Purchase Pension	$22,034	$23,940
	Average annual Minimum Guaranteed Pension	$22,530	$23,367
	Average annual AVC* pension	$592	$681

*AVC = Additional Voluntary Contribution

Pension Plan membership information (CONTINUED)

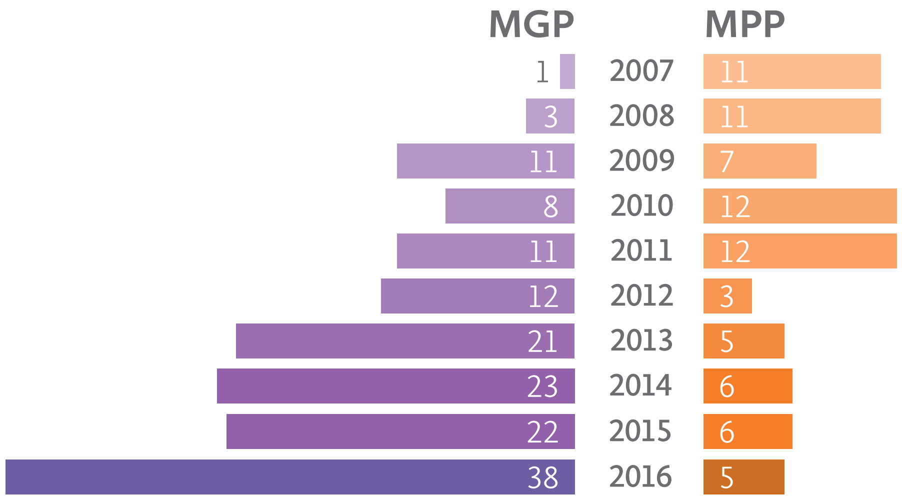
Proportion of retirees by plan

This graph shows the proportion of retirees that receive the Minimum Guarantee Pension or the Money Purchase Pension each year. The increasing number of retirees having the MGP pension win-out is a result of volatile investment returns over the last decade and a decrease in the interest rate used to convert MPP balances to monthly pensions. The lower discount rate results in a lower pension payable from the MPP. A higher investment return results in a higher pension payable from the MPP.



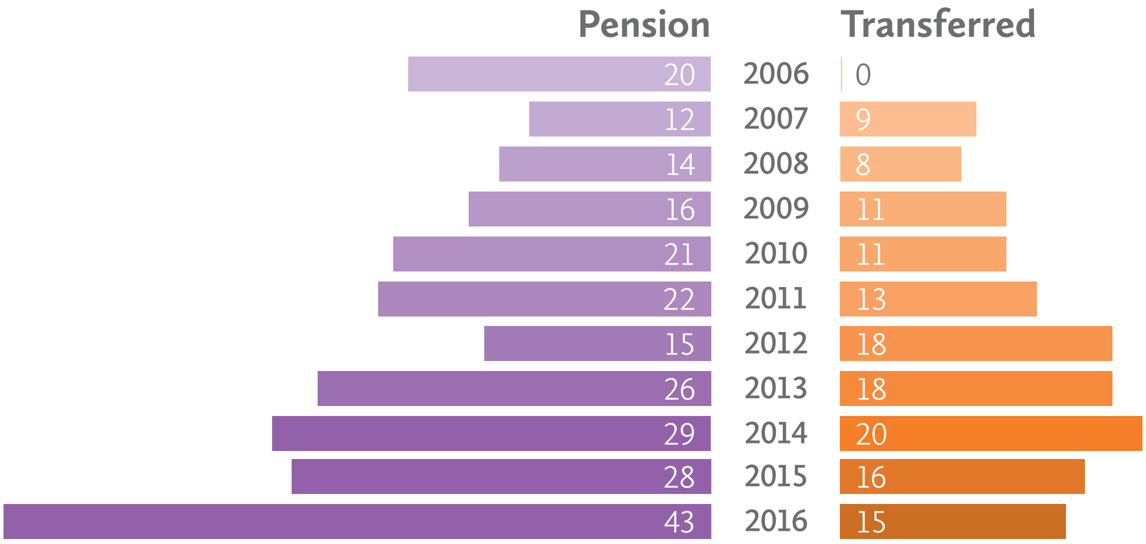
New retirees by plan

This graph shows the proportion of new retirees each year that retire with the Minimum Guarantee Pension or the Money Purchase Pension.



Members who chose pension vs. transferred value

This graph shows how many members who retired in a given year chose to receive a monthly pension benefit and how many chose to transfer their commuted value out of the Plan.



