

Joint Meeting of the Pension & Benefits Committee and the Pension Investment Committee

Open Sessions

March 4, 2026

1:00 p.m. - 3:30 p.m.

NH 3318

200 University Avenue West

Waterloo, ON N2L 3G1

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2026 03 04 Joint Meeting Book - Pension & Benefits Committee and Pension Investment Committee

AGENDA

1 Governance Resources

1.1 <https://uwaterloo.ca/secretariat/governing-bodies/board-governors/pension-benefits-committee>

1.2 <https://uwaterloo.ca/secretariat/governing-bodies/board-governors/pension-investment-committee>

2 OPEN SESSION

1:00 p.m.

3 Agenda

| | | |
|--|-------------|---|
| 3.1 Declarations of Conflict of Interest | Information | |
| 3.1.1 Agenda and Minutes Memo | | 4 |
| 3.2 Approval of Agenda and Minutes | Decision | |
| 3.2.1 Minutes - January 9, 2026 | | 5 |
| 3.3 Business Arising from the Minutes | Information | |

1:10 p.m.

4 Pension

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1:40 p.m.

5 Benefits

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1:50 p.m.

6 Other Business

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| 6.1 Committee Review and Restructure Update [Gauthier-Chalifour] | Information | |
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| 7 CONFIDENTIAL SESSION | | |

2:35 p.m.

For Decision**Open Session**

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee and Pension Investment Committee

From: Melanie Figueiredo, Governance Officer

RE: **3. Agenda**

1.1 Declarations of Conflict of Interest

Members are invited to declare any conflicts related to the confidential agenda at this time. Should a conflict of interest arise during the course of discussion, Members are invited to declare a conflict of interest as it arises.

The Secretariat can provide guidance regarding any potential conflicts of interest in advance of or during the Board meeting.

Members are invited to review the Conflict of Interest guidance on the Secretariat [website](#).

1.2 Approval of Agenda and Minutes**Recommendation:**

That the March 4, 2026 meeting agenda and the minutes of the January 9, 2026 meeting be approved.

1.3 Minutes and Business Arising

All matters of business arising from the minutes will be addressed through the balance of the agenda items.

Documentation Provided:

- Minutes – January 9, 2026

University of Waterloo
PENSION & BENEFITS COMMITTEE AND THE PENSION
INVESTMENT COMMITTEE
Minutes of the January 9, 2026 Meeting
[in agenda order]

Present: Nasser Abukhdeir, Trevor Askes, Aubrey Basdeo [Chair PIC], Linda Blair, Phelim Boyle, Sarah Cressman, Elizabeth Demers, Steve Elgee, Melanie Figueiredo (Secretary), Teresa Fortney [Chair P&B], Sarah Hadley, Michelle Hollis, Lily Hua, Brian Lipskie, Jacinda Reitsma, Brad Richards, Christine Sun, David Taylor, James Thompson

Resources/Guests: Linda Byron, Ashley Day, Genevieve Gauthier-Chalifour, Patricia Hancock, Lee Hornberger, Alyssa Kuron, Sue McGrath, David Hughes, Tyler Wendland

Regrets: Julie Cays, Tom Duever, Ashley-Ann Morgado

Organization of Meeting: Teresa Fortney took the chair and Melanie Figueiredo acted as secretary. The secretary advised that a quorum was present.

1. OPEN SESSION

2. Agenda

2.1. Declarations of Conflicts of Interest

No conflicts of interest were declared.

2.2. Approval of Agenda and Minutes

This item was considered by members of the Pension Investment Committee and Pension & Benefits Committee.

Elgee/Hua.

That the January 9, 2026 meeting agenda be approved. CARRIED.

2.3. Business Arising from the Minutes

There were no matters of business arising from the minutes of the previous meeting.

3. Policy

3.1. Review of SIPP

Sarah Hadley, Chief Financial Officer, provided an overview of the proposed changes, and addressed questions regarding benchmarking raised at the previous meeting.

Members continued discussions on benchmarks, and how risk for different asset classes impacted benchmarks. Members requested additional information on this topic at a future meeting.

As the item had been recommended for approval by the Pension Investment Committee, only Pension & Benefits Committee members considered the item.

Taylor/Thompson.

That the Pension & Benefits Committee recommend amendments to the Pension's Statement of Investment Policies and Procedures ("SIPP") be approved by the

Board of Governors, as presented. CARRIED.

3.2. Proposed Amendments to the RIP

Sarah Hadley, Chief Financial Officer, provided an overview of the proposed changes, and provided details of additional work undertaken since the last joint meeting of the Committees.

Members discussed the removal of exclusions to the policy from the current draft; how feedback from the greater university community would be used; plans for responding to investment managers who did not comply with the policy; and the potential to create separate policies for the pension plan and other university investments in the future.

Both members of the Pension Investment Committee and Pension & Benefits Committee were asked to consider the item.

Boyle/Hua (PIC) and Taylor/Askes (P&B)

That, contingent on successful review by the Finance & Investment Committee, the Pension Investment Committee and Pension & Benefits Committee recommend the Board of Governors approve the proposed amendments to the Responsible Investment Policy, as presented. CARRIED.

4. Other Business

4.1. Committee Review and Restructure

Genevieve Gauthier-Chalifour, University Secretary, spoke to the proposed draft terms of reference for a new Pension Committee. Members were also provided the draft terms of reference for a new Benefits Advisory Committee for information. Members were asked to consider endorsement of the draft Pension Committee terms of reference in advance of consideration by the Governance & Leadership Committee.

Members discussed concerns regarding the reasoning for creating a single committee; concerns about the frequency of meetings; and concerns regarding the changes to qualifications for membership and how this would impact employee group appointees. Members also discussed the timeline for the committee restructure and its relation to current conversations about the University Pension Plan.

The item will be presented again at a future meeting.

5. Adjournment

The meeting was adjourned at 4:00 p.m.

The next meetings of the committees will be held on March 4, 2026.

February 18, 2026

Melanie Figueiredo
Governance Officer

For Information**Open Session**

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee and Pension Investment Committee

From: Melanie Figueiredo, Governance Officer

RE: **4. Pension**

4.1 Pension Risk Management Dashboard, Q4 2025**Background:**

Linda Byron, Aon, will review the Pension Risk Management Dashboard for Q4 2025, presented for information.

Members will recall that this report is provided quarterly to both the Pension & Benefits Committee and Pension Investment Committee and is intended to track changes in the funded status of the Pension Plan and quantify risk to which the Pension Plan is exposed.

Documentation Provided:

- Pension Risk Management Dashboard, Q4 2025

Pension Risk Management Dashboard

University of Waterloo

As of December 31, 2025



About these Materials

This dashboard was prepared for the University of Waterloo to track changes in the funded status of the Pension Plan over successive reporting periods, as well as quantify the amount of risk to which the Pension Plan is exposed. The report presents the funded status and performs the analysis on three bases:

Risk-Free Benchmark Basis – This liability is calculated using best estimate assumptions for retirement, termination and other demographic experience, and discount rate and inflation assumptions determined with reference to the risk-free environment. For this report, the liability has been determined using the real return bond yield plus a 40 basis point credit spread to reflect the additional yield that can be achieved with relatively little additional risk. This liability differs from the solvency calculation in that the demographic assumptions are best estimate and statutory “grow-in” provisions are not included.

Going Concern Basis – This liability is calculated using the going concern assumptions at the most recent valuation. The analysis is performed using the market value of assets with a Provision for Adverse Deviation, as prescribed by the *Pension Benefits Act* (Ontario).

Solvency Basis – This liability is calculated using assumptions determined in accordance with the Canadian Institute of Actuaries Annuity Purchase guidance and Commuted Value standards in effect at each measurement date shown in this report. A summary of these assumptions is included on page 15.

This dashboard also contains a reconciliation that compares the going concern liability with the liability calculated using the risk-free benchmark. The difference between the two liabilities represents the amount of return expected to be provided by taking on risk in the investment portfolio. Over successive quarters the tool helps quantify how that risk changes as the underlying interest rates change.

On all bases the following information is shown:

- Current Funded Status and Historical Asset Liability Performance
 - How well funded is the plan?
 - What has been the return on plan assets and liabilities?
- Detailed Asset and Liability Performance Attribution
 - What factors drove the performance of assets and liabilities over the prior period?
 - What is the relative impact of these factors on the assets and liabilities in isolation and in combination?

Highlights

Over the Quarter:

- The fund had a rate of return after fees of 1.0%.
- Nominal risk-free rates increased.
- Inflation expectations implicit in the underlying bond yields marginally increased.

As a Result:

- The going concern funded position declined from a \$262.6 million surplus to a \$256.9 million surplus over the quarter. This was primarily due to lower than expected returns on fixed income assets.
- The risk-free deficit decreased from \$343.0 million to \$243.6 million over the quarter primarily due to a reduction in the Plan's liabilities caused by an increase in the risk-free rate.
- The solvency surplus increased from \$635.6 million to \$688.8 million over the quarter due to similar reasons as for the change in the risk-free position.

Highlights (cont'd)

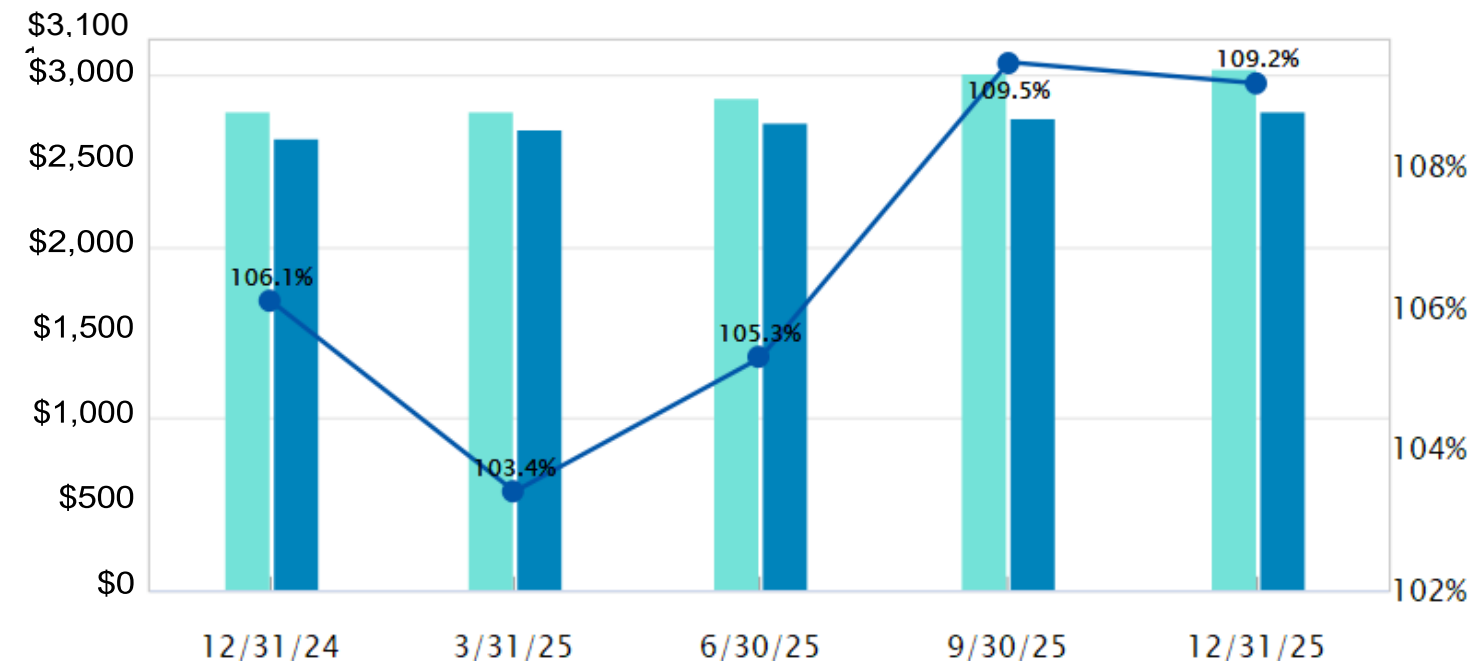
- The estimated December 31, 2025 liabilities are projected based on the final results of the most recent actuarial valuation of the Plan as at January 1, 2025.
- The December 31, 2024 liabilities shown are based on the January 1, 2024 actuarial valuation projected forward.
- The annuity purchase guidance educational note for valuations on or after December 31, 2025 (published as of February 2, 2026) has been reflected in the interest rates used to calculate the December 31, 2025 Solvency liabilities.
- The estimated transfer ratio has not decreased by 10% or more over the period; no Regulation 19 filing is required.
- All figures are in \$1,000,000 (CAD).



Executive Summary – Going Concern

Values in \$1,000,000 (CAD)

Funded Status



Highlights for the Quarter-Ending 12/31/25

The plan's funded ratio marginally decreased over the quarter. This result was primarily due to lower than expected returns from fixed income assets. The asset underperformance was partially offset by plan contributions being higher than the cost of benefits accruing.

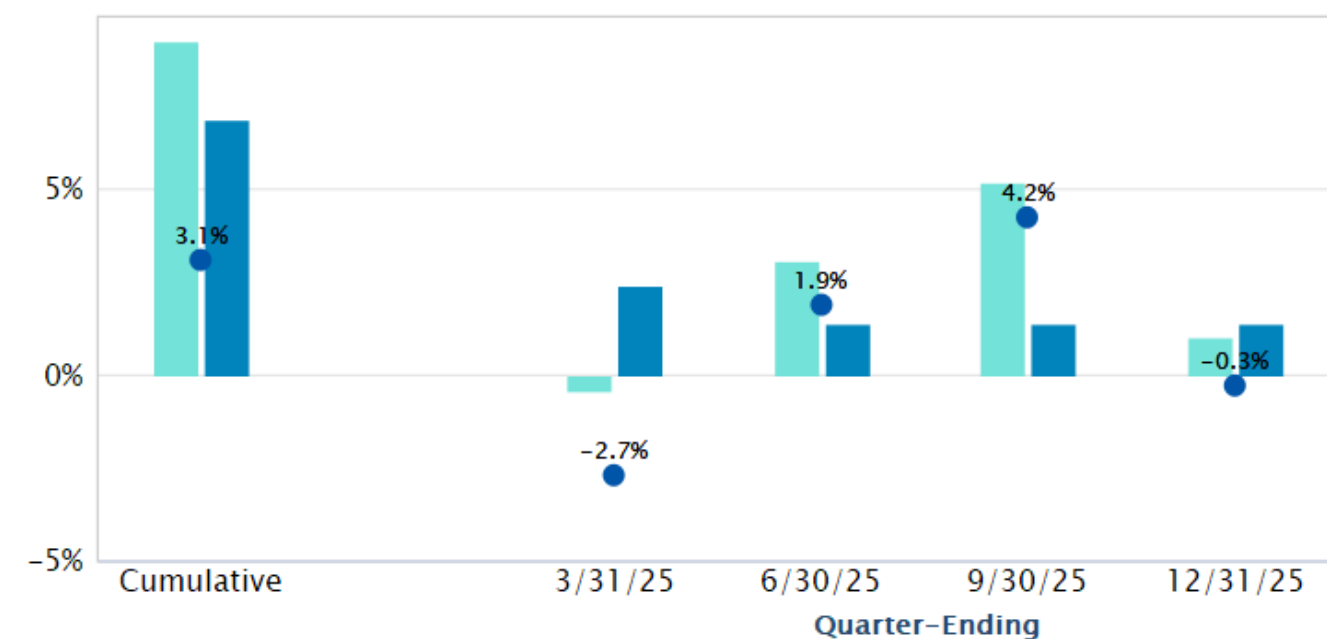
| | 12/31/24 | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
|-------------------------|------------|------------|------------|------------|------------|
| Market Value of Assets* | \$ 2,794.1 | \$ 2,782.2 | \$ 2,865.3 | \$ 3,013.9 | \$ 3,040.3 |
| Going Concern Liability | 2,634.4 | 2,690.5 | 2,720.1 | 2,751.3 | 2,783.4 |
| Surplus/(Deficit) | \$ 159.7 | \$ 91.7 | \$ 145.2 | \$ 262.6 | \$ 256.9 |
| Effective Interest Rate | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| Periodic Contributions* | \$ 31.3 | \$ 31.1 | \$ 30.8 | \$ 30.4 | \$ 30.4 |

Funded Ratio:

| | 12/31/24 | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
|--------------------------------|----------|----------|----------|----------|----------|
| Assets/Going Concern Liability | 106.1% | 103.4% | 105.3% | 109.5% | 109.2% |

* Includes employee and University contributions to end of quarter; excludes investment manager and consulting expenses not yet invoiced

Asset-Liability Return



Asset Liability Return for Quarter-Ending 12/31/25

Assets returned 1.0% during the quarter while liabilities returned 1.4%, resulting in a funded status decrease of 0.3%.

| Periodic Return/Change | Cumulative | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
|-------------------------------|------------|----------|----------|----------|----------|
| Market Value of Assets Return | 9.0% | -0.4% | 3.1% | 5.2% | 1.0% |
| Going Concern Liability: | | | | | |
| Return | 6.9% | 2.4% | 1.4% | 1.4% | 1.4% |
| Funded Ratio Change | 3.1% | -2.7% | 1.9% | 4.2% | -0.3% |

Asset-Liability Performance Attribution – Going Concern

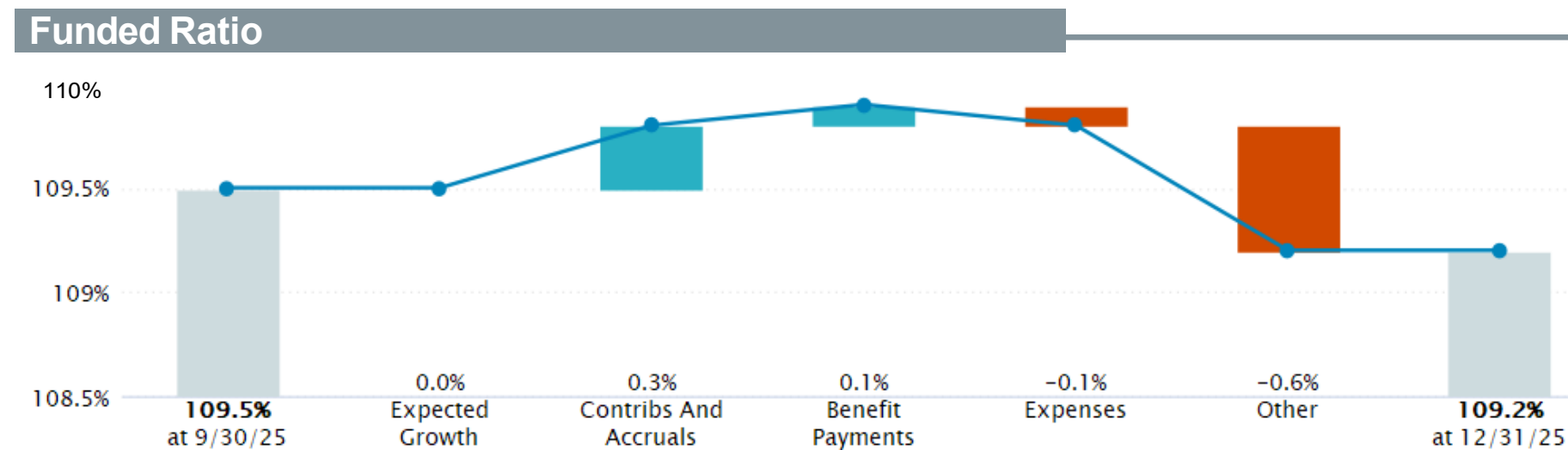
Values in \$1,000,000 (CAD)



- Overall, assets returned 1.0% during this quarter, as opposed to an expected growth assumption of about 1.5% per quarter. The underperformance was driven by increasing bond yields resulting in negative returns on bonds over the quarter.
- The University and members made \$30.4 million in contributions during the quarter and the trust paid \$29.9 million in benefits to the participants.
- “Other” represents the difference in the Plan’s asset performance relative to expectation.



- Liabilities were expected to grow by \$40.6 million due to interest cost during the quarter.
- New benefit accruals increased the liability by \$22.2 million during the quarter and paying Plan benefits decreased the liability by \$29.9 million during the quarter.

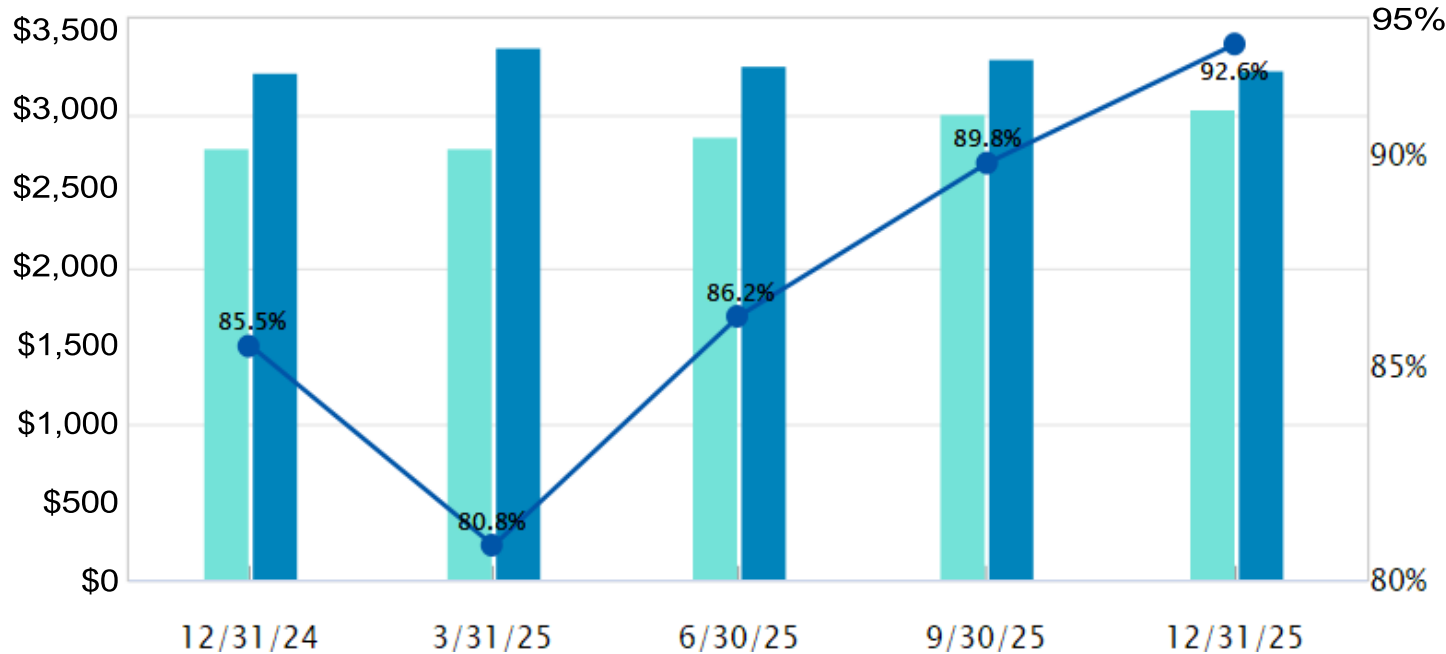


- Contributions exceeded benefit accruals over the quarter, resulting in a net increase of 0.3% in the Plan’s funded ratio.
- “Other” represents the impact of asset performance relative to the liabilities which resulted in a decrease in the Plan’s funded ratio of 0.6%.

Executive Summary – Risk Free

Values in \$1,000,000 (CAD)

Funded Status



Highlights for the Quarter-Ending 12/31/25

The plan's funded ratio increased to 92.6% at 12/31/25. This result was primarily due to a reduction in the Plan's liabilities caused by an increase in the risk-free rate. This was partially offset by lower than expected returns on the Plan's fixed income assets.

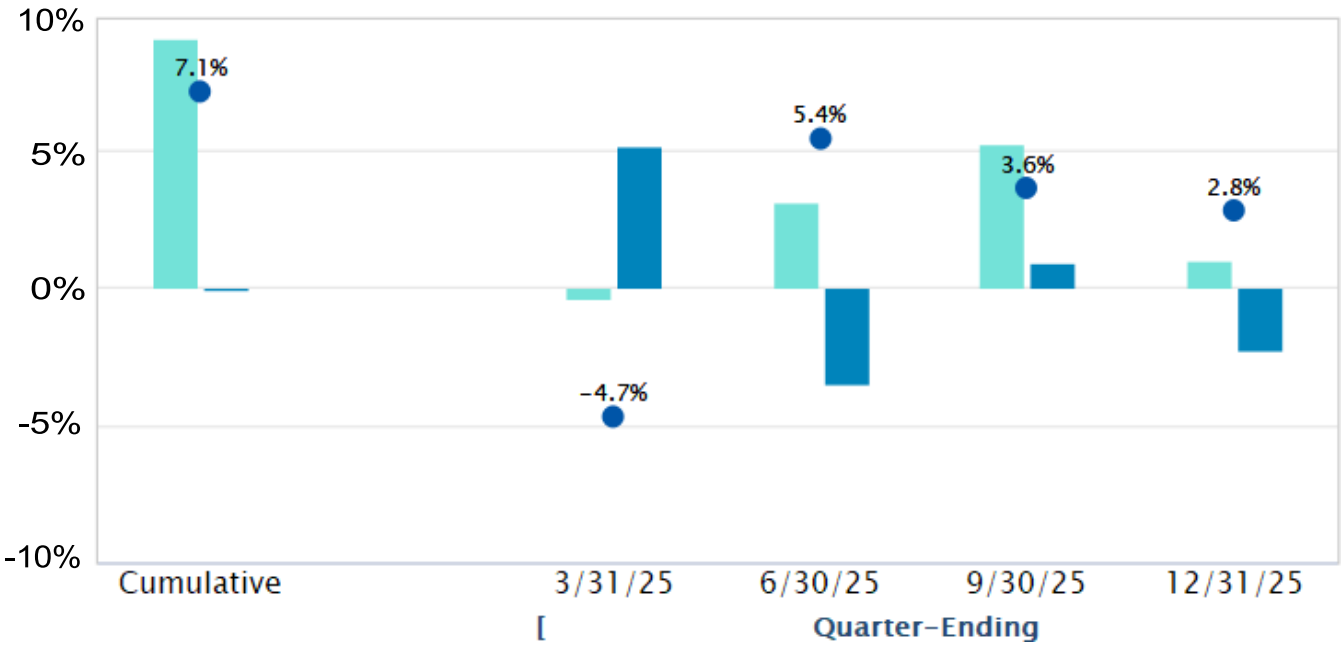
| | 12/31/24 | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
|-------------------------|------------|------------|------------|------------|------------|
| Market Value of Assets* | \$ 2,794.1 | \$ 2,782.2 | \$ 2,865.3 | \$ 3,013.9 | \$ 3,040.3 |
| Risk-Free Liability | 3,268.9 | 3,442.2 | 3,324.8 | 3,356.9 | 3,283.9 |
| Surplus/(Deficit) | \$ (474.8) | \$ (660.0) | \$ (459.5) | \$ (343.0) | \$ (243.6) |
| Discount Rate | 1.91% | 1.77% | 2.05% | 2.06% | 2.27% |
| Periodic Contributions* | \$ 31.3 | \$ 31.1 | \$ 30.8 | \$ 30.4 | \$ 30.4 |

Funded Ratio:

| | | | | | |
|----------------------------|-------|-------|-------|-------|-------|
| Assets/Risk-Free Liability | 85.5% | 80.8% | 86.2% | 89.8% | 92.6% |
|----------------------------|-------|-------|-------|-------|-------|

* Includes employee and University contributions to end of quarter; excludes investment manager and consulting expenses not yet invoiced

Asset-Liability Return



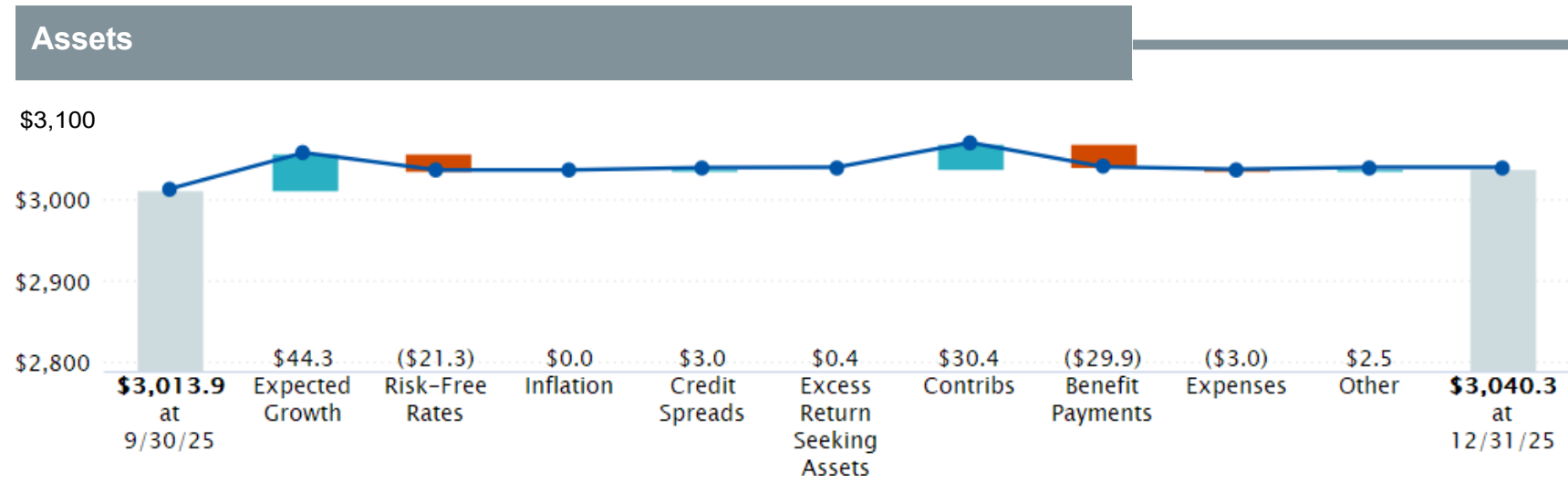
Asset Liability Return for Quarter-Ending 12/31/25

Assets returned 1.0% during the quarter while liabilities returned -2.3%, resulting in a funded status increase of 2.8%.

