From: Patidar, Jesal (Vancouver)
To: Kelly.Steele
Cc: Katherine.Davidson; Omichinski, Jaime (Vancouver); Luisa.Grande@mercer.com; Peter.Hallett@mercer.com
Subject: [EXT] RE: NT Client Profile for Yukon Hospital Corporation Employees' Pension Plan
Date: Friday, January 05, 2024 7:16:30 PM
Attachments: OSFI - SIR 2023.pdf
OSFI60 - CFS 2023.pdf

Hi Kelly,

Thanks for sending these over. We've had a look through the document and have the following comments:

- Page 1: In the last section for external specialists, TELUS Health should be replaced with WTW and the contact names should be:
  - Jesal Patidar
    Director, Retirement
    604-691-1021
    Jesal.Patidar@wtwco.com
    Require passport access: Yes
    All accounts: Yes
  - Julianne Tse
    Lead Associate, Retirement
    416-960-2800
    Julianne.Tse@wtwco.com
    Require passport access: Yes
    All accounts: Yes
- Page 3: In addition to the T-3 filings, a Solvency Information Return (SIR) and Certified Financial Statement (OSFI60) are filed annually with the Regulator. While these aren't trust filings, the information contained in these filings are based on the trust statements. We've attached a copy of last year's filings for your reference should you need.
- Page 5:
  - Value of asset placed in custody: Based on the November 30, 2023 asset statements, the value of assets were ~$180M
  - Expected asset types: based on the current investment mix and the proposed future mix from the recent ALM, the following "other" asset classes are also expected Real Estate, Infrastructure, Private Debt
- Page 6: We have the following contact information for RBC
  - RBC Investor Services
    155 Wellington Street 3rd Floor
    Toronto Ontario M5V 3L3
    (416) 955-5289
- Page 11: In addition to the monthly audited asset statements, It would be helpful if Northern Trust provided an annual audited asset statement covering the period January 1 through December 31
- Page 12: the accounting disclosures we prepare are in accordance with the CPA Canada Public Sector Accounting standards (as opposed to the CPA Canada Handbook). The sections included in the form do not apply and we suggest selecting other and indicating the CPA Canada Public Sector Accounting Handbook, PSAS 3250.

We recommend that Mercer, as the OCIO provider, confirm the information provided in sections IV, V and XII, if needed.

Let us know if you have any questions. We would be happy to jump on a call on Monday should you need.

Regards,

Jesal D. Patidar FSA, FCIA
Director, Retirement

WTW
T +1 604 691 1021

From: Kelly.Steele@wgh.yk.ca <Kelly.Steele@wgh.yk.ca>
Sent: Wednesday, January 3, 2024 1:36 PM
To: Omichinski, Jaime (Vancouver) <jaime.omichinski@wtwco.com>; Patidar, Jesal (Vancouver) <jesal.patidar@wtwco.com>; Luisa.Grande@mercer.com
Cc: Peter.Hallett@mercer.com; Katherine.Davidson@yukonhospitals.ca
Subject: [Not Virus Scanned - Password Protected]NT Client Profile for Yukon Hospital Corporation Employees' Pension Plan
Importance: High

Hello everyone,
As you are aware, we are transitioning from RBC Investor Services to Northern Trust effective February 1, 2024.
I apologize for the request to turn this around quickly but have received the attached document that I am not confident completing on my own.
I reached out to Lawson Lundell and they have suggested that I have WTW and Mercer review prior to finalizing.

Is it possible to have each of you review and add information by the end of this week? If it would be easier to set up a zoom meeting and go through together I would be happy to arrange.

Regards
Kelly

The password for the file is Yukhc6nm

Kelly Steele CPA, CMA
CFO Executive Director Corporate Services
Yukon Hospital Corporation
Phone: 867-393-8751
Email: Kelly.steele@wgh.yk.ca

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Jaime Omichinski , Board of Trustees for the Yukon Hospital Corporation E (Defined Benefit:56965) (P-Y014) **(Change)**

English/Anglais

Form View

Return Name	OSFI575 - Solvency Information Return
Section Name	A31001 - A31001
Organization Name	Board of Trustees for the Yukon Hospital Corporation E (Defined Benefit:56965) (P-Y014)
Reporting Date	2022-12-31

SOLVENCY INFORMATION RETURN

For assistance with completing this form, please refer to the Instruction Guide for the Solvency Information Return on the OSFI website.

001 Plan year end 2022-12-31

002	Contribution holiday	0
003	Letter of credit or ministerial reduction used to reduce solvency special payments	1,892,726
004	Employer contributions made to reduce the face value of letters of credit	0
005	Net change in additional payments in excess of minimum funding requirements	0
006	Special payments not made due to relief measures	0

		Defined Benefit %
007	Rate of return before investment management and custodial fees	-8.6
008	Rate of return after investment management and custodial fees	-9.22

Back

Form View

Return Name	OSFI60 - Certified Financial Statements
Section Name	A30005 - A30035
Organization Name	Board of Trustees for the Yukon Hospital Corporation E (Defined Benefit:56965) (P-Y014)
Reporting Date	2022-12-31

For assistance with completing this form, please refer to the Instruction Guide for the Certified Financial Statements (OSFI 60) on the OSFI website.

Page 30.005

REPORTING PERIOD

For Plan Year Ending(YYYY-MM-DD) (001)	Number of Months Covered (002)
2022-12-31	12

Page 30.010

STATEMENT OF CHANGES IN NET ASSETS

	Current Year ($) (001)	Previous Year ($) (002)	
INCREASE IN ASSETS			
Increase Due to Investments			
Investment Income	6,081,842	5706739.00	(010)
Net Gains (or Losses) on Investments			
Realized	1,011,344	2508055.00	(015)
Unrealized	-23,843,249	11645557.00	(016)
Total Increase Due to Investments (Lines 10+15+16)	-16,750,063	19860351.00	(019)
Contributions			
Member Contributions	2,798,355	2855983.00	(020)
Additional Voluntary Contributions			(021)
Employer Contributions (current service, special payments, etc.)	6,649,409	4061270.00	(025)
Total Contributions (Lines 20+21+25)	9,447,764	6917253.00	(029)
Transfers to the Pension Fund	0	0.00	(039)
Other Sources of Increase	0	0.00	(049)
TOTAL INCREASE IN ASSETS (Line 19+29+39+49)	-7,302,299	26777604.00	(059)

DECREASE IN ASSETS

Plan Expenses

Expenses Related to Managing Investments	710,190	447439.00	(060)
Administration Cost			
Professional Fees	361,817	294693.00	(070)
Other			(075)
Total Plan Expenses (Lines 60+70+75)	1,072,007	742132.00	(079)

Benefits and Transfers

Benefits Paid Directly by the Plan (Defined Benefit/Combination)	3,872,398	3429777.00	(080)
Transfers from the Pension Fund to:			
Other Registered Pension Plans			(085)
Others Transfers	5,658,998	4207727.00	(087)
Total Benefits and Transfers (Lines 80+85+87)	9,531,396	7637504.00	(089)

Other Sources of Decrease			(109)
TOTAL DECREASE IN ASSETS (Lines 79+89+109)	10,603,403	8379636.00	(119)
CHANGE IN NET ASSETS (Lines 59-119)	-17,905,702	18397968.00	(129)
NET ASSETS AT BEGINNING OF PLAN YEAR	184,812,310	166414342.00	(159)
NET ASSETS AT PLAN YEAR END (Lines 129+159)	166,906,608	184812310.00	(199)

Page 30.020

STATEMENT OF NET ASSETS

	Current Year ($) (001)	Previous Year ($) (002)	
ASSETS			
Cash on Hand	650,652	169380.00	(009)
Investments at Fair Value			
Debt Securities (Canadian and Foreign)			
Short Term Notes, Securities, and Other Term Deposits			(010)
Bonds and Other Debt Securities Guaranteed by a Government			(011)
Corporate Bonds and Other Corporate Debt Securities			(012)
Mutual Funds - Bonds, Cash Equivalent, and Mortgage	51,906,209	57866773.00	(017)
Mortgage Loans			(019)
Amounts Deposited in the General Fund of an Insurer			(024)
Total Debt Securities (Lines 10+11+12+17+19+24)	51,906,209	57866773.00	(029)

Equity (Canadian and Foreign)

Shares in Investment, Real Estate or Resource Corporations			(030)
Common and Preferred Shares			(033)
Stock Mutual Funds	86,950,459	105568447.00	(034)
Real Estate Mutual Funds	13,406,748	12482121.00	(036)
Real Estate			(037)
Total Equity (Lines 30+33+34+36+37)	100,357,207	118050568.00	(039)

Diversified and Other Investments (Canadian and Foreign)

Balanced Mutual/Pooled Funds			(040)
Segregated Funds			(042)
Hedge Funds			(043)
Private Equity	7,473,544	4701385.00	(044)
Infrastructure	7,153,998	4128547.00	(046)
Other Investments not listed above			(048)
Total Diversified and Other Investments (Lines 40+42+43+44+46+48)	14,627,542	8829932.00000	(059)

Total Investments at Fair Value (Lines 29+39+59)	166,890,958	184747273.00	(069)

Accounts Receivable

Member and Additional Voluntary Contributions	210,635	219077.00	(070)
Employer Contributions	235,347	345566.00	(071)
Investment Income Receivable			(073)
Other Amounts Receivable			(078)
Total Accounts Receivable (Lines 70+71+73+78)	445,982	564643.00	(089)

TOTAL ASSETS (Lines 09+69+89)	167,987,592	185481296.00	(119)

LIABILITIES

Mortgage Borrowings			(125)
Pension Benefits, Refunds and Transfers Payable	1,013,450	618935.00	(135)
Expenses Payable	67,534	50051.00	(140)
Other Amounts Payable			(148)
TOTAL LIABILITIES (Lines 125+135+140+148)	1,080,984	668986.00	(159)

NET ASSETS AT PLAN YEAR END (Lines 119-159)	166,906,608	184812310.00	(199)

Page 30.030

NOTES TO THE FINANCIAL STATEMENTS

001

Page 30.035

GENERAL INTERROGATORIES

A. **Statement of Investment Policies and Procedures**

Has the Statement of Investment Policies and Procedures been reviewed or amended during the year?

Reviewed:	Yes	Amended :	No

If all assets are held in the segregated funds or unallocated general funds of a Life Insurance Company authorized to carry on business in Canada, answer N/A to B, C, D and E below.

B. **10% Rule**

Does the plan comply with the 10% rule described in subsection 9(1) of Schedule III of the Regulations?

Yes / No / NA Yes

C. **Securities Lending**

Has the plan abided by the February 1992 OSFI Guideline on Securities Lending for Pension Plans?

Yes / No / NA Yes

D. **Derivatives - Sound Practices**

Has the plan abided by the February 2018 OSFI Guideline on Derivatives Sound Practices for Federally Regulated Private Pension Plans?

Yes / No / NA Yes

E. **Foreign Investments**

Allocate fair market value of foreign plan assets accordingly: ($)

Foreign Investments						
Type of Investment	US	Europe	Asia	Other Foreign	Total Foreign	
	(001)	(002)	(003)	(004)	(005)	
Debt Securities				7,984,360	7,984,360	(040)
Equity Securities				66,135,913	66,135,913	(042)
Other Investments				14,627,542	14,627,542	(044)
Total				88,747,815	88,747,815	(049)

F. **Amount of other payments paid into the pension fund (for Defined Benefit/Combination plans only)**

Special payments for going concern unfunded liability		(050)
Special payments for solvency deficiency	3,141,505	(051)
Payments for transfer deficiencies	557,248	(052)
Advance contributions		(053)
Other payments (explain below)		(054)
Total	3,698,753	(055)
Explanation of other payments		(056)

Back

Brenda.Pilatzke-Vanier

From:	Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>
Sent:	Sunday, January 21, 2024 9:10 PM
To:	Patricia.Hanna
Cc:	Yukon Hospital Corporation
Subject:	[EXT] RE: Indexing

Hi Patricia,

No, we do not have any questions or additional information required in regards to the indexation. The process is we prepare the indexation file and letter and send them to Yukon. Then Yukon would have the appropriate signing authorities sign the letter and forward the indexation files to RBC. There is no further information we need after we send the files to Yukon.

Please let me know if you have any further questions.

Thank you,
Julianne

From: Patricia.Hanna@yukonhospitals.ca <Patricia.Hanna@yukonhospitals.ca>
Sent: Friday, January 19, 2024 9:04 AM
To: Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>
Subject: Indexing

Hi Julianne,

I was asked to follow up with you to see if there was any additional information required or any questions regarding the Pension Indexing for January 2024 payments for pension recipients.

I look forward to hearing from you.

Patricia Hanna, CPM
Payroll & Pension Plan Administrator
Yukon Hospital Corporation
Whitehorse General Hospital
Phone: (867) 393-8662
Fax: (867) 393-9032
Email: Yukon.hospitals.payroll@wgh.yk.ca

**Please note that my office hours are 7:00 AM to 3:00 PM Monday to Friday*

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APPENDIX B

APPLICATION FOR SERVICE TRANSFER

This information is an estimate of your service, contributions and amount to be transferred.

You must verify your identification, acquaint yourself with the estimate provided, comply with the time limits and complete Part 3 – Acceptance, and return this Application for Service Transfer to the plan administrator of the pension plan to which the service entitlement will be transferred.

When the transfer is completed, you will be informed of the final results.

PART 1 - Identification

Name:	
Sex:	
Address:	
S.I.N:	
Date of Birth:	

PART 2 - Estimate

Estimate of amounts to be transferred as of the date the Exporting Plan received the Request for Estimate, which was: ____________.

Section (A) – Exporting Plan

1. Name of the Exporting Plan: **BC MUNICIPAL PENSION PLAN**
2. Period of participation in the Exporting Plan: From ________ to ________.
3. Benefits under the Exporting Plan if you do not accept the transfer:
   a) Service accumulated for pension calculation purposes: **years**
      Service accumulated for pension eligibility purposes only: **years**
   b) Contributions accumulated with interest, if applicable, as at __________: **$**
   c) Benefits if you do not accept the transfer:
      i. Reimbursement of contributions:
      ii. Deferred pension of approximately: $ per month to age 65, $ per month at age 65
      iii. Commuted Value of approximately: Locked in payment of the portion within the Income Tax Act limit: $ **PLUS** Cash payment of the portion in excess of the Income Tax Act limit: $
4. Service partitioned following a marriage breakdown:
   a) Period of service affected:
   b) Number of years of service affected:
5. Amount available for transfer: $

Prepared by: Date:

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hospital corporation

Section (B) – Importing Plan

1. Name of the Importing Plan: **YUKON HOSPITAL CORPORATION EMPLOYEES' PENSION PLAN**

2. Amount required by Importing Plan to credit full service: $

3. Amount transferable upon your acceptance: $

4. Credits you will receive under the Importing Plan considering the transferred amount under item 3 above:

   (a) Service accumulated for pension calculation purposes: **years**

   Service accumulated for pension eligibility purposes: **years**

   (b) Contributions accumulated with interest if applicable: $

   (c) Other: $

5. Amount transferable upon your acceptance: $

(Upon completion of your transfer, you will be given the option of purchasing all of the shortfall, if any, not provided for by the transfer. The actual cost may change due to interest charges.)

Prepared by: ______ Date: ______

PART 3 - Acceptance

I agree to transfer to [NAME OF IMPORTING PLAN] the acquired rights credited to me under the [NAME OF EXPORTING PLAN] in consideration of the payment to be made by [NAME OF EXPORTING PLAN] to [NAME OF IMPORTING PLAN].

I hereby release and forever discharge the Exporting Plan, its members, officers, employees and agents from all actions, causes of action, claims and demands of whatever kind that I or my heirs, executors, administrators or assigns ever had, now have or can, shall or may have for damage, loss or injury as a result of or in any way arising out of, my past participation in the exporting or my decision to transfer my pension.

I understand that my transfer is subject to the terms and conditions of the agreement made between the Exporting Plan and the Importing Plan, that the monies transferred under that agreement are subject to the terms and conditions of the Importing Plan, and that the transferred amount determined will be in accordance with the provisions of the Importing Plan and the *Income Tax Act* (Canada), including maximum benefit limit restrictions and prescribed allowable transfer amounts between pension plans.

I understand that the information supplied in this form is an estimate and that the final amounts will not be determined until the date of transfer. A confirmation of these values will be given to me.

IN WITNESS WHEREOF I have signed this Application for Service Transfer:

Signature of Applicant: ______________________

Date Signed: ______________________

This Application for Service Transfer, duly signed by the applicant, must, within 6 months after the date of receipt by the applicant, be returned to the plan administrator of the pension plan to which the service entitlement will be transferred.

Return address:

Plan Administrator Municipal Pension Plan Pension Corporation PO Box 9460 Stn Prov Govt Victoria, B.C V8W 9V8	**OR**	Yukon Hospital Corporation Employees' Pension Plan Payroll Pension Plan Administrator Yukon Hospital Corporation #5 Hospital Road Whitehorse, YT Y1A 3H7 Telephone: (867) 393-8662

From:	Kelly.Steele
To:	Becky.Nash; jaime.omichinski@wtwco.com; jesal.patidar@wtwco.com
Cc:	Kathleen.Chapman; allanlucier@gmail.com; "fabio@fabiobanducci.com"; Patrick Michael (plm12@me.com); Jason.Bilsky; infantj@psac.com; Shirley Elliott-Miron
Subject:	RE: COLA Not on January Pension Cheques to Members
Date:	Wednesday, February 07, 2024 2:14:33 PM
Attachments:	image001.jpg

Hi Becky,

I met with our new provider (Northern Trust) today as RBC made the January 31st payments and the cola was not included.

Northern Trust will make payments to retirees beginning February 29th and has assured me this morning that the COLA (retro to January) has been calculated and will be applied.

Regards

Kelly

Kelly Steele CPA, CMA
CFO Executive Director Corporate Services
Yukon Hospital Corporation
Phone: 867-393-8751
Email: Kelly.steele@wgh.yk.ca

From: Becky.Nash <Becky.Nash@yukonhospitals.ca>
Sent: Wednesday, February 07, 2024 1:44 PM
To: Kelly.Steele <Kelly.Steele@yukonhospitals.ca>; jaime.omichinski@wtwco.com; jesal.patidar@wtwco.com
Cc: Kathleen.Chapman <Kathleen.Chapman@yukonhospitals.ca>; allanlucier@gmail.com; 'fabio@fabiobanducci.com' <fabio@fabiobanducci.com>; Patrick Michael (plm12@me.com) <plm12@me.com>; Jason.Bilsky <Jason.Bilsky@yukonhospitals.ca>; infantj@psac.com; Shirley Elliott-Miron <selliott@pipsc.ca>
Subject: RE: COLA Not on January Pension Cheques to Members

Hi Kelly,

Just checking to see if you have any updates on the missing COLA for retirees?

Cheers,

Becky

From: Kelly.Steele <Kelly.Steele@yukonhospitals.ca>
Sent: Friday, February 02, 2024 2:15 PM
To: Becky.Nash <Becky.Nash@yukonhospitals.ca>; jaime.omichinski@wtwco.com; jesal.patidar@wtwco.com
Cc: Kathleen.Chapman <Kathleen.Chapman@yukonhospitals.ca>; allanlucier@gmail.com;

'fabio@fabiobanducci.com' <fabio@fabiobanducci.com>; Patrick Michael (plm12@me.com) <plm12@me.com>; Jason.Bilsky <Jason.Bilsky@yukonhospitals.ca>; infantj@psac.com; selliot@pipsc.ca
Subject: RE: COLA Not on January Pension Cheques to Members

Hi Becky,
Thank you so much for bringing this to my attention.
I am following up with our team and RBC Investor Services to understand why this was missed and timeline/process for correction.

I will let get back to you early next week.
Regards
Kelly

Kelly Steele CPA, CMA
CFO Executive Director Corporate Services
Yukon Hospital Corporation
Phone: 867-393-8751
Email: Kelly.steele@wgh.yk.ca

From: Becky.Nash <Becky.Nash@yukonhospitals.ca>
Sent: Friday, February 02, 2024 1:59 PM
To: jaime.omichinski@wtwco.com; jesal.patidar@wtwco.com
Cc: Kathleen.Chapman <Kathleen.Chapman@yukonhospitals.ca>; allanlucier@gmail.com; 'fabio@fabiobanducci.com' <fabio@fabiobanducci.com>; Patrick Michael (plm12@me.com) <plm12@me.com>; Kelly.Steele <Kelly.Steele@yukonhospitals.ca>; Jason.Bilsky <Jason.Bilsky@yukonhospitals.ca>; infantj@psac.com; selliot@pipsc.ca
Subject: COLA Not on January Pension Cheques to Members

Hello Pension Committee Members,

I have had 3 retired members report to me this week that the COLA was not reflected on their January 2024 Pension payments.

They contacted RBC, who directed them to YHC, but they still haven't received any information so they have contacted me as the PSAC Pension Committee Rep.

Just wanted to keep the Committee apprised of this development and reach out to WTW and YHC Senior Executives to see if they know anything about this?

Just a reminder, COLA for 2024 was set at 3.8% and COLA for 2023 was set at 6.9%. I have not been sent any documentation from members about their cheques, just taking in what they are reporting to me.

Thanks for looking into this ☺

Becky Nash MLT
Laboratory Information Systems Lead
Yukon Hospital Corporation, Whitehorse General Hospital
Phone: 867-393-8650
Fax: 867-393-8851
E-Mail: Becky.Nash@wgh.yk.ca

Yukon Hospital Corporation

We acknowledge, recognize, and respect that we live and work within the traditional territory of the people of Kwanlin Dün First Nation and the Ta'an Kwäch'än Council.