Terminology demystified

FROM PAGE 7:

Annuity conversion factor rate is the factor used to convert the accumulated funds in your Money Purchase Pension (MPP) into a monthly benefit. The conversion rate that is in effect at the time you retire will remain the same throughout your retirement and will be used for any MPP adjustments.

A defined benefit plan (or DB plan) is a type of pension plan where the benefit paid at retirement is based on a defined formula that takes into account your years of pensionable service and your best five years' annual earnings. The investment performance of the pension fund does not affect the pension amount paid to defined benefit plan members. The pension amount you receive is predictable — you cannot receive any less than what is promised by the benefit formula.

A defined contribution plan (or DC plan) is a type of pension plan where the contributions to the plan are defined. The benefit you receive at retirement depends on the investment earnings that accumulate in your account throughout your years of participation in the plan.

A hybrid pension plan is a combination of a defined benefit plan and a defined contribution plan. It essentially operates like a DC plan, but it eliminates much of the uncertainty and risk for members because it guarantees a minimum level of retirement income.

FROM PAGE 8:

Mortality tables use the experience of a population to determine the probability that a person of a specific age will survive or die during the year. Recently, the Canadian Institute of Actuaries performed a study on Canadian mortality. They concluded that Canadians are living longer and mortality is improving faster than previously estimated.

FROM PAGE 10:

The Year's Maximum Pensionable Earnings (YMPE) is the salary rate above which employees stop paying Canada Pension Plan contributions for the year. The YMPE is set each year by the Canada Revenue Agency (CRA). In 2017, the YMPE is $55,300.

An annuity is a payment contract you purchase from an insurance company. It pays you a guaranteed amount of monthly income for as long as you (and your spouse, if you so choose) live.

Forms of pension payment — see page 12.

FROM PAGE 22:

Equities

Canadian equities, which can deliver very strong and inflation-sensitive returns — but also carry greater risk and volatility.

Foreign equities, which invest in foreign securities and — like Canadian equities — can deliver strong returns, but with greater potential risk and volatility.

Bonds

Typically provide lower — though more stable and less risky — returns.

Cash and cash equivalents

May be held on a temporary basis or as defensive reserves.

Alternative assets

May include any non-traditional assets that have the ability to generate additional economic value outside of a traditional asset portfolio.

Where to go for more information

For more information about the Wilfrid Laurier University Pension Plan:

Please visit the **Human Resources website** and learn more about the **Laurier Pension Plan** and the benefits you may be eligible to receive when you retire.

Or contact:

Laurier Pension Contact Centre
Toll-free: 1-844-342-3624
Monday to Friday, 8:30 a.m. to 5:00 p.m.

Mary Jo DaSilva
Pension & Benefits Specialist
Human Resources Department
Email: mdasilva@wlu.ca
Phone: 519-884-0710, extension 4368

HELPING YOU UNDERSTAND THE LAURIER PENSION PLAN AND THE BENEFITS YOU MAY BE ELIGIBLE TO RECEIVE WHEN YOU RETIRE

Log in to the Pension Information Portal at

https://wlu.penproplus.com

Through this portal you will find up-to-date personalized pension information including:

- **Pension account balances**
- **Spouse and beneficiary information**
- **Pension benefits and options**
- **A modeler** to create projected estimates of your monthly pension benefit based on different retirement dates and assumptions for comparison
- **Annual pension plan statements** (from 2014 forward), forms, glossary, and frequently asked questions

If you are accessing the site for the first time, you will need to create an account.

FOR PERSONALIZED INFORMATION REGARDING YOUR PENSION PLAN, including account balances, spouse and beneficiary information, and to project and compare your monthly pension benefit based on different retirement dates, please use the online Pension Information Portal at **https://wlu.penproplus.com**.

wlu.ca

This annual brochure provides a convenient, easy-to-read overview of the Wilfrid Laurier University Pension Plan ("the Pension Plan" or "the Plan") for employees and retirees of Wilfrid Laurier University ("the University" or "Laurier"). Every effort has been made to ensure that it accurately reflects the key components of the Plan. If there are any questions or discrepancies between this brochure and the official Pension Plan document, the latter will be considered correct.

For a detailed description of the Laurier Pension Plan, please visit the Human Resources website.

WILFRID LAURIER UNIVERSITY

WATERLOO
75 University Avenue W
Waterloo, Ontario
Canada N2L 3C5

BRANTFORD
73 George Street
Brantford, Ontario
Canada N3T 2Y3

KITCHENER
120 Duke Street W
Kitchener, Ontario
Canada N2H 3W8

TORONTO
130 King Street W
Toronto, Ontario
Canada M5X 1C9