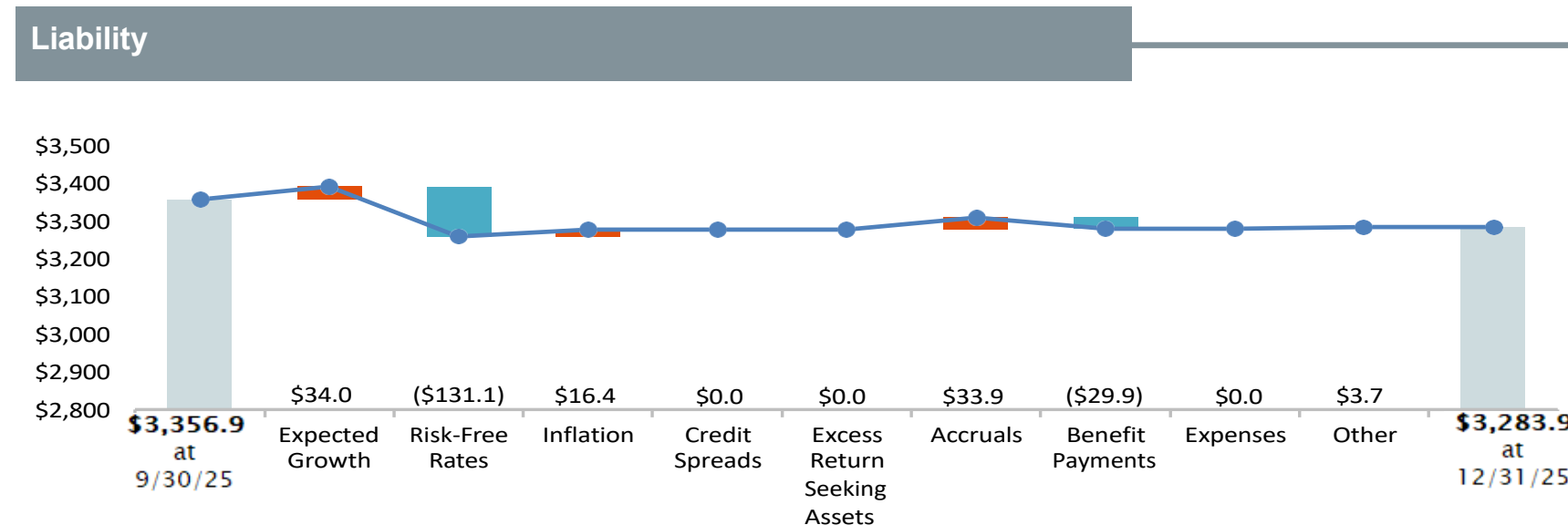
| Periodic Return/Change | Cumulative | 3/31/25 | 6/30/25 | 9/30/25 | 12/31/25 |
|-------------------------------|------------|---------|---------|---------|----------|
| Market Value of Assets Return | 9.0% | -0.4% | 3.1% | 5.2% | 1.0% |
| ABO: | | | | | |
| Return | -0.1% | 5.1% | -3.5% | 0.9% | -2.3% |
| Funded Ratio Change | 7.1% | -4.7% | 5.4% | 3.6% | 2.8% |

Asset-Liability Performance Attribution – Risk Free

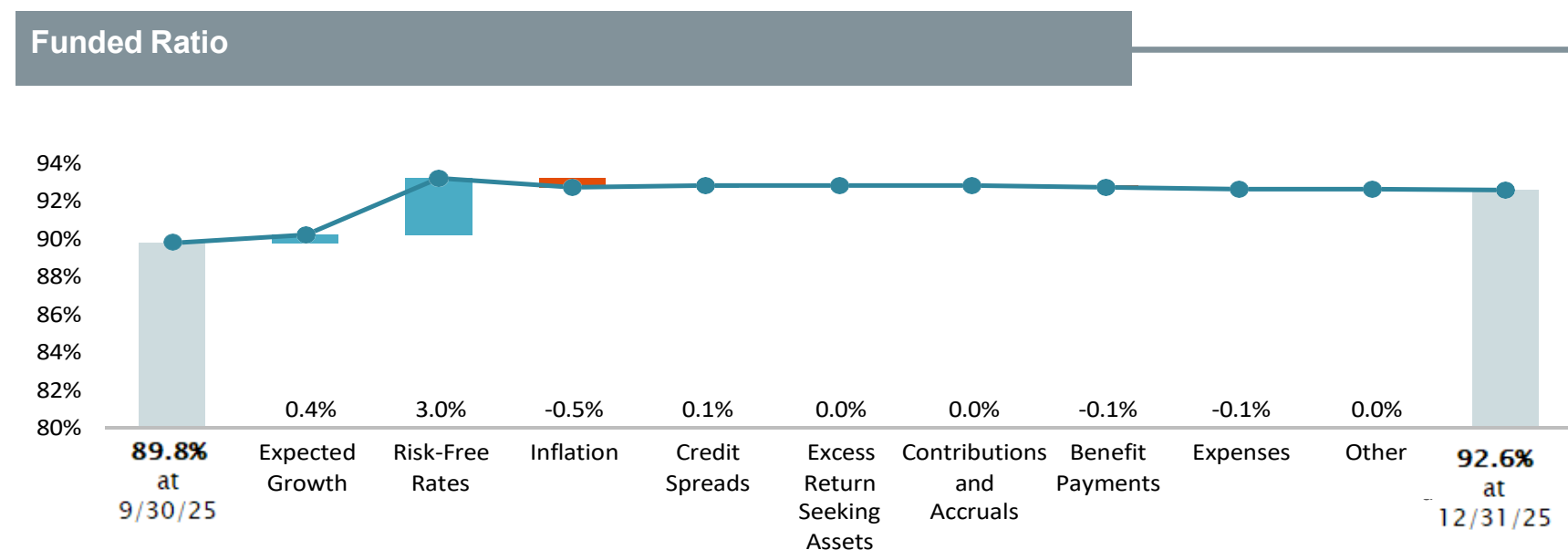
Values in \$1,000,000 (CAD)



- Overall, assets returned 1.0% during the quarter, as opposed to an expected growth assumption of about 1.5% per quarter.
- Increases in risk free rates, driven by increases in bond yields resulted in a reduction in the value of assets of \$21.3 million. Return seeking assets performed broadly in line with expectations.
- The University and members made \$30.4 million in contributions during the quarter and the trust paid \$29.9 million in benefits to the participants.
- “Other” includes the impact of active management, and differences between benchmark and actual investment allocations.



- Liabilities were expected to grow by \$34.0 million due to the interest cost during the quarter.
- An increase in the risk-free rate net of inflation led to a decrease of \$114.7 million in the Plan’s liabilities.
- New benefit accruals increased the liability by \$33.9 million during the quarter and paying Plan benefits decreased the liability by \$29.9 million during the quarter.

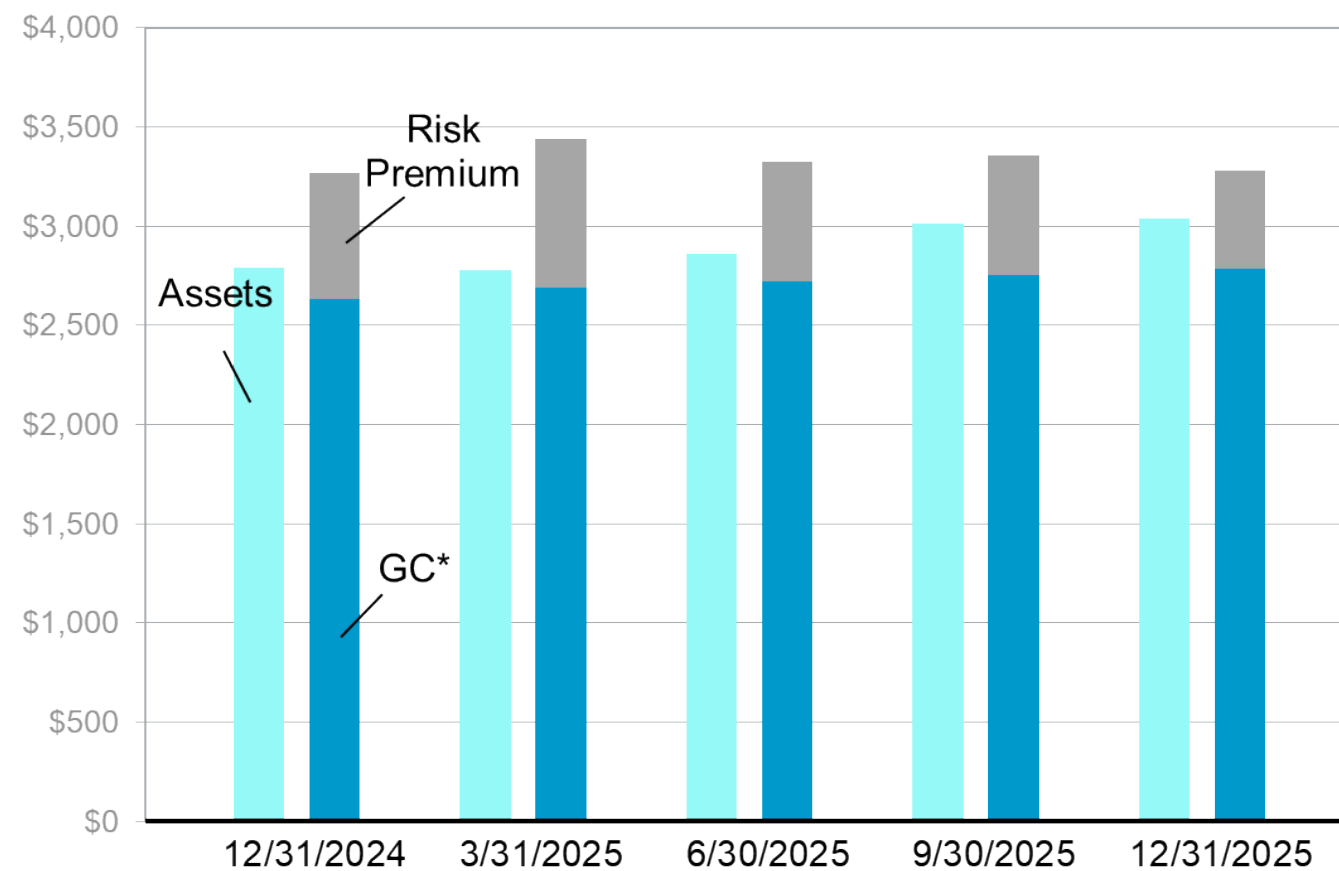


- The increase in risk-free rate used to measure liabilities combined with an increase in inflation expectations led to 2.5% increase in the Plan’s overall funding ratio on the risk-free basis. (3.0% increase due to increases in risk-free rates, offset by 0.5% decrease due to increasing inflation expectations.)
- The Plan’s funding ratio was expected to increase by 0.4% due to the expected return on assets being considerably higher than the risk-free rate used to value the liabilities.

Reconciliation of Risk-Free Benchmark and Going Concern Funded Status

Values in \$1,000,000 (CAD)

Funded Status



* Going Concern

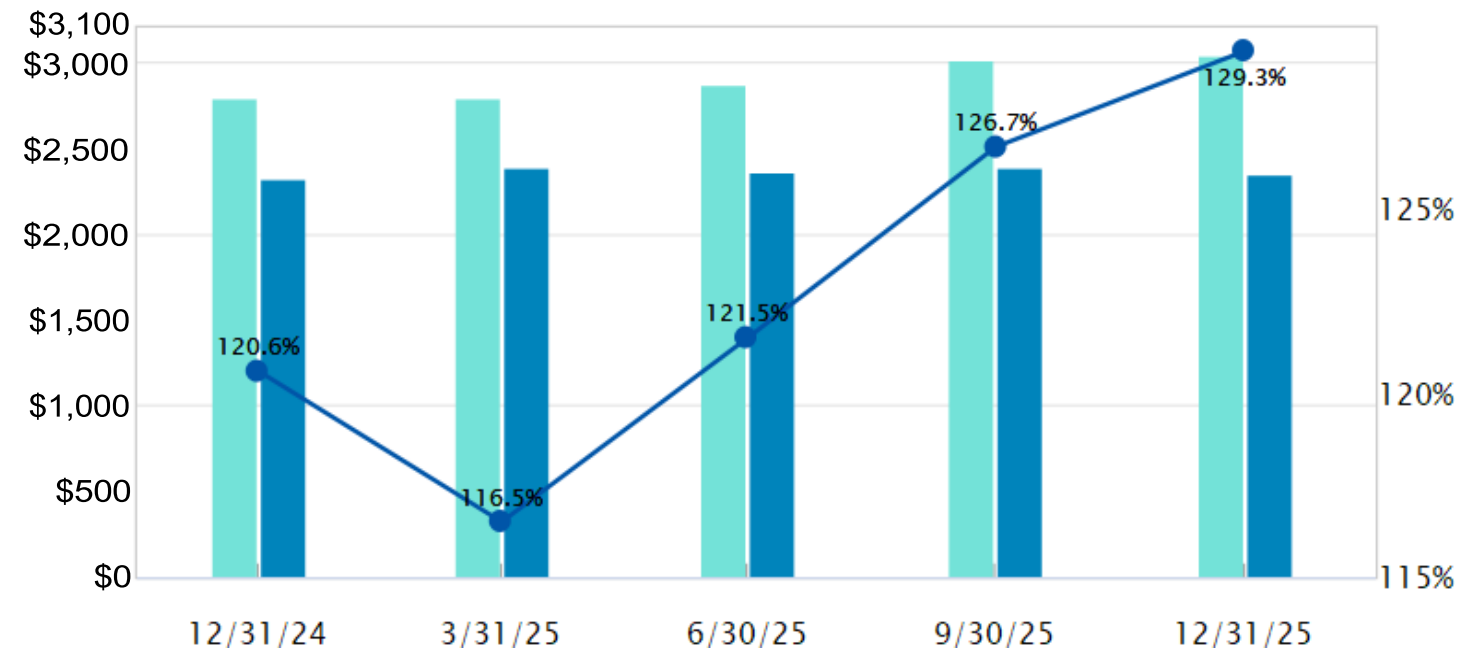
| | 12/31/24 | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Market Value of Assets | \$ 2,791.1 | \$ 2,782.2 | \$ 2,865.3 | \$ 3,013.9 | \$ 3,040.3 |
| Going Concern Liability | \$ 2,634.4 | \$ 2,690.5 | \$ 2,720.1 | \$ 2,751.3 | \$ 2,783.4 |
| Risk Premium | <u>634.5</u> | <u>751.7</u> | <u>604.7</u> | <u>605.6</u> | <u>500.5</u> |
| Risk-Free Liability | \$ 3,268.9 | \$ 3,442.2 | \$ 3,324.8 | \$ 3,356.9 | \$ 3,283.9 |

The difference between the Risk-Free Liability and the Going Concern Liability is a measure of the amount of risk premium on which the Pension Plan funding is based.

Executive Summary – Solvency

Values in \$1,000,000 (CAD)

Funded Status



Highlights for the Quarter-Ending 12/31/25

The plan's solvency ratio increased to 129.3% at 12/31/25. This result was primarily due to increases in bond yields which helped to reduce the value of the Plan's liabilities. This was partially offset by lower than expected returns on the Plan's fixed income assets

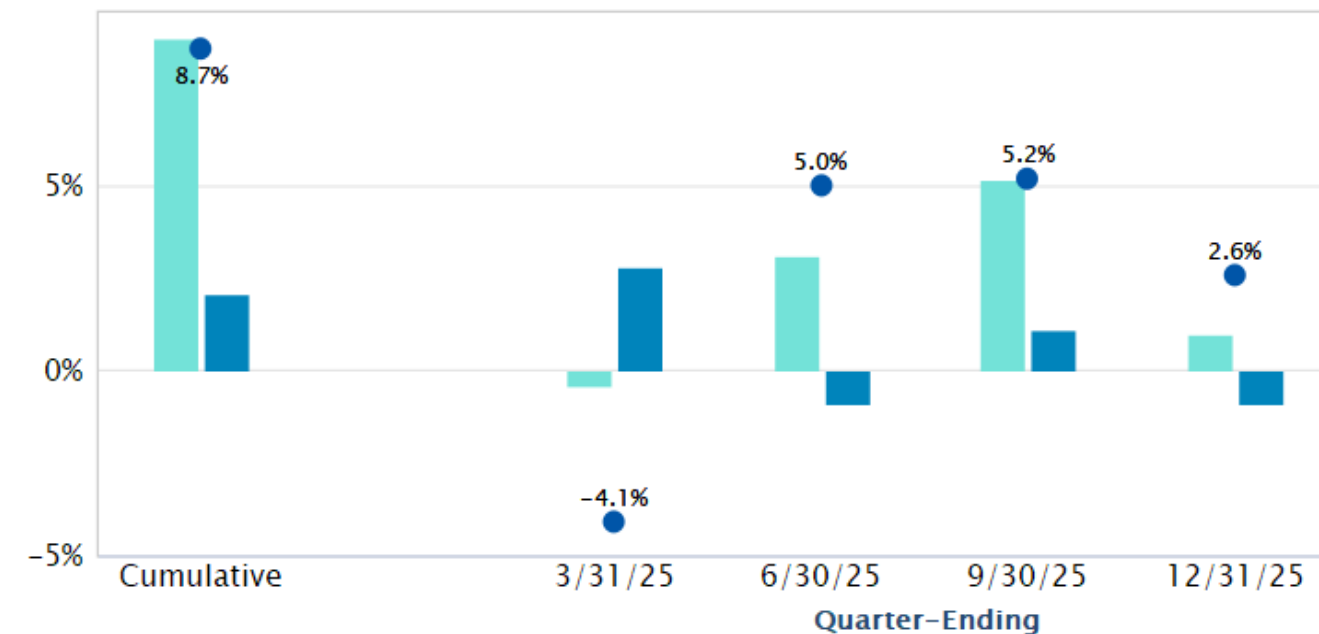
| | 12/31/24 | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
|-------------------------|------------|------------|------------|------------|------------|
| Market Value of Assets* | \$ 2,794.1 | \$ 2,782.2 | \$ 2,865.3 | \$ 3,013.9 | \$ 3,040.3 |
| Solvency Liability | 2,317.2 | 2,388.2 | 2,358.7 | 2,378.3 | 2,351.5 |
| Surplus/(Deficit) | \$ 476.9 | \$ 394.0 | \$ 506.6 | \$ 635.6 | \$ 688.8 |
| Effective Interest Rate | 4.56% | 4.46% | 4.63% | 4.64% | 4.81% |
| Periodic Contributions* | \$ 31.3 | \$ 31.1 | \$ 30.8 | \$ 30.4 | \$ 30.4 |

Funded Ratio:

| | | | | | |
|---------------------------|--------|--------|--------|--------|--------|
| Assets/Solvency Liability | 120.6% | 116.5% | 121.5% | 126.7% | 129.3% |
|---------------------------|--------|--------|--------|--------|--------|

* Includes employee and University contributions to end of quarter; excludes investment manager and consulting expenses not yet invoiced

Asset-Liability Return



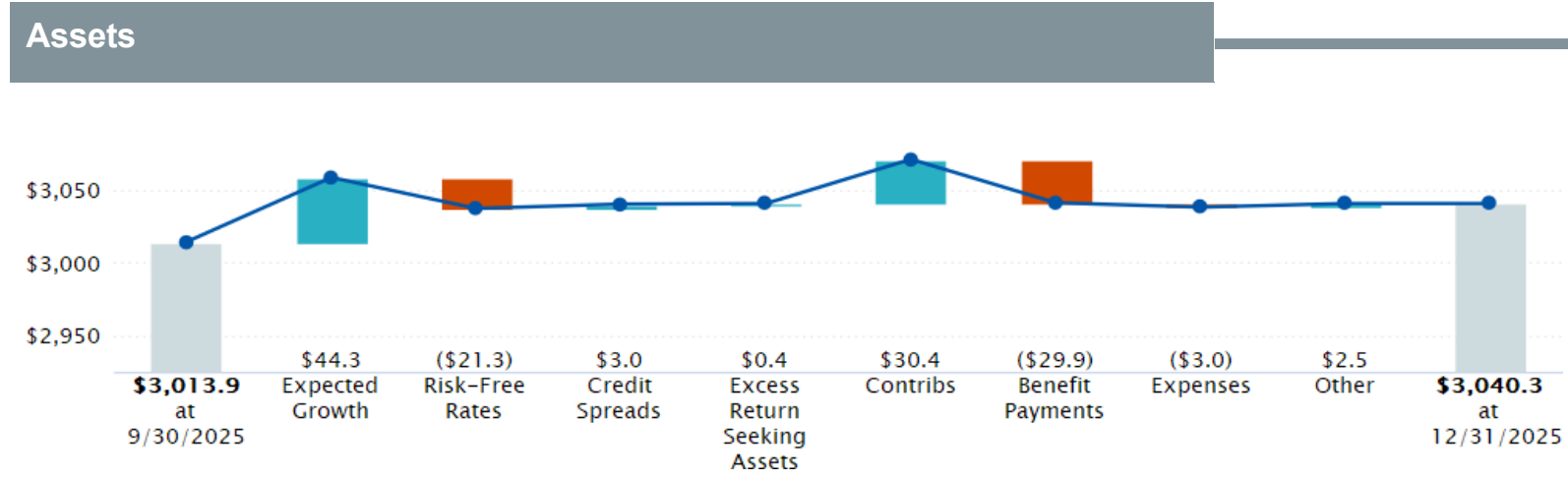
Asset Liability Return for Quarter-Ending 12/31/25

Assets returned 1.0% during the quarter while liabilities returned -0.9%, resulting in a funded status increase of 2.6%.

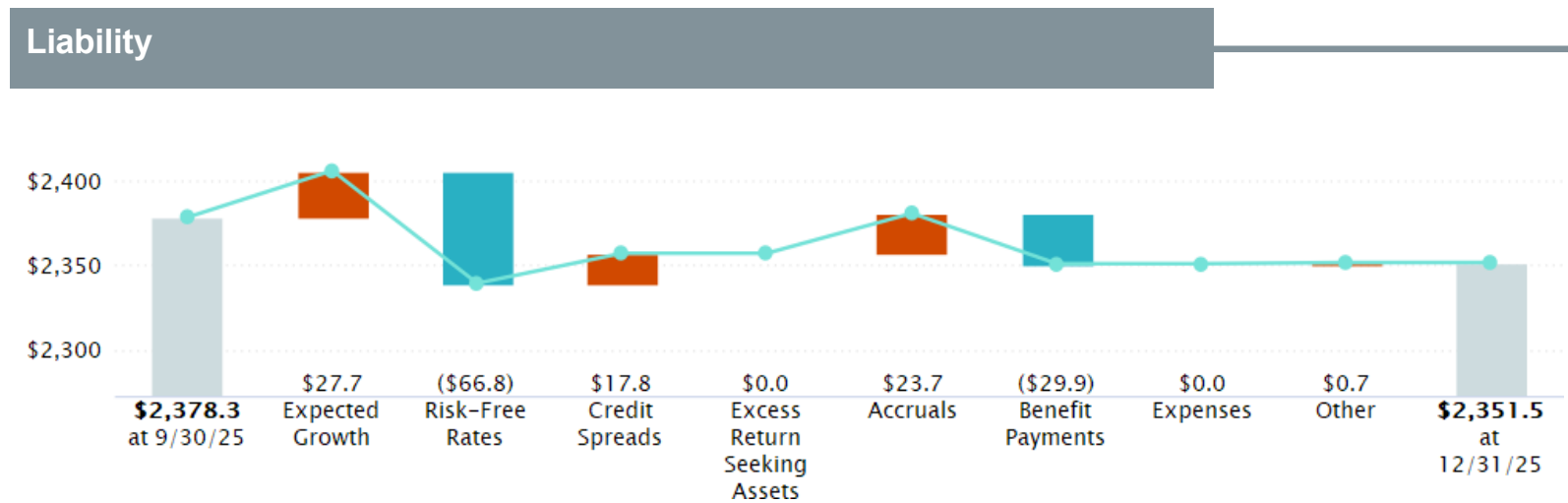
| Periodic Return/Change | Cumulative | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
|-------------------------------|------------|----------|----------|----------|----------|
| Market Value of Assets Return | 9.0% | -0.4% | 3.1% | 5.2% | 1.0% |
| Funded Liability: | | | | | |
| Return | 1.4% | 2.8% | -0.9% | 1.1% | -0.9% |
| Solvency Ratio Change | 9.7% | -4.1% | 5.0% | 5.2% | 2.6% |

Asset-Liability Performance Attribution – Solvency

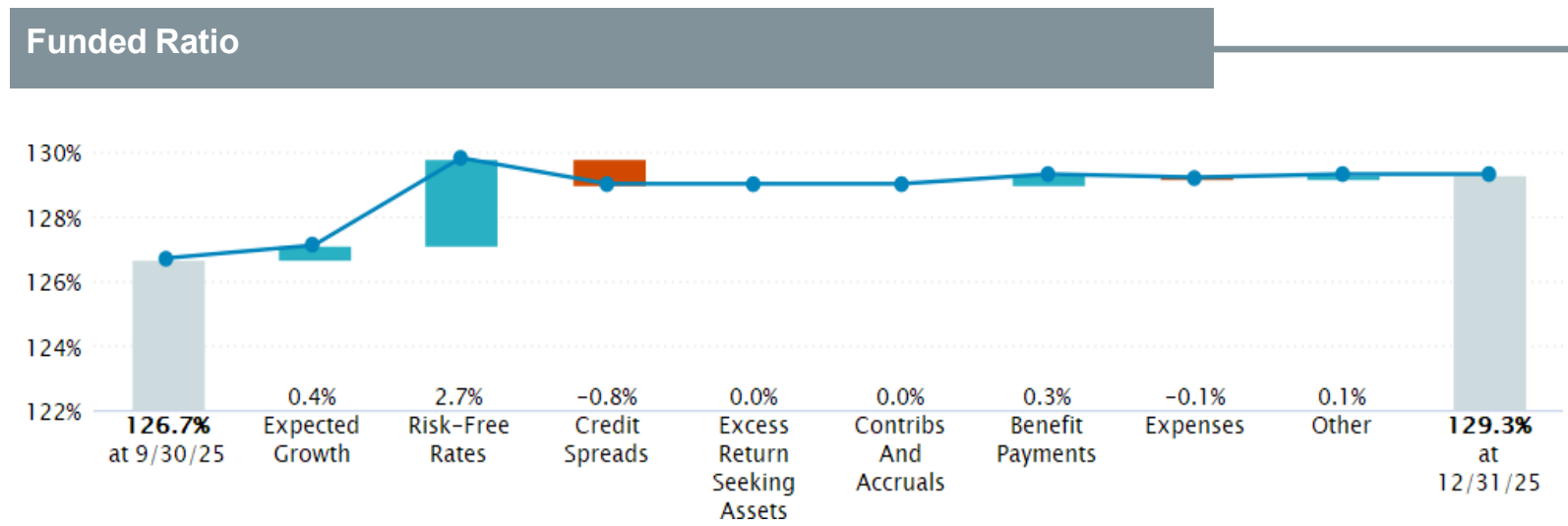
Values in \$1,000,000 (CAD)



- Overall, assets returned 1.0% during the quarter.
- Increases in risk free rates, driven by increases in bond yields resulted in a reduction in the value of assets of \$21.3 million. Return seeking assets performed broadly in line with expectations.
- The University and members made \$30.4 million in contributions during the quarter and the trust paid \$29.9 million in benefits to the participants.
- “Other” includes the impact of active management, and differences between benchmark and actual investment allocations.



