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**SaskTel** 

# Message from the Chair

The past year has been another good one as the SaskTel Pension Plan (the Plan) continues to be in a good financial position.

The Plan's investment portfolio returned 14.1% for the year ended March 31, 2021, and is valued at \$1,031 million. Total annual benefits paid to Plan members during the year were \$64.9 million which included a 1.95% CPI adjustment effective April 1, 2020. The expense ratio for the Plan was 0.31%.

In 2020 the mandated triennial actuarial valuation was approved/accepted by the Superintendent of Pensions. The going concern valuation ratio was 102.2% including a PfAD of 12% and the solvency ratio was 85.7% . The full valuation has been posted to the Plan website.

During the year the Board initiated an in-depth review of its Strategic Plan and Risk Objectives with an emphasis on its risk management activities.

As well the Board has completed an in depth review of the Governance Manual and the updated manual

is posted on the Plan website <https://www.sasktel.com/sasktel-pension-plan/home>.

The Board also continues to make an effort to make Plan information easily accessible for members. Plan documents and Plan information including the 2020-21 Annual Report will be accessible on the Plan's website in the near future. Contact information for Plan inquiries is also listed.

We hope that the information contained in the newsletter is informative and hope that you have been able to successfully navigate a year of Covid.

Peter Hoffmann  
SaskTel Pension Plan Chair

## Trustees



Peter Hoffmann  
Chair

Andrew Malinowski  
Unifor Representative

Jamie Patterson  
SaskTel Representative

Brian Renas  
Unifor Representative

Scott Smith  
SaskTel Representative

## New Faces

**Jamie Patterson** was appointed to the SaskTel Pension Plan Board on October 5, 2020, replacing Charlene Gavel.

Jamie is an Associate Corporate Counsel for SaskTel with experience with responding to major regulatory undertakings, negotiating and concluding critical business transactions, and advising on governance matters in the crown corporation setting.

Jamie volunteers with the Canadian Corporate Counsel Association, Regina Bar Association, Habitat for Humanity, Regina Plains Museum and Hope's Home.



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# Annual Pension Increase



The annual pension increase is 0.72% which reflects the increase in the average consumer price index for Canada from December 2019 to December 2020. The increase was effective April 1, 2021.

## Email Address

The Pension Plan's email address is [sasktel.pensionplan@sasktel.com](mailto:sasktel.pensionplan@sasktel.com). Please use this email to ensure that your message is received and addressed in a timely manner.

### 2020/21 Pension Payment Schedule

Pension payments are deposited directly to your account on the last business day of the month except for December.

#### 2021

Tues	August 31
Thurs	September 30
Fri	October 29
Tues	November 30
Thurs	December 23

#### 2022

Mon	January 31
Mon	February 28
Thurs	March 31
Fri	April 29
Tues	May 31
Thurs	June 30
Fri	July 29
Wed	August 31

## Power of Attorney

Do you have an active power of attorney looking after your affairs, or are you a power of attorney looking after a plan member's affairs?

We require a copy of a power of attorney on file before we can communicate with anyone other than the plan member regarding their pension details. Please ensure that you provide a copy of the legal document to us to avoid delays in responding to your inquiries.

## Life Events

To ensure uninterrupted service, please notify us immediately of any changes in mailing address, banking details, marital status, or power of attorney.

## Benefit Questions

For questions about your Plan benefits please see the Plan website or call us (see our contact information on the last page of this newsletter).

For questions regarding your life insurance please contact PEBA by calling 1-306-787-3440.

# 2020/21 Annual Report Highlights

As at March 31, 2021

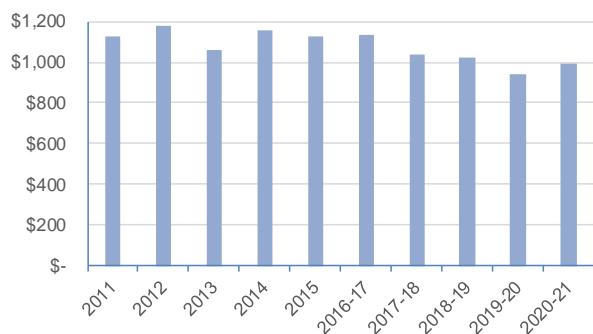
## Year at a glance

- **Going Concern status: 108.2%**
- **Solvency status: 97.4%**
- **Net assets: \$1,031 million**
- **Pension obligations: \$993 million**
- **Accounting surplus: \$38 million**
- **Accounting status: 103.8%**
- **Total membership: 1,845**