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Brenda.Pilatzke-Vanier

From:	Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>
Sent:	Thursday, February 08, 2024 7:52 AM
To:	Susan.Koser; Toni.Blois; Patricia.Hanna
Cc:	Yukon Hospital Corporation; Gray, Matthew (Toronto); Pallotta, Sophia (Toronto)
Subject:	RE: [EXT] Yukon - Missing 2024 Indexation

Hi Susan,

We have drafted a letter to retirees regarding their 2024 pension increase delay and retro. The letter informs that the February 2024 payment and onwards would be corrected and a retro for January 2024 missed increase will be made in March 2024, based on the discussion from our meeting yesterday. However, we can update this wording if Northern Trust confirms different timing.

The draft letter has been uploaded to datalink:
letter to retirees re indexation - draft.doc

Could you please review the letter and let me know if there are any adjustments you would like to make? Once we receive your sign-off on the letter, we will merge the retiree names/addresses to the letters and mail out.

Please let me know if you have any questions.

Thank you,
Julianne

From: Susan.Koser@yukonhospitals.ca <Susan.Koser@yukonhospitals.ca>
Sent: Wednesday, February 7, 2024 1:35 PM
To: Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>; Toni.Blois@yukonhospitals.ca; Patricia.Hanna@yukonhospitals.ca
Cc: Yukon Hospital Corporation <YHC.Pension.Admin@willistowerswatson.com>; Gray, Matthew (Toronto) <Matthew.Gray@wtwco.com>
Subject: RE: [EXT] Yukon - Missing 2024 Indexation

Good morning Julianne,
If WTW can send out a letter that would be wonderful, many thanks,
Susan

From: Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>
Sent: Tuesday, February 06, 2024 3:15 PM
To: Toni.Blois <Toni.Blois@yukonhospitals.ca>; Patricia.Hanna <Patricia.Hanna@yukonhospitals.ca>
Cc: Yukon Hospital Corporation <YHC.Pension.Admin@willistowerswatson.com>; Gray, Matthew (Toronto) <Matthew.Gray@wtwco.com>; Susan.Koser <Susan.Koser@yukonhospitals.ca>
Subject: RE: [EXT] Yukon - Missing 2024 Indexation

Hi Toni,

Thank you for the update.

If Yukon needs to send a letter to the retirees to notify regarding the delay in the increases, WTW can assist with preparing and sending out the communication.

Please let me know if you require any assistance or have any questions.

Thank you,
Julianne

From: Toni.Blois@yukonhospitals.ca <Toni.Blois@yukonhospitals.ca>
Sent: Friday, February 2, 2024 6:19 PM
To: Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>; Patricia.Hanna@yukonhospitals.ca
Cc: Yukon Hospital Corporation <YHC.Pension.Admin@willistowerswatson.com>; Gray, Matthew (Toronto) <Matthew.Gray@wtwco.com>; Susan.Koser@yukonhospitals.ca
Subject: RE: [EXT] Yukon - Missing 2024 Indexation

Hi Julianne,

Thanks for the heads up – we have been getting a lot of calls as well. The indexation file was not submitted in time to meet the deadline for January. Northern Trust will be processing the indexation increases with the appropriate retro.

Take care,

Toni J. Blois
Toni J. Blois, BBA, PCP (she/her)
Manager, Human Resources
Yukon Hospital Corporation
Operating:
Dawson City Hospital
Watson Lake Hospital
Whitehorse General Hospital
Phone: (867) 393-8661
Email: toni.blois@yukonhospitals.ca

Absence alert:* *From February 6 to 9 inclusive

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We acknowledge, recognize, and respect that we live and work within the traditional territory of the people of Kwanlin Dün First Nation and the Ta'an Kwäch'än Council.

Dear Retiree,

We are pleased to announce that effective February 1, 2024 we have retained the services of the Northern Trust Company, Canada, as trustee and custodian of the Yukon Hospital Corporation Employees' Pension Plan. The Northern Trust Company, Canada will replace RBS Trust, RBC Investor Services as the payer of your retiree benefits effective February 1, 2024.

Your February 2024 retirement payment, and all subsequent retirement payments, will be issued by The Northern Trust Company, Canada. If presently, you are receiving a direct deposit; your funds will continue to be deposited to your bank account. If you receive a monthly cheque, it will be mailed to you five business days before the first of the month to ensure receipt by the payable date.

For 2024, you will receive 2 year-end tax statements:

- For the period January 2024 from RBC Investor Services
- For the period February 2024 to December 2024 from The Northern Trust Company, Canada.

Please note, requests for changes of address, initiation or change of direct deposit, and tax withholding changes must be sent in writing. The address for The Northern Trust Company, Canada is:

The Northern Trust Company, Canada
145 King Street West
Suite 1910
Toronto, Ontario
M5H 1J8

If you would like to call Northern Trust before receiving your Pension Payment, you may contact Northern Trust directly at 1-800-711-1101. You will be asked for your Reference Number. Since you haven't received your EFT Statement or Cheque prior to your call, the automated answering service will still ask you for your Reference Number. Please listen to the Reference Number request three times. After the third time, you will be transferred to a Northern Trust Service Representative.

Every effort has been made to make this change as transparent and easy for you. Due to possible changes in rounding procedures, you may notice a <u>slight</u> difference in your withholding tax and consequently, a change in your net pension payment. Again, if you have any questions, please feel free to contact The Northern Trust Company, Canada, at the above telephone number.

Sincerely,

Susan Koser
Manager, Employee Compensation
Yukon Hopsital Corporation

Brenda.Pilatzke-Vanier

From: Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>
Sent: Thursday, February 08, 2024 6:36 PM
To: Patricia.Hanna
Cc: Pallotta, Sophia (Toronto); Susan.Koser
Subject: [EXT] RE: SN Hours

Hi Patricia,

Thank you for checking the SN hours! We will make the updates. Since we are still working on reviewing/updating the data and want to ensure accuracy of the final PAs, we may need a slight extension to mid-next week to provide you with the PAs. We expect to provide the PA file to you by end of day February 14.

Please let me know if this will be an issue.

Thank you,

Julianne

From: Patricia.Hanna@yukonhospitals.ca <Patricia.Hanna@yukonhospitals.ca>
Sent: Thursday, February 8, 2024 11:03 AM
To: Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>
Subject: SN Hours

HI Julianne,

I have gone through the spreadsheet and most SN hours were included in the Pensionable Hours with the exception of a few. I have uploaded the spreadsheet via datalink with the employees that should have SN Hours. Please note that the earnings for SN hours were not included in the Pensionable Earnings.

Patricia Hanna, CPM
Payroll & Pension Plan Administrator
Yukon Hospital Corporation
Whitehorse General Hospital
Phone: (867) 393-8662
Fax: (867) 393-9032
Email: Yukon.hospitals.payroll@wgh.yk.ca

**Please note that my office hours are 7:00 AM to 3:00 PM Monday to Friday*

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Yukon Hospital Corporation Employees' Pension Plan

Estimated Financial Position as at December 31, 2023

February 16, 2024

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Overview

Actuarial valuation of the pension plan must be filed with OSFI:

- Annually if the solvency ratio is less than 120%
- Otherwise, at least once every three years

Solvency ratio was 104.7% as at December 31, 2022

- Prior valuation date: Dec. 31, 2022
- Next required filing date: Dec. 31, 2023

This presentation provides an estimate only

Formal valuation will be:

- prepared in Spring 2024
- presented at May 2024 Pension Committee meeting
- filed by no later than Jun. 30, 2024

Fundamentals of funding valuations:

Normal cost contributions

Cost of providing the benefits accruing in the current year

Going concern financial position

Assumes the plan will continue indefinitely

Solvency financial position

Assumes the pension plan is terminated at the valuation date and benefits settled at market prices

An actuarial valuation measures the financial position of the plan by comparing the pension plan assets to the expected future benefits and expenses payable from the plan, and is performed according to standards prescribed by legislation and the Canadian Institute of Actuaries (CIA)

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Market value of assets

Accrued basis[1]

(in 000's)

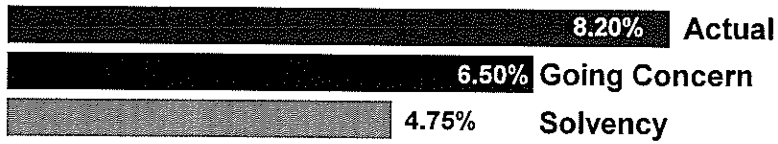
As at December 31, 2022	**$**	**167,705**
Member contributions		2,676
YHC contributions		6,396
Pension payments		(4,484)
Lump sum payments		(1,579)
Non-investment expenses		(317)
Investment income, net of investment expenses		13,872
As at December 31, 2023	**$**	**184,268**
Rate of return, net of investment expenses		**8.2%**

Note:

[1] Assumed outstanding amounts at EOY 2023 were equal to outstanding amounts at BOY 2023

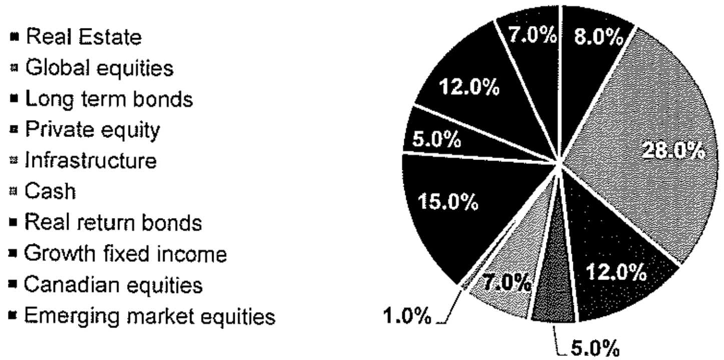
Asset return since prior valuation

(net of all expenses)



The actual return was greater than the expected return, resulting in an **asset gain**, and **improving** the funded position

Target asset allocation



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Key assumption changes

Pension liabilities are highly sensitive to changes in the discount rate

As at	Annuity Purchase Rate [1]	Commuted Value Rate [1] First 10 years	Commuted Value Rate [1] Thereafter	Approximate Effective Single Discount Rate [1]	Average Change since December 31, 2022
Dec. 31, 2022	1.0%	2.2%	2.6%	1.2%	N/A
Dec. 31, 2023	1.4%	2.7%	2.8%	1.5%	0.3%

Pension liabilities react to discount rate changes **like bonds** – the ***lower*** the discount rate, the ***higher*** the obligations (and vice versa)

~21%

A 1% increase in the assumed discount rate decreases the solvency liabilities by approximately 21.3% or $40M

As at	Going Concern Discount Rate
Dec. 31, 2022	6.50%
Dec. 31, 2023	6.50%

Notes:

1 Includes implicit pre- and post-retirement indexation

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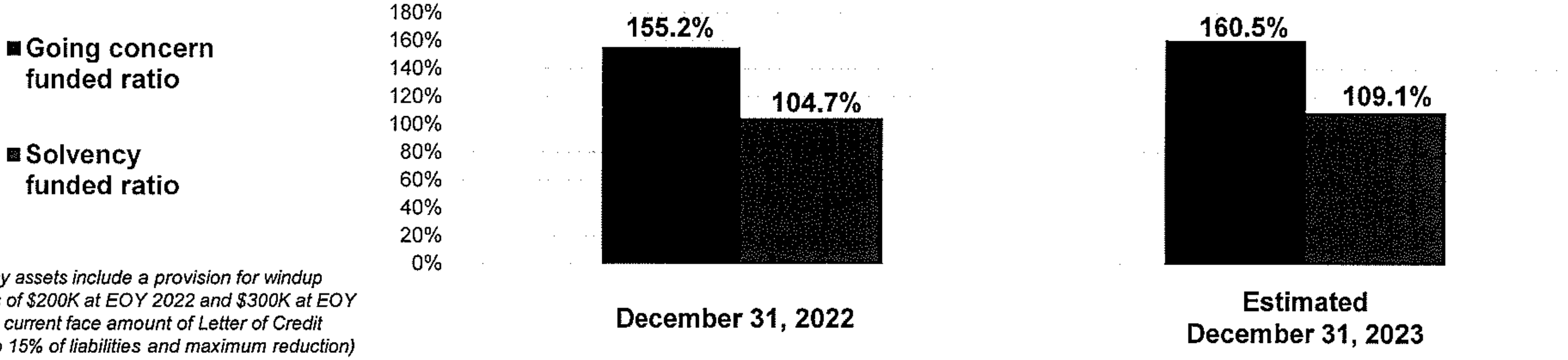
Estimated financial position



** Solvency assets include a provision for windup expenses of $200K at EOY 2022 and $300K at EOY 2023 and current face amount of Letter of Credit (limited to 15% of liabilities and maximum reduction)*

Going Concern Position	December 31, 2022	Estimated December 31, 2023
Going concern assets [1]	$ 177.7 M	$ 193.5 M
Going concern liability	114.5 M	120.6 M
Going concern surplus (deficit)	**$ 63.2 M**	**$ 72.9 M**

[1] Smoothed value of assets based on 5-year average smoothing method

Solvency Position	December 31, 2022	Estimated December 31, 2023
Solvency assets	$ 195.4 M	$ 202.9 M
Solvency liability	186.6 M	186.0 M
Solvency surplus (deficit)	**$ 8.8 M**	**$ 16.9 M**

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Reconciliation of estimated solvency financial position

	Dollars (in 000's)	Funded Ratio
Surplus (deficit) as at December 31, 2022	**$ 8,785**	**104.7 %**
Contributions towards solvency deficit	3,444	1.8 %
Expected interest on solvency surplus (deficit) and contributions	498	0.3 %
Decrease in amount of letter of credit secured	**(9,091)**	**(4.9) %**
Investment gains (losses) on invested assets	5,532	3.0 %
Investment gains (losses) on letter of credit	(1,330)	(0.7) %
Excess of solvency benefit accruals over normal cost	(512)	(0.3) %
Indexation losses	(2,784)	(1.5) %
Changes to assumed liability discount rates	**12,454**	**6.7 %**
Estimated surplus (deficit) as at December 31, 2023	**$ 16,996**	**109.1 %**

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Minimum funding requirements

Normal Cost + **Amortization of Going Concern Deficits** + **Amortization of Solvency Deficits**

Normal Cost

Cost of providing the additional pension earned in the current year for all active members

Amortization of Going Concern Deficits

Going concern deficit amortized over 15 years

- Schedules established at previous valuation dates are maintained

Amortization of Solvency Deficits

Based on a 3-year average solvency ratio

- Solvency deficit amortized over 5 years ("fresh start" each year)
- Net of going concern amortization payments

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3-year average solvency ratio

The minimum solvency contribution requirement is based on a **3-year average solvency ratio**, which is calculated as follows:

[**Current year ratio** + **Adjusted prior year ratio** + **Adjusted second prior year ratio**] ÷ 3

The solvency ratio at the current valuation date (not the average) is used for all other purposes, including disclosure on the annual member statements

Certain prescribed adjustments are made to the prior two years' solvency ratios used in the average:

- Special payments made between the applicable prior valuation date and the current valuation date
- Contribution holidays taken between the applicable prior valuation date and the current valuation date
- The change in the face value of any letter(s) of credit between the applicable prior valuation date and the current valuation date
- Asset/liability transfers into the plan
- The effects of any plan amendments made between a prior valuation date and the current valuation date

Applicable to the YHC Plan

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Funding considerations

Interpretation of Letter of Credit reductions

- Federal regulations state that the LOC may only be reduced if:
  - *the solvency ratio of the plan would have been no less than 1.05 had the reduced face value been in effect at the valuation date; and*
  - *the average solvency ratio of the plan would have been no less than 1.0 had the reduced face value been in effect at the valuation date*
- Based on the estimates as at December 31, 2023, the LOC may be reduced following the filing of the valuation
  - A portion of the LOC will still need to be maintained – effectively **"Trapped LOC"**; but
  - No solvency contributions will be required once the December 31, 2023 valuation is filed

Forced employer contribution holiday

- Based on Federal regulations and the Income Tax Act (ITA), employer contributions to a pension plan are restricted if:
  - the going concern ratio of the plan exceeds 125%; and
  - the solvency ratio exceeds 105%
- Barring significant member experience losses, the YHC will be forced to take a contribution holiday after the December 31, 2023 report is filed

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Estimated funding requirements

Adjusted solvency ratios

Letter of Credit reduces to the maximum extent possible (i.e., maintaining 3-year average solvency ratio at 100.0%)

(in 000's)	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
Solvency ratio at valuation date	0.933	1.047	1.091
Solvency value of assets[1]	$ 184,612	$ 167,405	$ 183,968
Letter of credit at valuation date [2]	33,810	27,992	18,900
Change in face amount of letter of credit(s)	(14,909)	(9,091)	N/A
Present value of solvency amortization payments (contribution holidays) since valuation date			
• Contributions (surplus used) in 2022[3]	3,095	N/A	N/A
• Contributions (surplus used) in 2023[4]	3,184	3,253	N/A
Adjusted solvency value of assets	$ 209,792	$ 189,558	$ 202,869
Solvency liabilities	$ 234,716	$ 186,611	$ 185,967
Adjusted solvency ratio	**0.894**	**1.016**	**1.091**

Notes:

1. Market value of assets less windup expenses of $300,000 after 2021 and $200,000 for 2021
2. Letter of credit limited to 15% of liabilities and is reduced to the maximum extent possible
3. Determined as the weighted-average liability discount rate at December 31, 2021 of 3.02%
4. Determined as the weighted-average liability discount rate at December 31, 2022 of 4.75%

No solvency contributions will be required after the valuation report is filed

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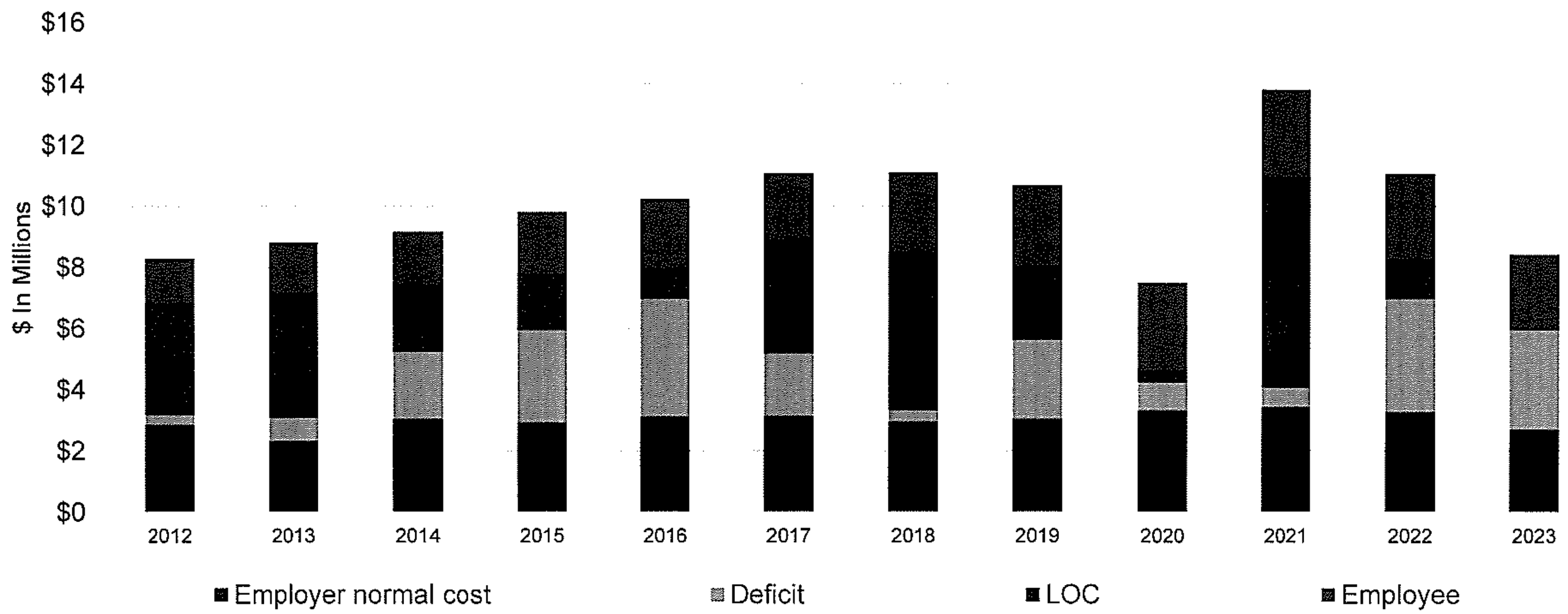
Historical contributions in dollars



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Contributions

2025 Member Contribution Rates

- Member contribution rates are determined as follows:
  - 50/50 cost sharing between the YHC and the members of the normal cost for benefit accruals
    - The provision for non-investment expenses included in the normal cost will continue to be borne solely by the YHC
  - The most recent actuarial valuation
- Based on the estimates, member contribution rates in 2025 are expected to remain consistent
  - Estimates below assuming no changes to the membership demographics
  - Actual rates for 2025 will be based on the results of the December 31, 2023 valuation

	Group 1		Group 2	
	2024	2025	2024	2025
Up to YMPE	6.5%	6.5%	5.4%	5.4%
Above YMPE	8.5%	8.5%	7.4%	7.4%

- In comparison, the 2024 member contribution rates for the Federal PSSA are 9.35%/12.25% for Group 1 members and 7.94%/11.54% for Group 2 members

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Funding considerations

Implications on Employee Contributions

- ITA does not place restrictions on employee contributions to a pension plan
- However, section 6.10 of YHC plan text states:
  - *"Under no circumstances shall the amount of contributions made by YHC in a year be less than the total amount of the contributions made by the Members in that same year"*
- In the absence of an amendment to the plan text and collective agreements, employee contributions would need to cease as well

- Gaining union support to amend the plan will be challenging
- Recommend that YHC review the collective agreements to see if similar wording exists
- Recommend that WTW raise amendment for consideration with the Pension Committee
  - Ongoing member contributions would increase benefit security
  - Limit member contribution volatility year-over-year
  - Avoid intergenerational inequality (one generation of members paying for the benefits of another generation)
  - YHC contribution requirements have been ~3.5x greater than the member required contributions over the past decade
  - Only viable long-term solution; other levers available would only temporarily address the issue
  - Would allow YHC to focus on enhancing returns and growing surplus vs. protecting financial position