- Liabilities were expected to grow by \$27.7 million due to interest cost during the quarter.
- Increases in risk-free rates, resulted in a net decrease of \$66.8 million.
- New benefit accruals increased the liability by \$23.7 million during the quarter and paying Plan benefits decreased the liability by \$29.9 million during the quarter.



- The difference in exposure to risk-free rates between assets and liabilities combined with changes in risk-free rates resulted in an increase in solvency ratio of 2.7%.
- The difference in exposure to credit spreads between assets and liabilities combined with changes in credit spreads resulted in a decrease in funded ratio of 0.8%.
- Return-seeking assets performed broadly as expected, having no effect on the plans' funded ratio during the period.

Appendix



Plan Provisions & Membership Data



The Plan provisions and membership data are outlined in the Actuarial Valuation as at January 1, 2025.

Actuarial Methods & Assumptions

Our analysis of the estimated financial position of the Pension Plan is based on the following:

| | 12/31/24 | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
|--|---------------|---------------|---------------|---------------|---------------|
| Going Concern | | | | | |
| Discount Rate | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| Inflation | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Salary Increase | 4.00% | 4.00% | 4.00% | 4.00% | 4.00% |
| PfAD | 9.60% | 10.10% | 10.10% | 10.10% | 10.10% |
| Mortality | CPM2014Public | CPM2014Public | CPM2014Public | CPM2014Public | CPM2014Public |
| Asset – Interest Rate Sensitivity | 1.6 | 1.5 | 1.5 | 1.5 | 1.4 |
| Liability – Interest Rate Sensitivity | 13.4 | 13.4 | 13.4 | 13.4 | 13.4 |
| Risk-Free Benchmark | | | | | |
| Discount Rate (Net of inflation) | 1.91% | 1.77% | 2.05% | 2.06% | 2.27% |
| Liability – Interest Rate Sensitivity | 16.3 | 16.3 | 16.3 | 16.3 | 16.3 |
| Solvency | | | | | |
| Annuity Purchase Interest Rate | 4.72% | 4.59% | 4.74% | 4.69% | 4.90% |
| Effective Date of Annuity Purchase Guidance Used | 12/31/24 | 03/31/25 | 06/30/25 | 09/30/25 | 12/31/25 |
| Lump Sum Value Interest Rate (Years 1-10) ¹ | 3.90% | 3.70% | 3.80% | 3.50% | 3.70% |
| Lump Sum Value Interest Rate (Years 10+) ¹ | 4.60% | 4.80% | 5.00% | 5.10% | 5.20% |
| Mortality ² | CPM2014 | CPM2014 | CPM2014 | CPM2014 | CPM2014 |
| Liability – Interest Rate Sensitivity | 12.8 | 12.3 | 12.3 | 12.3 | 12.3 |
| Underlying Canadian Reference Data | | | | | |
| CANSIM v39054 (7 Year) | 3.07% | 2.78% | 3.01% | 2.87% | 3.11% |
| CANSIM v39056 (30 Year Long Term) | 3.33% | 3.23% | 3.56% | 3.61% | 3.85% |
| CANSIM v39057 (30 Year Real Return) | 1.51% | 1.37% | 1.65% | 1.66% | 1.87% |
| CANSIM v39062 (Over 10 Years) | 3.32% | 3.19% | 3.54% | 3.54% | 3.80% |

¹ Lump Sum Value Interest Rates are based on rates in effect on the first day of the month following quarter end (i.e., January 1st, April 1st, July 1st and October 1st).

² With improvement scale MI-2017 for Going Concern and Risk Free and CPM-B for Solvency.

All other assumptions and methods are the same as those shown in the Actuarial Valuation Results presentation as of January 1, 2025. For the Risk-Free Benchmark basis, all other assumptions and methods are the same as those used for the Going Concern basis.

Actuarial Attestation

This document is intended to provide the University of Waterloo with a summary of the performance of the Pension Plan as of December 31, 2025.

This analysis is intended to assist the University of Waterloo with a review of the associated issues and options, and its use may not be appropriate for other purposes. This analysis has been prepared solely for the benefit of the University of Waterloo. Any further dissemination of this report is not permitted without the prior written consent of Aon.

In conducting the analysis, we have relied on plan design, demographic and financial information provided by other parties, including the plan sponsor. While we cannot verify the accuracy of all the information, the supplied information was reviewed for consistency and reasonableness. As a result of this review, we have no reason to doubt the substantial accuracy or completeness of the information and believe that it has produced appropriate results.

Experience different than anticipated could have a material impact on the ultimate costs of the benefits. In addition, changes in plan provisions or applicable laws could have a substantial impact on cost. Actual experience may differ from our modeling assumptions.

Aon
February 2026

Asset Allocation and Benchmarking

| Asset Class | 12/31/25 |
|--|-----------------|
| Alternatives | |
| • FTSE EPRA NAREIT DEVELOPED Total Return Index USD | 4.66% |
| • MSCI USA Infrastructure Index | 8.37% |
| Fixed Income | |
| • CAN FTSE/TMX Long – CAD (CAD) | 25.34% |
| Equities | |
| • MSCI World Index | 51.58% |
| • S&P TSX | 7.17% |
| Private Debt | |
| • SPBDAL – S&P/LSTA Leveraged Loan USD (All Loans) (USD) | 2.88% |
| Total | 100.0% |

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For Information

Open Session

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee and Pension Investment Committee

From: Melanie Figueiredo, Governance Officer

RE: **4. Pension**

4.2 Pension Investment Performance Report, Q4 2025

Background:

Jason Campbell (Eckler) will provide an overview of the performance report for the fourth quarter of 2025.

The Investment Performance report is provided quarterly for the information of both the Pension & Benefits Committee and Pension Investment Committee is intended to track the performance of pension investments.

Documentation Provided:

- Investment Performance Review – Q4, 2025



University of Waterloo Pension Plan

Investment Performance Review

Pension & Benefit Committee

Fourth Quarter 2025

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ECKLER

| | Page No. |
|-----------------------|----------|
| Executive Summary | 3 |
| Performance Summary | 8 |
| Review of Fund Assets | 13 |
| Appendix | 15 |



Executive Summary

Performance

- The Pension Plan returned 1.0% over the quarter, outperforming the benchmark return but ranking below the median of the Eckler DB Pension Client Universe.
- Over the 4-year period ending December 31, 2025, the Pension Plan returned 5.8%, lagging its benchmark by 1.4%. The Pension Plan has underperformed its benchmark over all annualized periods reviewed, except for the most recent quarter on a gross return basis. The Pension Plan has also underperformed the CPI + 3.5% target over the 4-year period reviewed ending December 31, 2025.

SIP&P and Compliance

- The SIP&P was last updated and approved effective November 1, 2024. The SIP&P was reviewed in Q4 2025 and is expected to be approved by the Board of Governors effective March 1, 2026 .
- As of December 31, 2025, IFM, CBRE, Walter Scott, PH&N, Mirova and TDGIS claimed compliance with the SIP&P. As of December 31, 2025, the asset allocation for the Pension Plan was compliant with the SIP&P. No rebalancing is required.

Real Assets Structure

- With the global equity structure review completed, we recommend a review of the real assets allocation. The review may consider the Plan's current publicly traded holdings (XRE, BIP.UN and BEP.UN) versus private investment options. This review should be assessed for inclusion in the committee's workplan and be in alignment with the University and committee priorities and resources.

Investment Managers

- A number of personnel updates occurred during the quarter but none raise concern with the underlying managers / strategies.

Sources of Performance (Most Recent Quarter)

Passive Funds:

- The TD Emerald Canadian Equity fund returned 6.2% during the quarter, tracking the S&P/TSX Composite return.
- The TD Emerald Pooled U.S. fund returned 1.1% during the quarter, tracking the S&P 500 (\$C) return.
- The TD All Country World Equity fund returned 1.6% during the quarter, tracking the MSCI ACWI ex-Canada (\$C) return.
- The TD Emerald International Equity Index fund returned 3.3% during the quarter, tracking the MSCI EAFE Index (\$C) return.
- The TD Canadian Long Bond Broad Market Index fund returned -1.3% during the quarter, tracking the FTSE Canada Long Bond Index return.

Active Funds:

- The TD Active Short Term Corporate fund returned 0.5% during the quarter, underperforming its benchmark's return.
- The RBC Global Focus Equity Fund returned -0.1% during the quarter, underperforming the MSCI ACWI Index (\$C) return of 1.8% by 1.9%.
- The Mirova Global Sustainable Equity Fund returned 1.6% during the quarter, underperforming the MSCI ACWI Index (\$C) return of 1.8% by 0.2%.
- The Walter Scott Global Equity Fund returned -0.7% during the quarter, underperforming the MSCI World Index (\$C) return of 1.6% by 2.3%.
- The IFM Global Infrastructure Fund returned 2.5% (\$CAD) during the quarter, outperforming its benchmark return of 1.3% by 1.2%.
- The CBRE Global Alpha Real Estate fund returned (\$CAD, as of Q3 2025) 2.9%, underperforming its benchmark return of 3.0% by 0.1%.

Sources of Performance (Most Recent Quarter)

Public Real Assets:

- The iShares S&P/TSX Capped REIT Index ETF returned -3.3% during the quarter, underperforming its benchmark's return of -2.0% by 1.3%.
- Brookfield Infrastructure Partners L.P. (BIP.UN) returned 5.3% during the quarter, outperforming its benchmark return of -0.5% by 5.8%.
- Brookfield Renewable (BEP.UN) returned 4.8% during the quarter, underperforming its benchmark return of -0.5% by 5.3%.

Total Fees (Estimated as of December 31, 2025)

| Manager | Mandate | Market Values as of December 31, 2025 | Quarterly Fee (\$) | Quarterly Fee (%) | Annual Fee (%) |
|---------------|-----------------------------------|---------------------------------------|--------------------|-------------------|----------------|
| TDGIS | Passive Fixed Income and Equities | 1,583,940,834 | 91,572 | 0.01% | 0.02% |
| TDGIS | Active Fixed Income | 93,578,352 | 40,092 | 0.04% | 0.17% |
| RBC/PH&N* | Active Global Equities | 132,206,845 | 172,483 | 0.13% | 0.52% |
| Mirova | Active Global Equities | 137,401,963 | 188,928 | 0.14% | 0.55% |
| Walter Scott* | Active Global Equities | 486,413,961 | 608,017 | 0.13% | 0.50% |
| IFM | Global Infrastructure | 99,954,298 | 192,412 | 0.19% | 0.77% |
| CBRE** | Global Real Estate | 74,010,304 | 83,262 | 0.11% | 0.45% |
| Northleaf*** | Private Debt | 60,337,754 | 128,218 | 0.21% | 0.85% |
| SoundPoint | Private Debt | 27,341,474 | 85,442 | 0.31% | 1.25% |
| UW | Managed Account | 322,724,614 | n/a | n/a | n/a |
| UW | Operating Account | 22,345,504 | n/a | n/a | n/a |
| Total | | 3,040,255,905 | 1,590,425 | 0.05% | 0.21% |

*Actual PH&N fees might be lower than the fees estimated above as UW benefits from an aggregation discount. The aggregation discount for Walter Scott is reflected in the table above.

**CBRE offers a 0.05% discount for Eckler clients (aggregation discount). The fund's standard fee is 0.50%.

*** Includes capital calls that occurred on April 1, 2025 for USD \$29 million and on July 2, 2025 for USD \$13.75 million.

Performance fees with hurdles and catch-up considerations for IFM, Northleaf, and SoundPoint are not taken into consideration in this table. Performance fees are as follows:

- IFM: 10% over an 8% hurdle rate
- Northleaf: 10% over a 5% hurdle rate
- SoundPoint: 12.5% over a 5% hurdle rate

Note that IFM, CBRE, SoundPoint, Northleaf, and Mirova fees are netted.

Market values exclude amount remaining in the Trilogy account.



Performance Summary

Performance Summary (Net of Fees)

| Fund | Net Annualized Rate of Return (%) as of December 31, 2025 and Percentile Rank | | | | | | | | | |
|--|---|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|
| | MRQ | | YTD | | 1 Year | | 4 Years | | 10 Years | |
| Total Fund | 0.9 | 72 | 8.8 | 77 | 8.8 | 77 | 5.6 | 83 | 7.1 | 76 |
| Total Fund Benchmark ¹ | 0.8 | 77 | 11.0 | 52 | 11.0 | 52 | 7.2 | 40 | 8.0 | 50 |
| CPI + 3.5% ² | 0.9 | 73 | 5.9 | 94 | 5.9 | 94 | 7.0 | 47 | 6.2 | 95 |
| Value Added (Total Fund Benchmark) | 0.1 | | -2.2 | | -2.2 | | -1.6 | | -0.9 | |
| Value Added (CPI + 3.5%) | 0.0 | | 2.9 | | 2.9 | | -1.4 | | 0.9 | |
| Passive Equities | | | | | | | | | | |
| TD Emerald Canadian Equity Index ³ | 6.2 | 37 | 31.6 | 24 | 31.6 | 24 | 13.9 | 33 | 12.6 | 35 |
| S&P/TSX Composite Index | 6.3 | 37 | 31.7 | 24 | 31.7 | 24 | 13.9 | 32 | 12.7 | 33 |
| Value Added | -0.1 | | -0.1 | | -0.1 | | 0.0 | | -0.1 | |
| TD Emerald Pooled U.S. Fund | 1.1 | 44 | 12.3 | 36 | 12.3 | 36 | 13.4 | 39 | 14.6 | 35 |
| S&P 500 (\$C) | 1.1 | 44 | 12.4 | 36 | 12.4 | 36 | 13.4 | 39 | 14.7 | 34 |
| Value Added | 0.0 | | -0.1 | | -0.1 | | 0.0 | | -0.1 | |
| TD All Country World Equity Index | 1.6 | 48 | 16.4 | 39 | 16.4 | 39 | 11.8 | 34 | --- | --- |
| MSCI ACWI ex-Canada Index (Net - \$C) | 1.6 | 48 | 16.2 | 39 | 16.2 | 39 | 11.6 | 36 | 11.6 | 40 |
| Value Added | 0.0 | | 0.2 | | 0.2 | | 0.2 | | --- | |
| TD Emerald International Equity Index | 3.3 | 46 | 25.0 | 49 | 25.0 | 49 | 10.6 | 41 | 8.1 | 70 |
| MSCI EAFE Index (Net - \$C) | 3.3 | 45 | 25.1 | 49 | 25.1 | 49 | 10.6 | 42 | 8.0 | 72 |
| Value Added | 0.0 | | -0.1 | | -0.1 | | 0.0 | | 0.1 | |
| Active Equities | -0.3 | 81 | 5.7 | 89 | 5.7 | 89 | 6.1 | 81 | 9.3 | 87 |
| Global Equity Benchmark ⁶ | 1.8 | 47 | 16.6 | 38 | 16.6 | 38 | 11.6 | 37 | 11.8 | 35 |
| Value Added | -2.1 | | -10.9 | | -10.9 | | -5.5 | | -2.5 | |
| Walter Scott Global Equity | -0.8 | 90 | 3.9 | 96 | 3.9 | 96 | 6.2 | 81 | 10.9 | 43 |
| MSCI World Index (Net - \$C) | 1.6 | 48 | 15.4 | 43 | 15.4 | 43 | 12.1 | 32 | 12.0 | 33 |
| Value Added | -2.4 | | -11.5 | | -11.5 | | -5.9 | | -1.1 | |
| RBC Global Focus Equity ⁴ | -0.2 | 77 | 11.1 | 67 | 11.1 | 67 | 5.5 | 87 | 11.5 | 33 |
| Mirova Global Sustainable Equity ^{4*} | 1.4 | 49 | 9.4 | 76 | 9.4 | 76 | 6.5 | 75 | 11.6 | 27 |
| MSCI ACWI Index (Net - \$C) | 1.8 | 47 | 16.6 | 38 | 16.6 | 38 | 11.7 | 36 | 11.6 | 40 |
| Value Added (RBC Global Focus Equity) | -2.0 | | -5.5 | | -5.5 | | -6.2 | | -0.1 | |
| Value Added (Mirova Global Sustainable Equity) | -0.4 | | -7.2 | | -7.2 | | -5.2 | | 0.0 | |

*Beginning Q3 2023, the fees were charged directly to the investment vehicle

Please refer to Appendix C for the applicable notes.

As a component of the Total Fund Benchmark, the MSCI Global Property Fund Index Q4 2025 return is not yet available at the time this report is produced. A 0% return has been assumed.

Performance Summary (Net of Fees)

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| Fund | Net Annualized Rate of Return (%) as of December 31, 2025 and Percentile Rank | | | | | | | | | |
|--|---|-----|------------|-----|------------|-----|------------|-----|------------|-----|
| | MRQ | | YTD | | 1 Year | | 4 Years | | 10 Years | |
| Fixed Income | -1.1 | | 0.1 | | 0.1 | | 0.7 | | 1.9 | |
| TDAM Canadian Long Bond Broad Market Index | -1.3 | 72 | -0.7 | 66 | -0.7 | 66 | -3.6 | 91 | 1.3 | 90 |
| FTSE Canada Long Bond Index | -1.4 | 78 | -0.7 | 83 | -0.7 | 83 | -3.7 | 92 | 1.3 | 90 |
| Value Added (Fixed Income) | 0.3 | | 0.8 | | 0.8 | | 4.4 | | 0.6 | |
| Value Added (TDAM Canadian Long Bond Index) | 0.1 | | 0.0 | | 0.0 | | 0.1 | | 0.0 | |
| TDAM Active Short Term Corporate | 0.5 | 11 | 4.5 | 18 | 4.5 | 18 | 3.3 | 24 | 2.7 | 26 |
| FTSE Canada Short Term Corporate Bond Index | 0.6 | 2 | 4.8 | 13 | 4.8 | 13 | 3.5 | 23 | 2.9 | 24 |
| Value Added | -0.1 | | -0.3 | | -0.3 | | -0.2 | | -0.2 | |
| Real Estate⁵ | | | | | | | | | | |
| iShares S&P/TSX Capped REIT Index ETF | -3.3 | --- | 8.9 | --- | 8.9 | --- | -2.8 | --- | 5.5 | --- |
| FTSE EPRA NAREIT Developed (\$C) | -2.0 | --- | 5.5 | --- | 5.5 | --- | 0.7 | --- | 4.1 | --- |
| Value Added | -1.3 | | 3.4 | | 3.4 | | -3.5 | | 1.4 | |
| Real Estate⁵ (Lagged) | | | | | | | | | | |
| CBRE Global Alpha - Net (\$C)* | 2.9 | --- | 1.5 | --- | 5.0 | --- | 3.5 | --- | 6.0 | --- |
| CBRE Global Alpha - Net (Local \$)* | 0.9 | --- | 0.7 | --- | 1.8 | --- | 1.7 | --- | 5.6 | --- |
| MSCI Global Property Fund Index (\$C)* | 3.0 | --- | 5.5 | --- | 7.3 | --- | 2.4 | --- | 4.9 | --- |
| Value Added (\$C) | -0.1 | | -4.0 | | -2.3 | | 1.1 | | 1.1 | |
| Infrastructure⁵ | | | | | | | | | | |
| IFM Global Infrastructure Fund - Net (\$C) | 2.5 | --- | 9.4 | --- | 9.4 | --- | 9.1 | --- | 10.4 | --- |
| OECD Total CPI +5% | 1.3 | --- | 8.6 | --- | 8.6 | --- | 11.1 | --- | 9.1 | --- |
| Canadian CPI +5% | 1.3 | --- | 7.5 | --- | 7.5 | --- | 8.6 | --- | 7.8 | --- |
| Value Added (IFM Global Infrastructure Fund) | 1.2 | | 0.8 | | 0.8 | | -2.0 | | 1.3 | |
| Brookfield Infrastructure Partners L.P. (BIP.UN) | 5.3 | --- | 10.1 | --- | 10.1 | --- | 3.2 | --- | 14.1 | --- |
| Brookfield Renewable (BEP.UN) | 4.8 | --- | 23.2 | --- | 23.2 | --- | --- | --- | --- | --- |
| FTSE Global Core Infrastructure 50/50 Index (\$C) | -0.5 | --- | 9.9 | --- | 9.9 | --- | 8.1 | --- | 8.5 | --- |
| Value Added (Brookfield Infrastructure Partners L.P. (BIP.UN)) | 5.8 | | 0.2 | | 0.2 | | -4.9 | | 5.6 | |
| Value Added (Brookfield Renewable (BEP.UN)) | 5.3 | | 13.3 | | 13.3 | | --- | | --- | |
| Private Debt (Lagged) | | | | | | | | | | |
| SoundPoint U.S. Direct Lending III*,** | 4.8 | --- | -5.8 | --- | 15.2 | --- | --- | --- | --- | --- |
| Northleaf Senior Private Credit (Levered) * | 3.5 | --- | 2.1 | --- | 11.6 | --- | 12.1 | --- | --- | --- |
| SOFR + 4% | 4.1 | --- | 2.9 | --- | 11.9 | --- | 10.5 | --- | --- | --- |
| Value Added (SoundPoint (\$C)) | 0.7 | | -8.7 | | 3.3 | | --- | | --- | |
| Value Added (Northleaf (\$C)) | -0.6 | | -0.8 | | -0.3 | | 1.6 | | --- | |

*Returns as of Q3 2025, Q4 2025 returns were not available at the time of this report. Please refer to Appendix C for the applicable notes.

4-Year Performance Summary (Net of Fees)

| Fund | 4 Year Rolling Net Annualized Returns as of December 31, 2025 | | | |
|--|---|------------|------------|------------|
| | 2025 | 2024 | 2023 | 2022 |
| Total Fund | 5.6 | 6.4 | 4.7 | 5.0 |
| Total Fund Benchmark ¹ | 7.2 | 7.6 | 5.1 | 6.1 |
| CPI + 3.5% ² | 7.0 | 7.6 | 7.3 | 7.1 |
| Value Added (Total Fund Benchmark) | -1.6 | -1.2 | -0.4 | -1.1 |
| Value Added (CPI + 3.5%) | -1.4 | -1.2 | -2.6 | -2.1 |
| Passive Equities | | | | |
| TD Emerald Canadian Equity Index ³ | 13.9 | 12.5 | 8.6 | 11.2 |
| S&P/TSX Composite Index | 13.9 | 12.5 | 8.6 | 11.2 |
| Value Added | 0.0 | 0.0 | 0.0 | 0.0 |
| TD Emerald Pooled U.S. Fund | 13.4 | 17.0 | 12.5 | 12.9 |
| S&P 500 (\$C) | 13.4 | 17.1 | 12.5 | 13.0 |
| Value Added | 0.0 | -0.1 | 0.0 | -0.1 |
| TD All Country World Equity Index | 11.8 | --- | --- | --- |
| MSCI ACWI ex-Canada Index (Net - \$C) | 11.6 | 11.9 | 8.8 | 9.0 |
| Value Added | 0.2 | --- | --- | --- |
| TD Emerald International Equity Index | 10.6 | 7.2 | 5.4 | 5.6 |
| MSCI EAFE Index (Net - \$C) | 10.6 | 7.2 | 5.4 | 5.6 |
| Value Added | 0.0 | 0.0 | 0.0 | 0.0 |
| Active Equities | 6.1 | 8.9 | 6.2 | 6.5 |
| Global Equity Benchmark ⁶ | 11.6 | 12.6 | 9.3 | 9.8 |
| Value Added | -5.5 | -3.7 | -3.1 | -3.3 |
| Walter Scott Global Equity | 6.2 | 9.6 | 9.5 | 10.3 |
| MSCI World Index (Net - \$C) | 12.1 | 13.4 | 9.8 | 10.0 |
| Value Added | -5.9 | -3.8 | -0.3 | 0.3 |
| RBC Global Focus Equity ⁴ | 5.5 | 7.0 | 6.5 | 10.6 |
| Mirova Global Sustainable Equity ^{4*} | 6.5 | 8.4 | 10.3 | 12.8 |
| MSCI ACWI Index (Net - \$C) | 11.7 | 11.9 | 8.7 | 9.0 |
| Value Added (RBC Global Focus Equity) | -6.2 | -4.9 | -2.2 | 1.6 |
| Value Added (Mirova Global Sustainable Equity) | -5.2 | -3.5 | 1.6 | 3.8 |

*Beginning Q3 2023, the fees were charged directly to the investment vehicle

Please refer to Appendix C for the applicable notes.

As a component of the Total Fund Benchmark, the MSCI Global Property Fund Index Q4 2025 return is not yet available at the time this report is produced. A 0% return has been assumed.

4-Year Performance Summary (Net of Fees)

| Fund | 4 Year Rolling Net Annualized Returns as of December 31, 2025 | | | |
|--|---|------------|------------|------------|
| | 2025 | 2024 | 2023 | 2022 |
| Fixed Income | 0.7 | 0.3 | 0.9 | 0.7 |
| TDAM Canadian Long Bond Broad Market Index | -3.6 | -4.6 | -2.2 | -1.5 |
| FTSE Canada Long Bond Index | -3.7 | -4.6 | -2.2 | -1.5 |
| Value Added (Fixed Income) | 4.4 | 4.9 | 3.1 | 2.2 |
| Value Added (TDAM Canadian Long Bond Index) | 0.1 | 0.0 | 0.0 | 0.0 |
| TDAM Active Short Term Corporate | 3.3 | 2.0 | 1.7 | 1.2 |
| FTSE Canada Short Term Corporate Bond Index | 3.5 | 2.1 | 1.9 | 1.4 |
| Value Added | -0.2 | -0.1 | -0.2 | -0.2 |
| Real Estate⁵ | | | | |
| iShares S&P/TSX Capped REIT Index ETF | -2.8 | 2.4 | -0.6 | 4.0 |
| FTSE EPRA NAREIT Developed (\$C) | 0.7 | 5.3 | -0.1 | 1.9 |
| Value Added | -3.5 | -2.9 | -0.5 | 2.1 |
| Real Estate⁵ (Lagged) | | | | |
| CBRE Global Alpha - Net (\$C)* | 3.5 | 3.8 | 5.4 | 8.6 |
| CBRE Global Alpha - Net (Local \$)* | 1.7 | 4.2 | 5.3 | 8.7 |
| MSCI Global Property Fund Index (\$C)* | 2.4 | 2.3 | 4.1 | 7.7 |
| Value Added (\$C) | 1.1 | 1.5 | 1.3 | 0.9 |
| Infrastructure⁵ | | | | |
| IFM Global Infrastructure Fund - Net (\$C) | 9.1 | 10.6 | 9.3 | 10.3 |
| OECD Total CPI +5% | 11.1 | 11.9 | 11.0 | 10.0 |
| Canadian CPI +5% | 8.6 | 9.3 | 9.0 | 8.7 |
| Value Added (IFM Global Infrastructure Fund) | 0.5 | 1.3 | 0.3 | 1.6 |
| Brookfield Infrastructure Partners L.P. (BIP.UN) | 3.2 | 6.0 | 6.6 | 15.7 |
| Brookfield Renewable (BEP.UN) | --- | --- | --- | --- |
| FTSE Global Core Infrastructure 50/50 Index (\$C) | 8.1 | 9.3 | 3.0 | 7.6 |
| Value Added (Brookfield Infrastructure Partners L.P. (BIP.UN)) | -4.9 | -3.3 | 3.6 | 8.1 |
| Value Added (Brookfield Renewable (BEP.UN)) | --- | --- | --- | --- |
| Private Debt (Lagged) | | | | |
| SoundPoint U.S. Direct Lending III*,** | --- | --- | --- | --- |
| Northleaf Senior Private Credit (Levered) * | 12.1 | 10.0 | 7.5 | --- |
| SOFR + 4% | 10.5 | 7.1 | 6.2 | 6.7 |
| Value Added (SoundPoint (\$C)) | --- | --- | --- | --- |
| Value Added (Northleaf (\$C)) | 1.6 | 2.9 | 1.3 | --- |

*Returns as of Q3 2025, Q4 2025 returns were not available at the time of this report. Please refer to Appendix C for the applicable notes.



