

May 28, 2012

**RE: University of Windsor Retirement Employees' Retirement Plan (the "Plan")
Registration Number 0310573**

Dear Pension Plan Member:

The purpose of this memo is to provide an update on the financial status of the University of Windsor Employees' Retirement Plan (the "Plan").

The Plan is registered in Ontario and subject to the *Pension Benefits Act* of Ontario (PBA). The PBA requires that registered pension plans have regular actuarial valuations completed and filed with the regulators. An actuarial valuation is a complete assessment of a plan's financial status at that point in time. The financial status is tested in two ways:

- Under the "going concern" test, a plan's liabilities are estimated as if the plan were to continue indefinitely
- Under the "solvency" test, a plan's liabilities are estimated as if the plan was terminated on the valuation date.

If the actuarial valuation shows that a plan has a shortfall on either the going concern or the solvency test, then special payments are required to eliminate that shortfall. The actuarial valuation also outlines the current service cost for the plan. This is the cost to provide the pension benefits that will be earned in each one-year period after the valuation date, by all active members.

An actuarial valuation was completed for the University of Windsor Employees' Retirement Plan effective July 1, 2011. The results of the valuation identified a going-concern deficit of \$961,400 and a solvency deficit of \$2,061,300 as at July 1, 2011. As a result, contributions are required to eliminate these deficits in accordance with the Pension Benefits Act, in addition to the contributions required to fund the current service cost.

The total estimated required contribution to the Plan for the year July 1, 2011 to June 30, 2012 is \$6,562,036. As per the Plan provisions, the University and Plan members share equally the cost of funding the Plan. Based on the current contributions rates shown below, the estimated University and member contributions are sufficient to meet the minimum required contribution. As such, there is no change in contribution rates for the period from July 1, 2011 to June 30, 2014*.

| Pensionable Earnings | Contribution rate in effect from July 1, 2011 to June 30, 2014* |
|--|--|
| Earnings up the Year's Basic Maximum Exemption of \$3,500 (YBE) | 9.2% |
| Earnings above the YBE and up to the Year's Maximum Pensionable Earnings (YMPE) ** | 6.4% |
| Earnings above YMPE | 9.2% |

*Subject to change in the event of Plan changes or re-valuation of the Plan before June 30, 2014

** \$50,100 in 2012



The ratio of the Plan assets to the Plan wind-up liabilities (the PBA calls this the "Transfer Ratio") was 99% at July 1, 2011. This means that, if the Plan had been terminated on July 1, 2011, the Plan assets would have paid for 99% of the Plan's benefits.

The current economic environment continues to significantly challenge pension plans in Canada. The Retirement Committee, which is comprised of elected representatives from union and non-union groups as well as University administration, will continue to monitor the financial position of the Plan.

If you have questions, please contact Ms. Cheryl Paglione, Director of Employee Service, at (519) 253-3000 ext. 2014, or by email to cherylp@uwindsor.ca.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rita LaCivita", with a long, sweeping flourish extending to the right.

Rita LaCivita
Chief Human Resources Officer

Cc: Employees' Retirement Committee
CAW Pension Advisory Committee
Director of Employee Services