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Liability strategies considered

Modify Solvency Assumptions

- Key assumptions are prescribed by the CIA
- Some assumptions can be adjusted based on experience and future expectations:
  - Increase provision for wind-up expense
  - Increase percentage of members with a spouse at retirement
  - Reduce spousal age difference
  - Reduce percentage of members receiving settlement by commuted value
  - Reduce annuity purchase discount rate to reflect longer mortality
- ~$11M increase in the solvency liability required to reduce the solvency ratio below 105%

- Opportune time to refine assumptions given the improved solvency position
- Changes will not impact solvency contribution requirements
- Recommend increasing windup expense assumption to ~$500K (OSFI previously raised concern that the assumption was too low)

- Only a temporary solution and YHC will likely be in a similar situation next year , in the absence of a decrease in interest rates or unfavourable market returns
- Initial analysis determined that even aggressive adjustments to the assumptions are not sufficient to increase the solvency liability by $11M
- Once adopted will need to be maintained for at least a few years

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Liability strategies considered

Modify Going Concern Assumptions and Actuarial Cost Methods

- Assumptions determined by the actuary which provides more flexibility to change key assumptions:
  - Discount rate
  - Mortality assumption
  - Salary increase rate for management
- ~$42M increase in the going concern liability required to reduce the ratio below 125%
- Alternative actuarial cost methods to the current projected unit credit method could be adopted which can have a material impact:
  - Entry age normal
  - Aggregate method
- An alternative approach for the provision for non-investment expenses could be adopted
- Removing the asset smoothing method will reduce the going concern funded position by ~$9M

- Changes will not impact going concern contribution requirements for the foreseeable future
- Revising the non-investment expense method would increase the going concern liability by ~$6M and eliminate ongoing funding of non-investment expenses (~$360K per year)

- Adjustments to the going concern assumptions will increase the normal cost contributions for the YHC and plan members
- Only a temporary solution and YHC will likely be faced with a similar situation in the future
- Changes to the actuarial cost method will be scrutinized by OSFI
- Initial analysis determined that a change to entry age normal cost method will not be significant enough given the younger demographic profile of active members in the plan
- Once adopted will need to be maintained for several years

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Investment strategies considered

Investment strategy

- A substantial change to the asset allocation could have a material impact on the going concern position
- A higher portion of fixed income assets in exchange for lower allocation to equities and alternative credit

✓

- A higher fixed income allocation will reduce the going concern discount rate and increase the going concern liability
- Would reduce ongoing volatility in the funded positions

✗

- Adjustments to the going concern assumptions will increase the normal cost contributions for the YHC and plan members
- New asset liability review recently approved by the Pension Committee
- Trade-off for lower expected returns over the long term
- Potential liquidity constraints

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Derisking strategies considered

Annuity Purchase

- Purchasing annuities for retired and deferred vested members will have a material impact on the going concern position
- Buy-in annuity is treated as an investment – liabilities and all associated responsibilities, such as pension administration and financial reporting, remain the responsibility of the plan sponsor
- Buy-out annuity would transfer the liabilities and all associated responsibilities including the pension administration to the insurer

✔

- Annuity purchase would effectively replace going concern liability for solvency liability, reducing the going concern ratio and narrowing the gap between the going concern and solvency funded positions

- The market has recently seen favourable pricing for indexed annuities – a strategic purchase may result in a "gain" on solvency liability

✘

- Will only impact valuations on or after December 31, 2024

- Federal regulations do not currently permit the discharge of liabilities on a buy-out annuity – the annuitized liability would still need to be valued for valuation and financial purposes

- Decision is irrevocable

- Insurers unlikely to bid if significant number of deferred vested members are included, particularly due to pre-retirement indexation and form of pension dependent on marital status

- A material annuity purchase would warrant another review of the asset mix and investment strategy

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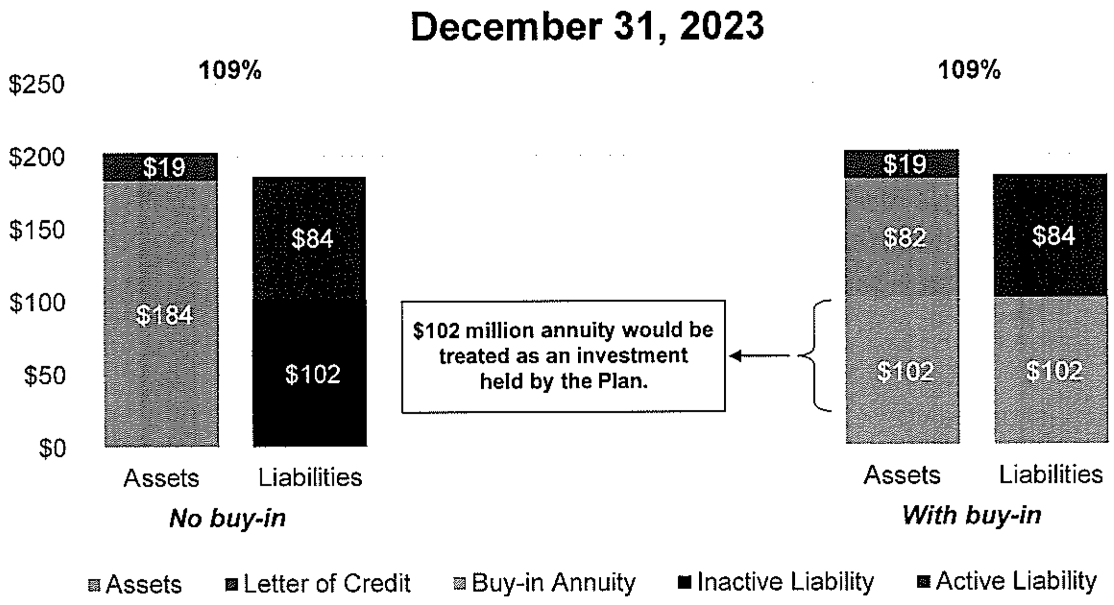
Impact on solvency funded position – buy-in annuity



Impact of Buy-in

A buy-in annuity is treated **as an investment**. Liabilities and all associated responsibilities, such as pension administration and financial reporting, remain the responsibility of the **Plan Sponsor**.

Since the Buy-In annuity is viewed as an investment, there is no implications on the maximum **Letter of Credit** which can be held by the Plan, as the Plan liabilities remain unchanged.

- **Assuming the annuity premium is priced at proxy, a buy-in annuity will have no impact on the solvency funded position**

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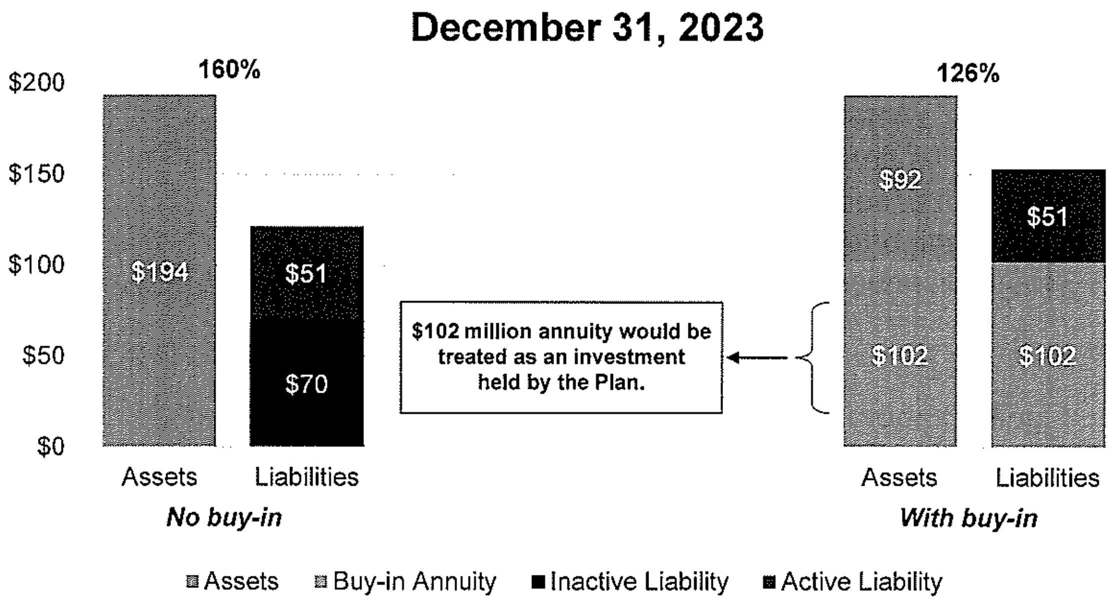
Impact on going concern funded position – buy-in annuity



Impact of Buy-in

A buy-in annuity is treated **as an investment**. Liabilities and all associated responsibilities, such as pension administration and financial reporting, remain the responsibility of the **Plan Sponsor**.

Effectively, a one-time trade of going concern liability for solvency liability. Assets and liability for the annuity would be equal in all future valuations.

- **Annuitizing all the retirees and deferred vested members in conjunction with adjustments to the going concern assumptions and asset smoothing methods, will reduce the going concern ratio below 125%**
- **However, favourable annuity pricing, investment returns or experience could result in a ratio above 125% by December 31, 2024 or after**

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Other considerations

Benefit Improvements

- YHC could consider ad hoc benefit improvements (e.g., one-time additional indexation or benefit improvements outside of the pension plan) in exchange for an amendment to the plan
- Implementation of a group savings vehicle (e.g., a group RRSP or TFSA) with ad hoc contributions
  - Members would continue to benefit from lower fees than retail and preferred investment options

Engage with regulators

- YHC could consider consulting with the regulators to see if an exception could be granted given the unique circumstances
- CRA:
  - If the YHC has special tax status, would the forced contribution holidays still apply?
- OSFI:
  - Could the LOC be reduced further than allowed by the PBSA considering this would result in additional member and hospital contributions and improve benefit security?
  - Could the YHC cease remitting solvency contributions effective immediately given the improved funded position (as currently permitted in some other jurisdictions)?
- However, our experience with the CRA and OSFI is that they are unlikely to deviate from prescribed legislation
- OSFI's directives prescribe the timing of the valuations, and they may permit the YHC to forgo filing the December 31, 2022 valuation

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From:	Patidar, Jesal (Vancouver)
To:	Kelly.Steele
Cc:	Katherine.Davidson; Omichinski, Jaime (Vancouver)
Subject:	[EXT] RE: Pension Actuarial Assumptions information
Date:	Tuesday, February 20, 2024 7:31:07 PM

Hi Kelly,

Thanks for providing this information. We'll include the projected salary increases to our assumption review presentation which we will send to you for review next week.

We'll incorporate your suggested changes to the presentation for the Board. We're happy to meet early the week of March 11th to review the Board information. We also plan on attending the Committee meeting on March 13 in person so let us know if you would prefer schedule some time after the Committee meeting to review this information in person with Jason. It would be great if we could also schedule some additional time that day with you and Kate to plan and discuss priorities for 2024.

Please let us know once the Board meeting is scheduled and we'll block off that time from our calendars.

Feel free to reach out if there is anything else we can assist with.

Regards,

Jesal D. Patidar FSA, FCIA
Director, Retirement

WTW
T +1 604 691 1021

From: Kelly.Steele@yukonhospitals.ca <Kelly.Steele@yukonhospitals.ca>
Sent: Monday, February 19, 2024 12:13 PM
To: Patidar, Jesal (Vancouver) <jesal.patidar@wtwco.com>; Omichinski, Jaime (Vancouver) <jaime.omichinski@wtwco.com>
Cc: Katherine.Davidson@yukonhospitals.ca
Subject: Pension Actuarial Assumptions information

Hi Jesal and Jaime,
Thanks so much for this discussion on Friday. It was very informative.
As promised, I am attaching the calendar 2023 non-investment expenses and am have included the projected wage increases for union and non-union employees.

Management – 4.5%
PIPSC Unionized Employees expected to be negotiated. We are also expecting to provide a 9% market adjustment before the increases noted below to RN's (which is the bulk of the PIPSC membership)

- February 1, 2022 – 4.5%
- February 1, 2023 – 3.0%
- February 1, 2024 – 3.0%

PSAC Unionized Employees expected to be negotiated

- Sept 1, 2022 – 4.5%
- Sept 1, 2023 – 3.0%
- Sept 1, 2024 – 3.0%

Jason and I discussed the upcoming Pension Committee meeting and have discussed the assumption presentation that you will be providing.
I think it makes sense for you to provide the normal assumptions presentation but include projections as to where the plan is headed so that we can discuss the potential of a forced contribution holiday.
Do not include any options at this time as the intent is to get a general understanding at the Committee level and a bit of temperature as to what the Committee feels we should do.

Jason and I will need to meet with the Board the week of March 18th to discuss the possibility of a forced contribution holiday in the future. This meeting will be maximum 30 minutes and should leave at least 10 minutes for questions.
It would be great if WTW could be available (Jaime and Jesal) for this meeting.
For this meeting, can I request that the presentation you provided on Friday be modified? For this meeting I am hoping we can modify based on the following:

- Slide 2 (overview) does not need to be included
- Can we consolidate slides 3-6 to one or two slides with the key points?
- Remove slide 11 and 12
- Provide a recommendation of funding considerations, liability strategies that could potentially delay the contribution holiday by at least year.
- Explain a forced contribution holiday and the pros and cons that the Board should be aware of.

It would be great if Jason, Kate and I could meet with you early the week of March 11th to review and finalize the Board information.
Regards
Kelly

Kelly Steele CPA, CMA
CFO Executive Director Corporate Services
Yukon Hospital Corporation
Phone: 867-393-8751
Email: Kelly.steele@wgh.yk.ca

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From:	Patidar, Jesal (Vancouver)
To:	Kelly.Steele
Cc:	Katherine.Davidson; Omichinski, Jaime (Vancouver)
Subject:	RE: [EXT] RE: Pension Actuarial Assumptions information
Date:	Thursday, February 29, 2024 6:20:35 PM
Attachments:	YHC_PCM_13March2024.pdf

Hi Kelly,

Thanks for your time this afternoon! Attached is the updated presentation reflecting the changes we discussed. Please let us know if you would like us to make any additional changes once you've had a chance to review with Jason.

Regards,
Jesal.

From: Patidar, Jesal (Vancouver)
Sent: Wednesday, February 28, 2024 5:52 PM
To: Kelly.Steele@yukonhospitals.ca
Cc: Katherine.Davidson@yukonhospitals.ca; Omichinski, Jaime (Vancouver) <jaime.omichinski@wtwco.com>
Subject: RE: [EXT] RE: Pension Actuarial Assumptions information

Hi Kelly,

Attached is the proposed presentation for the Committee meeting. The assumption section is similar to prior years. The funding estimates we included are consistent with the information we shared with you a couple weeks ago and do not reflect the projected salary increases. Although these projected salary increases will be material, our initial estimates indicated that the increase in the liability will not be sufficient to avoid a forced contribution holiday. We can determine whether it would useful to update the estimates after we connect with you to confirm our understanding of the projected salary increases,

Please let us know when you are available to meet and if there are any changes you would like us to make to the presentation.

Regards,
Jesal.

From: Patidar, Jesal (Vancouver)
Sent: Wednesday, February 28, 2024 3:35 PM
To: Kelly.Steele@yukonhospitals.ca
Cc: Katherine.Davidson@yukonhospitals.ca; Omichinski, Jaime (Vancouver) <jaime.omichinski@wtwco.com>
Subject: RE: [EXT] RE: Pension Actuarial Assumptions information

Hi Kelly,

We're finalizing the presentation based on your suggestions below. Further to my voicemail, we would like to connect with you to confirm our understanding of the projected salary increases as this will have a material impact on the valuation.

In particular, we would like to confirm the following:

- Mgmt employees are expected to receive a 4.5% increase in 2024 and 2.5% increase per year thereafter
- Will PIPSC employees receive a 20.8% (1.09 x 1.045 x 1.03 x 1.03) increase or 19.5% (9% + 4.5% + 3% + 3%) increase in 2024?
    - Increases in 2025 and thereafter are expected to return to 2.5% per year
    - Merit increases based on step level are in addition to the amounts above
- Will PSAC employees receive a 10.9% (1.045 x 1.03 x 1.03) increase in 2024 or 10.5% (4.5% + 3% + 3%) increase in 2024?
    - Increases in 2025 and thereafter are expected to return to 2.5% per year
    - Merit increases based on step level are in addition to the amounts above
- Will members receive a lump sum for increases retroactive to 2022 and 2023?
    - If so, will this amount be paid in 2024 and will it be pensionable?
    - Will members who terminated employment prior to receiving this increase be entitled to the retroactive amount? Will their pensions or commuted values be adjusted to reflect the retroactive amount?

It might be helpful to discuss these over a call. Let us know if you have some time later today or tomorrow to discuss.

Regards,
Jesal.

From: Kelly.Steele@yukonhospitals.ca <Kelly.Steele@yukonhospitals.ca>
Sent: Wednesday, February 21, 2024 6:34 AM
To: Patidar, Jesal (Vancouver) <jesal.patidar@wtwco.com>
Cc: Katherine.Davidson@yukonhospitals.ca; Omichinski, Jaime (Vancouver) <jaime.omichinski@wtwco.com>
Subject: RE: [EXT] RE: Pension Actuarial Assumptions information
Importance: High

Good morning Jesal,
Apologies for the second email but in discussions with Jason and the Board Chair late yesterday I am suggesting a different approach.

It has been agreed that we will take the information to the March 13th Pension Committee rather than the Board first.
Al has requested that we include the regular assumptions presentation but also options relating to our current situation. I would still include the pros and cons of a forced contribution holiday and this should be one of the options proposed.
I expect 2 other options would relate to what if anything we can do to avoid a contribution holiday in the short term and then what could possibly be contemplated in the long run (i.e. annuity buy-in purchase).

I think we could blend the content in the assumptions deck with some of the information you have

already provided in your estimated financial position deck.
Ultimately, Al and Jason would like to lay this out for the Pension Committee and provide a recommendation on next steps, which I am hoping you can provide to the committee in the final slides of the presentation.

Ultimately, we will be looking for a recommendation from the Pension Committee that will be brought forward at the May 1st Board meeting.

Happy to jump on a call to discuss and sorry to change the approach.
Regards
Kelly

Kelly Steele CPA, CMA
CFO Executive Director Corporate Services
Yukon Hospital Corporation
Phone: 867-393-8751
Email: Kelly.steele@wgh.yk.ca

From: Patidar, Jesal (Vancouver) <jesal.patidar@wtwco.com>
Sent: Tuesday, February 20, 2024 7:31 PM
To: Kelly.Steele <Kelly.Steele@yukonhospitals.ca>
Cc: Katherine.Davidson <Katherine.Davidson@yukonhospitals.ca>; Omichinski, Jaime (Vancouver) <jaime.omichinski@wtwco.com>
Subject: [EXT] RE: Pension Actuarial Assumptions information

Hi Kelly,

Thanks for providing this information. We'll include the projected salary increases to our assumption review presentation which we will send to you for review next week.

We'll incorporate your suggested changes to the presentation for the Board. We're happy to meet early the week of March 11th to review the Board information. We also plan on attending the Committee meeting on March 13 in person so let us know if you would prefer schedule some time after the Committee meeting to review this information in person with Jason. It would be great if we could also schedule some additional time that day with you and Kate to plan and discuss priorities for 2024.

Please let us know once the Board meeting is scheduled and we'll block off that time from our calendars.

Feel free to reach out if there is anything else we can assist with.

Regards,

Jesal D. Patidar FSA, FCIA
Director, Retirement

WTW

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From: Kelly.Steele@yukonhospitals.ca <Kelly.Steele@yukonhospitals.ca>
Sent: Monday, February 19, 2024 12:13 PM
To: Patidar, Jesal (Vancouver) <jesal.patidar@wtwco.com>; Omichinski, Jaime (Vancouver) <jaime.omichinski@wtwco.com>
Cc: Katherine.Davidson@yukonhospitals.ca
Subject: Pension Actuarial Assumptions information

Hi Jesal and Jaime,
Thanks so much for this discussion on Friday. It was very informative.
As promised, I am attaching the calendar 2023 non-investment expenses and am have included the projected wage increases for union and non-union employees.

Management – 4.5%
PIPSC Unionized Employees expected to be negotiated. We are also expecting to provide a 9% market adjustment before the increases noted below to RN's (which is the bulk of the PIPSC membership)

- February 1, 2022 – 4.5%
- February 1, 2023 – 3.0%
- February 1, 2024 – 3.0%

PSAC Unionized Employees expected to be negotiated

- Sept 1, 2022 – 4.5%
- Sept 1, 2023 – 3.0%
- Sept 1, 2024 – 3.0%

Jason and I discussed the upcoming Pension Committee meeting and have discussed the assumption presentation that you will be providing.
I think it makes sense for you to provide the normal assumptions presentation but include projections as to where the plan is headed so that we can discuss the potential of a forced contribution holiday.
Do not include any options at this time as the intent is to get a general understanding at the Committee level and a bit of temperature as to what the Committee feels we should do.

Jason and I will need to meet with the Board the week of March 18th to discuss the possibility of a forced contribution holiday in the future. This meeting will be maximum 30 minutes and should leave at least 10 minutes for questions.
It would be great if WTW could be available (Jaime and Jesal) for this meeting.
For this meeting, can I request that the presentation you provided on Friday be modified? For this meeting I am hoping we can modify based on the following:

- Slide 2 (overview) does not need to be included
- Can we consolidate slides 3-6 to one or two slides with the key points?

- Remove slide 11 and 12
- Provide a recommendation of funding considerations, liability strategies that could potentially delay the contribution holiday by at least year.
- Explain a forced contribution holiday and the pros and cons that the Board should be aware of.