Review of Fund Assets

| | | Canadian Equities | Global Equities | Fixed Income | Real Estate | Infrastructure | Private Debt | Cash & Short-Term | Total |
|---|------------------------------------|--------------------|----------------------|--------------------|--------------------|--------------------|-------------------|--------------------|----------------------|
| TD Global Investment Solutions | | 217,970,735 | 811,531,816 | 646,998,795 | | | | 1,017,841 | 1,677,519,187 |
| | % of Mandate | 13.0% | 48.4% | 38.6% | | | | 0.1% | 100.0% |
| | % of Fund | 7.2% | 26.7% | 21.3% | | | | 0.0% | 55.2% |
| RBC/PH&N | | | 132,206,845 | | | | | | 132,206,845 |
| | % of Mandate | | 100.0% | | | | | | 100.0% |
| | % of Fund | | 4.3% | | | | | | 4.3% |
| Walter Scott | | | 486,413,961 | | | | | | 486,413,961 |
| | % of Mandate | | 100.0% | | | | | | 100.0% |
| | % of Fund | | 16.0% | | | | | | 16.0% |
| Mirova | | | 137,401,963 | | | | | | 137,401,963 |
| | % of Mandate | | 100.0% | | | | | | 100.0% |
| | % of Fund | | 4.5% | | | | | | 4.5% |
| IFM | | | | | | 99,954,298 | | | 99,954,298 |
| | % of Mandate | | | | | 100.0% | | | 100.0% |
| | % of Fund | | | | | 3.3% | | | 3.3% |
| CBRE | | | | | 74,010,304 | | | | 74,010,304 |
| | % of Mandate | | | | 100.0% | | | | 100.0% |
| | % of Fund | | | | 2.4% | | | | 2.4% |
| iShares S&P/TSX Capped REIT Index ETF | | | | | 67,417,250 | | | | 67,417,250 |
| | % of Mandate | | | | 100.0% | | | | 100.0% |
| | % of Fund | | | | 2.2% | | | | 2.2% |
| Brookfield Infrastructure Partners L.P. (BIP.UN) | | | | | | 78,632,044 | | | 78,632,044 |
| | % of Mandate | | | | | 100.0% | | | 100.0% |
| | % of Fund | | | | | 2.6% | | | 2.6% |
| Brookfield Renewable (BEP.UN) | | | | | | 75,833,287 | | | 75,833,287 |
| | % of Mandate | | | | | 100.0% | | | 100.0% |
| | % of Fund | | | | | 2.5% | | | 2.5% |
| Northleaf | | | | | | | 60,337,754 | | 60,337,754 |
| | % of Mandate | | | | | | 100.0% | | 100.0% |
| | % of Fund | | | | | | 2.0% | | 2.0% |
| SoundPoint | | | | | | | 27,341,474 | | 27,341,474 |
| | % of Mandate | | | | | | 100.0% | | 100.0% |
| | % of Fund | | | | | | 0.9% | | 0.9% |
| BAs/U.S. and CDN Cash | | | | | | | | 100,841,949 | 100,841,949 |
| | % of Mandate | | | | | | | 100.0% | 100.0% |
| | % of Fund | | | | | | | 3.3% | 3.3% |
| UW Operating | | | | | | | | 22,355,227 | 22,355,227 |
| | % of Mandate | | | | | | | 100.0% | 100.0% |
| | % of Fund | | | | | | | 0.7% | 0.7% |
| Total Fund | | 217,970,735 | 1,567,554,585 | 646,998,795 | 141,427,554 | 254,419,629 | 87,679,228 | 124,215,018 | 3,040,265,543 |
| | % of Total Fund - Current Quarter | 7.2% | 51.6% | 21.3% | 4.7% | 8.4% | 2.9% | 4.1% | 100.0% |
| | <i>Investment Policy Asset Mix</i> | 5.0% | 48.0% | 20.0% | 10.0% | 10.0% | 5.0% | 2.0% | 100.0% |
| | <i>Current Constraints</i> | 0%-10% | 40%-55% | 15%-30% | 10% - 30% | | 0%-10% | 0%-5% | |

Notes: All market values shown above are as reported by the CIBC Mellon custodial statements.



Appendix

Footnotes, Definitions and Disclosures

1. Total Fund Benchmark was implemented as a performance objective in February 2022.
 - As of November 1, 2024: 2% FTSE Canada 91-Day T-Bill, 20% FTSE Canada Long Bond Index, 5% S&P/TSX Composite, 48% MSCI ACWI, 5% FTSE Developed Core Infrastructure 50/50, 5% FTSE EPRA/NAREIT Developed (CAD), 5% OECD CPI+5%, 5% MSCI Global Property Fund Index, and 5% SOFR+4%.
 - Prior to November 1, 2024: 2% FTSE TMX Canada 91-Day T-Bill, 25% FTSE TMX Universe Bond, 5% S&P/TSX Composite, 48% MSCI ACWI, 10% FTSE Developed Core Infrastructure 50/50 and 10% FTSE EPRA/NAREIT Developed (CAD).
2. CPI+3.5% benchmark has been implemented since February 2022.
 - As of November 1, 2018: CPI + 3.6%. Benchmark has been implemented retrospectively.
 - From January 1, 2017 to October 31, 2018: CPI + 3.5%
 - From January 1, 2016 to December 31, 2016: CPI + 3.7%
 - From January 1, 2014 to December 31, 2015: CPI + 3.75%
 - Prior to January 1, 2014: CPI + 3.85%
3. TD Emerald Canadian Equity Index added July 2020. Returns prior to these dates are presentative only.
4. In August 2021, RBC Global Focus Equity and Mirova Sustainable Global Equity strategies were added. Returns prior to these dates are representative only.
5. Quartiles not shown due to limited number of comparable funds.
6. Global Equities Benchmark was implemented as a performance objective in February 2022.
 - As of February 2022: 100% MSCI ACWI
 - Prior to February 2022: 100% MSCI World

- Figures in **green** font exceed the relevant benchmark; figures in **red** font fall short of the relevant benchmark.
- Risk/return quadrant refers to the location on a volatility versus return scattergram, where:
 - the upper left or northwest (NW) quadrant represents higher return and lower volatility than the median manager
 - the upper right or northeast (NE) quadrant represents higher return and higher volatility than the median manager
 - The lower left or southwest (SW) quadrant represents lower return and lower volatility than the median manager
 - The lower right or southeast (SE) quadrant represents lower return and higher volatility than the median manager.
- Risk measures are based on 4 years of data.

Alpha (value-added) – is a measure of incremental return that a manager has earned due to non-market factors. A positive alpha indicates that the manager has been able to add value above expectations based on the level of market risk taken.

Information Ratio - is a measure of the value added over an index per unit of active risk. As such, we can view it as a measure of performance “efficiency” (i.e., are we getting enough excess return for the active risk being taken?).

Market Capture Ratio - is a measure of the manager’s performance in up (or down) markets relative to the market itself. A value of 110 suggests the manager performs ten percent better (worse) than the market when the market is up (down) during the selected time period. The return for the market for each quarter is considered an up (down) market if it is greater than or equal to (less than) zero. The ideal position in a market capture chart is toward the upper left or NW corner (higher upside capture – lower downside capture).

Standard Deviation - is a measure of how widely dispersed or tightly bunched a set of returns are around their average return. The higher the standard deviation, the higher the dispersion over time and hence it is used to gauge performance volatility. Generally, equity performance has higher standard deviation than fixed income performance. The ideal position in a risk vs. returns chart is toward the upper left or NW corner (higher return – lower risk or volatility).

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For Information**Open Session**

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee and Pension Investment Committee

From: Melanie Figueiredo, Governance Officer

RE: **4. Pension**

4.3 Maximum Pension Limits Based on AIW Increase**Background:**

Lee Hornberger, Director, Total Rewards, will speak to the Committee about the 2026 maximum pension limits for the Registered Pension Plan.

Members will recall that the enclosed report is noted on the workplan and an annual report provided to the Committee for its information.

Documentation Provided:

- Pension Limits Impacted by AIW Increase Report

**Report to the Pension & Benefits Committee
4 March 2026**

FOR INFORMATION

**Pension Limits Impacted by AIW Increase
From Human Resources and Finance**

Maximum Annual Pension per year of Pensionable Service. The Income Tax Act (ITA) governs the maximum pension payable from the Registered Retirement Plan (RPP). Each January 1st, the limit is adjusted based on the previous year's Average Industrial Wage (AIW) increase. The AIW increase in 2026 over 2025 is 4.67% (in comparison, the AIW increase in 2025 over 2024 was 4.06%).

Member Contributions. The RPP was amended effective January 1, 2025 to align the maximum earnings on which contributions are withheld ("Contributory Earnings") to the estimated maximum earnings on which benefits are earned. Prior to January 1, 2025, member contributions were limited to the annual ITA limit on member contributions to a RPP.

RPP Funding Cap. The plan text limits the maximum pension payable from the RPP by the funding CAP. Effective January 1, 2023, the plan was amended to increase the RPP funding CAP to \$4,000, with automatic increases beginning January 1, 2024, equal to one-third of the AIW increase.

The pension limits effective January 1, 2026 are shown in the following table:

| Provision | 2025 Limit | 2026 Limit | Change |
|---|------------|------------|--------|
| Maximum Annual Pension per year of Pensionable Service | \$3,756.67 | \$3,932.22 | 4.67% |
| Final Average Earnings (FAE) Threshold that achieves the Maximum Annual Pension per year of Pensionable Service | \$207,808 | \$217,365 | 4.60% |
| Maximum Annual Member Contribution | \$22,720 | \$23,784 | 4.68% |
| Contributory Earnings | \$224,500 | \$235,000 | 4.68% |
| RPP Funding CAP | \$4,093.96 | \$4,157.83 | 1.56% |

The RPP funding CAP has an impact on the valuation of the liability associated with the RPP. The following table provides a projection of when the ITA maximum pension limit might reach the RPP funding CAP at various annual AIW increase projections:

| Calendar Year | Projection of Limits at Various AIW Increases | | | | | | | |
|---------------|---|---------|-------|---------|-------|---------|-------|---------|
| | 2.75%* | | 3.00% | | 4.00% | | 5.00% | |
| | ITA | RPP CAP | ITA | RPP CAP | ITA | RPP CAP | ITA | RPP CAP |
| 2027 | 4040 | 4196 | 4050 | 4199 | 4090 | 4213 | 4129 | 4227 |
| 2028 | 4151 | 4234 | 4172 | 4241 | 4253 | 4269 | 4335 | 4298 |
| 2029 | 4266 | 4273 | 4297 | 4284 | 4423 | 4326 | 4552 | 4369 |
| 2030 | 4383 | 4312 | 4426 | 4327 | 4600 | 4384 | 4780 | 4442 |
| 2031 | 4503 | 4352 | 4559 | 4370 | 4784 | 4443 | 5019 | 4516 |
| 2032 | 4627 | 4392 | 4695 | 4414 | 4976 | 4502 | 5270 | 4591 |
| 2033 | 4755 | 4432 | 4836 | 4458 | 5175 | 4562 | 5533 | 4668 |
| 2034 | 4885 | 4473 | 4981 | 4502 | 5382 | 4623 | 5810 | 4746 |
| 2035 | 5020 | 4514 | 5131 | 4547 | 5597 | 4684 | 6100 | 4825 |

*2.75% is the AIW increase valuation assumption

Other Information – Member Contributions

RPP member contributions through payroll deductions are based on the following formula:

- 7.8% of earnings up to the YMPE
plus
- 11.20% of earnings in excess of the YMPE up to the maximum Member’s Contributory Earnings

The following table provides an illustration of the contributions that participating employees are making towards the pension plan on a monthly basis, at sample salary levels:

| Sample Salary | Monthly Pension Contributions for Members | | |
|------------------------------|---|-------------------------|------------|
| | 2025 (YMPE is \$71,300) | 2026 (YMPE is \$74,600) | Difference |
| \$50,000 | \$325.00 | \$325.00 | \$0 |
| \$75,000 | \$497.98 | \$488.63 | (\$9.35) |
| \$100,000 | \$731.32 | \$721.97 | (\$9.35) |
| \$125,000 | \$964.65 | \$955.30 | (\$9.35) |
| \$150,000 | \$1,197.98 | \$1,188.63 | (\$9.35) |
| \$175,000 | \$1,431.32 | \$1,421.97 | (\$9.35) |
| \$200,000 | \$1,664.65 | \$1,655.30 | (\$9.35) |
| \$224,500 (maximum for 2025) | \$1,893.32 | \$1,883.97 | (\$9.35) |
| \$235,000 (maximum for 2026) | \$1,893.32 | \$1,981.97 | \$88.65 |

Given that participation is mandatory for eligible employees who are over age 35 (or after 5 years of employment for Definite Term Assistant Professors, Teaching Stream), the above information is helpful to share through recruitment activities so that prospective employees understand their contributions towards the benefit through payroll deductions.



For Decision

Open Session

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee and Pension Investment Committee

From: Melanie Figueiredo, Governance Officer

RE: **4. Pension**

4.4 Cost of Living Adjustments

Recommendation:

- a. **That the Pension & Benefits Committee approve the following cost-of-living adjustments for Pensioners, effective May 1, 2026, as follows:**
 - i. **2.972% for pension benefits earned up to December 31, 2013**
 - ii. **1.554% for pension benefits earned on or after January 1, 2014; and**

- b. **That the Pension & Benefits Committee approve the following cost-of-living adjustments for Deferred Members, effective May 1, 2026, as follows:**
 - i. **2.072% for pension benefits earned up to December 31, 2013**
 - ii. **1.554% for pension benefits earned on or after January 1, 2014; and**

- c. **That the Pension & Benefits Committee approve a 2.072% cost-of-living adjustment for pensionable earnings for Long Term Disability recipients, effective May 1, 2026.**

Background:

Lee Hornberger, Director, Total Rewards will present cost of living adjustment considerations for decision by the Pension & Benefits Committee.

The Cost of Living Adjustments are considered annually by the Pension & Benefits Committee, and were most recently considered on March 21, 2025.

Documentation Provided:

- Cost of Living Adjustments Report

**Report to the Pension & Benefits Committee
4 March 2026**

FOR DECISION

**Cost-of-Living Adjustments (COLA)
From Human Resources**

Recommendation

The recommendation is, effective May 1, 2026:

| COLA effective May 1, 2026 | Pensioners | | Deferred Members | | Pensionable Earnings for LTD Benefit Recipients |
|--|---|---|--|---|--|
| | Pension Benefits Earned up to December 31, 2013 | Pension Benefits earned on or after January 1, 2014 | Pension Benefits Earned up to December 31, 2013 | Pension Benefits earned on or after January 1, 2014 | |
| Automatic as per plan text <i>(no decision required)</i> | 2.072% | 1.554% | n/a | n/a | n/a |
| Recommendation | 2.972% <i>(includes full catch up for carry forward)</i> | 1.554% | 2.072% | 1.554% | 2.072% |

Background

There are three categories of pension plan membership where COLA applies:

- Pensioners
- Deferred members
- LTD benefit recipients – pensionable earnings

The plan text includes an automatic provision for the COLA application to pensioners; however, in years where the COLA calculation exceeds 5%, the excess can be deferred to the extent deemed necessary and carry forward the catch-up increase to a subsequent year on the advice of the Actuary. The plan text does not include any automatic provisions for the application of COLA for deferred members or pensionable earnings for LTD benefit recipients.

COLA is calculated using the ratio of the average of the monthly Consumer Price Index (CPI) figures for the preceding calendar year divided by the average of the monthly CPI for the previous calendar year, minus 1. The average CPI in 2024 was 160.850 and the average CPI in 2025 was 164.183.

Effective January 1, 2014, the plan text was amended to apply 75% of the COLA Factor to pension benefits earned on and after January 1, 2014.

Effective May 1, 2026, the COLA Factors are as follows:

- 100% COLA Factor: $(164.183 / 160.850) - 1 = 0.02072$ or 2.072%
- 75% COLA Factor: $2.072\% * 0.75 = 1.554$ or 1.554%

Note: known salary range adjustments effective May 1, 2026, are 2.6%, 3.25%, or 3% for faculty members and unionized employees represented by CUPE Local 793 and OPSEU Local 231, respectively; the salary range adjustment for staff employees has not yet been finalized.

Pensioners

- If the 100% COLA Factor is 5% or less in any year, the 100% COLA Factor is automatically applied to benefits earned prior to 2014 and the 75% COLA Factor is automatically applied to benefits earned post 2013.
- If the 100% COLA Factor exceeds 5% in any year, it may be reduced to the extent deemed necessary on the advice of the Actuary, to 5% (not lower), and a corresponding 3.75% limit applies to the 75% COLA Factor.
- If the increase is limited (to 5% / 3.75%) in any year, a catch-up increase will be given on a cumulative and compounded basis in the following year or as soon as the plan resources permit, as may be permitted by the Income Tax Act, but there will be no retroactivity in any catch-up increase.

2023: In 2023, the calculated COLA Factor exceeded the plan limits, and the decision was made to apply 5% to both the 75% and 100% indexed benefits, carrying forward the balance to a subsequent year.

2024: In 2024, the decision was to apply the automatic provision of the plan text only.

2025: In 2025, the decision was to apply the full catch up on the 75% indexed benefits (i.e. 0.10%) and 50% of the catch up on the 100% indexed benefits (i.e. 0.90%) effective May 1, 2025 with the remainder (i.e. 0.90%) to be applied effective May 1, 2026.

| Pension Benefits Earned | Effective May 1, 2024 | | | Effective May 1, 2025 | | | Effective May 1, 2026 | | |
|--------------------------------|-----------------------|--------------|---------------|-----------------------|--------------|---------------|-----------------------|----------------|---------------|
| | COLA calculated | COLA applied | Carry forward | COLA calculated | COLA applied | Carry forward | COLA calculated | Recommendation | |
| | | | | | | | | COLA to apply | Carry forward |
| <i>Up to Dec 31/13</i> | 3.9% | 3.9% | 1.80% | 2.38% | 3.28% | 0.90% | 2.072% | 2.972% | N/A |
| <i>On & after Jan 1/14</i> | 2.93% | 2.93% | 0.10% | 1.79% | 1.89% | N/A | 1.554% | 1.554% | N/A |

Deferred Members

If the decision is to apply COLA to pension accruals for deferred members, the plan text defines eligibility. The following supports decision-making:

1. All deferred pension accruals currently eligible for indexation should be treated the same with respect to indexation decisions, subject to any future plan provision changes that provide otherwise;
2. If indexation is granted in a particular year, the 100% COLA Factor will be applied for pre-2014 service and the 75% COLA Factor will be applied for post 2013 service;
3. The post-retirement COLA increase “catch-up” provision for pensions in pay takes precedence over indexation of deferred members’ pensions; and,
4. The financial status of the plan should be considered before deciding on deferred indexation.

Recommendation: apply a COLA increase to deferred pensions effective May 1, 2026 in the amount of 2.072% on 100% indexed benefits and 1.554% on 75% indexed benefits, in alignment with the recommendation for pensioners.

Pensionable earnings for LTD Benefit Recipients

The application of an adjustment to pensionable earnings for LTD benefit recipients (103 employees as of December 31, 2025) is discretionary. The following supports decision-making:

1. Members on LTD are more like active members than other groups receiving COLA increases,
2. Salaries for pension purposes for members on LTD should be indexed by the lesser of 100% COLA Factor and the range increase for active employees. The COLA percentage of 2.38% is lower than the average salary increase.

Recommendation: apply the calculated COLA percentage of 2.072% for LTD benefit recipients effective May 1, 2026 as it is less than the known salary range adjustments effective May 1, 2026.

For Information**Open Session**

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee and Pension Investment Committee

From: Melanie Figueiredo, Governance Officer

RE: **5. Benefits**

5.1 Annual Benefits Utilization Report**Background:**

Lee Hornberger, Director, Total Rewards, will speak to the Committee about the 2025 benefits utilization report. The summarizes usage of various components of the group benefits program.

Members will recall that the enclosed report is noted on the workplan and an annual report provided to the Committee for its information.

Documentation Provided:

- Annual Benefits Utilization Report

Report to the Pension & Benefits Committee
4 March 2026

FOR INFORMATION

Annual Benefits Utilization Report
From Human Resources

Overview

The group benefits program consists of four components, provided through engagements with three providers/vendors:

| Component | Vendor | Underwriting Method | Cost Sharing Arrangement |
|---|--|--|--|
| Life Insurance | Sun Life Financial <i>(renewed COU contract effective May 1, 2024)</i> | Member of the University Life Insurance Plan (ULIP) which is experience-rated, refund accounting | <u>Employee Coverage</u> 100% employer paid for 1 st 1 x earnings 67% employer paid for next 1-2 x earnings 100% employee paid for next 1-3 x earnings <u>Spousal Coverage</u> 100% employee paid <u>Retiree Coverage</u> 100% employer paid |
| Long Term Disability (LTD) | Sun Life Financial <i>(UW contract effective May 1, 2022)</i> | Experience-rated, non-refund accounting | 100% employee paid |
| Healthcare | GreenShield <i>(UW contract effective January 1, 2023)</i> | Administrative Services Only (ASO), individual pooling level of \$50,000 per year | Budget rates for extended health and dental: 100% employer paid for full-time employees; part-time employees pay a pro-rated portion based on FTE (continues into retirement for those eligible for extended health); 100% employer paid for HCSA ¹ |
| Employee & Family Assistance Program (EFAP) | Homewood Health <i>(renewed 5-year UW contract effective September 1, 2023)</i> | Pooled – flat rate plus fee for service arrangement for special services requested by the University | 100% employer paid |

Benefits plan members belong to one of five programs, two of which are closed (retired populations) and three are open to new members; components of the three open programs are highlighted below:

| Benefit | Current Employees | | Former Employees |
|-----------------|--------------------------------------|------------------------------|---|
| | Full Benefits Program* | Temporary Benefits Program** | Employees who retired on or after June 6, 2000*** |
| Life Insurance | 1-6 x earnings plus spousal coverage | 1 x earnings only | Flat benefit based on year of retirement |
| LTD | Yes | -- | -- |
| Extended Health | Yes | Yes | Yes |
| Dental | Yes | -- | -- |
| HCSA | Yes – FAUW members only | Yes – FAUW members only | -- |
| EFAP | Yes | -- | -- |

*Employment commitment of 2 years or longer

**Employment commitment of at least one year but less than 2 years

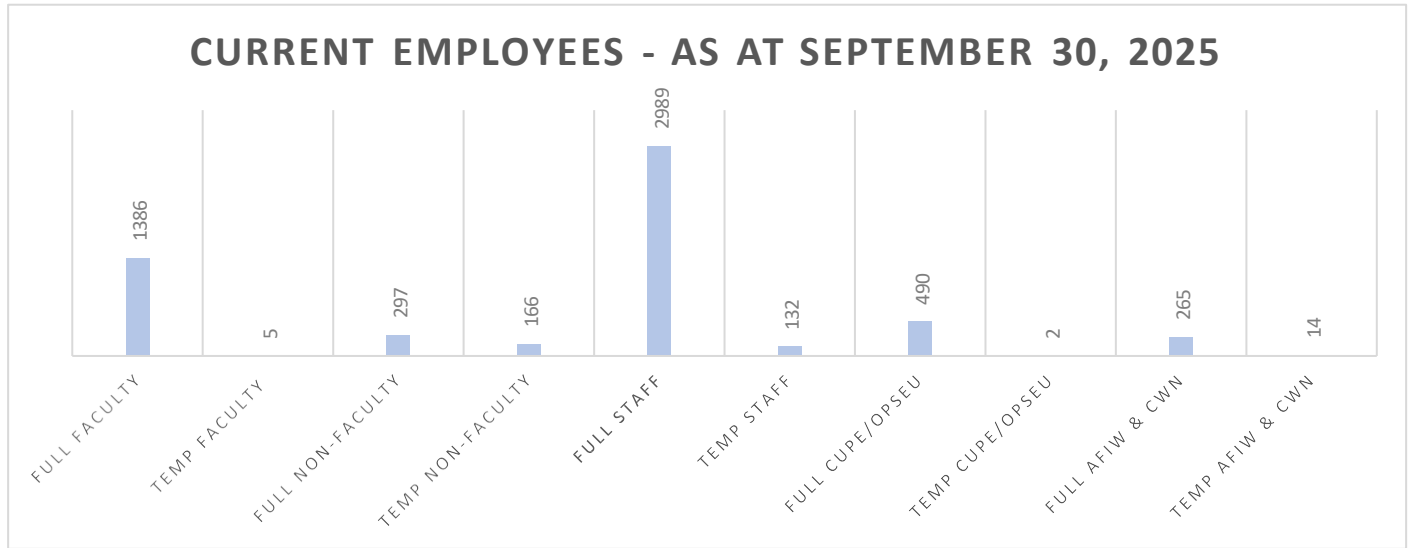
***Eligibility criteria: 10 or more years of continuous employment with benefits participation, and commencement of an immediate pension following employment

¹ HCSA was implemented effective May 1, 2025 for members of the Faculty Association of the University of Waterloo (FAUW)

Participation

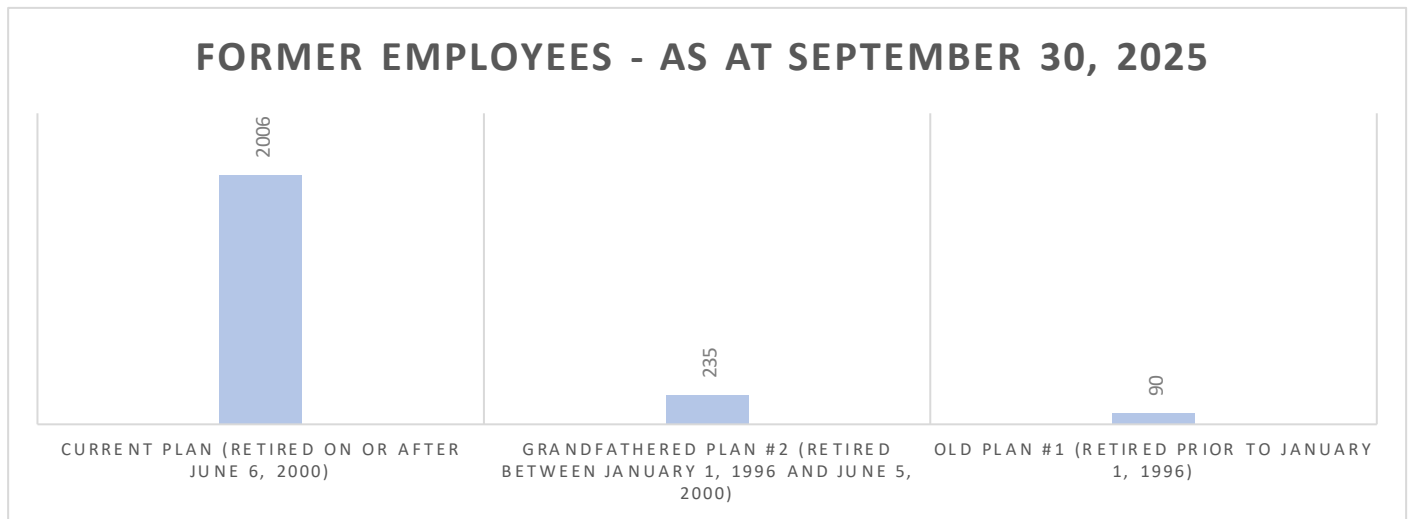
As at September 30, 2025, there are 18,633 participants of the group benefits program which includes current and former employees, as well as eligible spouses and/or dependent child(ren).