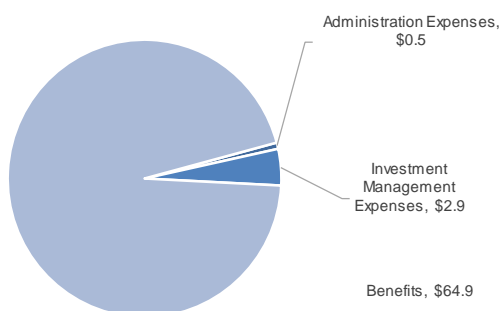
## Summary of Financial Position

(\$ thousands)	March 31, 2021	March 31, 2020
<b>Net assets available for benefits</b>	1,030,851	964,300
<b>Pension obligation</b>	992,773	941,045
<b>Surplus</b>	38,078	23,255

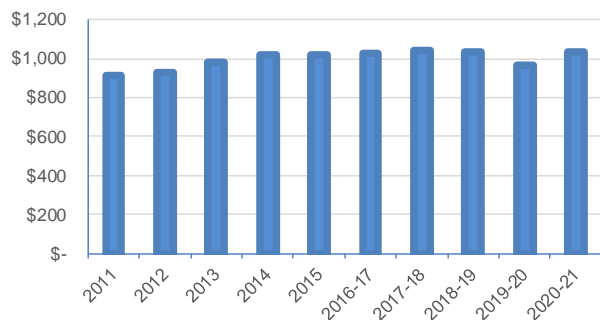
### Plan Obligations (millions)



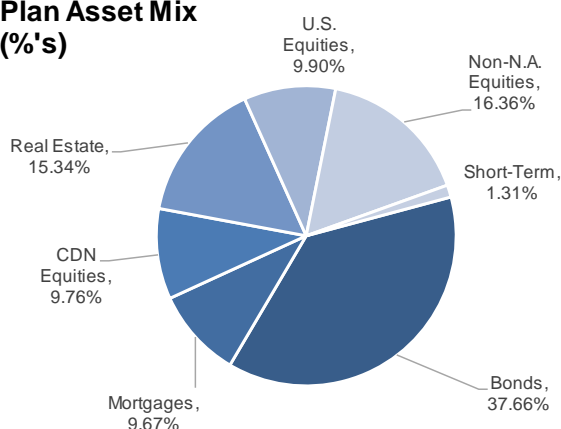
### Plan Expenses (millions)



### Plan Assets (millions)



### Plan Asset Mix (%'s)



# Investment Performance

Following the rapid sell off in capital markets that occurred one year ago in March, equity markets quickly recovered losses as Central Banks around the world flooded the markets with liquidity. Further, equity markets reached all-time highs and investors became increasingly optimistic following positive vaccine developments and the re-opening of economies around the world. In Canadian dollar terms, the MSCI All Country World Index (a barometer for global equity markets) returned 36.5% for the year ended March 31, 2021. Over the longer term (4 years), the MSCI All Country World Index has returned 11.1%.

The Canadian equity market was among the top performing markets over the past year with the S&P/TSX Composite up 44.2%. Performance was positive across most sectors, with Consumer Discretionary, Information Technology and Health Care posting the strongest returns. Within the Information Technology sector, Shopify more than

doubled over the year and at one point was the largest stock in the Index. The Canadian equity market's two largest sectors, Financials and Energy, also performed well, returning 46.7% and 40.6% respectively over the past year.

The S&P 500 Index continued to lead global equity markets, returning 56.4% in U.S. dollar terms over the past year. However, following the rapid appreciation of the U.S. dollar in March 2020, the U.S. dollar depreciated significantly over the remainder of the year, bringing the Canadian Dollar return for U.S. equities to 38.8%. On a style basis, large cap growth stocks led the markets higher for most of 2020 as they were the least impacted by COVID-19 lockdown; however, following the positive vaccine developments in the fourth quarter of 2020 investors began to rotate into value stocks as part of the “reopening trade”.

The MSCI EAFE Index, representing non-North American

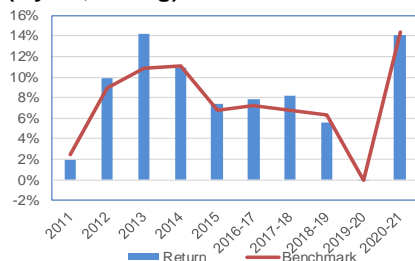
developed equity markets, had a Canadian dollar return of 28.3% over the year ended March 31. Performance was positive across all sectors with Materials, Consumer Discretionary and Information Technology leading markets higher while Energy, Consumer Staples and Healthcare lagged. Emerging Markets delivered strong performance, returning 39.9% in Canadian dollar terms over the annual period.