It would be great if Jason, Kate and I could meet with you early the week of March 11th to review and finalize the Board information.
Regards
Kelly

Kelly Steele CPA, CMA
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Yukon Hospital Corporation Employees' Pension Plan

Review of Actuarial Funding Assumptions and Estimated Financial Position as at December 31, 2023

March 2024

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Today's Discussion

Assumptions Overview

Going Concern Assumptions

Windup / Solvency Assumptions

Estimated Financial Position

Funding Considerations

Appendix

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Assumptions Overview

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Review of Actuarial Assumptions

Cost of a pension plan

Actuarial assumptions do not determine the actual cost of a pension plan

- The ultimate cost of a pension plan to an employer is equal to:

Benefits paid to plan members + **Expenses incurred** − **Investment income** − **Employee Contributions**

- None of the above items are determined by actuarial assumptions
  - The actual cost of the plan is only known with certainty after the last payment has been received by the last beneficiary of the plan
  - While it is not possible to determine the actual cost of the plan in advance, it is possible to estimate the cost using actuarial assumptions
- The assumption setting process is a budgeting technique that establishes when and at what levels contributions will be made

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Review of Actuarial Assumptions

Good governance

Good governance includes a periodic review of actuarial assumptions

- Demonstrates prudence
- Enhances appropriate financial measurement and management
- Reduces volatility in results
  - Smaller and more frequent revisions to actuarial assumptions

In funding actuarial valuation reports, the actuary must provide the rationale for each material assumption

The YHC Pension Committee's Terms of Reference require the Pension Committee to review the funding assumptions before each actuarial valuation.

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Types of Funding Valuations

Funding valuations:

- Determine the annual contribution requirements in accordance with pension legislation, Income Tax Act, actuarial standards of practice and YHC's funding policy
  - Subject to minimum and maximum rules
- Enhance benefit security for plan members by systematically accumulating assets to pay for promised benefits

	Going Concern	Windup / Solvency
Scenario	• Assumes plan continues indefinitely • Long-term view	• Assumes plan is wound up on valuation date and all benefits are settled
Assumptions	• Best-estimate assumptions are selected by actuary • Pension regulator expects inclusion of margin for adverse deviations • YHC determines extent of margin	• Assumptions reflect expected cost of settling benefits – Commuted value transfers – Annuity purchase • Based on current market conditions on valuation date • Little discretion in setting assumptions

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Types of Assumptions

Economic Assumptions

- Rate of inflation
- Rate of escalation of YMPE and ITA Maximum pension limit
- Rate of salary increases
- Discount rate

Demographic Assumptions

- Rates of retirement
- Rates of withdrawal
- Rates of mortality

Other Assumptions

- Settlement election
- % of members with an eligible spouse at retirement
- Spousal age difference
- Expenses
- Proportion of year worked for casual and part-time employees (as % of full year)

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Going Concern Assumptions

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Background

Scenario

- Long-term outlook
- Assumes that the pension plan will continue to exist indefinitely

Assumptions

- Should be independently reasonable
- Should be internally consistent
- Should reflect long-term expectations
  - Should not give undue weight to recent experience

Margins for Adverse Deviation

- Actuarial professional standards provide that the actuary should only include margins for adverse deviations if required by law or by the terms of engagement
- Federal pension regulator (OSFI) expects a reasonable margin for adverse deviations
- It is not necessary to include a margin in all the assumptions
  - It would be acceptable, for instance, to select best estimate assumptions for all going concern valuation assumptions and incorporate the entire margin into the discount rate assumption

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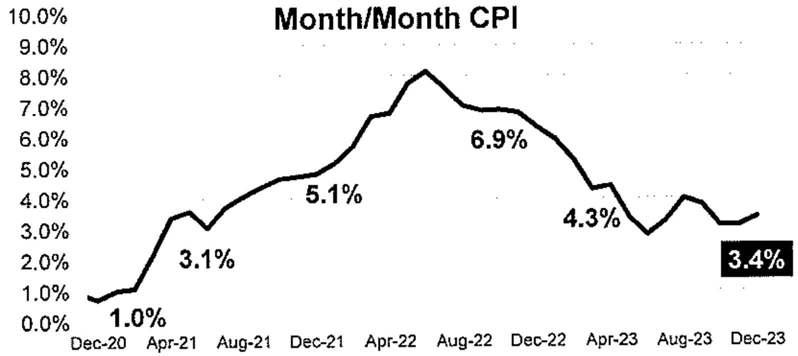
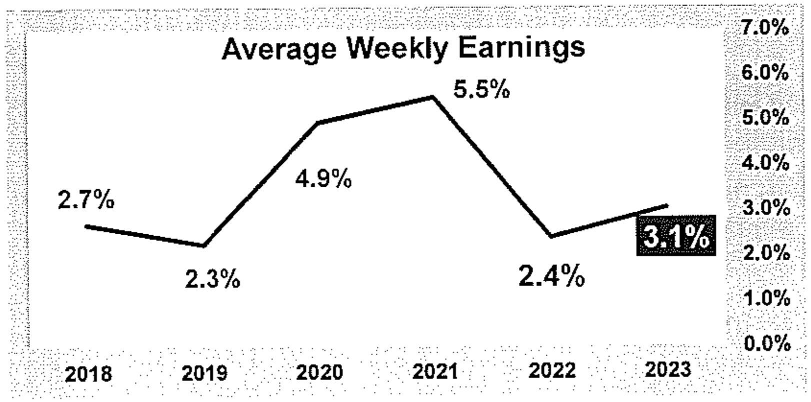
Economic Assumptions

Rate of Inflation - Recent Experience



- Inflation has come down since 2022 but remains stickier than expected
- BoC October 25, 2023 monetary policy report indicates short-term inflation could be above the target range, and projects 3.5% until mid 2024, 2.5% by end of 2024 and 2% in 2025
- The Bank of Canada continues to indicate their long-term goal is to maintain inflation between 1% and 3%



- Increases in YMPE & ITA maximum limits are based on average weekly earnings (12-month average ending June)
- COVID-19 caused substantial spike in monthly AIW in 2020 as job losses appeared to be concentrated at lower average levels of earnings. This effect led to large YMPE and ITA limit increases in 2021 but has since stabilized

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Rate of Inflation and Indexation of Deferred and Immediate Pensions

- Pension benefits for retirees, beneficiaries and deferred vested members are automatically indexed January 31 of each year to the increase in the Consumer Price Index (CPI)
  - Based on the percentage increase in CPI during the 12-month period ending on September 30 of the immediately preceding year
- The post-retirement indexation granted in recent years was as follows:

Year	Indexation	3 Year Average	5 Year Average
2016	1.0%	1.4%	
2017	1.3%	1.4%	1.3%
2018	1.6%	1.3%	1.4%
2019	2.2%	1.7%	1.6%
2020	1.9%	1.9%	1.6%
2021	0.5%	1.5%	1.5%
2022	4.4%	2.3%	2.1%
2023	6.9%	3.9%	3.2%
2024	**3.8%**	**5.0%**	**3.5%**

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Inflation

The **rate of inflation** is used as a **building block** for assumed rates of increase in:

- YMPE
- Income Tax Act maximum pension limit
- Salary increases
- Pension indexation

The Bank of Canada aims to maintain the annual rate of inflation **between 1% and 3%**

As of December 31, 2023:

- Break Even Inflation Rate (BEIR): **1.65%**
- Yield on long-term nominal bonds: 3.05%
- Yield on long-term real return bonds: 1.40%

- A long-term inflation assumption of **2.0%** per year is used for WTW's capital market model
- Assumption was **2.0%** per year at the prior valuation date

No change recommended

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Economic Assumptions

Rate of escalation of YMPE and Income Tax Act (ITA) maximum pension limit

- Year's Maximum Pensionable Earnings (YMPE) and Income Tax Act (ITA) maximum pension limit:
  - Increases are based on expected increases in general wage
  - General wage increases are made up of the following two components:
    - General inflation rate; plus
    - Productivity improvements

	YMPE and ITA Limit Increases
Rate of inflation	2.00%
Productivity	0.50%
Current assumption	2.50%

No change recommended

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Rate of Salary Increases

- Valuation projects the salary increases of individual plan members
  - Includes the effect of merit and promotion increases
  - Salary increase assumption will generally be higher than the long term expected increase in payroll

- Usually, the salary increase assumption is comprised of the following components:
  General rate of inflation
  \+ Productivity improvements
  +/- Company specific factor
  \+ Merit and promotion increases

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Rate of Salary Increases

Management employees

- Salary assumption for management employees was 2.50% per year at the prior valuation date
- Current assumption of 2.50% for per year for Management employees was developed as follows:

(per annum)	Rate of Salary Increases
General inflation rate	2.00%
Productivity improvements	0.50%
Merit and promotion increases	0.00%
Rate of salary increase assumption	**2.50%**

- Management employees are projected to receive on average a 4.50% increase in 2024
- Recommend adopting a salary increase assumption of 4.50% in 2024 and 2.50% per year thereafter

Assumption updated to reflect projected increase in 2024

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Rate of Salary Increases

Non-management employees

- The merit and promotion increases for non-management employees is prescribed by the negotiated collective agreements
- Employees are assumed to be promoted to the next step level on an annual basis
  - **PIPSC employees:** Merit and promotion increases are 4.00% per year between step levels 1 through 8, 1.50% per year between step level 8 and 9 and 0% thereafter
  - **PSAC employees:** Merit and promotion increases are 4.00% per year between step levels 1 through 7 and 0% per year thereafter
- Assumption as at December 31, 2022 was 2.50% per year (based on 2.00% per year for inflation and 0.50% productivity improvements) plus the merit and promotion increases described above
- Higher salary increases are projected in 2024 based on the negotiated collective agreements
- Recommend aligning salary increase assumption with negotiated collective agreements in 2024 followed by 2.50% per year thereafter; plus the merit and promotion increases described above

Assumption updated to reflect projected increase in 2024

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Discount Rate Assumption

Definition

One acceptable approach for establishing a best estimate investment return assumption is a *building block approach:*

- Determine the best estimate long-term expected investment return for each asset class
- Calculate the weighted average of the expected investment returns, based on the asset mix
- Reflect the effect of diversification and rebalancing
- Make appropriate provision for expenses expected to be paid from the plan
- Adjust the assumption for any margin for adverse deviations

- Going concern discount rate assumption is based on the long-term expected investment return on the plan assets
  - Although it is a long-term assumption, it must still be realistic given capital market conditions on the valuation date
  - Should reflect the asset mix of the plan on the valuation date and the expected investment policy after that date
  - Actuarial standards do not typically permit the recognition of additional returns due to active managements
    - However, can assume additional returns due to active management to the extend needed to cover incremental expenses associated with active versus passive management

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Discount Rate

Building block approach

Asset mix C from the ALM study was approved in November 2023 and is reflected below

	Yukon Hospital Target Asset Mix	20 Year Compound Return January 1, 2024
Fixed Income	**35%**	
Cash	1%	3.50%
Long term bonds	12%	3.94%
Real return bonds	15%	3.58%
Corporate long term bonds	7%	4.13%
Equities	**34%**	
Canadian equities	6%	6.75%
Global equities	24%	7.18%
Emerging markets	4%	7.70%
Alternative Investments	**31%**	
Real estate	8%	5.70%
Infrastructure	8%	6.35%
Private equity	10%	8.09%
Private debt	5%	5.86%

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Discount Rate

Building block approach

Expected long-term weighted average return = 6.90%

Projected Nominal Portfolio Return	Mean	5th %ile	25th %ile	40th %ile	50th %ile	60th %ile	75th %ile	95th %ile
1 year	7.37%	-8.81%	0.43%	4.60%	7.23%	9.75%	14.02%	24.29%
5 years	6.71%	0.58%	4.01%	5.71%	6.74%	7.71%	9.33%	12.93%
10 years	6.82%	2.87%	5.23%	6.23%	6.83%	7.51%	8.47%	10.66%
15 years	6.87%	4.18%	5.66%	6.40%	6.86%	7.32%	8.04%	9.74%
20 years	6.90%	4.56%	5.88%	6.46%	6.90%	7.27%	7.91%	9.29%

- Includes provision for diversification and periodic rebalancing of asset mix, which is expected to add to the investment return

- The 2024 OSFI maximum discount rate for a 50% fixed income portfolio is 6.25%, before margins and expenses
  - The discount rate for a plan with a lower proportion to fixed income may be higher than 6.25%
- The WTW neutral model produces a discount rate less than 6.25% for a 50% fixed income portfolio, before margins and expenses
  - A discount rate of 6.90% before margins and expenses therefore would be considered reasonable based on the YHC's target asset mix

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Discount Rate

Building block approach

- Discount rate assumption is net of margin for adverse deviations
  - A reasonable margin for adverse deviations based on the plan's asset allocation is 25 – 50 bps

(per annum)	20 Year Compound Return January 1, 2024
Weighted average return	6.90%
Provision for passive investment expenses	(0.06)%
Margin for adverse deviation	(0.25 - 0.50)%
Discount rate assumption (unrounded)	**6.34% - 6.59%**
Discount rate assumption (recommended)	**6.50%**

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Discount Rate

Summary

- **Assumption as at Dec. 31, 2022:** 6.50% per year
- **Assumption as at Dec. 31, 2023 based on building block approach:** 6.34% - 6.59% per year
- **Recommended:** 6.50% per year
  - No margin included in other assumptions

No change recommended

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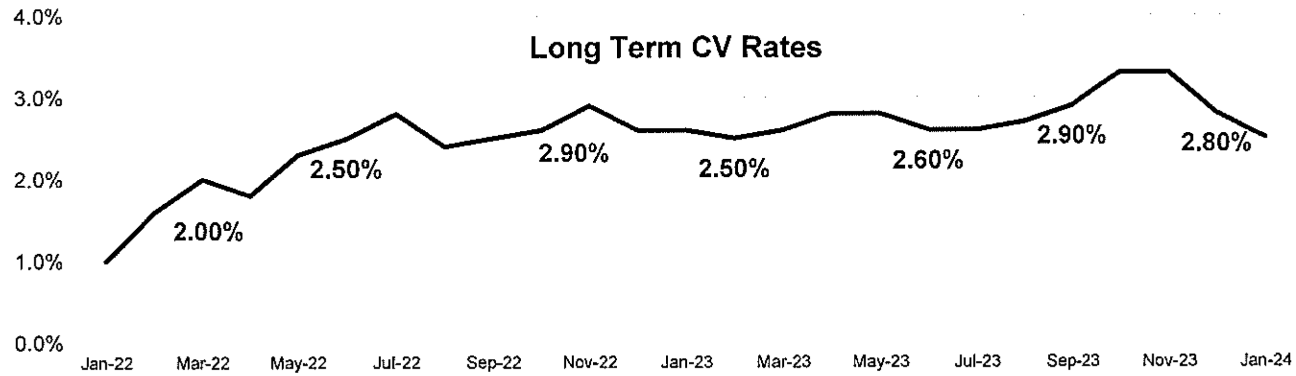
Lump Sum Settlements – Discount Rate

For terminations after 3 years

- **Assumption as at Dec. 31, 2022:** 2.40% per year (increased from 2.10% the prior valuation)
- **Assumption as at Dec. 31, 2023:** 2.40% per year



While CV rates are above the long-term assumption, CV rates appear to be trending downwards

No change recommended

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Rates of Retirement and Withdrawal

- YHC reviewed the retirement and withdrawal experience and updated these assumptions concurrent with the December 31, 2018 actuarial valuation
  - Best practice would be to review rates every five years. An experience review could be done in 2024 and used in the December 31, 2024 valuation
  - Current retirement and withdrawal rates are summarized as follows:

No change recommended

Rates of Retirement

Age	Group 1 Members	Group 2 Members
Less than 50	0.000	0.000
50 to 55	0.050	0.000
56 to 59	0.100	0.100
60	0.250	0.250
61	0.150	0.150
62	0.250	0.250
63	0.150	0.150
64	0.150	0.150
65	0.800	0.800
66 or older	1.000	1.000

Rates of Withdrawal

Years of Service	All Members
0	0.150
1	0.150
2	0.150
3	0.100
4	0.100
5	0.100
6	0.090
7	0.080
8	0.070
9	0.060
10	0.050
11	0.040
12 or more	0.040

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Settlement Election Upon Termination of Employment

Overview

The YHC Plan provides members who terminate employment with the option of either:

Receiving a monthly pension payable from the plan once they become retirement eligible (deferred pension)

Transferring the present value of their pension (known as the "commuted value") out of the plan and into a vehicle approved under pension legislation (e.g., locked-in RRSP)

Why might members elect a commuted value transfer?

- Believe they can manage their own assets better
- Health concerns (shortened life expectancy)
- Misunderstanding of benefits paid to survivor on death
- Persuasion from financial planners
- They want the cash (ITA maximum transfer values)

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Settlement Election Upon Termination of Employment

- Due to the mismatch between the going-concern discount rate and bond yields, when members elect a commuted value transfer, more assets are transferred out of the plan than the going concern liability that would be held for these individuals if valued as deferred pensions payable from the plan
- Assumption as at December 31, 2023:
  - 35% of terminating members elect a commuted value settlement
  - 65% of terminating members elect a monthly pension payable from the plan

No change recommended

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Allowance for Non-investment Expenses

- The normal cost contribution requirement includes a provision for the cost of all non-investment expenses (or administrative expenses) from the pension trust fund
  - This additional cost is paid solely by the employer
  - Provision is for budgeting purposes
- Current assumption is 0.9% of payroll
- Historical non-investment expenses expressed as a percentage of payroll:

No change recommended

Year	Non-investment expenses	Payroll	As a % of Payroll
2017	$ 289,200	$ 29,350,000	0.99%
2018	$ 246,800	$ 30,750,000	0.80%
2019	$ 280,200	$ 31,880,000	0.88%
2020	$ 317,700	$ 35,700,000	0.89%
2021	$ 300,800	$ 35,480,000	0.85%
2022	$ 361,800	$ 35,089,000	1.03%
2023	$ 316,000	n/a	n/a

3-year average = 0.92%
5-year average = 0.89%

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Eligible Spouses and Spousal Age Difference

- These assumptions describe who is expected to receive a benefit upon death of a member
- The actual marital status and spouse's date of birth are used for retired members
- Assumptions are needed for eligible spouse at retirement and pre-retirement death for active and deferred vested members
  - Current assumption is 60% of members have an eligible spouse at retirement and pre-retirement death and that the male spouse is 3 years older than the female spouse
  - The current assumption is consistent with recent experience for the plan

No change recommended

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Summary of Recommended Assumptions

	Previous Valuation	Recommended for Dec. 31, 2023 Valuation
Economic Assumptions (Per annum)		
Discount rate	6.50% per year	No change
Rate of Inflation	2.00% per year	No change
Rate of Salary Increases	• Management: 2.50% • PIPSC and PSAC: 2.50% plus merit and promotion increases under collective agreement	• Management: 4.50% in 2024 and 2.50% thereafter • PIPSC and PSAC: aligned with negotiated collective agreements in 2024 followed by 2.50% per year thereafter; plus merit and promotion increases under collective agreement
Rate of YMPE and ITA Limit Increases	2.50%	No change
Demographic Assumptions		
Rates of Retirement	Age-related rates	No change
Rates of Withdrawal	Service-related rates	No change
Rates Mortality	105% of 2014 Canadian Pensioners' Private Sector Mortality Table projected on a fully generational basis using Scale B	No change
Retirement age for deferred vested	Age that produces the highest pension value	No change
Disability incidence/mortality	Nil	No change

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Summary of Recommended Assumptions

	Previous Valuation	Recommended for Dec. 31, 2023 Valuation
Other Assumptions (Per annum)		
Percent of members with eligible spouse at retirement or pre-retirement death	60%	No change
Male spouse older than female spouse	3 years	No change
Portion of year worked (as % of full year)	• Full-time employees: 100% • Part-time employees: 75% • Casual employees: 25%	No change
Settlement election	65% deferred pension and 35% commuted value	No change
Discount rate for commuted value settlements	Terminations within 3 years: current solvency rates Terminations after 3 years: 2.4% per year for indexed benefits	No change
Non-investment expenses	0.9% of payroll	No change

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Windup / Solvency Assumptions

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Background

Scenario

- Assumes that plan winds up as of valuation date
- All benefits are settled as of the valuation date
- Settlement of benefits occurs through either commuted value transfer or group annuity

Assumptions

- Based on capital market environment as of valuation date
- Little discretion in setting assumptions
- Highly sensitive to short-term fluctuations in long-term bond yields

OSFI's Concerns

- Form of benefit settlement for deferred members
- Wind-up expenses

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Commuted Value Discount Rates

- The key assumptions used to calculate commuted value transfer amounts are prescribed by the Canadian Institute of Actuaries (CIA) Standards of Practice for Pension Commuted Values
  - Same standards applied to all registered DB pension plans across Canada
  - Two variable discount rates based on Government of Canada long-term bond yields
  - With changes to the commuted value standards effective December 1, 2020, inflation is explicitly determined and used to calculate net interest rates for indexed benefits

(per annum)	Previous Valuation	December 31, 2023
Discount rate [1]		
• First 10 years	2.2%	2.7%
• Thereafter	2.6%	2.8%

[1] For pensions fully indexed to increases in the CPI.