Thirty-one percent (31%) of participation is attributable to current employees, with 5,746 members as of September 30, 2025 (a 4% decrease from the 6,001 members on September 30, 2024). The distribution across the employee groups participating in the full and temporary benefits program as well as the third-party organizations (Affiliated and Federated Institutions of Waterloo (AFIW) and the Canadian Water Network (CWN)) is illustrated below:



Note: Non-Faculty category is comprised of Post-doctoral Scholars and Research Associates

Thirteen percent (13%) of participation is attributable to former employees, with 2,331 members as of September 30, 2025 (a 15% increase from the 2,013 members on September 30, 2024). The distribution across the three programs – two closed and one open – is illustrated below:

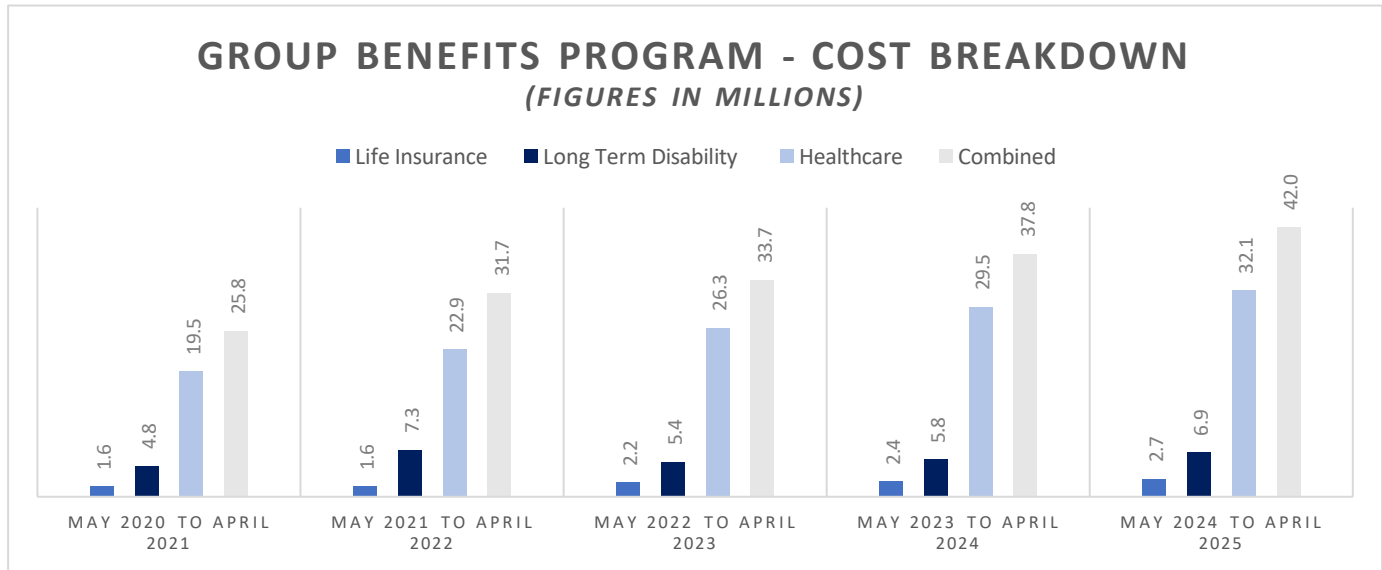


The balance of participation, fifty-seven percent (57%) is attributable to 10,556 dependents (spouses, dependent children and surviving dependents) of current and former employees as of September 30, 2025 (a 3% decrease from the 10,924 dependents on September 30, 2024).

The extended health benefit continues for the lifetime of a surviving spouse of a former employee whereas the extended health and dental benefits continue for 24 months for surviving eligible dependents of a current employee.

Cost Summary

Excluding EFAP, the cost of the benefits program for the May 2024 to April 2025 fiscal year amounted to approximately \$42.0 million which represents an increase of 11% from the \$37.8 million cost in the May 2023 to April 2024 fiscal year. Most of the cost (76%) is associated with the healthcare benefits, followed by long term disability at 17% and life insurance at 7%.



The cost of the EFAP (excluding services obtained on a fee for service basis) for the May 2024 to April 2025 period for the University of Waterloo amounted to approximately \$0.2 million based on a monthly rate of \$2.99 per eligible employee paid through Human Resources' budget. Homewood Health invoices the three participating AFIW separately for their employees and due to this lack of central oversight, the aggregate costs are excluded from the above cost summary. The EFAP represents less than 1% of the total cost of the group benefits program.

Cost Sharing Arrangement with Current Employees (inclusive of Temporary and Full Benefits Program)

| Benefit | | Costs for the May 1, 2024 to April 30, 2025 Fiscal Year | | | |
|----------------------|--|---|--------------|------|--------------|
| | | Employee | Employer | | Combined |
| Life Insurance | Basic & Additional Basic (1-3 x earnings) | \$483,218 | \$1,860,959 | 79% | \$2,344,177 |
| | Optional (1-3 x earnings above Basic & Additional basic) | \$265,458 | \$0 | 0% | \$265,458 |
| | Optional Spousal Life Insurance | \$94,168 | \$0 | 0% | \$94,168 |
| Long Term Disability | | \$6,931,001 | \$0 | 0% | \$6,931,001 |
| Healthcare | Extended Health | \$115,126 | \$16,883,101 | 99% | \$16,998,227 |
| | Dental | \$77,745 | \$10,121,139 | 99% | \$10,198,884 |
| | HCSA | \$0 | \$0 | n/a | \$0 |
| EFAP | | \$0 | \$216,953 | 100% | \$216,953 |
| Combined | | \$7,966,717 | \$29,082,152 | | \$37,048,869 |
| | | 22% | 78% | | 100% |

Cost Sharing Arrangement with Former Employees (inclusive of all three Retiree Benefits Programs)

| Benefit | | Costs for the May 1, 2024 to April 30, 2025 Fiscal Year | | | |
|-----------------|--|---|-------------|----------|-------------|
| | | Retiree | Employer | Combined | |
| Life Insurance | | \$0 | \$24,523 | 100% | \$24,523 |
| Extended Health | | \$38,442 | \$4,847,820 | 99% | \$4,886,262 |
| Combined | | \$38,442 | \$4,872,343 | | \$4,910,785 |
| | | 1% | 99% | | 100% |

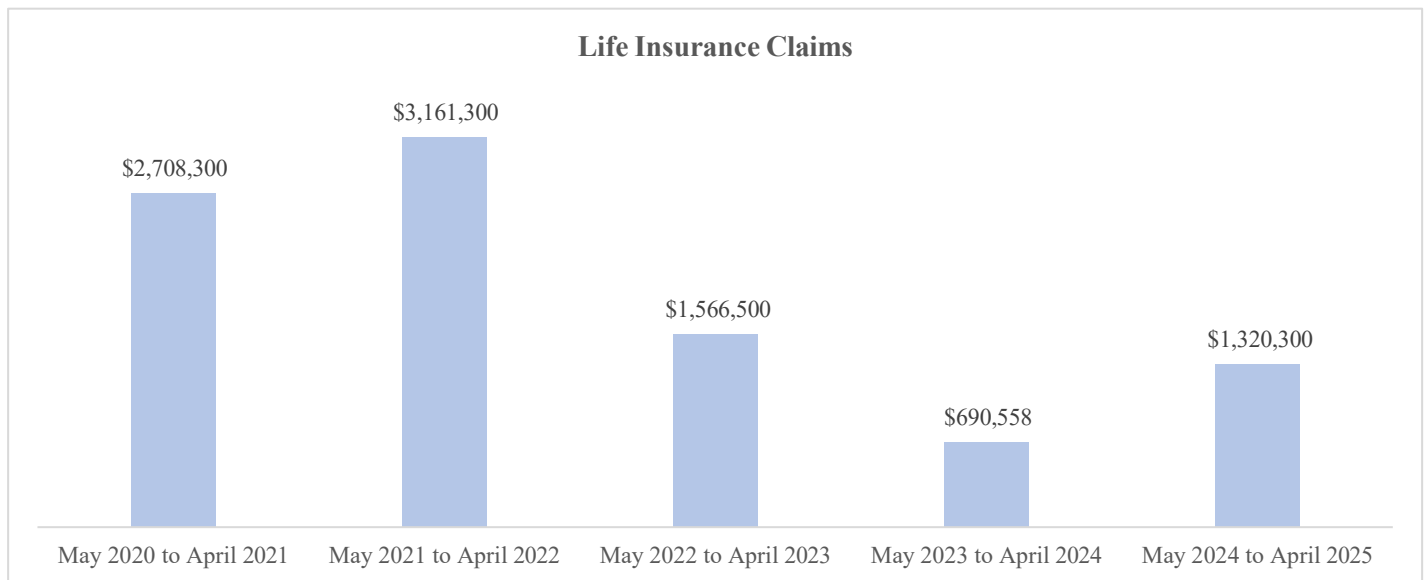
*Note that in addition to the costs of the life insurance and extended health benefits each year, there is a liability for the future cost of these benefits in the University's financial statements which is not highlighted in this summary

Healthcare benefits are provided by GreenShield on an ASO basis and as such, the employer costs included in the above tables are based on the monthly invoices from GreenShield less any employee/retiree contributions. Employee deductions are managed through payroll processing whereas retiree contributions are managed through deductions from pension payments issued by CIBC Mellon.

The above tables demonstrate that on aggregate, active employees contribute 22% towards the cost of the benefits program with the University (and participating AFIW) contributing 78%. For former employees, retirees on aggregate contribute 1% to the cost of the benefits program with the University (and participating AFIW) contributing 99%.

Life Insurance

Life insurance can be an unpredictable benefit, and insurers typically review five years of claims experience when establishing required premium rates. The University participates in the University Life Insurance Plan (ULIP), which underwent a competitive bidding process to select a vendor, effective May 1, 2024. Sun Life Financial was retained as the insurer for the next 5-year period. The claims paid over the previous five fiscal years is illustrated below:

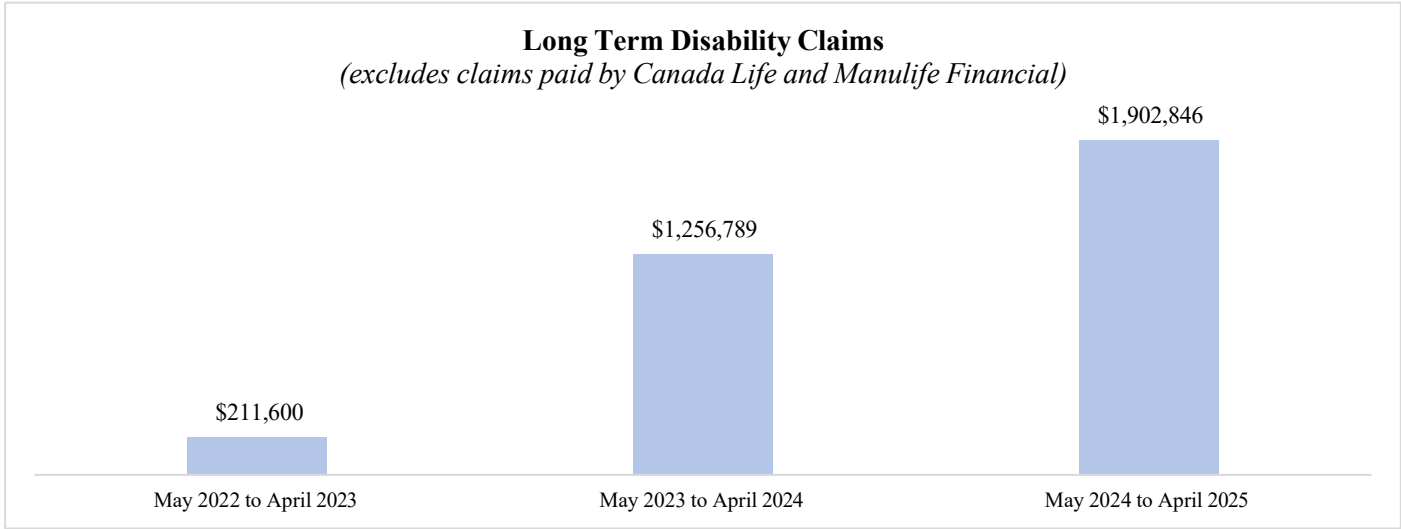


During the May 2024 to April 2025 fiscal year, there were a total of 64 life insurance claims. Of these, four claims were for active employees, totaling \$657,700, which represents 50% of the total claims paid. This reflects an increase from the May 2023 to April 2024 fiscal year in which one active employee passed away, with a claim accounting for 39% of the total claims paid.

As discussed at the March 2025 Pension & Benefits Committee meeting, the basic life premium rate increased by 15.8% effective May 1, 2025 based on the terms of the ULIP agreement (no changes were applied to the optional life premium rate table). A basic life premium rate increase effective May 1, 2026 is required based on the current plan design – increases are expected for the next several years based on utilization levels.

Long Term Disability (LTD)

Similar to life insurance, LTD benefits can be volatile, and insurers typically assess five years of claims experience when determining premium rates. The insurer for the LTD benefit changed from Canada Life to Sun Life Financial effective May 1, 2022 following a competitive bidding process, with the first claims adjudicated in fall 2022 due to the LTD elimination period (i.e. the sick leave benefit period). Canada Life and Manulife Financial continue to administer benefit payments to disabled employees who became eligible during their respective contract periods (i.e. Manulife prior to 2008 and Canada Life between 2008 and 2022). The claims paid by Sun Life Financial since contract inception are illustrated below:

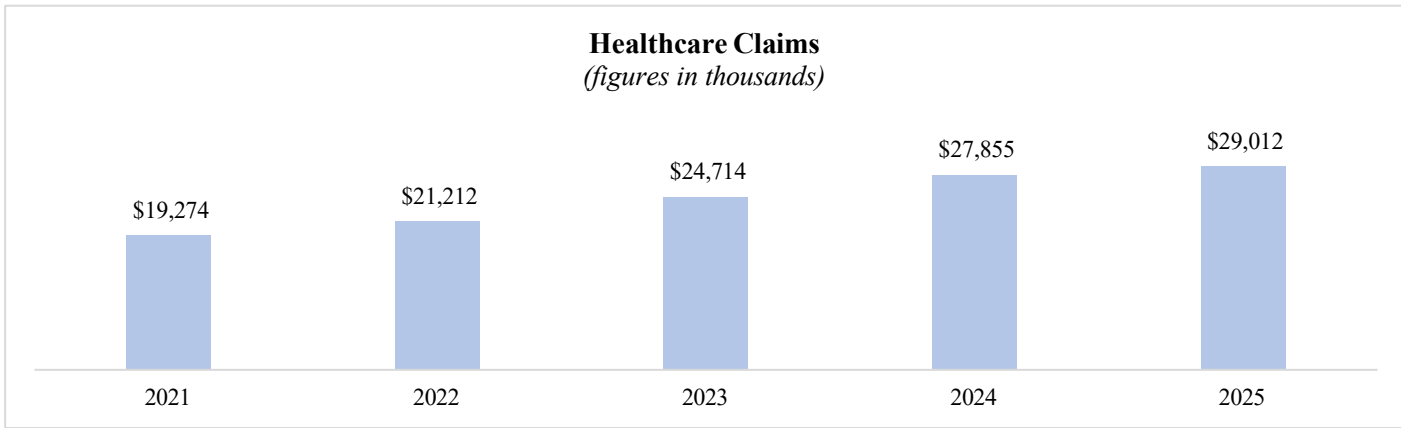


During the May 2024 to April 2025 fiscal year, Sun Life Financial received 72 claims, of which 46 were approved, 27 were declined; 36 claims were resolved in the period. As of September 30, 2025, there were 45 claims with Sun Life Financial – 25 are categorized as “Actively Managed” with the remaining 20 being “Long Duration” claims.

As discussed at the March 2025 Pension & Benefits Committee meeting, no change was required to the premium rate effective May 1, 2025 (due to rate guarantees in place through the competitive bidding process); however, the maximum insured earnings increased from \$192,454 to \$208,428 effective May 1, 2025. A premium increase effective May 1, 2026 is required based on the current plan design – since the University does not yet have five years of claims experience with Sun Life Financial, other factors (e.g. member demographics) will be assessed for the premium rate action required.

Healthcare (Extended Health, Dental and HCSA)

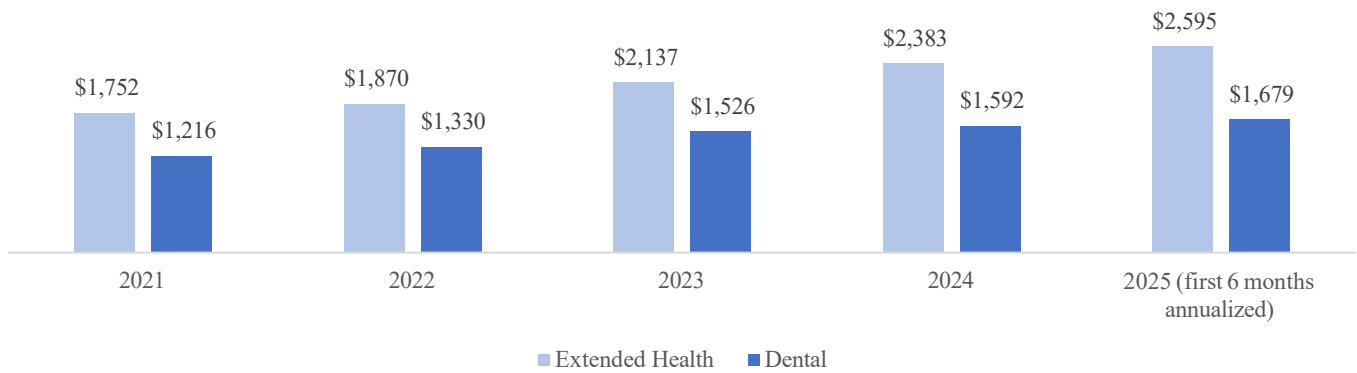
Effective January 1, 2023, the extended health and dental benefits have been provided by GreenShield; the Health Care Spending Account (HCSA) was added to the contract effective May 1, 2025. The claims summary below is comprised of claims paid by Canada Life as well as GreenShield.



In comparison with 2023, the 2024 claims paid for healthcare benefits increased by 13% and in comparison with 2024, the 2025 claims increased by 4%.

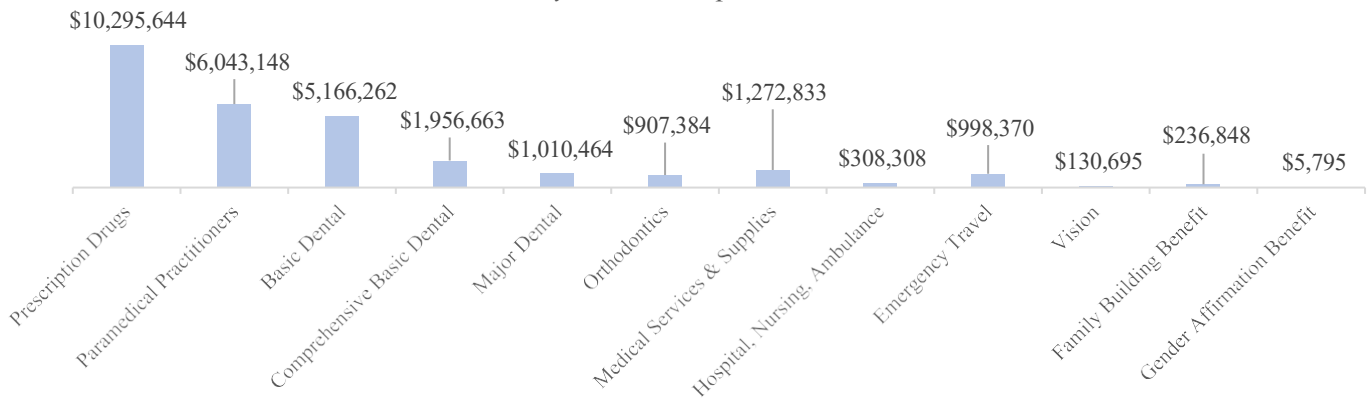
On a per capita basis (current employees only), the claims cost of extended health increased by 12% in 2024 in comparison with 2023 and for dental, an increase of 4%; annualizing claims for the first 6 months of 2025 demonstrates an increase of 9% and 6% over 2024, for extended health and dental benefits, respectively. The cost per capita for these benefits for the prior five calendar years is illustrated below:

Extended Health and Dental Claims per Capita (current employees only)

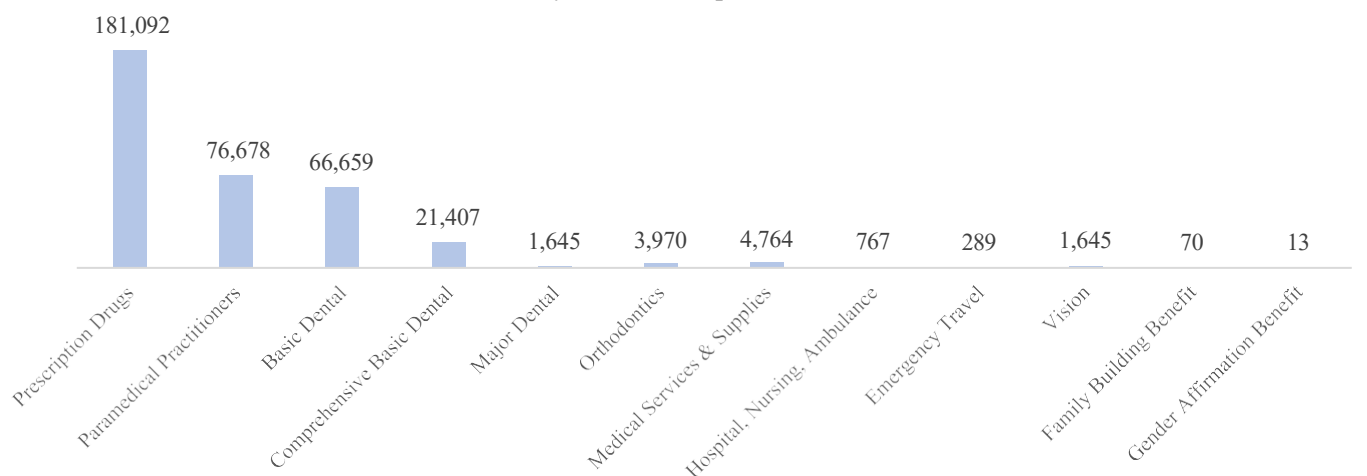


During the May 2024 to April 2025 fiscal year, members submitted 358,999 extended health and dental claims to GreenShield representing an expense incurred of \$42.2M; GreenShield provided claims reimbursement in the amount of \$28.3M which represents an aggregate reimbursement rate of 67%. The distribution of claims paid is comparable to previous years with prescription drug expenses being the most prominent, followed by paramedical practitioners and basic dental services based on amount paid as well as the number of claims submitted.

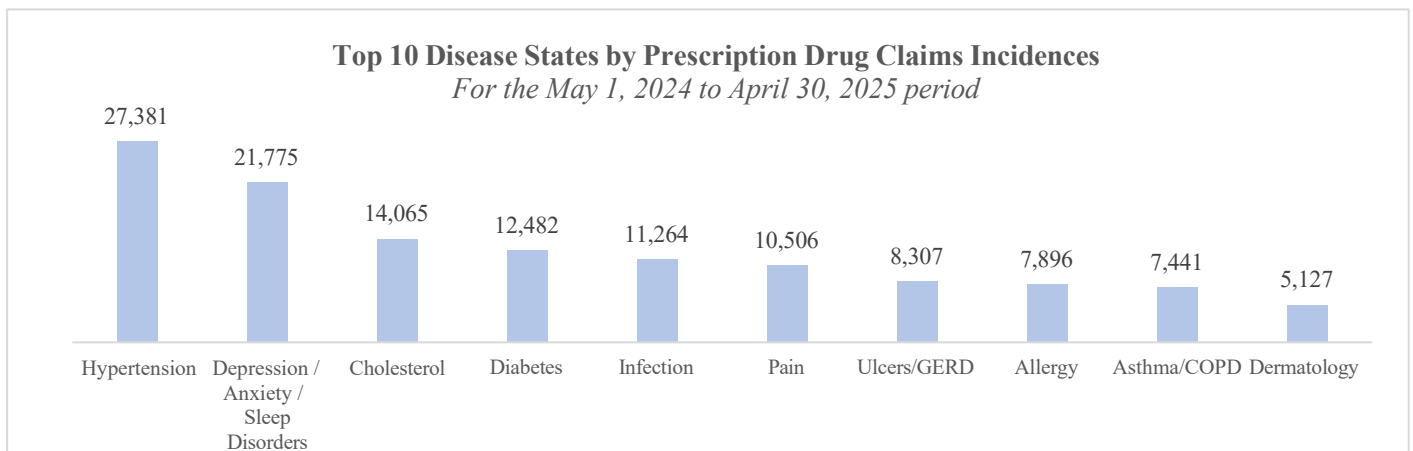
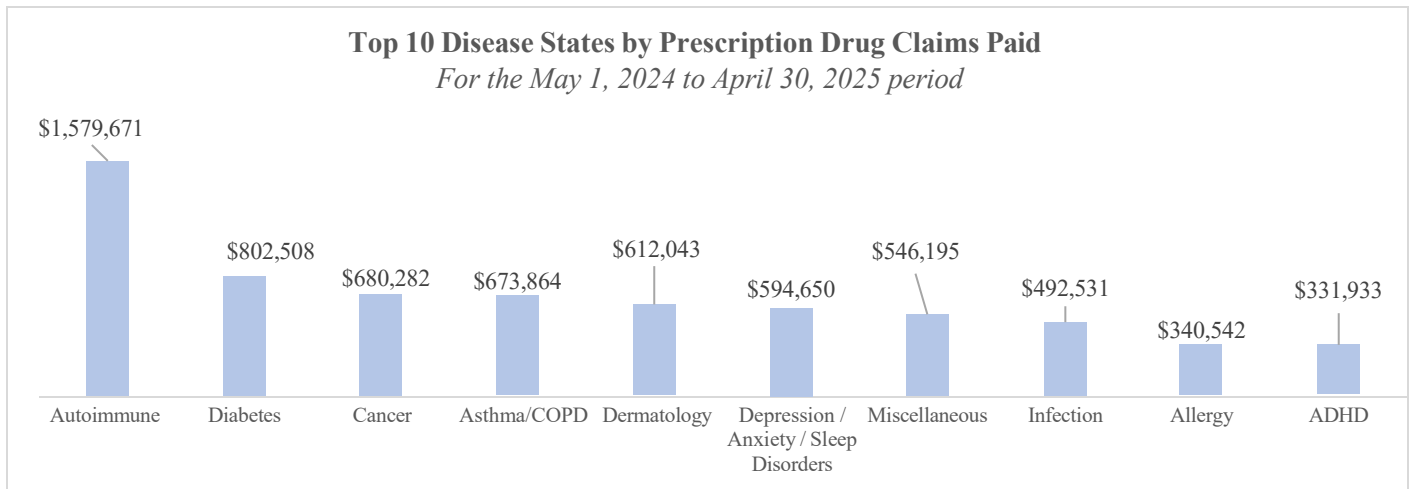
Extended Health and Dental - Distribution of Paid Claims For the May 1, 2024 to April 30, 2025 Period