Fixed income returns over the past year were heavily influenced by Central Banks. In response to the COVID 19 pandemic, Central Banks acted quickly to cut interest rates and implement quantitative easing measures which provided liquidity to the markets and drove prices up and yields down. Despite Central Banks committing to keeping policy rates low, bond yields began to recover in Q1 2021 on the back of higher economic growth and rising concerns over inflation. This move to higher bond yields led to first

quarter 2021 losses of -5.0% for the FTSE Canada Universe Bond Index and -10.7% for the FTSE Canada Long Bond Index. Annual results remained positive with the FTSE Universe Bond Index up 1.6% and the FTSE Canada Long Bond Index up 0.2%. Credit spreads tightened over the year (after widening significantly last year) leading to corporate bonds outperforming both government and provincial bonds. The Plan's bond portfolio is customized to reflect the duration of the liabilities, which are relatively long term in nature, and returned 1.3 % over the year.

The Total Fund trailed its benchmark slightly over the year, returning 14.1% vs the 14.4% benchmark return. Beutel Goodman Canadian equity, GMO International equity and TDAM Bonds added value over the past year while GMO Emerging Markets and TD Greystone Real Estate detracted. Longer-term performance has been positive with a real return of 5.0% over four years and 6.3% over ten years, well above the 2.9% real return objective. Performance relative to benchmark was mix; over four years the Total Fund trailed by 0.1% (6.8% vs 6.9% benchmark); however, over ten years outperformed by 0.3% (7.9% vs 7.6%).

**Annual Return (1 year, trailing)**



• 2017 return is 15 month return as at March 31, 2017

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# Actuarial Report Summary



In 2021, the Pension Board filed an actuarial valuation for the Plan as of March 31, 2020 as required by *The Pension Benefits Regulations* 1993. The next valuation will be completed in 2023.

## Going Concern

The Plan was in a surplus position using the going concern method of \$20 million at March 31, 2020, down from a \$22 million surplus at the end of 2017, the previous valuation year.

## Solvency

The solvency valuation at March 31, 2020 was calculated to be a

deficit of \$167 million, down from the December 31, 2017 \$158 million deficit.

million at March 31, 2020.

The full valuation report can be read on the Plan's website.

## 2021 Update

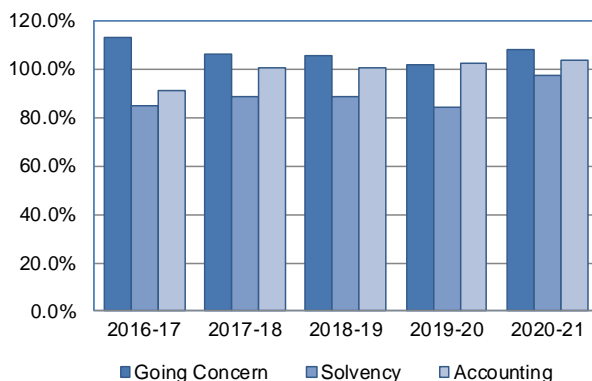
The Board receives interim updates on a regular basis in order to monitor the health of the Plan.

As at March 31, 2021, the going concern valuation showed a surplus of \$79 million, up from the \$20 million at the end of March 31, 2020. The solvency valuation increased to a \$28 million deficit from a deficit of \$167

## Significant Assumptions

- **Net investment return: 5.00% (5.00% previous)**
- **Average annual pension increase: 1.6% (1.6% previous)**
- **Average inflation 2.25% (2.25% previous)**

## Valuation Ratios



## Summary of Valuation Measures Surplus (Deficit) in millions

	2021 Interim	2020 Valuation	2017 Valuation
<b>Going Concern (Funding)</b>			
Assets	\$1,031	\$964	\$1,030
Actuarial Liabilities	(850)	(843)	(900)
Provision for Adverse Deviation	(102)	(101)	(108)
<b>Going Concern</b>	<b>\$ 79</b>	<b>\$ 20</b>	<b>\$ 22</b>
Solvency	\$ (28)	\$ (167)	\$ (158)
Accounting	\$ 38	\$ 23	\$ (101)

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# What is an actuarial valuation?

The Plan works with an independent actuary on an ongoing basis in order to monitor the financial health of the Plan.

Performing a valuation is an exercise in predicting the future - we don't really know what is going to happen, but through the use of advanced computer modeling the actuary is able to take a set of assumptions on future events and produce an estimate of the Plan's status.

The assumptions we make about what lies ahead are based on what we know to be true today and what we have experienced in the past. Some of the larger assumptions we make include:

- Investment returns
- Inflation rates
- Interest rates
- How long we live

Some assumptions are used to calculate the value of assets and some are used to calculate the value of current and future pension obligations. The actuary compares the assets to the estimated obligations and determines whether the Plan is properly funded.