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Group Annuity Discount Rate

- The CIA issues guidance quarterly regarding estimated group annuity pricing
  - Guidance is based on illustrative quotes from insurance companies and varies by the duration of the liabilities being settled
  - Supplemented by data from certain actuarial consulting firms on actual group annuity purchases during previous quarter
- Guidance for valuations performed on and after December 31, 2023:
  - Discount rate for indexed annuities equal to the unadjusted average yield on Government of Canada long-term real-return bonds (CANSIM series V39057) ***less***:
    - 0 basis points for all durations (20 basis points spread as at December 31, 2022)

(per annum)	Previous Valuation	December 31, 2023
Discount rate	1.0%	1.4%

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Rates of Mortality

- Mortality tables used for the commuted value calculations are prescribed
  - 2014 CPM Table projected generationally using CPM Improvement Scale B
  - Based on blended private sector and public sector experience
- CIA group annuity guidance is also based on the 2014 CPM Table projected generationally using CPM Improvement Scale B
  - The actuary should adjust the regular annuity purchase assumptions where there is demonstrated substandard or super-standard mortality or where an insurer might be expected to assume shorter or longer than average longevity by pension plan members
  - Assumption at December 31, 2022: regular mortality assumption was used

No change recommended

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Settlement Election for Deferred Vested Members

- Assumption as at December 31, 2022:
  - 90% of deferred vested member elected a commuted value
- Assumption as at December 31, 2023:
  - 90% of deferred vested member elected a commuted value
- Note this assumption was reviewed in 2022

No change recommended

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Eligible Spouses and Spousal Age Difference

- Same assumptions as used for the going concern valuation
  - Assume 60% with eligible spouse at retirement
  - Assume male spouse is 3 years older than the female spouse

No change recommended

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Provision for Windup Expenses

- Actuarial standards and pension legislation require a provision for windup expenses unless there is a good reason not to
- Assumption should include provision for costs associated with winding up the pension plan
- Assumption excludes expenses related to the resolution of surplus ownership or deficit issues
- Consideration should be given as to whether the company is assumed to continue to be in existence or not
- In 2022, OSFI raised the concern that the windup expense assumption was too low
- December 31, 2022 assumption was increased to $300,000 from $200,000
- Recommend increasing assumption to **$400,000**
  - Based on plan membership and total windup liability

Assumption updated to $400,000

Example of windup expenses include:

- Preparing employee communication and statements
- Preparing the windup report
- Required correspondence and filings with pension regulators
- Preparing required amendments to plan documentation
- Work related to the purchase of group annuities
- Fees required to liquidate assets

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Summary for Discussion

	Previous Valuation	Recommended for Dec. 31, 2023 Valuation
Discount rates (per annum)	• Commuted value: 2.2% for 10 years, 2.6% thereafter • Immediate and deferred annuities: 1.0%	• Commuted value: 2.7% for 10 years, 2.8% thereafter • Immediate and deferred annuities: 1.4%
Retirement	At age that produces the highest value	No change
Mortality	100% of the 2014 CPM Table projected generationally using CPM Improvement Scale B	No change
Proportion of deferred members electing a commuted value	90%	No change
Percentage with eligible spouse at retirement	60%	No change
Years male spouse older than female spouse	3 years	No change
Percent electing commuted value (remainder are assumed to be settled by group annuity purchase)	OSFI requires at least 50% select the option which provides the highest value	No change
Windup expenses	$300,000	$400,000

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Estimated Financial Position as at December 31, 2023

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Market Value of Assets

Accrued basis[1]

(in 000's)

As at December 31, 2022	**$ 167,705**
Member contributions	2,676
YHC contributions	6,396
Pension payments	(4,484)
Lump sum payments	(1,579)
Non-investment expenses	(317)
Investment income, net of investment expenses	13,872
As at December 31, 2023	**$ 184,268**
Rate of return, net of investment expenses	**8.2%**

Note:

[1] Assumed outstanding amounts at EOY 2023 were equal to outstanding amounts at BOY 2023

Asset return since prior valuation

(net of all expenses)

The actual return was greater than the expected return, resulting in an **asset gain**, and **improving** the funded position

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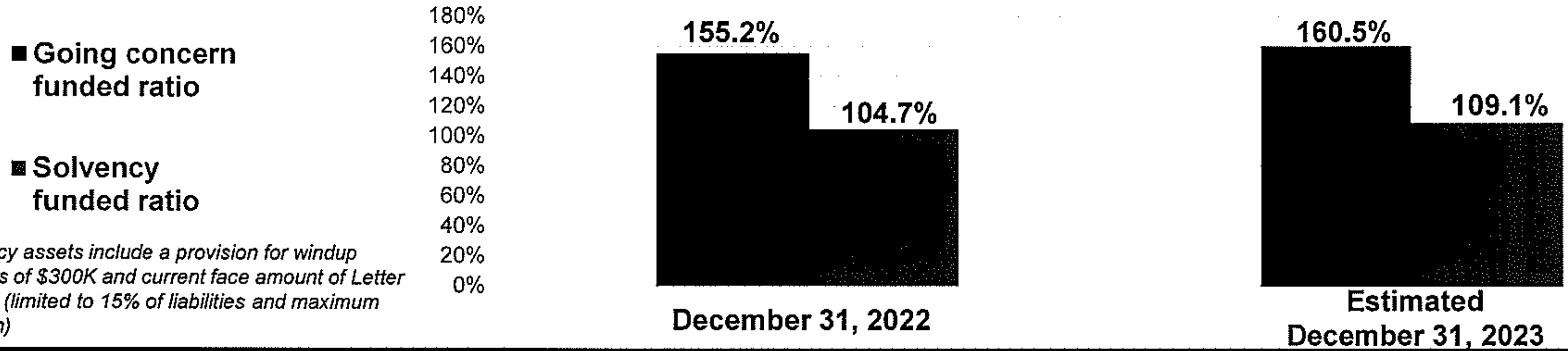
Estimated Financial Position



** Solvency assets include a provision for windup expenses of $300K and current face amount of Letter of Credit (limited to 15% of liabilities and maximum reduction)*

Going Concern Position	December 31, 2022	Estimated December 31, 2023
Going concern assets [1]	$ 177.7 M	$ 193.5 M
Going concern liability	114.5 M	120.6 M
Going concern surplus (deficit)	**$ 63.2 M**	**$ 72.9 M**

[1] Smoothed value of assets based on 5-year average smoothing method

Solvency Position	December 31, 2022	Estimated December 31, 2023
Solvency assets	$ 195.4 M	$ 202.9 M
Solvency liability	186.6 M	186.0 M
Solvency surplus (deficit)	**$ 8.8 M**	**$ 16.9 M**

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3-year Average Solvency Ratio

The minimum solvency contribution requirement is based on a **3-year average solvency ratio**, which is calculated as follows:

$$\left[\text{Current year ratio} + \text{Adjusted prior year ratio} + \text{Adjusted second prior year ratio} \right] \div 3$$

The solvency ratio at the current valuation date (not the average) is used for all other purposes, including disclosure on the annual member statements

Certain prescribed adjustments are made to the prior two years' solvency ratios used in the average:

- Special payments made between the applicable prior valuation date and the current valuation date
- Contribution holidays taken between the applicable prior valuation date and the current valuation date
- The change in the face value of any letter(s) of credit between the applicable prior valuation date and the current valuation date
- Asset/liability transfers into the plan
- The effects of any plan amendments made between a prior valuation date and the current valuation date

Applicable to the YHC Plan

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Estimated Funding Requirements

Adjusted solvency ratios

Letter of Credit reduces to the maximum extent possible (i.e., maintaining 3-year average solvency ratio at 100.0%)

(in 000's)	**Dec. 31, 2021**	**Dec. 31, 2022**	**Dec. 31, 2023**
Solvency ratio at valuation date	0.933	1.047	1.091
Solvency value of assets[1]	$ 184,612	$ 167,405	$ 183,968
Letter of credit at valuation date [2]	33,810	27,992	18,900
Change in face amount of letter of credit(s)	(14,909)	(9,091)	N/A
Present value of solvency amortization payments (contribution holidays) since valuation date			
• Contributions (surplus used) in 2022[3]	3,095	N/A	N/A
• Contributions (surplus used) in 2023[4]	3,184	3,253	N/A
Adjusted solvency value of assets	$ 209,792	$ 189,558	$ 202,869
Solvency liabilities	$ 234,716	$ 186,611	$ 185,967
Adjusted solvency ratio	**0.894**	**1.016**	**1.091**

Notes:

1 Market value of assets less windup expenses of $300,000 after 2021 and $200,000 for 2021
2 Letter of credit limited to 15% of liabilities and is reduced to the maximum extent possible
3 Determined as the weighted-average liability discount rate at December 31, 2021 of 3.02%
4 Determined as the weighted-average liability discount rate at December 31, 2022 of 4.75%

No solvency contributions will be required after the valuation report is filed

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Funding Considerations

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Funding Considerations

Forced employer contribution holiday

- Based on Federal regulations and the Income Tax Act (ITA), employer contributions to a pension plan are restricted if:
  - the going concern ratio of the plan exceeds 125%; and
  - the solvency ratio exceeds 105%
- Barring significant member experience losses, the YHC will be forced to take a contribution holiday after the December 31, 2023 report is filed

Implications on Employee Contributions

- ITA does not place restrictions on employee contributions to a pension plan
- However, the YHC plan text prevents ongoing member contributions while the YHC on a contribution holiday
- In the absence of an amendment to the plan text, employee contributions may need to cease as well
  - Will result in significant volatility in member contributions (and take-home pay) year-over-year
  - Intergenerational inequality
  - Additional member communication

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Prevalence of Member Contribution Holidays

- ITA **does not** place restrictions on **member contributions**
- **Very unusual** to include wording in the plan document to restrict member contributions in **single-employer registered pension plans**

- Provision likely originated from the **Federal PSSA**
- Federal PSSA **not subject** to the same **funding regulations** as single-employer registered pension plans
  - In particular, are not subject to solvency regulations, which requires funding based on short-term market conditions and hypothetical plan termination
- Going concern **surplus has grown quicker** due to YHC's required **solvency deficit contributions**

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Potential Strategies to Limit Member Contribution Volatility

Going Concern Assumptions and Methods

- Reduce ratio below 125%
- Remove asset smoothing
- Revise non-investment expense methodology
- Modify assumptions

Considerations

- Temporary measure
- Increased normal cost

Solvency Assumptions

- Reduce ratio below 105%
- Modify assumptions

Considerations

- Temporary measure
- Assumptions largely prescribed

Derisking Strategy

- Increase fixed income allocation
- Purchase buy-in annuity

Considerations

- Increased normal cost
- Review of asset liability strategy required
- Trade-off for lower expected returns in the long run
- Potential liquidity constraints

Other Strategies

- Amend the plan
- Implement group saving vehicles (e.g., group RRSP or TFSA)
- Engage with regulators

Considerations

- Additional fiduciary responsibilities
- Not all members have unused tax-deferred savings room
- Member communication
- Regulators unlikely to deviate from legislation

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Funding Considerations

Recommendation

- Amend YHC plan text to allow ongoing member contributions while the YHC is on a forced contribution holiday

- ☑ Provides a viable long-term solution; other levers would only temporarily address the issue
- ☑ Easy to adopt
- ☑ Reduces year-over-year member contribution volatility
- ☑ Avoids intergenerational inequality (one generation of members paying for the benefits of another generation)
- ☑ Increases member benefit security
- ☑ Allow Committee to focus on sustainability and surplus management vs. managing member contributions
- ☑ Less member communication required and easier for members to understand

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Actuarial Certification

The results presented in this presentation are based on the assumptions included in this presentation and based on the methods, membership data, plan provisions and other information outlined in the actuarial valuation report to determine funding requirements as at December 31, 2022 for the YHC Plan. Therefore, such information, and the reliances and limitations of the valuation report and their use, should be considered part of this presentation.

The information provided in this presentation has been prepared solely for the benefit of YHC for its internal use in connection with the actuarial valuations of the plan prepared by WTW. This presentation should not be used for other purposes and we accept no responsibility for any such use. It should not be shared with or relied upon by any other person without WTW's prior written consent.

In our opinion, for the purposes of this presentation, the data are sufficient and reliable, the assumptions are appropriate and the methods employed in the valuation are appropriate. This presentation has been prepared, and our opinion has been given, in accordance with:

- The funding and solvency standards prescribed by the Pension Benefits Standards Act, 1985 (Canada) and Regulation thereto;
- The requirements of the Income Tax Act (Canada) and Regulation thereto; and
- Accepted actuarial practice in Canada, except that this presentation has been appropriately abbreviated.

Jaime Omichinski, FCIA

Jesal D. Patidar, FCIA

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Appendix

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Reconciliation of Estimated Solvency Financial Position

	Dollars (in 000's)	Funded Ratio
Surplus (deficit) as at December 31, 2022	**$ 8,785**	**104.7 %**
Contributions towards solvency deficit	3,444	1.8 %
Expected interest on solvency surplus (deficit) and contributions	498	0.3 %
Decrease in amount of letter of credit secured	(9,091)	(4.9) %
Investment gains (losses) on invested assets	5,532	3.0 %
Investment gains (losses) on letter of credit	(1,330)	(0.7) %
Excess of solvency benefit accruals over normal cost	(512)	(0.3) %
Indexation losses	(2,784)	(1.5) %
Changes to assumed liability discount rates	12,454	6.7 %
Estimated surplus (deficit) as at December 31, 2023	**$ 16,996**	**109.1 %**

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Summary of Membership Data

	Dec. 31, 2022
Active and Disabled Members	
• Number	508
• Average age	42.2
• Average credited service years	6.3
• Average annualized pensionable earnings	$ 90,770
• Average contributions with interest	$ 38,850
Terminated Vested Members	
• Number	169
• Average age	46.0
• Average annual lifetime pension	$ 5,823
• Average annual temporary pension	$ 1,276
Retired Members and Beneficiaries	
• Number	200
• Average age	69.5
• Average annual lifetime benefit	$ 19,603
• Average annual temporary pension	$ 1,348

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Estimated Financial Position Actuarial Assumptions

December 31, 2023

Economic Assumptions (per annum)	Going Concern	Solvency
Discount rate and return on plan assets	• Commuted value settlement in 3 years following valuation date: 2.2% for 10 years, 2.6% thereafter • Commuted value settlement after the 3-year period following the valuation date: 2.4% • Otherwise: 6.50%	• Commuted value: 2.7% for 10 years, 2.8% thereafter • Immediate and deferred annuities: 1.4%
Rate of salary increases	• Management: 2.5% • PIPSC and PSAC: 2.5% plus provisions under collective agreement	Not applicable
Inflation/indexation of pensions in payment	2.0%	Implicit in discount rate assumption
Escalation of YMPE	2.5%	Not applicable
Escalation of ITA maximum pension	2.5%	$3,506.67 in 2023 increasing by 2.75% per year for 10 years and 2.65% per year thereafter

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Estimated Financial Position Actuarial Assumptions

December 31, 2023

Demographic Assumptions	Going Concern	Solvency
Retirement	Age-related rates	Immediate termination of employment, pension commences at age that produces the highest value [1]
Withdrawal	Service-related rates	Not applicable
Mortality	• Commuted value settlement: 100% of 2014 Canadian Pensioners' Mortality (CPM) Table projected generationally using CPM Improvement Scale B • Otherwise: 105% of 2014 CPM Table projected generationally using CPM Improvement Scale B	100% of 2014 CPM Table projected generationally using CPM Improvement Scale B

Note:

[1] Revised actuarial standards of practice in Canada, effective December 1, 2020, require that commuted values (CV) are calculated assuming 50% commencement at the age that produces the highest value ("optimal age") and 50% at the first age upon which the member is eligible for an unreduced pension. At the valuation date, it was determined that the impact of this assumption would be immaterial when compared to the assumption of 100% commencement at the optimal age.

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Estimated Financial Position Actuarial Assumptions

December 31, 2023

Other assumptions	Going Concern	Solvency
Proportion of year worked	• Full-time employees: 100% • Part-time employees: 75% • Casual employees: 25%	Not applicable
Percentage with eligible spouse at retirement	60%	Same
Years male spouse older than female spouse	3	Same
Settlement election on plan windup	Not applicable	• Active, disabled and terminated vested members not retirement eligible: commuted value • Otherwise: annuity purchase
Settlement election on termination of employment[1]	65% deferred pension and 35% commuted value	Not applicable
Provision for expenses	0.9% of payroll	$300,000

Note:

[1] For members terminating employment and electing a commuted value, the methodology for determining the applicable discount rates was refined at December 31, 2020 to incorporate a long-term estimate of the CIA commuted value rates for terminations that occur more than 3 years after the valuation date. For terminations that occur within 3 years of the valuation date, current CIA commuted value rates are used.

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From: Patidar, Jesal (Vancouver)
To: Kelly.Steele
Cc: Katherine.Davidson; Omichinski, Jaime (Vancouver)
Subject: [EXT] RE: Solvency payment 2024
Date: Monday, March 04, 2024 11:24:42 PM

Hi Kelly,

You are correct – the solvency deficit payment is due within 30 days of the month to which they are applicable. Once the valuation is filed, the contribution requirements outlined in the report are immediately retroactive to the beginning of the year.

Accordingly, if the valuation is filed in June, the contribution in respect of May (which would have been remitted in June) would also not need to be remitted. For further clarity, if the valuation report is filed in June, the last solvency deficit payment will be required to be remitted in May and the total solvency deficit contributions remitted in 2024 would be $833,532 on an accrued basis ($1,041915 on a cash basis as the January remittance would have been in respect of December 2023), as follows:

[redacted]

January	March 1	$	208,383
February	March 30	$	208,383
March	April 30	$	208,383
April	May 30	$	208,383
Total		**$**	**833,532**

That being said, the timing of the filing of the valuation could also be accelerated. For example, if we file the valuation before May 30, there will be no requirement to make a payment in May in respect of April. The YHC Pension Committee meeting where we would present the results for approval is scheduled for May 22, so we could aim to file by no later than May 30 to avoid the payment due on May 30, reducing the annual deficit contribution requirement to $625,149 on an accrued basis ($833,532 on a cash basis as the January remittance would have been in respect of December 2023).

-

Let us know if you would like more information or would like to discuss further.

Regards,

Jesal D. Patidar FSA, FCIA
Director, Retirement

WTW
T +1 604 691 1021

From: Kelly.Steele@yukonhospitals.ca <Kelly.Steele@yukonhospitals.ca>
Sent: Monday, March 4, 2024 7:05 AM
To: Patidar, Jesal (Vancouver) <jesal.patidar@wtwco.com>
Cc: Katherine.Davidson@yukonhospitals.ca
Subject: Solvency payment 2024

Importance: High

Hi Jesal,
Can you please confirm how many solvency payments we will need to make in fiscal 2024?
As solvency payments are for the previous month, can I assume we will need to pay $208,383 for April, May, and June but not July as the valuation is filed in June?
Regards
Kelly

Kelly Steele CPA, CMA
CFO Executive Director Corporate Services
Yukon Hospital Corporation
Phone: 867-393-8751
Email: Kelly.steele@wgh.yk.ca

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Cc:	"infantj@psac-afpc.com"; "bexnien@klondiker.com"; "kchapman@pipsc.ca"; Shirley Elliott-Miron (selliott@pipsc.ca); Katherine.Davidson; Kelly.Steele
Subject:	Pension Committee Meeting
Date:	Wednesday, March 06, 2024 4:42:33 PM
Attachments:	image001.jpg image002.jpg image003.png

Good afternoon,

The materials for the Pension Committee meeting next week on Wednesday, March 13th, is available for your review at OnePlace.

If you are not able to access OnePlace, please let me know.

Regards,

Tina

Tina Escareal
Executive Assistant to
CFO and Executive Director for Corporate Services
Phone: (867)393-8741
Fax: (867) 393-8707

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Brenda.Pilatzke-Vanier

From: Patricia.Hanna
Sent: Wednesday, March 06, 2024 7:15 AM
To: 'Tse, Julianne (Toronto)'
Subject: RE: [EXT] RE: PA's for Cash Receipts

Okay. Thank you.

Patricia Hanna, CPM
Payroll & Pension Plan Administrator
Yukon Hospital Corporation
Whitehorse General Hospital
Phone: (867) 393-8662
Fax: (867) 393-9032
Email: Yukon.hospitals.payroll@wgh.yk.ca

**Please note that my office hours are 7:00 AM to 3:00 PM Monday to Friday*

From: Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>
Sent: Wednesday, March 06, 2024 6:13 AM
To: Patricia.Hanna <Patricia.Hanna@yukonhospitals.ca>
Cc: Yukon Hospital Corporation <YHC.Pension.Admin@wtwco.com>; Pallotta, Sophia (Toronto) <Sophia.Pallotta@wtwco.com>
Subject: [EXT] RE: PA's for Cash Receipts

Hi Patricia,

Thank you for providing us with the additional pension contributions. Since the earnings and hours did not change, the PAs for these members remain the same as originally provided. We will update their contributions in our records.

Thank you,
Julianne

From: Patricia.Hanna@yukonhospitals.ca <Patricia.Hanna@yukonhospitals.ca>
Sent: Monday, March 4, 2024 11:50 AM
To: Tse, Julianne (Toronto) <Julianne.Tse@wtwco.com>; Pallotta, Sophia (Toronto) <Sophia.Pallotta@wtwco.com>
Subject: PA's for Cash Receipts

Hi Julianne & Sophia,

When completing T4's it was brought to my attention that I should have included the Cash Payments that we received from employees for Pension contributions while they were on leave.

I have uploaded a spreadsheet via datalink. Are you able to send me updated PA amounts for these 8 employees.

Thank you,

Patricia Hanna, CPM

Payroll & Pension Plan Administrator
Yukon Hospital Corporation
Whitehorse General Hospital
Phone: (867) 393-8662
Fax: (867) 393-9032
Email: Yukon.hospitals.payroll@wgh.yk.ca

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Cc:	Omichinski, Jaime (Vancouver)
Subject:	[EXT] YHC Scope of Work
Date:	Tuesday, March 12, 2024 5:38:44 PM
Attachments:	YHC SOW Jan 2024 - Dec 2028.pdf

Hi Kelly,

Further to our recent discussions, attached please find the Scope of Work (SOW) for regular retainer and pension administration services expected to be undertaken for the period from January 1, 2024 to December 31, 2028.