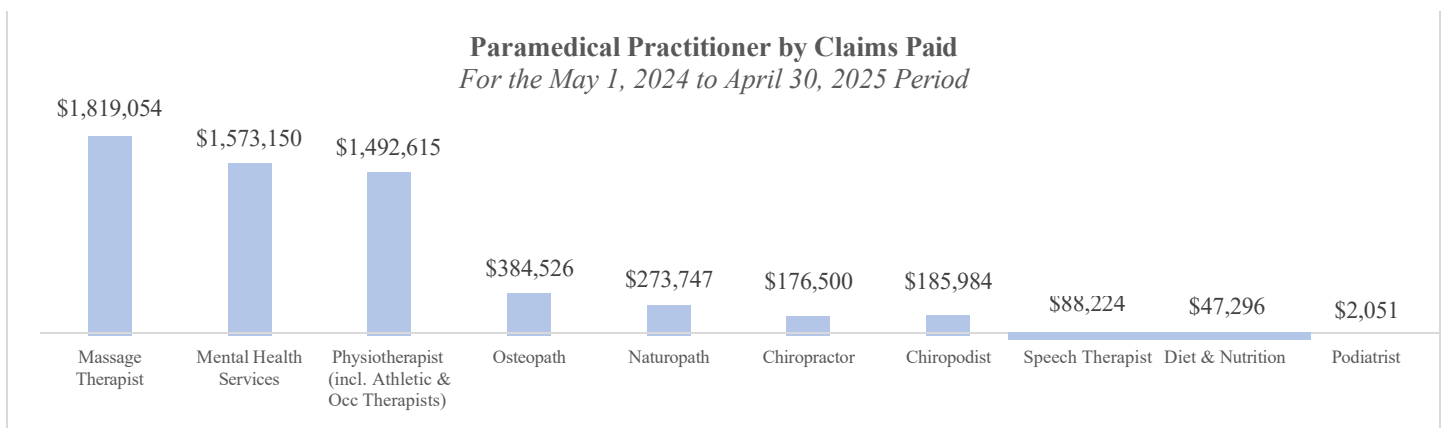
Extended Health and Dental - Distribution of Claims Incidence For the May 1, 2024 to April 30, 2025 Period

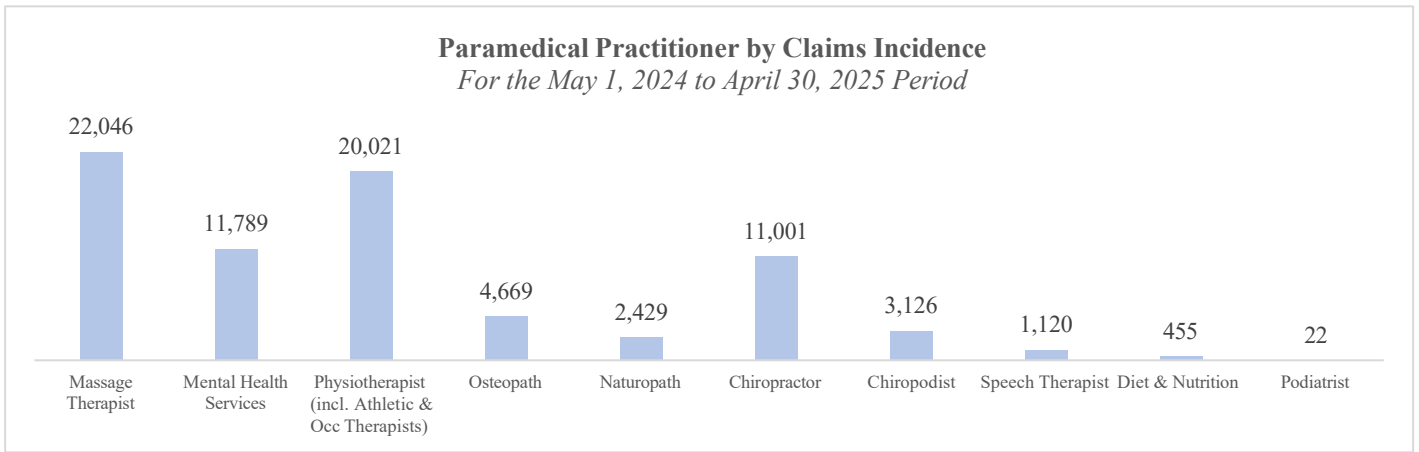


Prescription Drugs. A total of 181,092 prescription drug claims were submitted during the May 2024 to April 2025 period with an incurred expense of \$16,944,705; GreenShield provided reimbursement in the amount of \$10,295,644. This represents an increase of 6% in comparison to the claims paid for prescription drugs during the May 2023 to April 2024 period which amounted to \$9,735,563. The distribution of prescription drug claims experience for the May 2024 to April 2025 period across the top ten disease states is illustrated below.



Paramedical Practitioners. A total of 76,678 paramedical practitioner claims were submitted during the May 2024 to April 2025 period with an incurred expense of \$8,180,602; GreenShield provided reimbursement in the amount of \$6,043,148. This represents an increase of 12% in comparison to the claims paid for paramedical practitioner services during the May 2023 to April 2024 period which amounted to \$5,405,168. The distribution of claims experience for the May 2024 to April 2025 period across type of paramedical practitioner is illustrated below.





As in previous years, massage therapy was the most prominent in terms of both claims incidences and reimbursement provided during the May 2024 to April 2025 period. Mental health services ranked second in terms of reimbursement provided but third in terms of claims incidence whereas physiotherapist expenses ranked second in terms of claims incidence but third in terms of reimbursement provided. Chiropractor services stand out as having a relatively high number of claims incidence but a low level of reimbursement, based on the current plan design.

Dental Services. A total of 93,681 dental claims were submitted during the May 2024 to April 2025 period with an incurred expense of \$12,567,696; GreenShield provided reimbursement in the amount of \$9,040,772. This represents an increase of 3% in comparison to the claims paid for dental services during the May 2023 to April 2024 period which amounted to \$8,751,581. The distribution across each category is similar to last year:

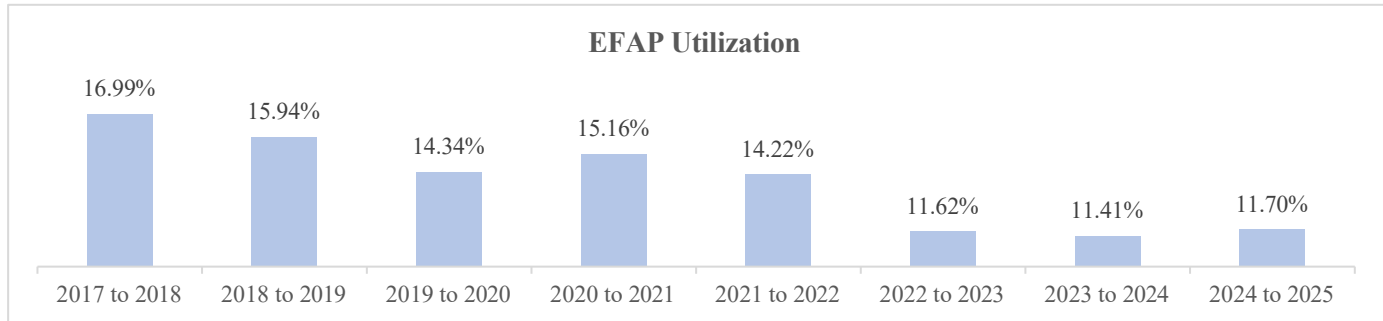
- Basic dental – 71% of dental claims submitted (57% of dental claims paid) corresponded with this category which includes services such as dental exams, x-rays, fluoride, polishing, filings, extractions anesthesia, stain removal. These figures also include services that GreenShield classifies as “generally excluded” (mainly therapeutic intravenous drug injection) but since these were eligible through Canada Life, coverage was maintained with the transition to GreenShield.
- Comprehensive basic dental – 23% of dental claims submitted (22% of dental claims paid) corresponded with this category which includes services such as scaling, pulp treatment, root canal.
- Major dental – 2% of dental claims submitted (11% of dental claims paid) corresponded with this category which includes services such as crowns, veneers, inlays, onlays, dentures, bridges.
- Orthodontics – 4% of dental claims submitted (10% of dental claims paid) corresponded with this category which includes services such as fixed or removable orthodontic appliances including initial fees and repairs.

Since the HCSA benefit was introduced effective May 1, 2025, utilization data will be included in subsequent reports.

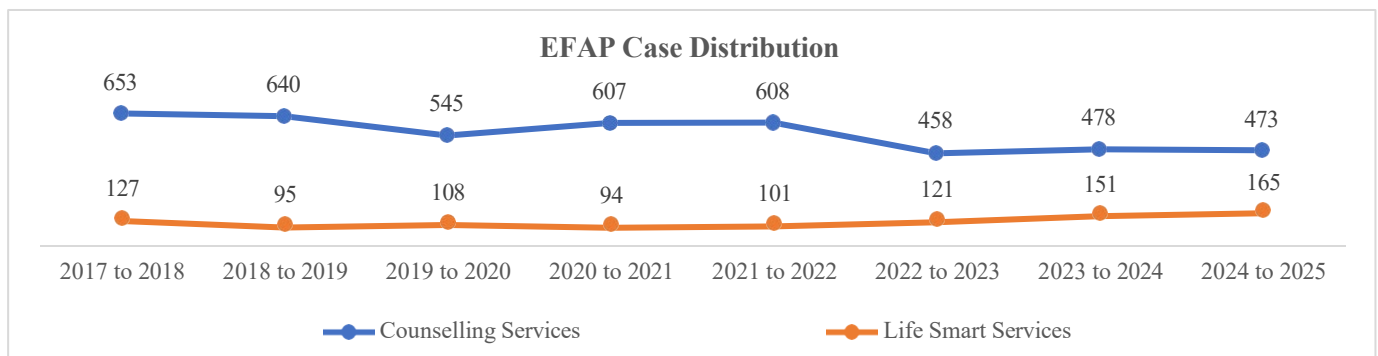
As discussed at the March 2025 Pension & Benefits Committee meeting, the budget rates for the extended health and dental benefits were increased by 7.5% and 3.0%, respectively effective May 1, 2025. Based on the claims experience with GreenShield and trend factors impacting projected utilization, further increases to the budget rates are necessary effective May 1, 2026 based on the current plan design.

Employee and Family Assistance Program (EFAP)

The utilization during the September 1, 2024 to August 31, 2025 policy year was 11.7%, representing 650 cases, including 12 online cases (or 34 online service counts)². This represents a 3% increase from the 11.41% utilization (and 633.83) cases from the previous policy year. In comparison with Homewood Health’s benchmark data, utilization is below their “education-universities sector” average (12.8%) but above their “all industries” average (8.5%). The utilization over the last eight policy years is illustrated below:



Excluding online services, there were 638 cases during the September 2024 to August 2025 policy year which reflects a 1% increase – there were 5 more counselling cases and 14 more Life Smart Service cases – compared to the previous policy year. As a percentage of usage, counselling access decreased (74.1% versus 76.0% last year) while Life Smart coaching requests increased (25.9% versus 24.0% last year).

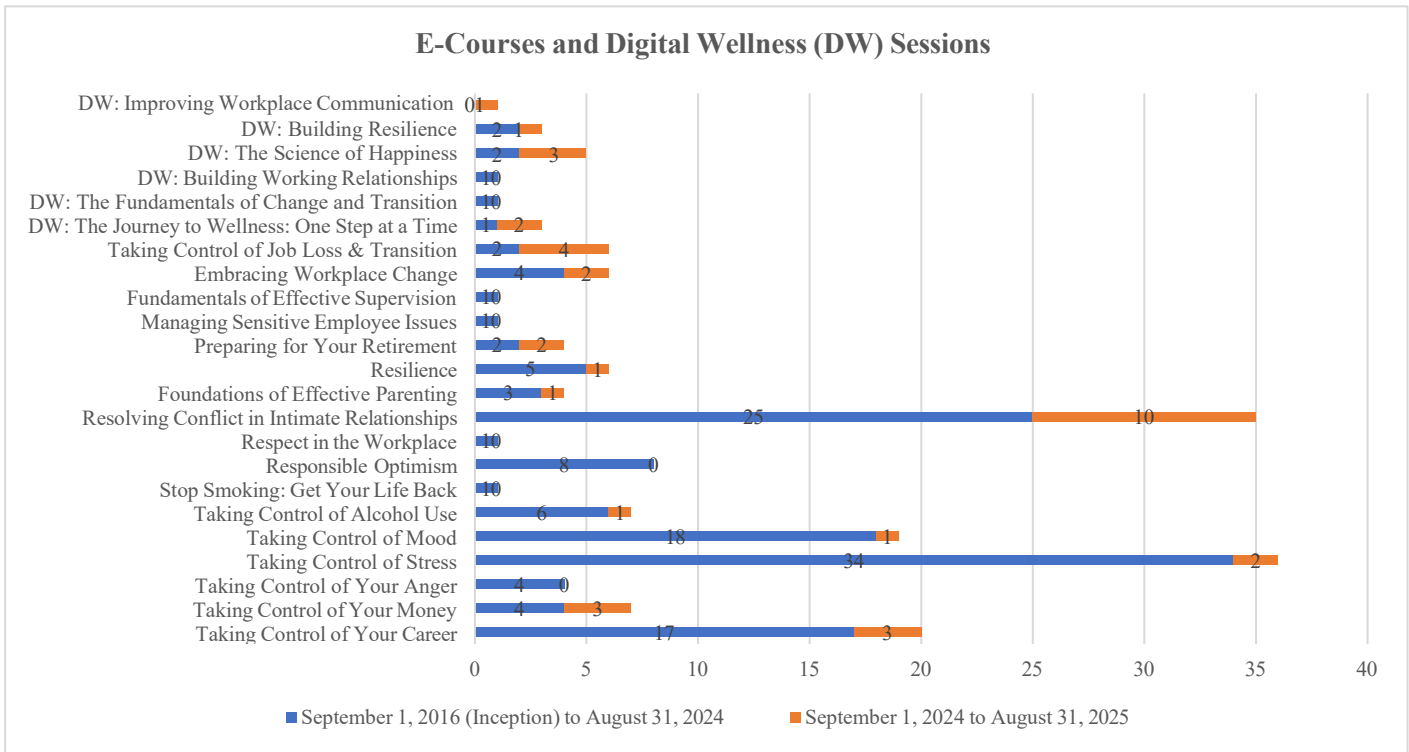


Within Counselling Services, Psychological counselling services was the highest category in the year with 187 cases (40% of the 473 cases), followed by Marital/Relationship with 71 cases (15% of the 473 cases) and Work with 60 cases (13% of the 473 cases). Stress was the most prominent subcategory within the Psychological category with 64 cases representing 34% of the Psychological cases versus 37% last year. Anxiety and Depression ranked second and third within the Psychological category with 20% and 11% of the Psychological cases respectively, versus 25% and 37% last year, respectively.

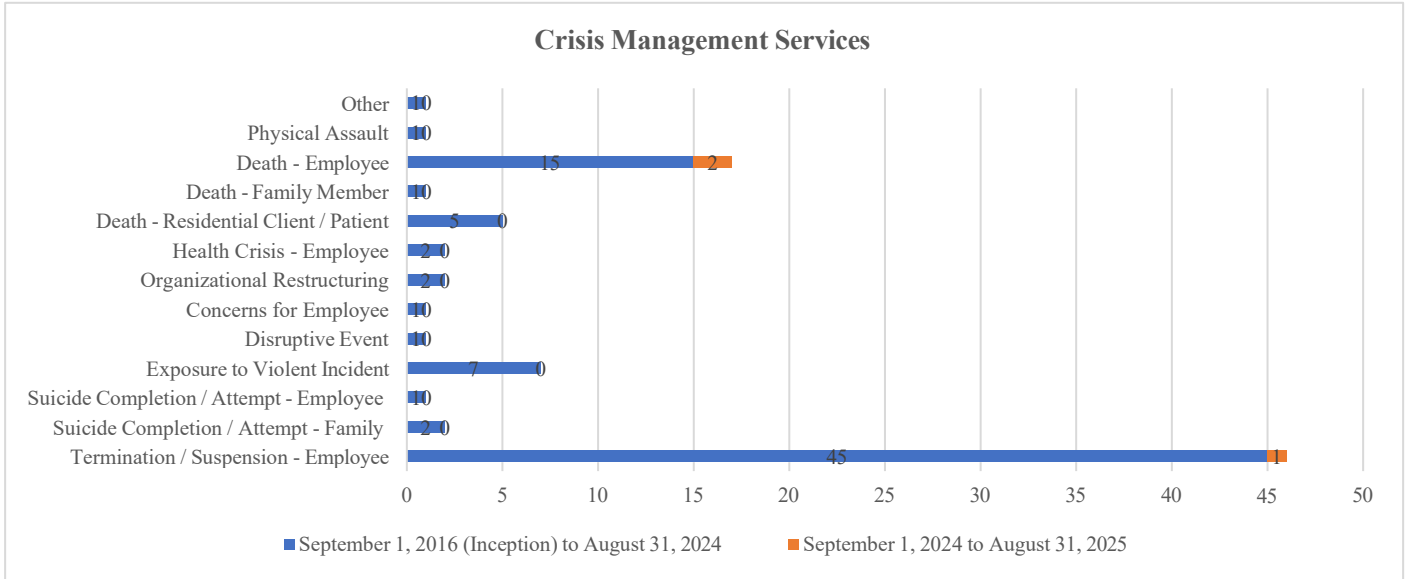
Within Life Smart Services, 23% or 38 of the 165 cases related to Relationship Solutions – an increase from the 31 cases in the previous policy year. The second highest category related to Burnout and Stress Solutions – with 18% or 30 of the 165 cases – a decrease from the 39 cases in the previous policy year. The third most prominent category was Legal Advisory Services with 23 of the 165 cases – an increase from the 21 cases in the previous policy year.

The overall usage of online services in the September 1, 2024 to August 31, 2025 policy year is lower than the previous policy year with 12 cases in comparison with 21 cases last year. Of the 12 cases, 10 cases representing 83% of the total were for e-courses (vs 13 last year) and 2 cases were for elder/childcare locator (vs 1 last year). In addition, there were 7 Digital Wellness (DW) sessions accessed during the policy year (same as last year) but these are not included in Homewood Health’s case count. The e-course and DW session topics of interest are captured below:

² E-courses are tracked as cases based on a 1:0.33 ratio and elder/childcare locators are tracked as cases based on a 1:0.5 ratio



Homewood Health provides Crisis Management Services (CMS) through the EFAP contract on a fee for service basis and requests are centrally managed when a need arises. In the September 2024 to August 2025 period, CMS services were required three times (since contract inception, these services have been requested 87 times).



For Information**Open Session**

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee and Pension Investment Committee

From: Melanie Figueiredo, Governance Officer

RE: **5. Benefits**

5.2 Benefits – Indexation of Maxima**Background:**

Lee Hornberger, Director, Total Rewards, will provide an update on the indexation of extended health benefits maxima.

Members will note that the item is presented annually to the Committee and reflected in the Committee’s work plan.

Documentation Provided:

- Group Benefits Annual Renewal Report
- Indexation of Healthcare Maximus Report
- Indexation of Retiree Life Benefit Report

**Report to the Pension & Benefits Committee
4 March 2026**

FOR INFORMATION

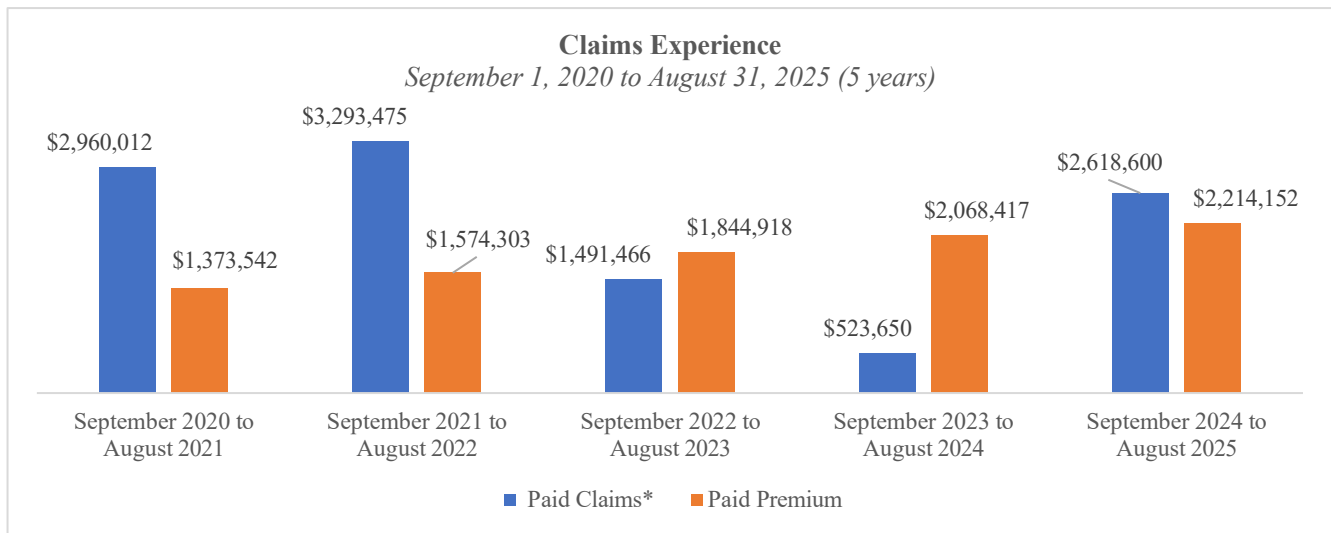
**Group Benefits Program – Annual Renewal effective May 1, 2026
From Human Resources**

The purpose of the report is to provide the estimated annual cost of the group benefits program based on rates effective May 1, 2026. The table below includes annual cost estimates for both employer and employee costs (excluding the health care spending account benefit). Based on these estimates, overall costs will increase by 13.5% effective May 1, 2026.

| Benefit | Estimated Annual Cost | | Change | |
|----------------------|---|---|--------------------|--------------|
| | Based on rates effective May 1, 2025 | Based on rates effective May 1, 2026 | | |
| Life Insurance | \$2,334,368 | \$2,541,561 | \$207,192 | 8.9% |
| Long Term Disability | \$7,562,300 | \$9,000,887 | \$1,438,587 | 19.0% |
| Healthcare | \$31,919,891 | \$35,923,717 | \$4,003,827 | 12.5% |
| <i>Combined</i> | <i>\$41,816,559</i> | <i>\$47,466,165</i> | <i>\$5,649,606</i> | <i>13.5%</i> |

Life Insurance

The University’s Life insurance benefit is insured by Sun Life Financial. Premium rates are established based on experience and University has a share in the financial results. Claims for life insurance can be volatile and as such, five years of experience is included in Mercer’s analysis and calculation of the required premium rates.



**Excludes Incurred but Not Reported Reserve (IBNR)*

The University pays 100% of the basic life insurance premium associated with the 1 x earnings coverage level, and 67% of the premium associated with the additional 2 or 3 x earnings coverage levels; employees pay the full cost of optional life coverage. Any portion of the premium paid by the University results in a taxable benefit to the employee/retiree (note: tax slips are not issued to retirees where the annual premium is less than \$50).

No changes are required to the optional life rate table effective May 1, 2026; however, the basic life premium rate will increase by 8.9% effective May 1, 2026 from \$0.169 to \$0.184 per \$1,000 of coverage.

| Volume of Coverage* | Current | | Effective May 1, 2026 | | Change | |
|---------------------|--------------------------------|---|--------------------------------|---|-----------|------|
| | Rate (per \$1,000 of coverage) | Annual Premium (Employee & Employer Combined) | Rate (per \$1,000 of coverage) | Annual Premium (Employee & Employer Combined) | | |
| \$1,151,069,100 | \$0.169 | \$2,334,368 | \$0.184 | \$2,541,561 | \$207,192 | 8.9% |

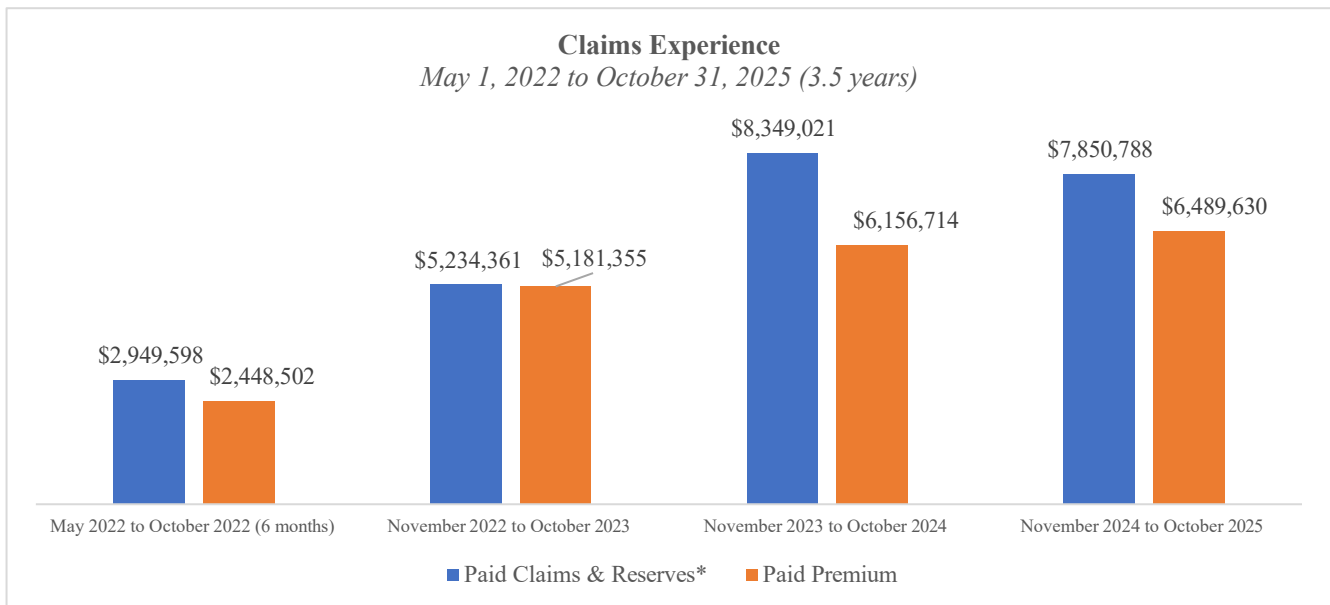
*As of August 2025

Mercer has indicated that the University should plan for annual increases to the premium rate for the next several years based on claims experience and the current plan design.

Long Term Disability

The University's Long Term Disability (LTD) benefit is insured by Sun Life Financial. Premium rates are established based on claims experience but the University does not have a share in the financial results. Due to the May 1, 2022 contract inception, the University's claims experience is not yet considered fully credible and as such, a portion of the renewal calculation utilizes Sun Life Financial's "manual rate" which is based on factors such as the demographics of covered members.

LTD claims payments continue on a monthly basis, and depending on the nature of the disability, potentially until the claimant reaches age 65. As such, for each claim paid, reserves are established by Sun Life Financial to fund the anticipated claim payments for the duration of the approved period and separately, a reserve is established for incurred but not reported claims.