## The Three Valuation Figures

The actuary prepares three assessments of the Plan's financial well-being:

- Going concern (Funding)
- Solvency
- Accounting

Each of the values looks at the Plan in a different way.

### Going Concern (Funding)

The main valuation is the Going Concern method, also called the Funding valuation. This views the Plan over a long time horizon. It is the method used by actuaries to measure the ability of the Plan to meet current and future obligations to plan members. It is also the method used by the provincial regulator to determine whether SaskTel must contribute

additional funding to the Plan.

### Solvency

The Solvency method views the Plan as if it were to cease operations immediately and pay out lump sum payments to members. This method provides additional insight to the Trustees.

### Accounting

The final method is the Accounting method, which is based on the accounting rules used in the preparation of financial statements. It is this method that you see when reading the Annual Report for the Plan.

**The assumptions used in an actuarial study are best estimate of what the future may bring. Actual results may differ from the assumptions.**

**For example, while the assumptions use an average annual pension increase of 1.6%, that does not change the actual increases that may occur. In any given year the actual increase may be as high as 2% or as low as 0%, depending on the average value of the Canada Consumer Price Index.**

**SaskTel has the ultimate responsibility to ensure that the pension obligations are paid. As the sponsor of the Plan, SaskTel remains committed to meeting all funding requirements necessary to fulfill pension obligations to plan members. SaskTel closely monitors the going concern funded position and will fund any shortfalls, should they occur, in accordance with provincial regulations.**



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# Year in Review

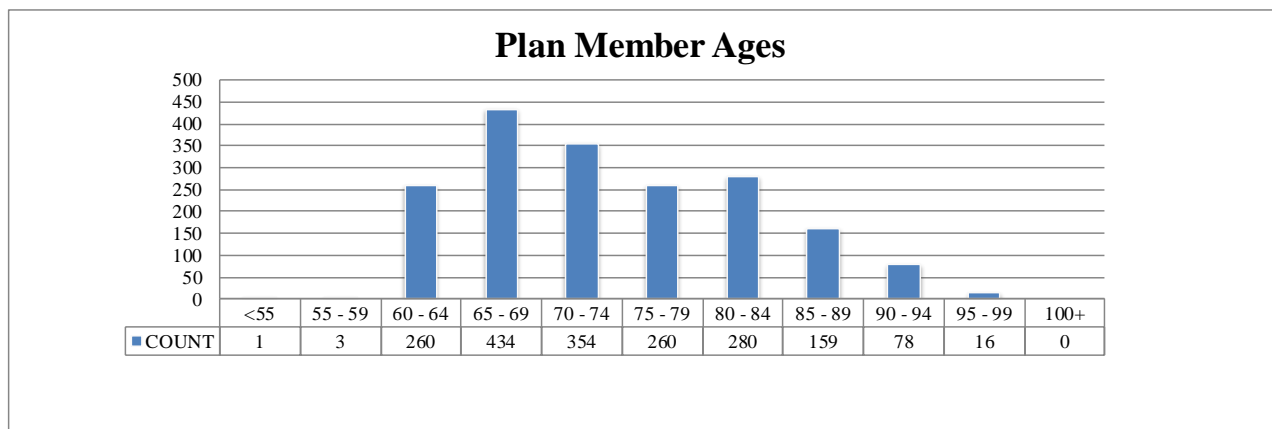
The Board is committed to pursuing sound governance practices in discharging its responsibilities as administrator of the Pension Plan. The Board strives to ensure the Pension Plan is administered always in an effective manner and consistent with the fiduciary duties owed to plan members and other stakeholders.

Activities completed by the Board during 2020/21 included:

- Completed all governance requirements
- Reviewed investment performance quarterly
- Completed a project to review the governance program
- Reviewed the strategic plan and risk objectives
- Reviewed financial and administrative risk controls
- Reviewed and updated the investment asset mix
- Pension Board Members completed a combined 222 hours of educational activity

## Plan Member Data

At March 31, 2021, the average age of all Plan members was 74.5 years.





# SaskTel Pension Plan

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website: [www.sasktel.com/pensionplan](http://www.sasktel.com/pensionplan)

Established in 1928, the Plan is a contributory-defined benefit pension plan. It has been closed to new members since 1977.

Effective January 1, 1999, the Plan is governed by the Pension Benefits Act, 1992 (the Act). Prior to January 1, 1999, the Plan was governed by the Saskatchewan Telecommunication Superannuation Act and the Superannuation (Supplementary Provisions) Act. The Plan is registered under The Income Tax Act and The Pensions Benefits Act, 1992. It's administered by a Board appointed by the Corporation and Union consisting of 4 members plus an independent chair.