As I hope you know, we work hard to manage our internal costs to limit the need for fee increases. However, the recent inflationary environment has been challenging and has placed significant pressure on our cost model, due in part to significant increases in the cost of technology and talent, two of our largest cost items. In order to partially offset those cost increases, we have increased our annual fixed fee by 17.5% and our fixed fee per transaction services by 20% from the prior SOW (effective July 1, 2016). Please note that this increase is still less than the increase in the Canadian consumer price index (CPI) from July 1, 2016 to December 31, 2023. The CPI increase during this period was 22.5%.

Should you wish, we would be happy to provide you with a fee estimate and a revised SOW if we were to implement eepoint, which is the pension administration solution we demoed for you last year. The current administration services are based on a spreadsheet-based solution, which was appropriate when we partnered with YHC several years ago but is not as well suited to meet your needs today. As the YHC has grown substantially over the past several years, we would recommend our more fulsome and modern eepoint solution, which is our proprietary web-based pension administration solution and includes automated calculations and letters, built-in case and document management and query and ad-hoc reporting tools. In addition to the enhanced security and data privacy features, eepoint would provide YHC's internal administration teams the ability to view employee records, including past annual member statements, and view the status of ongoing calculations. Future legislative or plan changes will also be more efficient to update.

A member call center (phone and email) and employee self-service (ESS) tools are additional enhancements that could be added to eepoint. The ESS tools would allow members to view personal information on file, including their annual member statements, and they would be able to model their pension benefits at any retirement age, including modelling other savings (e.g., CPP, TFSAs, RRSPs) for a complete picture of their retirement income. Plan sponsors who have implemented ESS tools for their employees have generally benefited from fee savings in the long run as employees no longer need to request pension estimates prior to their retirement or termination of employment.

Let us know if you have any questions or would like to discuss further. Otherwise, assuming the SOW is acceptable to you, please sign and return a copy to us.

Regards,

Jesal D. Patidar FSA, FCIA
Director, Retirement

WTW
T +1 604 691 1021

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wtw

March 12, 2024

Ms. Kelly Steele
CFO and Executive Director Corporate Services
Yukon Hospital Corporation
#5 Hospital Road
Whitehorse, Yukon Y1A 3H7

SCOPE OF WORK – RETAINER

Dear Kelly:

This agreement will confirm the Statement of Work and terms of the engagement for Towers Watson Canada Inc. ("WTW," "we" or "us") by the Yukon Hospital Corporation ("YHC" or "you") whereby WTW will provide certain consulting services as described herein ("Services") to YHC in accordance with the Master Consulting Services Agreement dated September 27, 2007 (the "Master Agreement"). Capitalized terms used but not defined in this Statement of Work shall have the meanings ascribed to them in the Master Agreement.

Scope of Services

This assignment will encompass the regular Services expected to be rendered for the period from January 1, 2024 to December 31, 2028 as outlined in Appendix A to this letter.

Terms and Conditions of Engagement

The services described in Appendix A and any other services that WTW provides to YHC will be provided subject to the Master Consulting Services Agreement dated September 27, 2007.

Renewal

Upon the expiration of the initial or any renewal term, this Scope of Work shall renew automatically for successive one-year terms unless either party gives notice of non-renewal at least one-hundred and eighty (180) days before the scheduled expiration date. Any termination of this SOW shall terminate all Services being provided

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Towers Watson Canada Inc.

hereunder, but shall not relieve YHC of the obligation to compensate WTW for the work performed prior to such termination.

Fees, Expenses, Invoicing and Payment

As we have discussed, we will perform certain Consulting and Pension Support Services on a "fixed fee and expense" basis and Other Services on a "time and expense" basis", along with associated invoicing and payment terms, as described in the Master Agreement. The fixed fee and expense basis listed below will be adjusted with inflation January 1 of each calendar year to reflect the change in September to September CPI over the prior year.

Our fees will consist of the following components:

Fixed Fee Services	Other Services
Consulting and Pension Support Services - • An annual fixed fee of [redacted] (adjusted annually with inflation) for: – Annual Actuarial Funding Valuation – Annual Statements – Annual Information Returns and other specified legislative filings – Pension Adjustments – Annual Post-Retirement Indexation – Pension and Pension Adjustment Reversal Calculations (up to 30 calculations per year) – Pension Adjustment Reversal Reporting – Recordkeeping – Accounting Disclosures under Public Sector Accounting Standards **Pension Calculations in Excess of 30 Calculations and Associated PAR:** • Fixed fees per transaction	• Hourly time charges for personnel performing Services at our hourly rates in effect at the time of performance • Data processing and intellectual capital charges, if applicable • Indirect expenses fee equal to [redacted] of our hourly time charges and any data processing and intellectual capital charges, to offset non-itemized expenses related to our performance of the Services, such as routine copying/printing, courier, telephone and facsimile services
• Reimbursement, at cost, of direct expenses reasonably incurred by us in connection with the performance of our Services, such as travel and other vendor expenses and itemized extraordinary expenses such as large-volume color printing, large-volume courier shipments and the like	
• The amount of any tax or similar assessment based upon our charges	

Our fixed fees and expenses will be subject to the assumptions and conditions provided in Appendix A.

The annual fixed fees for Consulting and Pension Support Services will be payable in 12 equal monthly installments of [redacted] (adjusted annually for inflation) respectively, with the first installment due on January 1, 2024. Pension Calculations in Excess of 30 Calculations as well as Other Services will be charged as incurred on a monthly basis. At the end of each month during which we perform the services for you, we will bill you for all other charges accrued for the month, such as travel and vendor expenses. At your request, we will submit reasonable documentation to verify any reimbursable direct expense that exceeds [redacted] If you have any questions about any of the invoices, you must notify us within 30 days from the date of the invoice.

One annual in-person meeting is included in the fixed fees. If additional in-person meetings are required in any year, we will discuss the associated fees with the YHC.

Where the scope of an out-of-scope, or Other Services, project can be defined in advance, we will provide services on a fixed-fee basis and notify YHC before proceeding. If the work to be performed is less predictable, we will provide an estimate of the fees involved.

Payment of all billed amounts is due upon receipt of our invoice. Any amount outstanding 30 days after the date of the invoice will be subject to a late charge of [redacted] per month.

Collection and Use of Personal Information

To enable us to perform the services, you may need to provide us with relevant Personal Information about your employees. The list attached as Appendix B identifies the Personal Information we need you to provide. You should not provide us with any other Personal Information unless we specifically request it.

We will use the Personal Information you provide to us for the purpose of performing the Services.

We are a global business and in performing the services we may pass Personal Information within our global network of offices and affiliates and to providers of IT outsourcing who will be subject to appropriate data protection standards. Irrespective of where we receive or hold individually identifiable personal information on your behalf, we confirm that, acting as data processor we will take appropriate technical, physical and organizational/administrative measures to protect that Personal Information against accidental or unlawful destruction or accidental loss or unauthorized alteration, disclosure or access. We will only use that Personal Information for the purposes of providing services to you or for other reasonable purposes which are related to the services we provide, unless you instruct us otherwise. You and WTW shall each comply with the provisions and obligations imposed on each of us by applicable data privacy legislation and regulations.

If this letter and the Attachments accurately describe the terms of our engagement, please have an authorized representative of the YHC sign and return the document to me.

WTW appreciates the opportunity to be of service to the YHC. If you have any questions now or during the course of our engagement, please contact me.

TOWERS WATSON CANADA INC.

By: ______________________

Print Name: Jesal Patidar

Print Title: Director, Retirement

Date: March 12, 2024

Accepted and agreed:

YUKON HOSPITAL CORPORATION

By: ______________________

Print Name: ______________________

Print Title: ______________________

Date: ______________________

Fixed Fee Services	Fees
1. Annual Actuarial Funding Valuation Includes basic audit of valuation data, including reasonableness checks, membership reconciliation, actuarial valuation work, formal funding report for filing with the regulators and Annual Information Summary. Funding valuation results will be completed annually for the Q2 Pension Committee meeting. Excludes actuarial assumptions review, presentation of actuarial valuation results to the Pension Committee, costing of major revisions to plan design, partial or full windup valuations or related work, plan mergers, plan splits, work related to merger, purchase or sale situations, financial analysis of early retirement window scenarios, significant assistance in preparing the data for valuation purposes, extensive experience and/or assumptions studies and forecasts. **2. Annual Member Statements** Production of one annual statement for each active member, terminated vested member, retiree and beneficiary of the pension plan, in accordance with the minimum legislated requirements. Any requested additional formats and customization will be in addition to the fixed fees. Annual member statements will be prepared for distribution to plan members within the legislated deadlines. Excludes required adjustments to annual member statements for members who have purchased past service. **3. Annual Information Return (AIR), Certified Financial Statements (CFS) and Solvency Information Return (SIR)** Completion of AIR, CFS and SIR for filing with the Office of the Superintendent of Financial Institutions. These forms will be completed annually within the legislated deadlines. **4. Pension Adjustments (PAs)** Calculation of PAs for members of the pension plan. PAs will be provided annually to the YHC for consolidation in plan members T4s within the time limits specified by the YHC. **5. Annual Post-Retirement Indexation** Calculation of annual automatic post-retirement indexation and preparation of applicable authorization forms for filing with trustee within time limits specified by the trustee.	Annual fixed fee of [redacted] (adjusted annually for inflation)

Fixed Fee Services, continued	Estimated Fees
6. Recordkeeping, Year-end and Valuation Extracts Includes payroll load and data audit, ongoing and year-end recordkeeping of active members, terminated vested members, retired members and surviving beneficiaries, membership reconciliation, update of membership database (e.g., calculation of accrued pensions and member's contribution) and preparation of data extract for valuation purposes. **7. Pension Calculations (Up to 30 Calculations Per Year) and Pension Adjustment Reversal (PAR) Calculations** Includes up to 30 pension calculations (retirement, termination or post-retirement death), including processing of option election forms and PAR calculations. Also includes annual reporting of PARs within time limits specified by the Income Tax Act. Fees include a standard set of option election and authorization forms (retirement, termination or post-retirement death). Additional customization, letters/forms, implementation of your existing forms, and any compliance review, will be in addition to the fixed fees. Work related to complex or unusual calculations such as active pre-retirement death, buybacks or pension division are excluded and will be billed on a time and expense basis. **8. Accounting Disclosures under Public Sector Accounting Standards** Includes determination of benefit obligation and annual net benefit cost for the pension plan and other related disclosures in accordance with Public Accounting Standards, plus an estimate of the annual net benefit cost for the ensuing year. Includes one final accounting report to be completed each Spring, within the timelines required by the YHC. Excludes impact of accounting results due to major revisions to pension plan design, plan mergers, plan splits, work related to merger, purchase and sale situations, major changes to accounting policy and accounting standards, additional significant reporting requirements under Public Sector Accounting Standards and sensitivity reporting on actuarial assumptions.	

Fixed Fee Per Transaction Services	Fees
Pension Calculations in Excess of 30 Calculations and Associated PAR Calculations Pension calculations (retirement, termination or post-retirement death) subsequent to the first 30 calculations of the year and PAR calculations. Fees include a standard set of option election and authorization forms (retirement, termination or post-retirement death). Additional customization, letters/forms, implementation of your existing forms, and any compliance review, will be in addition to the fixed fees. Termination and retirement packages for deferred members are excluded and will be billed on a time and expense basis.	*All fixed fees below will be adjusted annually with inflation.* Pension calculations: [redacted]per calculation Post-retirement death calculations:[redacted] per calculation Payment authorization: [redacted]per authorization PAR calculation: [redacted] per calculation

Other Services	Fees
Consulting and special administration support related to the pension plan, including: • Compliance with legislation • Administrative and communication issues • Pension Committee meetings (including presentation of actuarial valuation results) • Actuarial assumptions review • Plan design • Plan governance • Financial management • Assistance to auditors • Drafting of pension plans amendments and related certificate of amendments, including assistance for filing of amendments with government authorities • Benefit calculations for more complex situations (e.g., deaths prior to retirement, leaves of absence, members on LTD, marriage breakdown) • Buyback calculations • Past Service Pension Adjustment (PSPA) calculations • Responding to member inquiries • Resolution of issues and/or additional discussions or research required with respect to termination and retirement calculations • Data extracts for Yukon Hospital Corporation • Tracking of maturing deferred vested members • Reporting to Pension Committee (e.g., administrator report for a compliance checklist) • Calculating and processing of ad hoc pension increases • System updates related to plan or significant legislative/regulatory changes • Preparation of termination and retirement packages for deferred members • Additional processes as may be necessary to facilitate authorizations from any change in the trustee	Time and Expense

Personal Information

The following list identifies the types of Personal Information we need you to provide. You should not provide us with any other Personal Information unless we specifically request it.

- Employee Identification Number
- First name
- Last name
- Gender
- Date of birth
- Date of hire
- Date of entry to the pension plan
- Name of beneficiary and/or spouse
- Spouse's date of birth, if applicable
- Annual salary rate of ensuing year
- Annual pensionable earnings
- Historical pension adjustments (PAs)
- Marriage breakdown information (e.g., court orders, separation agreements)
- Power of attorney

Meeting Pack

March 13, 2024 Pension Committee Meeting

Yukon Hospital Corporation (Canada)

Pension Committee Meeting

3/13/2024

WGH Boardroom

Pension Committee Meeting

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Yukon Hospital Corporation – Pension Committee
AGENDA – Wednesday, March 13, 2024
9:00 a.m. – 12:00 p.m.

		Materials	Allocated Time	Lead		
A.	**CALL TO ORDER**					
	A-1 Approval of Agenda	x	9:00	Chair	Approval	
B.	**CONSENT AGENDA**		9:05 – 9:10	Chair	Approval	Consent agenda items should be reviewed in advance. Chair should be advised prior to the meeting of items to be removed and discussed. All items contained in consent agenda are approved collectively as a group by way of motion.
	B-1 Forward Agenda	x				
	B-2 Meeting Minutes – November 28, 2023	x				
	B-3 Board Approvals					
C.	**GOVERNANCE MATTERS**					
	C-1 Terms of Reference review	x	9:10 – 9:20	Kelly	Review	Annual review of the Terms of Reference
	C-2 Actuarial Assumptions for the December 31, 2023 actuarial valuation	x	9:20 – 9:50	Jaime Omichinski	Approval	Review and recommend approval to the YHC Board of Trustees, the assumptions to be used in the December 31, 2023 actuarial valuation
	C-3 YHC Pension Plan Text Amendment	x	9:50 – 10:20	Kelly	Approval	Review and recommend approval to the YHC Board of Trustees, the proposed changes to the YHC Pension Plan Text.
	C-4 SIPP review following the ALM study	x	10:20 – 10:50	Peter Hallett	Approval	Review and recommend approval to the YHC Board of Trustees, the proposed changes to the Pension Plan's Statement of Investment Policies and Procedures (SIPP)

Coffee Break (10:50 – 11:00 a.m.)						
D.	**FIDUCIARY RESPONSIBILITY** D-1 Review Pension Fund Investment Performance 2023-Q4	x	11:00 – 11:30	Peter Hallett	Review	Review of the Pension Fund Investment Performance for calendar 2023 Q4
E.	**EDUCATION**					
F.	**ADMINISTRATION** F-1 Process Improvement WTW/YHC	x	11:30 – 12:00	Kelly/Kate	Information	To provide an update on efforts between YHC and WTW to improve timeliness of processing and member communications
NEXT MEETING – May 22, 2024						

DRAFT

YUKON HOSPITAL CORPORATION EMPLOYEES' PENSION PLAN COMMITTEE

Forward Agenda Calendar Year 2024

Item	Timing	February	May	August	November
Governance Matters					
Review Terms of Reference	Annually	√			
Review SIP&P	Annually	√			
Review Pension Code of Conduct and Conflict of Interest Policy and sign off Appendix A (if applicable)	Annually		X		
Review Document Retention Policy	Annually		X		
OSFI Pension Compliance Checklist	Annually			X	
Pension Committee Training & Education	Bi-Annually	X			X
Actuarial Valuations					
Approve actuarial assumptions	Annually	√			
Review summary of results	Annually		X		
Approve employee contributions	Annually		X		
Fiduciary Responsibility					
Review pension fund investment performance	Quarterly	√	X	X	X
Meet with investment manager(s) in person	Bi-Annually	√		X	
Administration					
Review pension plan financial statements	Annually			X	
Review recent developments	Quarterly	√	X	X	X
Review performance of decision-makers	Annually				X
Review performance of service providers	Annually				X
Review pension fund report to plan members	Annually		X		

yukon hospitals

Yukon Hospital Corporation – Board of Trustees – Pension Meeting
Meeting Minutes
Tuesday, November 28, 2023

Members present:
(in person) Patrick Michael, Pension Committee Chair
(in person) Allan Lucier, YHC Board Chair
(in person) Fabio Banducci. Board Representative
(in person) Becky Nash, PSAC Representative
(via Zoom) Kathleen Chapman, PIPSC Representative

Advisors:
(in person) James Infantino, PSAC
(in person) Shirley Elliott-Miron, PIPSC

Guests:
(in person) Peter Hallett, Mercer Inc.
(in person) David Zanutto, Mercer Inc.
(via Zoom) Jaime Omichinski, Willis Towers Watson
(via Zoom) Jesal Patidar, Willis Towers Watson
(via Zoom) Emile Alarie (Mercer)
(via Zoom) Guillaume Proulx-Cabana (Mercer)

Regrets:

Also in attendance:
(in person) Jason Bilsky, CEO
(in person) Kelly Steele, CFO
(in person) Katherine Davidson, Financial Analyst
(in person) Tina Escareal, Administrative Support

A.	**CALL TO ORDER** All in favor. The Chair called the meeting to order at 8:05 a.m.	
	A-1	**Approval of Agenda** **MOTION:** It was moved by Becky Nash, seconded by Fabio Banducci. Agenda was approved. All in favor.
B.	**CONSENT AGENDA**	
	B-1	**Terms of Reference**
	B-2	**Forward Agenda**
	B-3	**Minutes: Pension Meeting August 22, 2023**
	B-4	**Board Approvals** Pension Code of Conduct and Conflict of Interest Policy

		MOTION: It was moved by Becky Nash, seconded by Fabio Banducci. Committee approved the Consent Agenda. All in favor.
C.	**GOVERNANCE**	
	C-1	**YHC Pension Plan Text Amendment** A data sheet was included in the materials provided in advance of the meeting. Key issue was the language in the Yukon Hospital Corporation Employees' Pension Plan Text surrounding the treatment of term full-time employees employed for a term of six months or more, and the inconsistency with YHC practice. Administration engaged legal counsel, Ken Burns, who confirmed that minor changes will be required to align the Plan Text with YHC practice. This will require an amendment to the YHC Pension Plan Text. The Committee was reminded of three options that were originally presented to the Committee at the February 22, 2022 meeting. YHC Administration acknowledged the Committee's concerns relating to some of these options and conducted further analysis. From this analysis, YHC Administration is recommending Option 2. During discussions, it was noted that the proposed language and YHC practice aligns with PIPSC Collective Agreements section G1.11(a). The Committee agrees to proceed with Option 2. **MOTION:** It was moved by Fabio Banducci, seconded by Becky Nash: THAT the Pension Committee agrees with the recommendation and requests Administration proceed with drafting the Amendment and restated Plan Text to be presented at the February 2024 Pension Committee meeting. All in favour. ***Action Item:*** Pension Plan Text with proposed amendments to be brought back at a future meeting of the Committee
	C-2	**YHC Pension Committee membership – retired member addition** At the meeting of August 22, 2023, the Pension Committee discussed the potential addition of a retired member to the Pension Committee. An environmental scan was conducted by YHC Administration and the results were provided to the Committee in a data sheet. The Committee considered the advantages and disadvantages of a retired member addition to the membership. Points raised during discussion include: • Opportunity for retirees to be recognized as part of the process

		• Obligations during non-fiduciary item discussion • Functions and expectations of a retiree at the Committee • Legislation After discussions, the Committee agreed to bring the item back at a future meeting. ***Action Item:*** Administration will gather more information and provide fulsome options to cover all positions.
D.	**FIDUCIARY RESPONSIBILITY**	
	D-1	**Review Pension Fund Investment Performance 2023-Q3** Representative of Mercer Global Investments Inc. provided a performance update to the Pension Committee on MGI's handling of the Pension Fund for the 3rd quarter (July 1 to October 30) of 2023. The market value of the Pension Assets has changed over the past three quarters as follows: (1) $173,595,356 at March 2023, (2) $ 177,517,796 at June 2023, and (3) $173,581,276 at September 2023. The quarterly result at September 30, 2023 for the total fund was -2.43%, which was behind the benchmark by 2.97%.
	D-2	**Asset Liability Study** An asset-liability study is usually conducted every 3-4 years by the Committee in order to review and potentially revise a Plan's strategic asset allocation policy. A presentation titled "Asset Liability Study Projection Analysis" was given by Mercer. It was noted that the Plan's current asset mix is 47% public equities, 20% alternatives, 28% domestic fixed income and 5% growth fixed income. Three alternative asset mixes were reviewed by the Committee. Mercer had identified Mix C as offering improved results both from expected reward and risk perspective. The Committee discussion touched on employer/employee contributions, implications of asset allocations, Canadian investment allocation, going concern ratio, liquidity in open ended structure. After discussion, the Committee agreed to finalize the Asset Liability Study, selecting Mix C as the preferred alternative. **MOTION:** It was moved by Becky Nash, seconded by Fabio Banducci: THAT the Pension Committee agrees with the recommended asset mix based on the Asset-Liability Study and requests Mercer proceed with drafting the changes to the Statement of Investment Policies and Procedures to be presented at the February 27, 2024 Pension Committee for review and recommendation of approval to the YHC Board of Trustees.