*Includes the Disabled Life Reserve (DLR) and Incurred but Not Reported Reserve (IBNR) as at October 31, 2025 for each claims cohort

The premium rate guarantees following transition to Sun Life Financial expire effective April 30, 2026 and are now subject to annual renewals, as required. The LTD premium rate will increase by 19% effective May 1, 2026 from 1.167% of earnings to 1.389% of insured earnings.

| Monthly Insured Earnings | Current | | Effective May 1, 2026 | | Change | |
|--------------------------|----------------------|----------------|-----------------------|----------------|-------------|-----|
| | Rate (% of earnings) | Annual Premium | Rate (% of earnings) | Annual Premium | | |
| \$54,001,000 | 1.167% | \$7,562,300 | 1.389% | \$9,000,887 | \$1,438,587 | 19% |

The LTD benefit is fully paid for by employees and as a result, in the event of a claim, benefit payments are non-taxable. Historically, the maximum insured earnings has been adjusted each May 1 in alignment with the range increase for the faculty and staff compensation structures. The range increase for faculty is 2.6% effective May 1, 2026 but the range increase for staff is unknown at present. Applying the 2.6% increase results in a maximum insured earnings level of \$213,847. The following table provides an illustration of the corresponding cost to employees:

| Sample Salary | LTD Monthly Premium for Employees | | |
|---|-----------------------------------|---------------------|------------|
| | May 2025-April 2026 | May 2026-April 2027 | Difference |
| \$35,000 | \$34.04 | \$40.51 | \$6.47 |
| \$65,000 | \$63.21 | \$75.24 | \$12.03 |
| \$100,000 | \$97.25 | \$115.75 | \$18.50 |
| \$125,000 | \$121.56 | \$144.69 | \$23.13 |
| \$150,000 | \$145.88 | \$173.63 | \$27.75 |
| \$208,428 (maximum insured earnings effective May 1, 2025) | \$202.70 | \$241.26 | \$38.56 |
| \$213,847 (maximum insured earnings effective May 1, 2026) | \$202.70 | \$247.53 | \$44.83 |

While this renewal results in a significant increase, the premium rate continues to be lower than the cost of coverage with the prior insurer, Canada Life (i.e. 1.457% effective May 1, 2021).

Healthcare

The provider for the extended health (i.e. prescription drugs, paramedical practitioners, out-of-country, hospital, medical services & supplies), dental, and health care spending account benefits is GreenShield. With an ASO arrangement, the University is responsible for paying for all claims paid plus the fees/charges, up to the pooling limit of \$50,000 per year per individual. The pooling provision applies to the extended health benefit only.

There are two components to GreenShield's Stop Loss pooling threshold of \$50,000 per year per individual:

1. In-country component – calculated as a percentage of the University's claims
2. Out-of-country component – pooled rates based on GreenShield's aggregate experience

Travel Assistance provides individuals with assistance in the event of a medical emergency while outside of the country (i.e. locating medical care, hospital admission, transportation services). Pooled rates based on GreenShield's aggregate experience apply.

The administration (claims settlement) charge is subject to a guarantee until April 30, 2028; however, GreenShield requires an increase (+7% or +10%, depending on category) to the travel assistance charges and an increase of 5.56% to the stop loss charge effective May 1, 2026.

| ASO Fee/Charge | Current Effective May 1, 2025 | | Revised Effective May 1, 2026 | |
|--------------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| | Charge | Annual Cost Estimate* | Charge | Annual Cost Estimate* |
| Administration (Claims Settlement)** | 2.75% of paid claims | \$828,502 | 2.75% of paid claims | \$828,502 |
| Member Identification Cards*** | \$1.80 per card | \$1,591 | \$1.80 per card | \$1,591 |
| Stop Loss – In Country Component | 4.5% of paid extended health | \$952,139 | 4.75% of paid extended health | \$1,005,036 |

| | | | claims plus administration | | claims plus administration | |
|---|--|--------|----------------------------|-----------|----------------------------|-----------|
| Stop Loss – Out of Country Component **** | Active employees under age 70 (180 days per trip) | Single | \$0.85 | \$16,116 | \$1.20 | \$17,254 |
| | | Family | \$1.70 | \$87,312 | \$2.38 | \$93,475 |
| | Active employees age 70 and older (60 days per trip) | Single | \$4.05 | \$437 | \$12.37 | \$482 |
| | | Family | \$8.10 | \$3,694 | \$24.76 | \$4,063 |
| | Retired on or after January 1, 1996 (60 days per trip) | Single | \$4.05 | \$36,110 | \$7.61 | \$39,765 |
| | | Family | \$8.10 | \$136,080 | \$15.21 | \$149,688 |
| | Retired prior to 1996 (212 days per trip) | Single | \$4.05 | \$3,305 | \$16.46 | \$3,639 |
| | | Family | \$8.10 | \$1,847 | \$32.92 | \$2,031 |
| Travel Assistance**** | | Single | \$0.25 | \$7,200 | \$0.25 | \$7,200 |
| | | Family | \$0.50 | \$34,422 | \$0.50 | \$34,422 |
| <i>Combined</i> | | | \$2,108,755 | | \$2,187,149 | |
| | | | <i>Change</i> | | \$78,394 | |

* based on Aon's projected claims for May 1, 2026 to April 30, 2027 (approx. \$30.128M on a combined basis)

** the guarantee period for the administration (claims settlement) charge expires April 30, 2028

*** based on 884 IDs mailed/printed in 2025

**** the out of country stop loss charge and travel assistance rates are applied on a per member per month basis

Budget rates for the extended health and dental benefits are calculated each year by Aon using underlying claims experience, ASO fees/charges, recent plan amendments (if any), and loss ratio against budget. These budget rates are used to determine applicable cost sharing (with affiliates and part-time employees) and to generate funds in the account which is used to pay the monthly ASO billing statement from GreenShield. These benefits are fully employer paid with the exception of part-time employees (and retirees who had a part-time employment arrangement prior to retirement) who have a share in the cost relative to their full-time equivalency (e.g. an employee who works 50% of the standard workweek pays 50% of the monthly rate).

Projected claims analysis plus the increases to the monthly travel rates and stop loss charges above require changes to the budget rates for the extended health and dental benefits for the upcoming year (budget rates are not established for the health care spending account benefit). The trend factor used by Aon for extended health has increased from 6% to 9% but has been maintained at 5% for dental in comparison with last year. The budget rates established for the last few fiscal years have not sufficiently covered the monthly ASO billing statements from GreenShield, largely due to higher travel claims versus the projected levels. Based on these factors, Aon has calculated an aggregate increase of 12.5% to the budget rates effective May 1, 2026.

| Benefit | Coverage Level | Members* | Current | | Effective May 1, 2026 | | Change | |
|-----------------|----------------|----------|--------------|----------------------|-----------------------|----------------------|-------------|-------|
| | | | Monthly Rate | Aggregate Annualized | Monthly Rate | Aggregate Annualized | | |
| Extended Health | Single | 2,431 | \$84.87 | \$2,475,828 | \$99.79 | \$2,911,074 | \$3,725,118 | 17.6% |
| | Family | 5,762 | \$270.83 | \$18,726,270 | \$318.41 | \$22,016,141 | | |
| Dental | Single | 1,390 | \$64.12 | \$1,069,522 | \$65.78 | \$1,097,210 | \$278,709 | 2.6% |
| | Family | 4,167 | \$192.95 | \$9,648,272 | \$197.97 | \$9,899,292 | | |
| Combined | | | \$31,919,891 | | \$35,923,717 | | \$4,003,827 | 12.5% |

*headcount based on GreenShield's renewal report

**Report to the Pension & Benefits Committee
4 March 2026**

FOR INFORMATION

**Indexation of Healthcare Maximums
From Human Resources**

The costs associated with the extended health and dental benefits continue to increase on an annual basis with the existing plan design. Given the University’s financial state and the fact that indexation would result in additional costs to the University, the Pension & Benefits Committee decided to pause the annual adjustment for 2025 and this continues to be prudent for 2026.

Background

The University’s plan design for healthcare benefits has been subject to an annual cost-of-living adjustment for the plan maximums for several years. At the November 2008 Pension & Benefits Committee meeting, members decided to pause the practice in light of economic conditions and because the maximums were considered competitive at that time. The practice then continued to be paused due to a legislative freeze which continued when that legislation was lifted, due to a subcommittee’s work on a review of the benefits plan design; however, it was reinstated effective January 1, 2015 and continued annually thereafter until the pause decision on November 15, 2024 which resulted in no changes effective January 1, 2025.

The adjustment to the maximums has been calculated by Aon as in previous years and the impact is identified in the table below. To increase the benefit maximums for January 1, 2026 based on 1 year or 2 years of inflation would result in a \$100,000 or \$278,200 annual ongoing cost, respectively.

| Provision | Current Maximum | 1 Year of Inflation | | 2 Years of Inflation | |
|---|-----------------|---------------------|--------------------|----------------------|--------------------|
| | | Updated Maximum | Change | Updated Maximum | Change |
| Paramedical/Hearing Aids | \$841 | \$866 | 2.94% ¹ | \$913 | 8.56% ¹ |
| Psychologist/Social worker (Actives & Retirees Post 6-6-2000) | \$1,067 | \$1,098 | 2.94% ¹ | \$1,158 | 8.53% ¹ |
| Psychologist/Social worker (Retirees 1-1-1996 to 6-5-2000) | \$841 | \$866 | 2.94% ¹ | \$913 | 8.56% ¹ |
| Private Duty Nursing | \$25,478 | \$26,227 | 2.94% ¹ | \$27,649 | 8.52% ¹ |
| Out of pocket max: Single | \$143 | \$145 | 1.34% ² | \$149 | 4.20% ² |
| Out of pocket max: Family | \$288 | \$292 | 1.34% ² | \$301 | 4.51% ² |
| Dental Basic | \$2,803 | \$2,860 | 2.03% ³ | \$2,998 | 6.96% ³ |
| Dental Major | \$4,224 | \$4,310 | 2.03% ³ | \$4,517 | 6.94% ³ |
| Dental Orthodontia | \$4,224 | \$4,310 | 2.03% ³ | \$4,517 | 6.94% ³ |
| Total Additional Annual Cost of Indexing⁴ | | \$100,000 | | \$278,200 | |

¹ Percentage increases are calculated from Stats Can Other Health Care index rates for each year that the inflation is applied.

² Percentage increases are calculated from Stats Can Medicinal and Pharmaceutical index and Other Health Care index rates for each year that the inflation is applied based on 60%/40% weighting.

³ Dental Maxima increases based on the 2024 and 2025 increase to the dental fee guide as an estimate for 2026 fee guide increase (current year fee guide applies)

⁴ These costs are above the annual total claim costs projected based on UW’s claims experience from October 2024 to September 2025, inclusive of administration fees and applicable taxes. These are not a one-time cost but will be additional costs to claims experience on an on-going basis. This amount does not include any increase to the non-pension postretirement benefits liability or annual expense related to the plan amendment created by improving the ongoing retiree benefits design.

**Report to the Pension & Benefits Committee
4 March 2026**

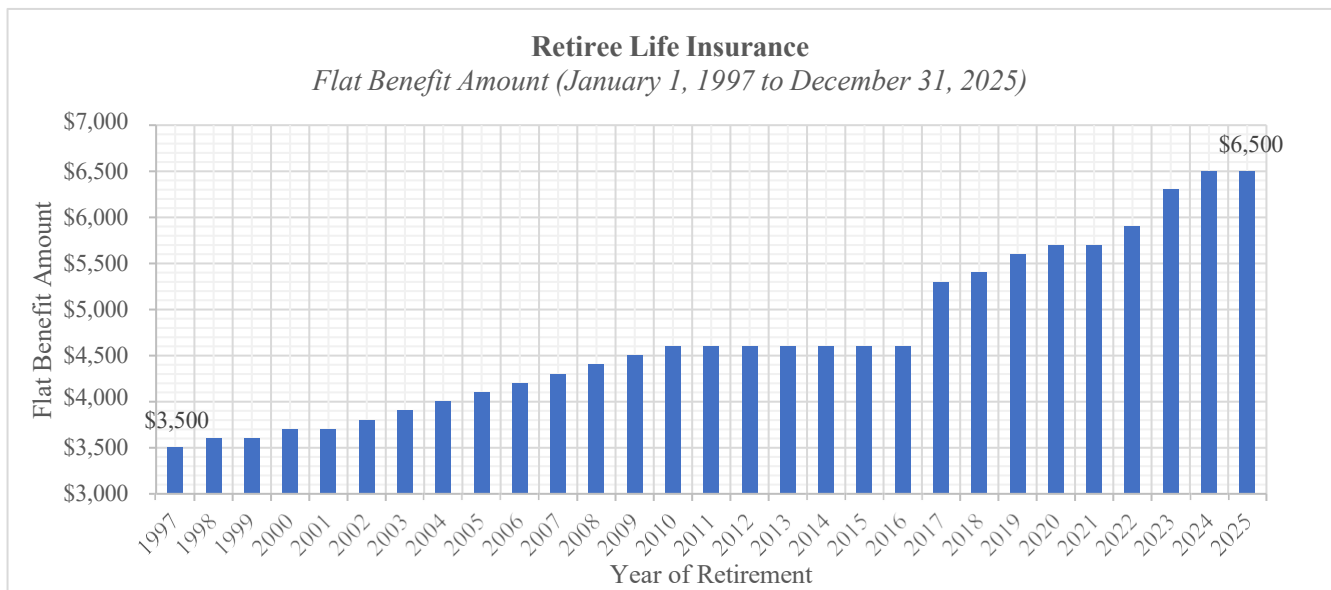
FOR INFORMATION

**Indexation of Retiree Life Benefit
From Human Resources**

Background

Employees with 10 years of continuous regular service are eligible for a University paid life insurance benefit at retirement as long as they elect an immediate pension. Eligible employees who retired prior to January 1, 1997 received coverage based on a percentage of earnings; however, eligible employees who retired on or after January 1, 1997 are covered with a flat benefit coverage amount.

The University’s plan design for the Retiree Life insurance benefit has been subject to an annual cost-of-living increase for several years. The practice was paused in 2010 for a few years due to legislation but was reinstated in December 2016, retroactively to January 1, 2015; however, no change was made effective January 1, 2025. As fiscal constraints continue to be in place at the University, a change is not recommended for January 1, 2026. The current Retiree Life benefit is \$6,500 for eligible employees who retire on or after January 1, 2024. The history of coverage is captured in the following graph:



Note: Eligible retirees receive the life insurance coverage in effect as at their date of retirement; the volume is not subject to change during their retirement.

For Information**Open Session**

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee
Members, Pension Investment Committee

From: Genevieve Gauthier-Chalifour, University Secretary

RE: **6. Other Business**

6.1 Committee Review and Restructure**Background**

In March 2024, the Pension & Benefits Committee (P&B) and Pension Investment Committee (PIC) received an update with respect to the Board Governance Review and subsequent plans to review and refresh the Board's committee structure and mandates. On March 21, 2025, a further update was provided on initiatives to improve effectiveness of the University's bi-cameral governance system, including continued work to modernize Board committee mandates. The following considerations are specific to the review of the Pensions & Benefits Committee, and Pension Investment Committee:

- Refresh committee mandate with specific lens on accountability for pension oversight by retaining the Pension component of the current committee and merge with the Pension Investment Committee
- Membership continues to be drawn from members of the Board of Governors and members of faculty, staff and retirees
- Transfer benefits oversight to an internal committee that continues to include representation from various employee groups

Proposed Draft Terms of Reference: Pension Committee

Draft terms of reference for the proposed Pension Committee were presented to both the Pension & Benefits Committee and the Pension Investment Committee for information and feedback at their respective meetings held October 3, 2025.

The draft terms of reference were also discussed at respective meetings of the Faculty Relations Committee (FRC) and Staff Relations Committee (SRC) in November and December 2025.

A comprehensive legal review of the proposed terms of reference was also undertaken by legal counsel including pension law experts at Osler, Hoskin & Harcourt.

A revised draft of the proposed terms of reference was presented at the January 2026 joint meeting of the Committees for endorsement. At the meeting, members raised concerns regarding the approach of a single pension committee that would oversee pension administration and investments as well as proposed meeting frequency.

In response to the feedback from the previous meeting, a further revised terms of reference is enclosed. The latest draft includes terms of reference for both the Pension Committee, as well as a proposed Pension Asset Subcommittee (schedule 1 of the document). The Subcommittee will oversee investment and manager performance and make recommendations to the Pension Committee on manager appointments and the allocation of funds to managers. Membership of the Subcommittee would be composed of a subset of members of the Pension Committee, with the option of appointing additional external experts to increase depth of knowledge. It is proposed that the Subcommittee would meet 4 times annually, consistent with the current Pension Investment Committee.

With four regular meetings each of the Pension Committee and Pension Asset Subcommittee, and noting the removal of benefits from the mandate of the proposed Pension Committee, there would be a total of eight committee meetings a year solely focused on oversight of the administration of the pension and management of its assets. This would align with all other Board committees, who meet four times a year regularly. Additional special meetings may also be scheduled at the call of the Chair to ensure that business is addressed in a timely manner. A proposed work plan for both the Pension Committee and Pension Asset Committee will also be provided at the next meeting to illustrate the division of regular business items among the four regular meetings.

Key highlights and revisions made since January 2026 include:

- Section 1 – Preamble
 - Addition of preamble to provide context on the role of pension governance relative to pension plan administration.
- Section 3 – Definitions
 - Addition of definitions to support clarity throughout, including as it relates to the various roles engaged in pension governance. Definitions are drawn directly from pension governance guidance documents published by the Canadian Association of Pension Supervisory Authorities (CAPSA)
- Schedule 1 – Pension Asset Subcommittee
 - Addition of Pension Asset Subcommittee (see above)
 - Corresponding changes to section 4.2 were also made as a result of the proposed Pension Asset Subcommittee

Draft Terms of Reference: Benefits Advisory Committee

Enclosed is a revised draft terms of references for the proposed new internal benefits advisory committee. As noted in previous committee material, the approach aims to maintain employee representation in benefits-related discussions and recommendations, and reflects the evolution of the University's employee group structure over the past several years. Minor amendments have been made since the previous draft was shared at the January 2026 meeting of the Committees based on feedback and will be elaborated on at the meeting.

Considerations and Next Steps

The committees are asked to review and provide feedback on the proposed terms of reference for the Pension Committee. Members are also invited to submit feedback via email to the Secretariat after the meeting.

The terms of reference will be presented at the May meetings of the Committees for endorsement. The Governance & Leadership Committee will then review and consider the terms of reference at its meeting June 1, 2026, for recommendation to the Board of Governors on June 23, 2026.

Documentation Provided

- Draft Terms of Reference – Pension Committee – Redline Version
- Draft Terms of Reference – Pension Committee – Clean Version
- Draft Terms of Reference – Benefits Advisory Committee

**Pension Committee Terms of Reference
DRAFT PROPOSED**

Approving Authority: Board of Governors
Original Approval Date: DATE
Effective Date: DATE
Date of Most Recent Review: N/A
Previous Amendments: See former Pension & Benefits Committee (decommissioned)

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1. Preamble

Pension plan governance refers to the structure and processes in place for the effective administration of a pension plan to ensure the fiduciary and other responsibilities of the plan administrator are met. The objective of pension plan governance is sound decision-making that enables the plan administrator to deliver on the pension promise consistent with the pension plan documents and pension legislation. Pension legislation defines the pension plan administrator as the body responsible for governance of the pension plan.¹

The *Pension Benefits Act* (Ontario) imposes primary legal responsibility for the administration of the pension plan on the administrator of the plan which, in the case of the University of Waterloo ("the University") as the corporate plan sponsor, is the University. As such, ultimate legal responsibility for pension plan administration rests with the University's Board of Governors.²

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The University, through its Board of Governors, serves in the dual role of both sponsor and administrator of the University of Waterloo Pension Plan ("the Pension Plan"). In its capacity as administrator of the Pension Plan, the University acts in a fiduciary capacity ensuring that administrative functions are discharged prudently and with a view to the best interests of the Pension Plan beneficiaries.

Recognizing the dual role and structural conflicts that may arise from time to time, and consistent with pension law and widely accepted pension sector governance principles, consideration of the distinct roles of Pension Plan sponsor and Pension Plan administrator is paramount throughout these terms of reference. Role

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¹ Guideline No. 4: Pension Plan Governance Guideline, Canadian Association of Pension Supervisory Authorities, December 2016.

² Plan Sponsor's Role in Pension Governance – Employer or Fiduciary?, Diana Woodhead, Blake, Cassels & Graydon LLP, January 2006.

**Pension Committee Terms of Reference
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definitions within are adapted from the Canadian Association of Pension Supervisory Authorities.

1. Mandate and Authority

2.

The Board of Governors delegates the responsibility for and control of the administration of the Pension Plan as this directly affects Employees and Members, to the Pension Committee as set out in the Pension Plan Text and within these terms of reference.

~~The Committee is also responsible for oversight and is responsible for oversight of matters affecting the administration of the University of Waterloo Pension Plan ("the Pension Plan") and investment of the Pension Plan assets, having delegated responsibilities as plan administrator.~~

The Committee will also provide oversight for Board policy and risk management and compliance in areas related to the Pension Plan, as directed by the Governance & Leadership Committee and the Audit & Risk Committee.

~~The Committee is not responsible for decisions relating to the contribution requirements under the Pension Plan or the amendment, termination or wind-up of the Pension Plan or any other matter that is the responsibility of the pension plan sponsor. Such matters are, under the terms of the Pension Plan, to be determined by the Board of Governors.~~

University administration is responsible for day-to-day administration of the Pension Plan, with operating decisions based on rules and regulations adopted by the Committee.

The Committee is a standing committee of the Board of Governors and is established in accordance with the *University of Waterloo Act, 1972* and Board of Governors Bylaw 1.

The Pension Fund Asset Subcommittee is a subcommittee of the Pension Committee and is established in accordance with Board of Governors Bylaw 1.

3. Definitions

3.1. Administration: the oversight, management and operations of the pension plan and its pension fund including the investment of the assets of the pension fund.

3.2. Beneficiaries: individual, group, body or entity entitled to a benefit under the terms of a pension plan other than plan members.

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Pension Committee Terms of Reference
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- 3.3. Plan Administrator: the individual, group, body or entity that is responsible for the oversight, management and operations of the pension plan and pension fund.
- 3.4. Plan Member(s) or Member(s): all current and former employees, including retired employees, entitled to benefits under the pension plan.
- 3.5. Plan Sponsor: the individual or entity that is responsible for determining the design of the pension plan, setting the benefit structure for various classes of members, making decisions relating to contribution requirements and establishing, amending or terminating the pension plan.
- 3.6. Third Party Service Provider: the entity (or entities) or individual(s) that is/are retained by the plan administrator to perform some or all of the delegated duties associated with the pension plan and the pension fund that the administrator is required to perform.

2.4. Responsibilities

2.1.4.1. Pension Administration

- 2.1.4.1.1. Make and enforce such rules and regulations for the equitable, effective and efficient administration of the Pension Plan under the relevant legislation and regulations and to decide questions concerning the interpretation and application of the Pension Plan terms, including who is eligible to participate.
- 2.1.4.1.2. Review, and recommend to the Board of Governors, changes to the Pension Plan necessary to ensure compliance with applicable legislation and consistency with industry practices for peer plans, being mindful of the financial context in which the University operates.
- 2.1.4.1.3. The appointment or termination and monitoring of a consulting actuary and commission such studies as may be required for the effective administration of the Plan. ~~Without limiting the foregoing, the Committee shall commission an asset liability study at least every 10 years and in cases of significant changes in actuarial assumptions or capital market forecasts.~~
- 2.1.4.1.4. To provide the Board of Governors with recommendations relating to the appointment or termination of custodians/trustees.
- 2.1.5.4.1.5. The appointment or termination of any other service providers in respect of the administration and investment of the Pension Plan (e.g., pension benefit advisor or investment consultants), not otherwise addressed through University policy. -

Pension Committee Terms of Reference
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2.1.6.4.1.6. Review and approve annual actuarial valuation reports prepared for internal monitoring purposes, and review and provide the Board of Governors with recommendations relating to any actuarial valuation reports that are to be filed with the applicable governmental authorities.

2.1.7.4.1.7. Oversight of accounts and records relating to the operation of the Pension Plan.

2.1.8.4.1.8. Review and approve the annual audited financial statements of the Pension Plan, on recommendation from the Audit & Risk Committee.

2.1.9.4.1.9. The Committee shall be responsible for ensuring that all annual reports, returns or information summaries required to be filed with a governmental authority in respect of the Pension Plan have been prepared and filed on a timely basis in accordance with applicable law.

2.1.10.4.1.10. Ensure that all member communications required to be provided to Pension Plan beneficiaries under applicable law have been prepared and distributed on a timely basis in accordance with the requirements of applicable law.

2.1.11.4.1.11. Ensure that the Pension Plan is administered in accordance with its terms and applicable law.

2.1.12.4.1.12. Such other specific duties and responsibilities as the Board of Governors may determine from time to time pertaining to the administration of the Pension Plan.

2.2.4.2. Pension ~~Fund~~ Investments

2.2.1.4.2.1. Review investment policies respecting assets for the Pension Plan, including the Statement of Investment Policy and Procedures ("SIPP"), ~~and the~~ Fund Implementation Procedures ("FIP"), and Responsible Investment Policy ("RIP"), at least annually and recommend changes to the Board of Governors, as required.

2.2.2.4.2.2. Ensure that any amendments to the SIPP that have been approved by the Board of Governors have been filed with the Financial Services Regulatory Authority of Ontario, where required by applicable law.

2.2.3.4.2.3. Receive reports on compliance with Board-approved investment policies respecting assets for the Pension Plan.

2.2.4.4.2.4. Appoint, review, and replace as necessary external investment managers and investment funds (and associated manager mandates), consulting with the Finance & Investment Committee as necessary, _

Pension Committee Terms of Reference
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~~such as in cases of shared investment managers/funds across pension plan and University investment mandates. -~~

~~2.2.5.4.2.5. Receive regular reports from the Pension Asset Subcommittee on Monitor the performance of all investment managers, total fund performance, and reports on manager performance from time to time, and achievement of the total return objective on a quarterly basis and meet with the investment managers from time to time and at the Committee's discretion.~~

~~2.2.6. Review quarterly reports outlining the investment returns of the Pension Plan assets, the performance of the investment managers, the profile of the plan assets with respect to acceptable risk tolerances, asset allocation, and the outlook for meeting the Pension Plan's liabilities.~~

~~2.2.7.4.2.6. Approve asset mix changes and investment decisions, in compliance with the SIPP and FIP. In consultation with the Finance & Investment Committee, make recommendations to the Board with respect to situations of deviation or proposed deviation from the SIPP.~~

~~2.2.8.4.2.7. Review and monitor Pension Plan liquidity requirements.~~

~~2.2.9.4.2.8. Such other specific duties and responsibilities as the Board of Governors may determine from time to time pertaining to the investment of the pension fund.~~

~~2.3.4.3. Reporting and Liaison~~

~~2.3.1.4.3.1. The Committee Chair shall provide quarterly reports to the Finance & Investment Committee and meet with the Finance & Investment Committee at least annually to ensure efficiency and effectiveness of investment governance including coordination of work plans.~~

~~2.3.2.4.3.2. The Committee Chair shall provide periodic reports to the Board of Governors on the activities of the Committee (provided that any such reports shall be provided at least annually) and may, at the discretion of the Committee, seek advice or direction from the Board of Governors pertaining to any matters within the Committee's authority.~~

3.-Membership

5.

3.1. The Committee shall be comprised of the following and recommended annually to the Board of Governors for appointment, through the Governance & Leadership Committee:

5.1.

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**Pension Committee Terms of Reference
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3.1.1.5.1.1. Regular Voting Members

- Five external members who shall normally be members of the Board of Governors (i.e. Community-at-Large or Lieutenant-Governor-in-Council members in any combination). Up to two non-governor external members with expertise relevant to the Committee's mandate may be appointed to the Committee as necessary, on recommendation of the Governance & Leadership Committee.
- Three members appointed by the Faculty Association of the University of Waterloo (FAUW), to be recommended by the association president.
- Two members appointed by the University of Waterloo Staff Association (UWSA), to be recommended by the association president.
- One member appointed by the Canadian Union of Public Employees Local 793 (CUPE), to be recommended by the union president.
- One member appointed by OPSEU, to be recommended by the union president.
- One member appointed by the University of Waterloo Retirees Association (UWRA), to be recommended by the association president.

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3.1.2.5.1.2. Ex-Officio Voting Members

- Chair, Board of Governors
- President & Vice-Chancellor

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3.1.3.5.1.3. Non-Voting Members

- University Secretary or designate
- One member of the Affiliated and Federated Institutions of Waterloo (AFIW), to be jointly recommended by the respective AFIW presidents/principals

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3.1.4.5.1.4. The Committee Chair shall be appointed by the Board of Governors from among the external members of the Committee.

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3.1.5.5.1.5. In considering appointees, the nominating body for all regular voting members shall consider expertise relevant to the committee's mandate (e.g. actuarial, pension, investment). It is expected that all regular voting members of the Committee will have a reasonable level of knowledge of matters related to the Pension Plan, pension matters in general, and investments.

**Pension Committee Terms of Reference
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~~3.1.6.~~ In order to carry out its work effectively and efficiently, the Committee may establish and appoint *ad hoc* Working Groups, which may make recommendations to the Committee. The Committee shall not delegate its authority to a Working Group.

~~5.1.6.~~

4.6. Meetings and Rules of Order

~~4.1. Meeting Frequency~~

~~4.1.1.6.1.~~ The Committee will normally meet at least four times annually. Additional meetings may be held at the call of the Committee Chair.

~~4.2.6.2.~~ Portions of a meeting dealing with privileged, confidential, or personal matters may be held in confidential session, in accordance with Board bylaws and governing documents.

~~4.3. Quorum~~

~~4.3.1.6.3.~~ A quorum for the transaction of business at meetings of the Committee shall consist of a majority of the voting membership, at least three of whom are from among the external members, and at least three of whom are from among the members appointed by employee groups and retirees.

~~4.4.6.4.~~ Terms of Reference

~~4.4.1.6.4.1.~~ The Committee shall review its terms of reference one year after the original effective date, and thereafter on an annual basis.

~~4.4.2.6.4.2.~~ A comprehensive review shall be undertaken every five years, in accordance with the Board's Committee review schedule.

~~4.4.3.6.4.3.~~ The Committee may recommend amendments to its terms of reference to the Board of Governors at any time. Should any provision of these terms of reference conflict with Board of Governors Bylaw 1, the applicable provision in Bylaw 1 shall prevail.

3.1.7. Special Provisions

~~3.1.1.7.1.~~ Members of the Committee may participate in the benefits under the Pension Plan provided they are eligible to do so. Except as otherwise provided by the Board of Governors of the University, no member of the Committee shall receive any compensation for services. No bond or other security shall be required of any member of the Committee in such capacity in any jurisdiction, except as expressly required by law.

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Commented [A1]: Restated from plan text s.15.04

Pension Committee Terms of Reference
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3.1.2-7.2. When acting as a delegate of the Board of Governors in carrying out responsibilities related to administration of the Pension Plan, members of the Committee shall act with the care, diligence, and skill that a person of ordinary prudence would exercise in dealing with the property of another person. In doing so, each member of the Committee shall use all relevant knowledge and skill they possess, or, by reason of the member's profession, business or calling, ought to possess.

Commented [A2]: PBA s.22(1)(2)

3.1.3-7.3. In administering the Pension Plan neither the Committee, or any member thereof, nor the Board of Governors of the University, or any member thereof, nor the University, or any officer or employee thereof, shall be liable for any acts of omission or commission, except for his/her or its own individual, willful and intentional malfeasance or misfeasance. The University and its officers and directors, and each member of the Committee shall be entitled to rely conclusively on all tables, valuations, certificates, opinions and reports which shall be furnished by any actuary, accountant, trustee, counsel or other expert who shall be employed or engaged by the University or the Committee. When a person ceases to be a member of the Committee, such person will be fully discharged from all duties and responsibilities which arise after the date such person ceases to be a member of the Committee and such person shall not be subject to any liability in relation to events occurring after the date they cease to be a member of the Committee.

Commented [A3]: Restated from plan text s.15.04

3.1.4. —In the execution of their duties and responsibilities, each member of the Committee shall comply with the conflict of interest standards and procedures described in the SIPP.

7.4. The Committee Chair shall ensure that adequate resources and time are made available to Committee members to allow them to continually develop their understanding of diverse pension matters so as to ensure the appropriate level of skill, diligence and prudence in carrying out their duties and responsibilities with respect to the Pension Plan. The reasonable fees and expenses associated with any such continuing education may be paid from the Pension Plan fund.

Commented [A4]: FSRA interpretation and guidance document "Pension plan administrator roles and responsibilities", June 2024

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**Pension Committee Terms of Reference
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Schedule 1

Pension Asset Subcommittee Terms of Reference

4. Pension Asset Subcommittee

1. Mandate

- 1.1. The Pension ~~Fund~~Asset Subcommittee ("the Subcommittee") oversees the investment of assets of the Pension Plan.
- 1.2. The Subcommittee makes its recommendations recognizing that:
 - 1.2.1. The Pension Plan is funded through employee and employer contributions and the Pension Plan investment income; -
 - 1.2.2. Investment decisions are based on a full understanding of underlying liabilities, within acceptable risk tolerances to meet the plan objective.

2. Responsibilities – Pension Fund Investments

- 2.1. Monitor performance of external investment managers and investment funds, including the review of quarterly reports outlining the investment returns of the pension plan assets.
- 2.2. Meet with external investment managers from time to time and at the discretion of the Subcommittee.
- 2.3. Make recommendations to the Pension Committee on the appointment or termination of external investment managers.
- 2.4. Make recommendations to the Pension Committee on the increase or decrease of funds allocated to an external manager or fund based on performance.

3. Responsibilities – Reporting and Liaison

- 3.1. The Subcommittee Chair shall provide quarterly reports to the Pension Committee.
- 3.2. Through the Pension Committee, the Subcommittee shall share due diligence work and reporting on external investment managers with the Finance & Investment Committee.

4. Membership

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Pension Committee Terms of Reference
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- 4.1. The Subcommittee membership shall be drawn from among the members of the Pension Committee with demonstrated expertise relevant to the Subcommittee's mandate (i.e. investment, pension).
- 4.2. The Subcommittee membership shall be appointed by the Board of Governors, on recommendation from the Chair of the Pension Committee.
- 4.3. The Subcommittee shall normally be comprised of the following, all of whom shall be voting members unless otherwise delineated:
 - 4.3.1. Three members of the Pension Committee who are external members of the Board of Governors (Community-at-large members or Lieutenant-Governor-in-Council members), or external experts appointed to the Committee by the Board.
 - 4.3.2. Two members of the Pension Committee from among the members appointed by employee groups and retirees.
 - 4.3.3. University Secretary or designate (non-voting)
 - 4.3.4. Vice-President, Administration and Finance or designate (non-voting)
- 4.4. The Subcommittee Chair shall be appointed by the Pension Committee Chair from among the external members of the Subcommittee.

5. Meetings and Rules of Order

- 5.1. The Subcommittee will normally meet at least four times annually. Additional meetings may be held at the call of the Subcommittee Chair.
- 5.2. Meetings will be held in confidential session. Any member of the Pension Committee may attend a meeting of the Subcommittee on request to the Secretariat.
- 5.3. A quorum for the transaction of business at meetings of the Subcommittee shall consist of a majority of the voting membership.

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| Approving Authority: | Board of Governors |
| Original Approval Date: | DATE |
| Effective Date: | DATE |
| Date of Most Recent Review: | N/A |
| Previous Amendments: | See former Pension & Benefits Committee (decommissioned) |

1. Preamble

Pension plan governance refers to the structure and processes in place for the effective administration of a pension plan to ensure the fiduciary and other responsibilities of the plan administrator are met. The objective of pension plan governance is sound decision-making that enables the plan administrator to deliver on the pension promise consistent with the pension plan documents and pension legislation. Pension legislation defines the pension plan administrator as the body responsible for governance of the pension plan.¹

The *Pension Benefits Act* (Ontario) imposes primary legal responsibility for the administration of the pension plan on the administrator of the plan which, in the case of the University of Waterloo (“the University”) as the corporate plan sponsor, is the University. As such, ultimate legal responsibility for pension plan administration rests with the University’s Board of Governors.²

The University, through its Board of Governors, serves in the dual role of both sponsor and administrator of the University of Waterloo Pension Plan (“the Pension Plan”). In its capacity as administrator of the Pension Plan, the University acts in a fiduciary capacity ensuring that administrative functions are discharged prudently and with a view to the best interests of the Pension Plan beneficiaries.

Recognizing the dual role and structural conflicts that may arise from time to time, and consistent with pension law and widely accepted pension sector governance principles, consideration of the distinct roles of Pension Plan sponsor and Pension Plan administrator is paramount throughout these terms of reference. Role

¹ Guideline No.4: Pension Plan Governance Guideline, Canadian Association of Pension Supervisory Authorities, December 2016.

² Plan Sponsor’s Role in Pension Governance – Employer or Fiduciary?, Diana Woodhead, Blake, Cassels & Graydon LLP, January 2006.

definitions within are adapted from the Canadian Association of Pension Supervisory Authorities.

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The Committee is also responsible for oversight and investment of the Pension Plan assets.

The Committee will also provide oversight for Board policy and risk management and compliance in areas related to the Pension Plan, as directed by the Governance & Leadership Committee and the Audit & Risk Committee.

University administration is responsible for day-to-day administration of the Pension Plan, with operating decisions based on rules and regulations adopted by the Committee.

The Committee is a standing committee of the Board of Governors and is established in accordance with the *University of Waterloo Act, 1972* and Board of Governors Bylaw 1.

The Pension Asset Subcommittee is a subcommittee of the Pension Committee and is established in accordance with Board of Governors Bylaw 1.

3. Definitions

- 3.1. Administration: the oversight, management and operations of the pension plan and its pension fund including the investment of the assets of the pension fund.
- 3.2. Beneficiaries: individual, group, body or entity entitled to a benefit under the terms of a pension plan other than plan members.
- 3.3. Plan Administrator: the individual, group, body or entity that is responsible for the oversight, management and operations of the pension plan and pension fund.
- 3.4. Plan Member(s) or Member(s): all current and former employees, including retired employees, entitled to benefits under the pension plan.
- 3.5. Plan Sponsor: the individual or entity that is responsible for determining the design of the pension plan, setting the benefit structure for various classes of members, making decisions relating to contribution requirements and establishing, amending or terminating the pension plan.

**Pension Committee Terms of Reference
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3.6. Third Party Service Provider: the entity (or entities) or individual(s) that is/are retained by the plan administrator to perform some or all of the delegated duties associated with the pension plan and the pension fund that the administrator is required to perform.

4. Responsibilities

4.1. Pension Administration

- 4.1.1. Make and enforce such rules and regulations for the equitable, effective and efficient administration of the Pension Plan under the relevant legislation and regulations and to decide questions concerning the interpretation and application of the Pension Plan terms, including who is eligible to participate.
- 4.1.2. Review, and recommend to the Board of Governors, changes to the Pension Plan necessary to ensure compliance with applicable legislation and consistency with industry practices for peer plans, being mindful of the financial context in which the University operates.
- 4.1.3. The appointment or termination and monitoring of a consulting actuary and commission such studies as may be required for the effective administration of the Plan.
- 4.1.4. To provide the Board of Governors with recommendations relating to the appointment or termination of custodians/trustees.
- 4.1.5. The appointment or termination of any other service providers in respect of the administration and investment of the Pension Plan (e.g., pension benefit advisor or investment consultants), not otherwise addressed through University policy
- 4.1.6. Review and approve annual actuarial valuation reports prepared for internal monitoring purposes, and review and provide the Board of Governors with recommendations relating to any actuarial valuation reports that are to be filed with the applicable governmental authorities.
- 4.1.7. Oversight of accounts and records relating to the operation of the Pension Plan.
- 4.1.8. Review and approve the annual audited financial statements of the Pension Plan, on recommendation from the Audit & Risk Committee.
- 4.1.9. The Committee shall be responsible for ensuring that all annual reports, returns or information summaries required to be filed with a governmental authority in respect of the Pension Plan have been prepared and filed on a timely basis in accordance with applicable law.

Pension Committee Terms of Reference
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- 4.1.10. Ensure that all member communications required to be provided to Pension Plan beneficiaries under applicable law have been prepared and distributed on a timely basis in accordance with the requirements of applicable law.
- 4.1.11. Ensure that the Pension Plan is administered in accordance with its terms and applicable law.
- 4.1.12. Such other specific duties and responsibilities as the Board of Governors may determine from time to time pertaining to the administration of the Pension Plan.

4.2. Pension Investments

- 4.2.1. Review investment policies respecting assets for the Pension Plan, including the Statement of Investment Policy and Procedures ("SIPP"), Fund Implementation Procedures ("FIP"), and Responsible Investment Policy ("RIP"), at least annually and recommend changes to the Board of Governors, as required.
- 4.2.2. Ensure that any amendments to the SIPP that have been approved by the Board of Governors have been filed with the Financial Services Regulatory Authority of Ontario, where required by applicable law.
- 4.2.3. Receive reports on compliance with Board-approved investment policies respecting assets for the Pension Plan.
- 4.2.4. Appoint, review, and replace as necessary external investment managers and investment funds (and associated manager mandates), consulting with the Finance & Investment Committee as necessary, such as in cases of shared investment managers/funds across pension plan and University investment mandates
- 4.2.5. Receive regular reports from the Pension Asset Subcommittee on total fund performance, and reports on manager performance from time to time.
- 4.2.6. Approve asset mix changes and investment decisions, in compliance with the SIPP and FIP. make recommendations to the Board with respect to situations of deviation or proposed deviation from the SIPP.
- 4.2.7. Review and monitor Pension Plan liquidity requirements.
- 4.2.8. Such other specific duties and responsibilities as the Board of Governors may determine from time to time pertaining to the investment of the pension fund.

4.3. Reporting and Liaison

Pension Committee Terms of Reference
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- 4.3.1. The Committee Chair and meet with the Finance & Investment Committee at least annually to ensure efficiency and effectiveness of investment governance including coordination of work plans
- 4.3.2. The Committee Chair shall provide periodic reports to the Board of Governors on the activities of the Committee (provided that any such reports shall be provided at least annually) and may, at the discretion of the Committee, seek advice or direction from the Board of Governors pertaining to any matters within the Committee's authority.

5. Membership

5.1. The Committee shall be comprised of the following and recommended annually to the Board of Governors for appointment, through the Governance & Leadership Committee:

5.1.1. Regular Voting Members

- Five external members who shall normally be members of the Board of Governors (i.e. Community-at-Large or Lieutenant-Governor-in-Council members in any combination). Up to two non-governor external members with expertise relevant to the Committee's mandate may be appointed to the Committee as necessary, on recommendation of the Governance & Leadership Committee.
- Three members appointed by the Faculty Association of the University of Waterloo (FAUW), to be recommended by the association president.
- Two members appointed by the University of Waterloo Staff Association (UWSA), to be recommended by the association president.
- One member appointed by the Canadian Union of Public Employees Local 793 (CUPE), to be recommended by the union president.
- One member appointed by OPSEU, to be recommended by the union president.
- One member appointed by the University of Waterloo Retirees Association (UWRA), to be recommended by the association president.

5.1.2. Ex-Officio Voting Members

- Chair, Board of Governors
- President & Vice-Chancellor

5.1.3. Non-Voting Members

Pension Committee Terms of Reference
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- University Secretary or designate
 - One member of the Affiliated and Federated Institutions of Waterloo (AFIW), to be jointly recommended by the respective AFIW presidents/principals
- 5.1.4. The Committee Chair shall be appointed by the Board of Governors from among the external members of the Committee.
- 5.1.5. In considering appointees, the nominating body for all regular voting members shall consider expertise relevant to the committee's mandate (e.g. actuarial, pension, investment). It is expected that all regular voting members of the Committee will have a reasonable level of knowledge of matters related to the Pension Plan, pension matters in general, and investments.
- 5.1.6. In order to carry out its work effectively and efficiently, the Committee may establish and appoint *ad hoc* Working Groups, which may make recommendations to the Committee. The Committee shall not delegate its authority to a Working Group.

6. Meetings and Rules of Order

- 6.1. The Committee will normally meet at least four times annually. Additional meetings may be held at the call of the Committee Chair.
- 6.2. Portions of a meeting dealing with privileged, confidential, or personal matters may be held in confidential session, in accordance with Board bylaws and governing documents.
- 6.3. A quorum for the transaction of business at meetings of the Committee shall consist of a majority of the voting membership, at least three of whom are from among the external members, and at least three of whom are from among the members appointed by employee groups and retirees.
- 6.4. Terms of Reference
- 6.4.1. The Committee shall review its terms of reference one year after the original effective date, and thereafter on an annual basis.
- 6.4.2. A comprehensive review shall be undertaken every five years, in accordance with the Board's Committee review schedule.
- 6.4.3. The Committee may recommend amendments to its terms of reference to the Board of Governors at any time. Should any provision of these terms of reference conflict with Board of Governors Bylaw 1, the applicable provision in Bylaw 1 shall prevail.

Pension Committee Terms of Reference
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7. Special Provisions

- 7.1. Members of the Committee may participate in the benefit of the Pension Plan provided they are eligible to do so. Except as provided by the Board of Governors of the University, no member of the Committee shall receive any compensation for services. No bond or other security shall be required of any member of the Committee in any jurisdiction, except as expressly required by law.
- 7.2. When acting as a delegate of the Board of Governors in the responsibilities related to administration of the Pension Plan the Committee shall act with the care, diligence, and skill of an ordinary prudent person in dealing with the property of another person. In doing so, each member of the Committee shall use all relevant knowledge and skill they possess, or, by reason of the member's business or calling, ought to possess.
- 7.3. In administering the Pension Plan neither the Committee nor the Board of Governors of the University, or any officer or employee thereof, shall be liable for any acts of omission or commission, except for individual, willful and intentional malfeasance or misfeasance. The University and its officers and directors, and each member of the Committee shall be entitled to rely conclusively on all tables, valuations, certificates, opinions and reports which shall be furnished by any actuary, accountant, trustee, counsel or other expert who shall be employed or engaged by the University or the Committee. When a person ceases to be a member of the Committee, such person will be fully discharged from all duties and responsibilities which arise after the date such person ceases to be a member of the Committee and such person shall not be subject to any liability in relation to events occurring after the date they cease to be a member of the Committee.
- 7.4. In the execution of their duties and responsibilities, each member of the Committee shall comply with the conflict of interest standards and procedures described in the SIPP. The Committee Chair shall ensure that adequate resources and time are made available to Committee members to allow them to continually develop their understanding of pension matters so as to ensure the appropriate level of skill, diligence and prudence in carrying out their duties and responsibilities under the Pension Plan. The reasonable fees and expenses associated with any such continuing education may be paid from the Pension Plan fund.

Author
2026-02-24 17:35:00

Restated from plan text s.15.04

Author
2026-02-24 17:39:00

-PBA s.22(1)(2)

Author
2026-02-24 17:36:00

Restated from plan text s.15.04

Author
2026-02-24 17:41:00

FSRA interpretation and guidance document "Pension plan administrator roles and responsibilities", June 2024

Schedule 1

Pension Asset Subcommittee Terms of Reference

Pension Asset Subcommittee

1. Mandate

- 1.1. The Pension Asset Subcommittee (“the Subcommittee”) oversees the investment of assets of the Pension Plan.
- 1.2. The Subcommittee makes its recommendations recognizing that:
 - 1.2.1. The Pension Plan is funded through employee and employer contributions and the Pension Plan investment income;
 - 1.2.2. Investment decisions are based on a full understanding of underlying liabilities, within acceptable risk tolerances to meet the plan objective.

2. Responsibilities – Pension Fund Investments

- 2.1. Monitor performance of external investment managers and investment funds, including the review of quarterly reports outlining the investment returns of the pension plan assets.
- 2.2. Meet with external investment managers from time to time and at the discretion of the Subcommittee.
- 2.3. Make recommendations to the Pension Committee on the appointment or termination of external investment managers.
- 2.4. Make recommendations to the Pension Committee on the increase or decrease of funds allocated to an external manager or fund based on performance.

3. Responsibilities – Reporting and Liaison

- 3.1. The Subcommittee Chair shall provide quarterly reports to the Pension Committee.
- 3.2. Through the Pension Committee, the Subcommittee shall share due diligence work and reporting on external investment managers with the Finance & Investment Committee.

4. Membership

- 4.1. The Subcommittee membership shall be drawn from among the members of the Pension Committee with demonstrated expertise relevant to the Subcommittee’s mandate (i.e. investment, pension).
- 4.2. The Subcommittee membership shall be appointed by the Board of Governors, on recommendation from the Chair of the Pension Committee.
- 4.3. The Subcommittee shall normally be comprised of the following, all of whom shall be voting members unless otherwise delineated:
 - 4.3.1. Three members of the Pension Committee who are external members of the Board of Governors (Community-at-large members or

Pension Committee Terms of Reference
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Lieutenant-Governor-in-Council members), or external experts appointed to the Committee by the Board.

4.3.2. Two members of the Pension Committee from among the members appointed by employee groups and retirees.

4.3.3. University Secretary or designate (non-voting)

4.3.4. Vice-President, Administration and Finance or designate (non-voting)

4.4. The Subcommittee Chair shall be appointed by the Pension Committee Chair from among the external members of the Subcommittee.

5. Meetings and Rules of Order

5.1. The Subcommittee will normally meet at least four times annually.

Additional meetings may be held at the call of the Subcommittee Chair.

5.2. Meetings will be held in confidential session. Any member of the Pension Committee may attend a meeting of the Subcommittee on request to the Secretariat.

5.3. A quorum for the transaction of business at meetings of the Subcommittee shall consist of a majority of the voting membership.

Benefits Management Committee Terms of Reference

| | |
|------------------------------------|-------------------------------|
| Approving Authority: | President and Vice-Chancellor |
| Original Approval Date: | |
| Effective Date: | TBD |
| Date of Most Recent Review: | N/A |
| Previous Amendments: | N/A |

1. Mandate and Authority

The University of Waterloo’s Benefits Management Committee supports the Vice-President Academic & Provost and Vice-President Administration & Finance with providing strategic oversight, stewardship, and risk management for the group benefits program for eligible employees and post-retirement benefits for eligible retirees.

The six (6) benefits in scope consist of Life Insurance, Long-term Disability, Extended Health, Dental, Health Care Spending Account (HCSA), and the Employee & Family Assistance Program (EFAP) which are provided through contracts with external providers, with administration delegated to Human Resources.

The Committee ensures that these benefits are sustainable, compliant, equitable and aligned with institutional objectives, while supporting employee health and well-being, respecting bargaining outcomes and maintaining appropriate separation from administration and individual employee/retiree matters.

2. Guiding Principles

The committee will recommend guiding principles to establish a framework for basic coverage and evaluation of existing benefits.

3. Responsibilities

- 3.1. Establish and oversee the group benefits program framework applicable across all employee groups – those benefits that are common/basic across employee groups and those that are variable/negotiable.
- 3.2. Provide guidance and oversight – including guardrails for plan design and cost sharing arrangements – for both bargained and non-bargained benefits.
- 3.3. To monitor the benefits plan design through regular updates, understanding trends based on utilization by members and the impact of any changes to negotiated benefits that are the result of bargaining with employee groups, to other members

- 3.4. Receive annual renewal analysis supporting changes in budget/premium rates due to changing utilization, underwriting arrangements, plan design amendments, or other factors. In conjunction with the annual renewal, review the cost sharing arrangement (i.e. payroll deductions) with members including any changes that result from bargaining with employee groups.
- 3.5. Being mindful of the financial context in which the University operates, review and recommend plan design changes for non-bargained employees and/or Common/Basic benefit coverage changes through time to:
 - 3.5.1. Address feedback from employees and retirees
 - 3.5.2. Maintain competitiveness relative to other universities and major employers
 - 3.5.3. Ensure compliance with any applicable legislation
 - 3.5.4. Support long-term sustainability of the group benefits program.
- 3.6. To make recommendations relevant to benefits administration to address feedback from members, ensure compliance with legislation, and/or adoption of evolved industry practices through time.
- 3.7. To review services provided by the benefits consultant and benefits/insurance provider(s) with regular review of the contract and service satisfaction.

4. Membership

- 4.1. The Committee shall be comprised of the following members:
 - Chief Human Resources Officer
 - Director, Total Rewards, Human Resources
 - Associate Vice-President, Faculty and Academic Life
 - President, University of Waterloo Faculty Association (or designate)
 - President, University of Waterloo Staff Association (or designate)
 - President, University of Waterloo Retirees Association (or designate)
 - AFIW Representative
 - President, OPSEU (or designate)
 - President, CUPE Local 793 (or designate)

The Chief Human Resources Officer shall Chair the committee.

- 4.2. Resources may be invited by the Chair to support the Committee from time to time.
- 4.3. Members shall owe a duty of confidentiality to the committee but shall have the ability to consult from time to time with executive members of their

respective employee groups, as defined in a memorandum of agreement or collective agreement.

5. Meetings and Rules of Order

- 5.1. The Committee will normally meet four times annually. Additional meetings may be held at the call of the Committee Chair.
- 5.2. A quorum for the transaction of business at meetings of the Committee shall consist of a majority of the membership.
- 5.3. It is expected that the Committee will operate in a collegial manner, with most recommendations made by consensus rather than by formal vote. The Committee will review its terms of reference one year after the original effective date, and thereafter on a regular basis.



For Information

Open Session

To: Pension & Benefits Committee
From: Jacinda Reitsma, VP Administration and Finance

Pension & Benefits Committee

Date: **March 4, 2026**

Agenda Item: **Exploration of University Pension Plan (UPP)**

Summary

In May 2025, the University held preliminary discussions with employee, retiree, and other stakeholder groups (FAUW, UWSA, CUPE, OPSEU, UWRA, AFIWs, etc.) about an exploration of the University Pension Plan (UPP). In June 2025, a pension education session was held for the Board of Governors that, in addition to general pension education, included an introduction to the UPP and the University exploration of the UPP. In November 2025, a communication was shared with the campus community indicating that the University of Waterloo is exploring the UPP. A website was created to provide additional information about UPP and to receive questions regarding the exploration.

Overview and Highlights

Over the course of the past few months, further engagement on this topic has taken place with FAUW, UWSA, CUPE, OPSEU, UWRA, and AFIWs). Questions have been raised about the reasons for exploring the UPP at this time and interest in learning more about other pension plan options. In these consultations, feedback was also received about the types of information sessions that would be useful and the value of providing opportunities to learn about pension plans broadly, and the current pension plan of the University of Waterloo before providing additional information about the UPP.

Interest has been expressed by each of the employee groups and retirees in the creation of a working group to provide input and direction for a communication plan and information sessions for the current pension plan and exploration of a jointly sponsored pension plan including UPP. The working group is expected to include at least ten members with participation by FAUW, UWSA, UWRA, and CUPE.

The working group will work with the communications team to provide feedback on information shared, format of information sessions, and sharing of information on the website.

AON has also been engaged to support development of content for the information sessions.

Examples of collaborative exploration activities that will be shared with the working group include:

- General information sessions for the campus community to introduce the UPP

- Online FAQ to address community questions
- Development of examples for plan member scenarios
- Detailed information sessions for the campus community to better understand our current pension plan and comparison to the UPP.

Consultation and Engagement

As part of the process, we will share regular updates with the Pension & Benefits Committee and the Pension Investment Committee.

Feedback from the committees will also help to inform initial information sessions for the members.

Next Steps and Future Considerations

We anticipate meeting with the working group in March 2026 to prepare for further communications and information sessions in the coming months and throughout 2026.

Documentation Provided

None

For Information**Open Session**

Date of Meeting: March 4, 2026

To: Members, Pension & Benefits Committee and Pension Investment Committee

From: Melanie Figueiredo, Governance Officer

RE: **6. Other Business**

6.3 Portfolio Risk**Background:**

Members will recall during the discussion on amendments to [the Statement of Investment Policies and Procedures](#) ("SIPP") at the January joint meeting of the committees, questions were raised regarding portfolio risk.

The SIPP notes that the "risk objective of the Fund is to reduce the frequency and severity of funding deficits" and "the volatility of the Fund's returns is directly related to the asset mix. The Benchmark Portfolio in Section 12 has been constructed with the expected returns and related risks in mind. Provided the Fund's investment structure stays within the permitted ranges for each asset class, the volatility of the Fund's returns should be similar that of the Benchmark Portfolio".

The SIPP also notes that investments are subject to the following risk factors, and that "the primary method for managing these risks is diversification. The Plan will be diversified by asset class, geography, security (through well-diversified portfolios of bonds, equities and alternatives), fund manager and investment style":

- Equity market
- Interest rates (which includes interest rate risk on both liabilities and assets)
- Credit
- Liquidity
- Inflation
- Currency
- Active manager underperformance
- Governance
- Operational
- Regulator

Sarah Hadley, Chief Financial Officer, will speak to this matter further at the meeting.

Documentation Provided:

- N/A