		Action Item: Mercer to provide draft changes to the Statement of Investment Policies and Procedures at the February 2024 meeting.
E.	**EDUCATION**	
	E-1	**Annuity Purchase** Mercer Inc. provided a presentation titled "Annuity Purchase Overview". The presentation touched on: • Understanding Annuity Purchase • Canadian Group Annuity Market • Pension Risk Transfer Opportunities and Considerations
F.	**ADMINISTRATION**	
	F-1	**Review performance of service providers** The Pension Committee conducted an annual review of the performance of its service providers, Willis Towers Watson and Mercer. Feedback from this review is to be provided to the service providers.
	F-2	**PSSA Plan Indexation for COLA** Committee was provided with comparative Pension Indexation from 1994 to the present year for Yukon Hospital Corporation and Yukon University. Committee agreed with the indexation. ***Action Item***: Administration to review legislation regarding indexation timing.
	F-3	**Meeting dates for calendar 2024** The Committee approved the meeting dates for 2024 as follows: February 27, May 22, August 27 and November 26.
	F-4	**Pension Code of Conduct and Conflict of Interest Policy – Appendix A sign-off** As defined in Item 9.1 of the Pension Code of Conduct and Conflict of Interest Policy, Committee members and YHC senior management signed off on Appendix A.
Adjournment: Meeting was adjourned at 11:27 a.m.		
Next Meeting: February 27, 2024		

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Briefing Note C-1

Meeting:	YHC Pension Committee		
Meeting Date:	March 13, 2024		
Agenda Item:	**C-1 Annual Review of the Pension Committee Terms of Reference**		
Purpose:	Information ☐ Discussion ☒ Decision ☐		
Prepared by:	Kelly Steele, CFO, Executive Director Corporate Services	**Approved by:**	Jason Bilsky, CEO

ISSUE	The Pension Committee has committed to reviewing its Terms of Reference on an annual basis. Any amendments must be recommended to the Board for consideration and approval.
AUTHORITY INFORMATION	YHC Pension Plan Text *Pension Benefits Standards Act* Yukon Hospital Corporation Employees' Pension Plan Pension Committee Terms of Reference and Pension Governance Guidelines.
BACKGROUND	The Terms of Reference for the Pension Committee was revised on August 23, 2022 with Board approval of changes provided in September 2022. Pursuant to Article 13.2 of the YHC Plan, the Pension Committee is assigned the responsibility for deciding all matters with respect to the operation, administration, and interpretation of the YHC Plan in accordance with these Terms of Reference, the YHC Plan text and the PBSA. These Terms of Reference, as adopted and approved by the Board, set out the respective roles of YHC, its Board, senior management and the Pension Committee, and further define the organization, functioning, powers and responsibilities of the Pension Committee. The Board approves and adopts the Terms of Reference with the intention of delegating activities, with the expectation that they be implemented and followed in a governance-focused manner.
ASSESSMENT	A review of the Terms of Reference by Administration has resulted in no suggested changes.
RISK MANAGEMENT	• Compliance with Regulations • Compliance with Pension Plan Governance
PROPOSED RESOLUTION for decision items – motion	No changes proposed.

APPROVAL PATH endorsements received and next steps, as applicable	None
SUPPORTING DOCUMENTATION	Yukon Hospital Corporation Employees' Pension Plan Pension Committee Terms of Reference and Pension Governance Guidelines.

Yukon Hospital Corporation

Yukon Hospital Corporation Employees' Pension Plan

Pension Committee Terms of Reference
and
Pension Governance Guidelines

Effective August 23, 2022

1. OVERVIEW

1.1. The Yukon Hospital Corporation (the "**YHC**"), acting through its Board of Trustees (the "**Board**"), is the plan sponsor and the administrator of the Yukon Hospital Corporation Employees' Pension Plan (the "**YHC Plan**") for the purposes of the *Pension Benefits Standards Act*, 1985 (Canada) and the *Pension Benefits Standards Regulations*, 1985, (the "**PBSA**"). The YHC Plan is also subject to the *Income Tax Act* (Canada) (the "Tax Act") and other Canadian and Yukon legislation.

1.2. The YHC Plan requires the Board and the certified bargaining agents for the YHC Plan employees (the "**Unions**") to establish a committee to administer the YHC Plan on behalf of the YHC. Pursuant to Article 13.2 of the YHC Plan, the "**Pension Committee**" is assigned the responsibility for deciding all matters with respect to the operation, administration, and interpretation of the YHC Plan in accordance with these Terms of Reference and Pension Governance Guidelines ("Terms of Reference"), the YHC Plan text and the PBSA.

1.3. These Terms of Reference, as adopted and approved by the Board, set out the respective roles of the YHC, its Board, senior management and the Pension Committee, and further define the organization, functioning, powers and responsibilities of the Pension Committee.

1.4. The Board has adopted these Terms of Reference with the intention that they be implemented and followed in a diligent yet flexible manner. The YHC Plan is to be administered in compliance with the PBSA and other applicable legislation.

2. NATURE OF DUTIES AND OBLIGATIONS OF THE YHC

Obligations of the YHC as "Administrator"

2.1. The YHC is the "administrator" of the YHC Plan. In that capacity the YHC acts in a fiduciary role vis-à-vis the YHC Plan's members, former members and other beneficiaries. Without limitation, when discharging the YHC's responsibilities as administrator, the YHC in its capacity as a corporation, its senior management and each member of the Board shall:

(a) act honestly, in good faith and in the best interests of the members, former members and other beneficiaries of the YHC Plan; and

(b) exercise the care, diligence and skill in fulfilling their duties hereunder that a person of ordinary prudence would exercise when dealing with the property of another person;

provided that, where there are higher standards required by the PBSA, each such person is responsible to ensure that they meet those standards.

The YHC's Role as Plan Sponsor

2.2. The YHC is the sponsor of the YHC Plan. In that capacity, the YHC is responsible for the YHC Plan's establishment, design, funding, termination and related matters. When the YHC, through the Board or senior management, exercises or discharges any of the YHC's rights or responsibilities in respect of the YHC Plan which are not related to its duties as "administrator" of the YHC Plan, it is acting in its own capacity, and each person acting on behalf of the YHC shall act honestly, in good faith and in the best interests of the YHC.

Board Oversight of Pension Committee

2.3. The Board shall oversee the functions of the Pension Committee and shall have the authority to call for and to consider any reports and updates on pension administration that the Pension Committee or the third party service providers appointed by the Pension Committee produces. Generally, the Board shall satisfy itself that the Pension Committee is performing its duties and meeting its standards of care, and if so satisfied may reasonably rely on the routine decisions of the Pension Committee.

Role of Senior Management

2.4. Senior management, being the Chief Executive Officer and Chief Financial Officer of the YHC (or their equivalent), shall perform such functions related to the YHC Plan as are directed by the Board. Senior management may also perform tasks delegated by the Pension Committee. While not acting in a fiduciary capacity vis-à-vis the YHC Plan's members, former members and other beneficiaries directly, senior management shall be expected to perform any such functions in a manner consistent with the duties owed by the party directing it, in accordance with Section 2.1, 2.2 or 4.2, as applicable.

3. MEMBERSHIP AND MEETINGS OF THE PENSION COMMITTEE

Composition of Pension Committee

3.1. The composition of the Pension Committee is prescribed in Article 13.1 of the YHC Plan document.

3.2. The Chair of the Pension Committee, who is not a member of the YHC Plan, shall be selected by the other Pension Committee members. The Committee will recommend the appointment of the Pension Chair to the Board for approval. In the event of an impasse in selecting the Chair, the Chair shall be appointed by the Board.

3.3. YHC senior management will provide secretarial support for the Committee.

3.4. Each Pension Committee member who is unable to attend a meeting may send an alternate to such meeting of the Pension Committee. Such alternate may both participate in discussions and vote.

A member will be removed from serving on the Committee if they, or their alternate, have not been present at more than two consecutive meetings or the majority of meetings held in a calendar year.

3.5. The Pension Committee may invite individuals as it sees fit to attend meetings and take part in discussions.

3.6. Pension Committee members are not expected to be all knowing. However, in addition to their own professional and managerial experience, members of the Pension Committee should strive to obtain and maintain general understanding of (or have ready access to advice on) the following:

(a) Pension, tax and other legislation that impacts the YHC Plan;

(b) Actuarial principles and liability management;

(c) Fiduciary duties and trust principles;

(d) Financial markets;

(e) Risk management; and

(f) The provisions set out in the YHC plan document, SIPP and any other policies that govern the Plan's administration.

Term of Office

3.7. The term of each Pension Committee member shall be three years and appointments shall be renewable upon expiry of each successive term.

Meetings

3.8. Meetings of the Pension Committee may be called at any time by the Chair but shall be held at least four times per calendar year. At the request of any two (2) members of the Pension Committee, the Chair shall convene a meeting of the Pension Committee.

3.9. Pension meetings and committee member attendance can include in-person, teleconference or any other agreed upon electronic alternative (e.g. Zoom).

3.10. Quarterly Pension committee meetings will be set in advance each year at the November meeting.

3.11. Adhoc or extra meetings may be called by the Chair providing written or electronic notice of such meeting to each Pension Committee member not less than 14 days before the time fixed for the meeting. The 14-day notice requirement may be waived if a majority of Pension Committee members agree to waive the 14-day notice requirement.

3.12. In consultation with the Chair, the administrative support shall prepare and upload an agenda and materials to an electronic sited designated by the Pension Committee not less than 5 days before the time fixed for the meeting,

3.13. If present, the Chair shall chair all meetings of the Pension Committee. If the Chair is not present, the members of the Pension Committee present at the meeting shall select from their number a chair for that meeting. .

3.14. A quorum for a meeting of the Pension Committee shall be three Pension Committee members, at least one of whom has been appointed by the Board and one of whom has been appointed by one of the Unions.

Voting

3.15. Only members of the Pension Committee shall have a right to vote at a meeting of the Pension Committee.

3.16. All Pension Committee members other than the Chair shall have one vote at each duly called and convened meeting of the Pension Committee. The Pension Committee shall decide matters by majority vote of the members present excluding the Chair. In the event of a tie vote, the Chair shall cast the deciding vote. For further clarity, the Chair shall only vote in the event of a tie vote.

3.17. Voting can take place in regularly scheduled meetings or can be by electronic means.

Minutes

3.18. YHC administration shall retain a record of the following items in accordance with the YHC's Pension Plan Document Retention Policy:

(a) all minutes of the Pension Committee; and

(b) all documents distributed to Pension Committee members, prior to or during meetings of the Pension Committee.

3.19. Minutes of all Pension Committee meetings shall be taken by the administrative support. Though the minutes need not be verbatim, they shall include the following (as appropriate):

(a) date and place of meeting;

(b) a list of the individuals present and their capacity;

(c) acceptance by the Pension Committee of the minutes arising from the previous Pension Committee meeting;

(d) a summary of the matters discussed;

(e) proposals submitted for voting by the Pension Committee;

(f) results of any vote taken during the meeting;

(g) a summary of decisions made or actions taken; and

(h) a list of the party(ies) responsible for implementing any decision reached.

3.20. The minutes of the Pension Committee meetings may include, when appropriate or specifically requested, a summary of considerations and advice relied upon in the decisions of the Pension Committee.

3.21. Within 30 days of each Pension Committee meeting, the administrative support shall prepare minutes from that meeting. The administrative support shall post the minutes, and any documents distributed to the Pension Committee prior to and/or during the Pension Committee meeting to which the minutes relate, to an electronic site designated by the Pension Committee.

Other Rules and Procedures

3.22. Subject to the requirements set out in these Terms of Reference, the Pension Committee may establish its own rules and procedures for its meetings.

4. PENSION COMMITTEE: KEY ROLES

4.1. The Pension Committee shall administer the YHC Plan on behalf of the YHC and shall decide all matters in question with respect to the operation, administration and interpretation of the YHC Plan in a manner consistent with the provisions of the PBSA, the YHC Plan text, the trust agreement and these Pension Committee Terms of Reference.

4.2. In performing its administrative functions hereunder, the Pension Committee will be performing functions for which the YHC owes fiduciary duties. Therefore, the Pension Committee too shall act in a fiduciary capacity vis-à-vis the members, former members and other beneficiaries of the YHC Plan. In particular, the members of the Pension Committee shall:

(a) act honestly, in good faith and in the best interests of the members, former members and other beneficiaries of the YHC Plan, and

(b) exercise the care, diligence and skill in fulfilling their duties hereunder that a person of ordinary prudence would exercise when dealing with the property of another person,

provided that where there are higher standards required by the PBSA, each member of the Pension Committee is responsible to ensure that they meet those standards.

5. PENSION COMMITTEE: SPECIFIC RESPONSIBILITIES

Duties Prescribed in the YHC Plan

5.1. As prescribed in Article 13 of the YHC Plan, the Pension Committee shall:

(a) administer the YHC Plan in accordance with the terms of the YHC Plan as registered except that, where the YHC Plan fails to comply with the prescribed conditions for registration or any other requirements of the PBSA and other applicable legislation, the Pension Committee shall administer the YHC Plan as if it were amended so to comply;

(b) ensure a copy of an amendment to the YHC Plan is filed with the Superintendent within 60 days after the making of the amendment;

(c) ensure an actuarial valuation of the Plan is filed with the Minister and the Superintendent as required;

(d) ensure annual information returns are filed with the Minister and the Superintendent as required;

(e) ensure applications for past service pension adjustment certifications are made as required;

(f) ensure information is provided to the YHC to enable it to report pension adjustments as required;

(g) under certain circumstances, ensure a member's pension adjustment is reported to the Minister; and

(h) promote awareness and understanding of the YHC Plan among members and potential members; and

(i) review, at least annually, the financial, actuarial and administrative aspects of the YHC Plan.

Additional Duties Delegated by the Board

5.2. In addition to the duties prescribed in the YHC Plan text, the Pension Committee shall:

(a) make recommendations to the Board about design changes or specific amendments to the YHC Plan;

(b) make recommendations to the Board about amendments to these Terms of Reference;

(c) monitor if the Board and the Pension Committee receive appropriate, current, accurate and complete information relating to their responsibilities with respect to the YHC Plan, and take such steps as are necessary to ensure that they do;

(d) receive reports and review information from the CEO and from other members of senior management, to whom the Board has delegated responsibilities in connection with the YHC Plan;

(e) monitor the compliance of the YHC Plan, its administration, funding and investment with the terms of the Plan, the PBSA, the Tax Act and the YHC Plan's governance policies;

(f) review and consult with the actuary for the YHC Plan at least annually on the financial position of the YHC Plan, the methods and assumptions used by the actuary, and annual contribution requirements for the YHC Plan, and report the results of such review to the Board and make recommendations to the Board on matters of financial import including actuarial assumptions;

(g) review at least once per calendar year, or as often as required by the PBSA, the Statement of Investment Policies and Procedures (the "SIPP") which has been established by the Board and make recommendations to the Board on any changes to the SIPP that the Pension Committee feels are necessary;

(h) supervise the delegated investment functions of the YHC Plan and monitor its compliance in accordance with the SIPP;

(i) review the delegated investment performance of the YHC Plan annually;

(j) meet with the delegated investment manager(s) at such intervals as required by the SIPP, or more frequently if necessary (in any event no less frequently the once per year);

(k) annually review potential education topics and/or opportunities for the Pension Committee members, and arrange such further training and education as the Pension Committee considers appropriate;

(l) oversee the pension-related communications to plan members and other stakeholders, including maintenance and review of the YHC Plan's annual fund report ,

(m) ensure audited financial statements of the YHC Plan are prepared and filed with the Superintendent as required;

(n) confirm the questions or concerns raised by the members of the YHC Plan have been responded to in a timely and effective manner;

(o) prepare and present a report at least annually to the Board as contemplated in Section 7.2; and

(p) carry out such other tasks relating to the YHC Plan as the Board may delegate to the Pension Committee from time to time.

5.3. Where in Section 5.2 the Pension Committee is to execute or file a document, senior management shall personally perform the function or otherwise ensure such function is performed, and shall so certify to the Pension Committee at or before the next meeting of the Pension Committee.

6. SUPERVISION OF EXTERNAL SERVICE PROVIDERS

Appointment, Retention and Termination of External Service Providers

6.1. The Pension Committee shall make recommendations to the Board on appointments and terminations of investment managers, fund holders, actuaries, external auditors, trustees and/or custodians, performance measurement services, consultants, external administrators, record keepers and other providers of pension administration services. The Board shall make such decisions. Such powers may be delegated to the Pension Committee or to one or more members of the YHC's senior management team.

6.2. Before appointing an external service provider and on a regular basis while a service provider is retained, the following shall be considered:

1. appropriateness of professional training;
2. experience;
3. specialization;
4. cost;
5. understanding of legislation and rules;
6. quality of work;
7. financial and human resources capacity to meet obligations; and
8. presence or absence of conflict of interest.

6.3. The Pension Committee may audit any service provider of the YHC Plan.

Service Provider Contracts

6.4. The Pension Committee shall review the external service provider contracts and make recommendations to the Board.

Fee Arrangements

6.5. The Pension Committee shall review and make recommendations to the Board on the fee arrangements of the investment managers, fundholders, actuaries and other agents and advisors.

7. PENSION COMMITTEE REPORTING REQUIREMENTS

7.1. The Pension Committee shall report to the Board at such times and on such matters as may be specified in these Terms of Reference or on request by the Board.

7.2. The Pension Committee shall report on the governance and compliance of the YHC Plan to the Board.

8. LIMITATION OF LIABILITY AND INDEMNIFICATION

Limitation of Liability

8.1. No member of the Pension Committee or YHC senior management shall be liable to any person whatsoever for anything done or omitted to be done in respect of the administration of the YHC Plan, except where the act or omission was fraudulent or in bad faith on the part of the person against whom a claim is made.

Indemnification

8.2. The YHC shall indemnify and save harmless the members of the Pension Committee, YHC senior management and any other employees who are involved in the administration of the YHC Plan from the effects and consequences of their acts, omissions and conduct in their formal capacity to the extent permitted by law except for their own wilful and intentional malfeasance or misconduct. No part of the pension fund shall be used for indemnification payments.

For greater certainty, any indemnity under this provision shall be in addition to, and not in derogation of, any other indemnity that may apply to a Pension Committee member or YHC senior manager.

9. SUPPORT FOR PENSION COMMITTEE

9.1. In accordance with Article 13.5 of the Plan, the YHC shall provide the Pension Committee with such information and resources as is necessary to enable it to perform its functions and duties hereunder.

10. REVIEW AND AMENDMENTS

10.1. The Board shall periodically review these Terms of Reference to assess their currency and effectiveness. The Board shall consider, but shall not be bound to adopt, any recommendations for clarification or amendment of these Terms of Reference from the Pension Committee.

10.2. The Board may amend these Terms of Reference either in whole or in part at any time or times with or without notice to or consent of the Pension Committee, provided however that no amendment shall bind the Pension Committee until a copy of the amendment has been provided to the Pension Committee.

Yukon Hospital Corporation Employees' Pension Plan
Roles & Responsibilities
As of August 23, 2022

Board of Trustees of Yukon Hospital Corporation

- appoints two of five Pension Committee members
- approves appointment of Pension Committee chair
- assigns specific duties to Management Team
- acts as 'administrator' as required by pension legislation
- develops and adopts a Pension Committee Terms of Reference and other governance documentation and procedures
- receives reports from Pension Committee and from Senior Management
- appoints or consents to appointment of plan advisors
- approves actuarial reports
- approves employer contributions
- amends the Plan as required
- approves funding and investment policies
- approves changes to the Statement of Investment Policies and Procedures (SIPP)

Unions

- appoint two of five Pension Committee members

Pension Committee

- oversees day to day administration
- oversees investment of funds and compliance with legislation
- oversees funded status of plans
- recommends appointment of Pension Committee chair
- recommends plan amendments to Board
- receives reports from the Senior Management
- reviews the SIPPs for the plan and recommends changes to Board
- considers internal and external conflicts and takes appropriate action
- oversees member communications
- prepares and submits annual governance report
- recommends criteria for plan advisor selection, recommends appointments and supervises plan advisors

External Advisors

- Actuaries
  - performs actuarial valuations
  - provides other professional advice on plan administration matters
- External Lawyers
  - provides legal advice
  - provides other professional advice on governance and plan administration matters
- Trustees
- Delegated Investment Managers
  - invests assets in compliance with Plan SIPP and regulations
  - provides professional advice on investment strategies
- External Auditor
- Third-Party Administrator
  - - perform benefit calculations
  - - recordkeeping

Senior Management

- performs tasks delegated by Board or Pension Committee including day to day administration, filings, member communications, etc.
- ensures compliance with plan terms and legislative requirements and reports to Pension Committee
- reviews funding and investment policies and reports to Pension Committee
- monitors asset allocation and funded status of plans and reports to Pension committee
- liaises with external advisors, reports to Board or Pension Committee as applicable
- evaluates and recommends plan amendments to Pension Committee and Board
- provides research and administrative support to Pension Committee

Internal Advisors

- Finance
  - provides assistance on contributions, investment of plan assets, financial reporting, etc.
- Human Resources and Payroll
  - monitors compensation trends
  - day-to-day administration
  - maintains pension records

yukon hospitals

whitehorse
dawson city
watson lake

Briefing Note C-2

Meeting:	YHC Pension Committee
Meeting Date:	March 13, 2024
Agenda Item:	**C-2 Actuarial Assumptions for the December 31, 2023 Actuarial Valuation**
Purpose:	Information ☐ Discussion ☐ Decision ☒
Prepared by:	Kelly Steele, CFO Executive Director Corporate Services — **Approved by:** Jason Bilsky, CEO

ISSUE

To recommend to the Board of Trustees the approval of the actuarial funding assumptions to be used in the calculation of the December 31, 2023 actuarial valuation for the Yukon Hospital Corporation Employees' Pension Plan.

AUTHORITY INFORMATION

Pension Benefits Standards Act

YHC Pension Plan Text

BACKGROUND

Good governance includes a periodic review of actuarial assumptions used in the annual valuation of the Yukon Hospital Corporation Employees' Pension Plan. This review demonstrates prudence, ensures appropriate financial measurement and management and reduces volatility in results.

YHC is subject to two types of evaluations:

Going Concern – assumes the plan continues indefinitely.

Solvency – assumes the plan terminates and all benefits are settled on the valuation date.

There are three types of assumptions categories used in determining the annual valuation:

1. Economic assumptions. (Discount rate, rate of inflation, rate of salary increases, rate of escalation of YMPE and ITA maximum pension limit).
2. Demographic assumptions. (Rates of retirement, withdrawal and mortality).
3. Other assumptions. (Provision for expenses, eligible spouses, settlement on termination, and proportion of year worked for casual and part-time employees).

ASSESSMENT

The Pension Committee at its meeting on March 13, 2024 reviewed the funding assumptions prepared by Willis Towers Watson.

1. **<u>Going Concern Valuation</u>**

Economic Assumptions

(per annum)	December 2022	December 2023
Discount Rate	6.50%	6.50%
Inflation	2.0%	2.0%
Rate of salary increases	Management: 2.5% PIPSC and PSAC: 2.5%	Management: 4.5% in 2024 and 2.5% thereafter. PIPSC and

	plus provisions under collective agreement	PSAC: Align salary increase assumption with tentative negotiated increases followed by 2.5% per year thereafter plus provisions under collective agreement
Escalation of YMPE and ITA maximum pension limit	2.5%	2.5%

Demographic Assumptions

	December 2022	December 2023
Rates of retirement	Age-related rates	Age-related rates
Rates of withdrawal	Service-related rates	Service-related rates
Rates of mortality	105% of 2014 CPM Table projected generationally using CPM Improvement Scale B	105% of 2014 CPM Table projected generationally using CPM Improvement Scale B
Retirement age for deferred vested	Age that produces the highest pension value	Age that produces the highest pension value
Disability incidence/mortality	Nil	Nil

Other Assumptions

	December 2022	December 2023
Percent of members with eligible spouse at retirement or pre-retirement death	60%	60%
Male spouse older than female spouse	3 years	3 years
Portion of year worked (as % of full year)	Full time employees: 100% Part-time employees: 75% Casual employees: 25%	Full time employees: 100% Part-time employees: 75% Casual employees: 25%
Discount rate for commuted value settlements	Terminations within 3 years: current solvency rates Terminations after 3 years: 2.4% per year for indexed benefits	Terminations within 3 years: current solvency rates Terminations after 3 years: 2.4% per year for indexed benefits
Settlement election	65% deferred pension and 35% commuted value	65% deferred pension and 35% commuted value
Non-investment expenses	0.90% of payroll	0.90% of payroll

2. **Windup/Solvency Assumption**

The Pension Committee at its meeting of March 13, 2024 also reviewed the windup/solvency assumptions where the following changes were proposed:

a) Increase the discount rate for commuted value from 2.25 for 10 years, 2.6% thereafter with immediate and deferred annuities of 1.0% to 2.7% for 10 years, 2.8% thereafter and deferred annuities of 1.4%.

YHC has little discretion in setting the wind-up/solvency assumptions as these assumptions are largely prescribed by the Canadian Institute of Actuaries

Solvency/Windup

(per annum)	December 2022	December 2023
Discount rates	• Commuted value: 2.2% for 10 years, 2.6% thereafter • Immediate and deferred annuities: 1.0%	• Commuted value: 2.7% for 10 years, 2.8% thereafter • Immediate and deferred annuities: 1.4%
Retirement	At age that produces the highest value	At age that produces the highest value
Mortality	100% of the 2014 CPM Table projected generationally using CPM Improvement Scale B	100% of the 2014 CPM Table projected generationally using CPM Improvement Scale B
Proportion of deferred members electing a commuted value	90%	90%
Percentage with eligible spouse at retirement	60%	60%
Years male spouse older than female spouse	3 years	3 years
Percent electing commuted value (remainder are assumed to be settled by group annuity purchase)	OSFI requires at least 50% select the option which provides the highest value	OSFI requires at least 50% select the option which provides the highest value
Windup expenses	$300,000	$400,000

RISK MANAGEMENT	• Compliance with regulations • Compliance with YHC Governance
PROPOSED RESOLUTION for decision items – motion	THAT the Pension Committee recommends that the Board of Trustees approve the actuarial assumptions for the 2023 valuation of the Yukon Hospital Corporation Employees' Pension Plan set out on pages 28 to 29 and page 38 of the report titled "Yukon Hospital Corporation Employees' Pension Plan Review of Actuarial Funding Assumptions" submitted to the Pension Committee on March 13, 2024 by Willis Towers Watson.
APPROVAL PATH endorsements received and next steps, as applicable	Recommend for approval to the YHC Board of Trustees meeting May 1, 2024.
SUPPORTING DOCUMENTATION	WTW presentation titled: Yukon Hospital Corporation Employees' Pension Plan Review of Actuarial Funding Assumptions and Estimated Financial Position as at December 31, 2023.

Yukon Hospital Corporation Employees' Pension Plan

Review of Actuarial Funding Assumptions and Estimated Financial Position as at December 31, 2023

March 2024

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Today's Discussion

- Assumptions Overview
- Going Concern Assumptions
- Windup / Solvency Assumptions
- Estimated Financial Position
- Funding Considerations
- Appendix

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Assumptions Overview

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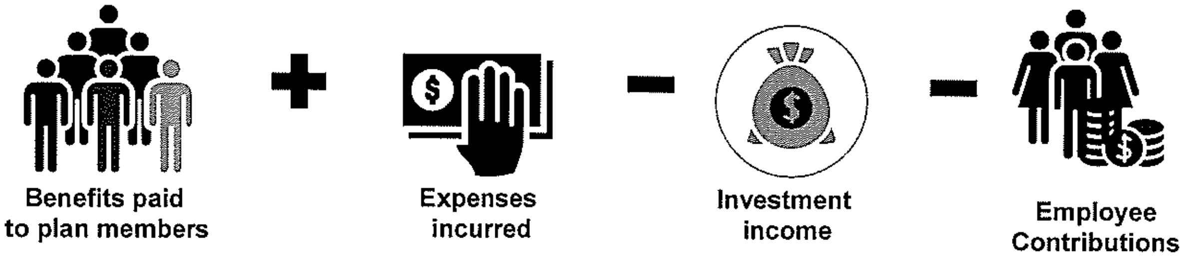
Review of Actuarial Assumptions

Cost of a pension plan

Actuarial assumptions do not determine the actual cost of a pension plan

- The ultimate cost of a pension plan to an employer is equal to:



- None of the above items are determined by actuarial assumptions
  - The actual cost of the plan is only known with certainty after the last payment has been received by the last beneficiary of the plan
  - While it is not possible to determine the actual cost of the plan in advance, it is possible to estimate the cost using actuarial assumptions
- The assumption setting process is a budgeting technique that establishes when and at what levels contributions will be made

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Review of Actuarial Assumptions

Good governance

Good governance includes a periodic review of actuarial assumptions

- Demonstrates prudence
- Enhances appropriate financial measurement and management
- Reduces volatility in results
  - Smaller and more frequent revisions to actuarial assumptions

In funding actuarial valuation reports, the actuary must provide the rationale for each material assumption

The YHC Pension Committee's Terms of Reference require the Pension Committee to review the funding assumptions before each actuarial valuation.

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Types of Funding Valuations

Funding valuations:

- Determine the annual contribution requirements in accordance with pension legislation, Income Tax Act, actuarial standards of practice and YHC's funding policy
  - Subject to minimum and maximum rules
- Enhance benefit security for plan members by systematically accumulating assets to pay for promised benefits

	Going Concern	Windup / Solvency
Scenario	• Assumes plan continues indefinitely • Long-term view	• Assumes plan is wound up on valuation date and all benefits are settled
Assumptions	• Best-estimate assumptions are selected by actuary • Pension regulator expects inclusion of margin for adverse deviations • YHC determines extent of margin	• Assumptions reflect expected cost of settling benefits – Commuted value transfers – Annuity purchase • Based on current market conditions on valuation date • Little discretion in setting assumptions

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Types of Assumptions

Economic Assumptions

- Rate of inflation
- Rate of escalation of YMPE and ITA Maximum pension limit
- Rate of salary increases
- Discount rate

Demographic Assumptions

- Rates of retirement
- Rates of withdrawal
- Rates of mortality

Other Assumptions

- Settlement election
- % of members with an eligible spouse at retirement
- Spousal age difference
- Expenses
- Proportion of year worked for casual and part-time employees (as % of full year)

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Going Concern Assumptions

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Background

Scenario

- Long-term outlook
- Assumes that the pension plan will continue to exist indefinitely

Assumptions

- Should be independently reasonable
- Should be internally consistent
- Should reflect long-term expectations
  - Should not give undue weight to recent experience

Margins for Adverse Deviation

- Actuarial professional standards provide that the actuary should only include margins for adverse deviations if required by law or by the terms of engagement
- Federal pension regulator (OSFI) expects a reasonable margin for adverse deviations
- It is not necessary to include a margin in all the assumptions
  - It would be acceptable, for instance, to select best estimate assumptions for all going concern valuation assumptions and incorporate the entire margin into the discount rate assumption

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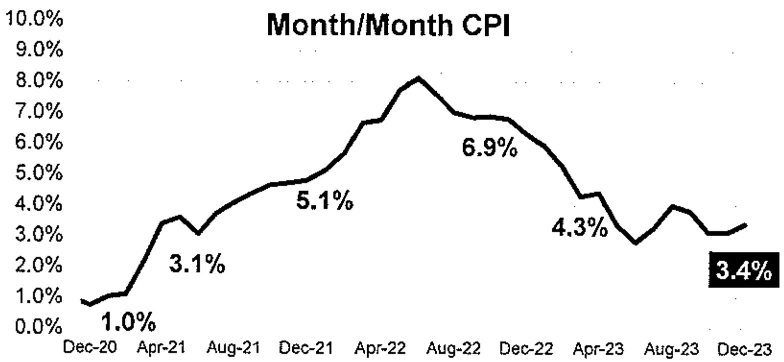
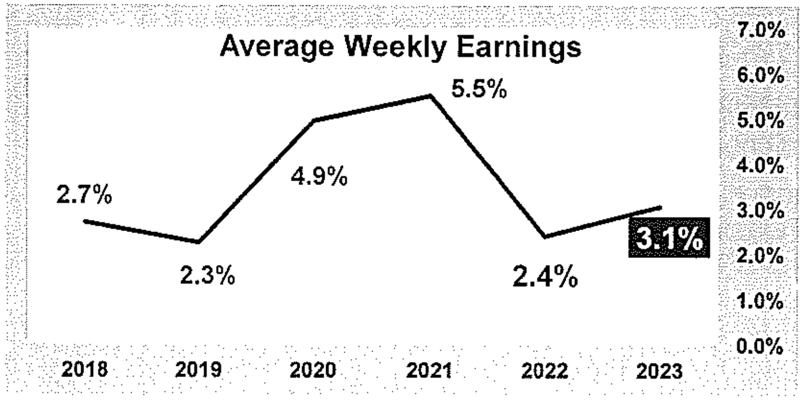
Economic Assumptions

Rate of Inflation - Recent Experience



- Inflation has come down since 2022 but remains stickier than expected
- BoC October 25, 2023 monetary policy report indicates short-term inflation could be above the target range, and projects 3.5% until mid 2024, 2.5% by end of 2024 and 2% in 2025
- The Bank of Canada continues to indicate their long-term goal is to maintain inflation between 1% and 3%



- Increases in YMPE & ITA maximum limits are based on average weekly earnings (12-month average ending June)
- COVID-19 caused substantial spike in monthly AIW in 2020 as job losses appeared to be concentrated at lower average levels of earnings. This effect led to large YMPE and ITA limit increases in 2021 but has since stabilized

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Rate of Inflation and Indexation of Deferred and Immediate Pensions

- Pension benefits for retirees, beneficiaries and deferred vested members are automatically indexed January 31 of each year to the increase in the Consumer Price Index (CPI)
  - Based on the percentage increase in CPI during the 12-month period ending on September 30 of the immediately preceding year
- The post-retirement indexation granted in recent years was as follows:

Year	Indexation	3 Year Average	5 Year Average
2016	1.0%	1.4%	
2017	1.3%	1.4%	1.3%
2018	1.6%	1.3%	1.4%
2019	2.2%	1.7%	1.6%
2020	1.9%	1.9%	1.6%
2021	0.5%	1.5%	1.5%
2022	4.4%	2.3%	2.1%
2023	6.9%	3.9%	3.2%
2024	**3.8%**	**5.0%**	**3.5%**

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Inflation

The rate of inflation is used as a building block for assumed rates of increase in:

- YMPE
- Income Tax Act maximum pension limit
- Salary increases
- Pension indexation

The Bank of Canada aims to maintain the annual rate of inflation **between 1% and 3%**

As of December 31, 2023:

- Break Even Inflation Rate (BEIR): **1.65%**
- Yield on long-term nominal bonds: 3.05%
- Yield on long-term real return bonds: 1.40%

- A long-term inflation assumption of **2.0%** per year is used for WTW's capital market model
- Assumption was **2.0%** per year at the prior valuation date

No change recommended

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Economic Assumptions

Rate of escalation of YMPE and Income Tax Act (ITA) maximum pension limit

- Year's Maximum Pensionable Earnings (YMPE) and Income Tax Act (ITA) maximum pension limit:
  - Increases are based on expected increases in general wage
  - General wage increases are made up of the following two components:
    - General inflation rate; plus
    - Productivity improvements

	YMPE and ITA Limit Increases
Rate of inflation	2.00%
Productivity	0.50%
Current assumption	2.50%

No change recommended

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Rate of Salary Increases

- Valuation projects the salary increases of individual plan members
  - Includes the effect of merit and promotion increases
  - Salary increase assumption will generally be higher than the long term expected increase in payroll

- Usually, the salary increase assumption is comprised of the following components:

  General rate of inflation

  \+ Productivity improvements

  +/- Company specific factor

  \+ Merit and promotion increases

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Rate of Salary Increases

Management employees

- Salary assumption for management employees was 2.50% per year at the prior valuation date
- Current assumption of 2.50% for per year for Management employees was developed as follows:

(per annum)	Rate of Salary Increases
General inflation rate	2.00%
Productivity improvements	0.50%
Merit and promotion increases	0.00%
Rate of salary increase assumption	**2.50%**

- Management employees are projected to receive on average a 4.50% increase in 2024
- Recommend adopting a salary increase assumption of 4.50% in 2024 and 2.50% per year thereafter

Assumption updated to reflect projected increase in 2024

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Rate of Salary Increases

Non-management employees

- The merit and promotion increases for non-management employees is prescribed by the negotiated collective agreements
- Employees are assumed to be promoted to the next step level on an annual basis
  - **PIPSC employees:** Merit and promotion increases are 4.00% per year between step levels 1 through 8, 1.50% per year between step level 8 and 9 and 0% thereafter
  - **PSAC employees:** Merit and promotion increases are 4.00% per year between step levels 1 through 7 and 0% per year thereafter
- Assumption as at December 31, 2022 was 2.50% per year (based on 2.00% per year for inflation and 0.50% productivity improvements) plus the merit and promotion increases described above
- Higher salary increases are projected in 2024 based on the negotiated collective agreements
- Recommend aligning salary increase assumption with negotiated collective agreements in 2024 followed by 2.50% per year thereafter; plus the merit and promotion increases described above

Assumption updated to reflect projected increase in 2024

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Discount Rate Assumption

Definition

One acceptable approach for establishing a best estimate investment return assumption is a *building block approach:*

- Determine the best estimate long-term expected investment return for each asset class
- Calculate the weighted average of the expected investment returns, based on the asset mix
- Reflect the effect of diversification and rebalancing
- Make appropriate provision for expenses expected to be paid from the plan
- Adjust the assumption for any margin for adverse deviations

- Going concern discount rate assumption is based on the long-term expected investment return on the plan assets
  - Although it is a long-term assumption, it must still be realistic given capital market conditions on the valuation date
  - Should reflect the asset mix of the plan on the valuation date and the expected investment policy after that date
  - Actuarial standards do not typically permit the recognition of additional returns due to active managements
    - However, can assume additional returns due to active management to the extend needed to cover incremental expenses associated with active versus passive management

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Discount Rate

Building block approach

Asset mix C from the ALM study was approved in November 2023 and is reflected below

	Yukon Hospital Target Asset Mix	20 Year Compound Return January 1, 2024
Fixed Income	**35%**	
Cash	1%	3.50%
Long term bonds	12%	3.94%
Real return bonds	15%	3.58%
Corporate long term bonds	7%	4.13%
Equities	**34%**	
Canadian equities	6%	6.75%
Global equities	24%	7.18%
Emerging markets	4%	7.70%
Alternative Investments	**31%**	
Real estate	8%	5.70%
Infrastructure	8%	6.35%
Private equity	10%	8.09%
Private debt	5%	5.86%

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Discount Rate

Building block approach

Expected long-term weighted average return = 6.90%

Projected Nominal Portfolio Return	Mean	5th %ile	25th %ile	40th %ile	50th %ile	60th %ile	75th %ile	95th %ile
1 year	7.37%	-8.81%	0.43%	4.60%	7.23%	9.75%	14.02%	24.29%
5 years	6.71%	0.58%	4.01%	5.71%	6.74%	7.71%	9.33%	12.93%
10 years	6.82%	2.87%	5.23%	6.23%	6.83%	7.51%	8.47%	10.66%
15 years	6.87%	4.18%	5.66%	6.40%	6.86%	7.32%	8.04%	9.74%
20 years	6.90%	4.56%	5.88%	6.46%	6.90%	7.27%	7.91%	9.29%

- Includes provision for diversification and periodic rebalancing of asset mix, which is expected to add to the investment return

- The 2024 OSFI maximum discount rate for a 50% fixed income portfolio is 6.25%, before margins and expenses
  - The discount rate for a plan with a lower proportion to fixed income may be higher than 6.25%
- The WTW neutral model produces a discount rate less than 6.25% for a 50% fixed income portfolio, before margins and expenses
  - A discount rate of 6.90% before margins and expenses therefore would be considered reasonable based on the YHC's target asset mix

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Discount Rate

Building block approach

- Discount rate assumption is net of margin for adverse deviations
  - A reasonable margin for adverse deviations based on the plan's asset allocation is 25 – 50 bps

(per annum)	20 Year Compound Return January 1, 2024
Weighted average return	6.90%
Provision for passive investment expenses	(0.06)%
Margin for adverse deviation	(0.25 - 0.50)%
Discount rate assumption (unrounded)	**6.34% - 6.59%**
Discount rate assumption (recommended)	**6.50%**

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Discount Rate

Summary

- **Assumption as at Dec. 31, 2022:** 6.50% per year
- **Assumption as at Dec. 31, 2023 based on building block approach:** 6.34% - 6.59% per year
- **Recommended:** 6.50% per year
  - No margin included in other assumptions

No change recommended

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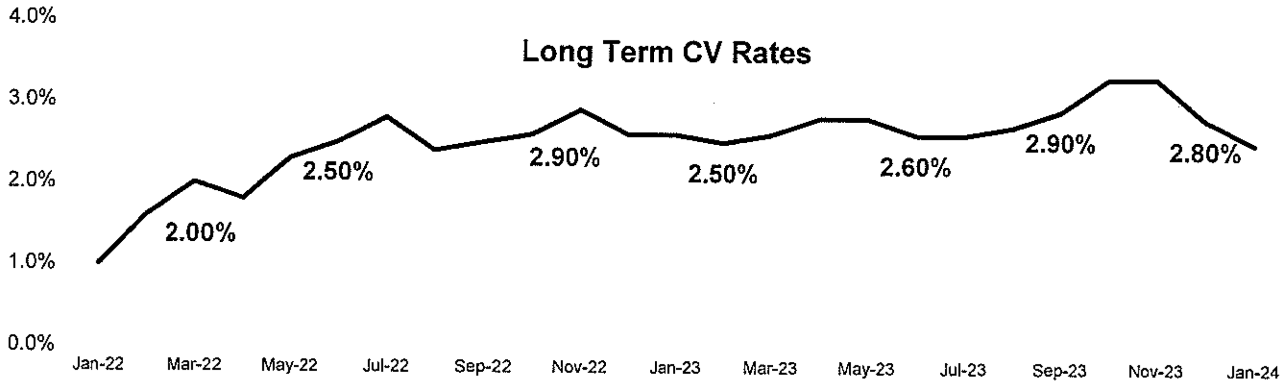
Lump Sum Settlements – Discount Rate

For terminations after 3 years

- **Assumption as at Dec. 31, 2022:** 2.40% per year (increased from 2.10% the prior valuation)
- **Assumption as at Dec. 31, 2023:** 2.40% per year



While CV rates are above the long-term assumption, CV rates appear to be trending downwards

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Rates of Retirement and Withdrawal

- YHC reviewed the retirement and withdrawal experience and updated these assumptions concurrent with the December 31, 2018 actuarial valuation
  - Best practice would be to review rates every five years. An experience review could be done in 2024 and used in the December 31, 2024 valuation
  - Current retirement and withdrawal rates are summarized as follows:

No change recommended

Rates of Retirement

Age	Group 1 Members	Group 2 Members
Less than 50	0.000	0.000
50 to 55	0.050	0.000
56 to 59	0.100	0.100
60	0.250	0.250
61	0.150	0.150
62	0.250	0.250
63	0.150	0.150
64	0.150	0.150
65	0.800	0.800
66 or older	1.000	1.000

Rates of Withdrawal

Years of Service	All Members
0	0.150
1	0.150
2	0.150
3	0.100
4	0.100
5	0.100
6	0.090
7	0.080
8	0.070
9	0.060
10	0.050
11	0.040
12 or more	0.040

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Settlement Election Upon Termination of Employment

Overview

The YHC Plan provides members who terminate employment with the option of either:

- Receiving a monthly pension payable from the plan once they become retirement eligible (deferred pension)
- Transferring the present value of their pension (known as the "commuted value") out of the plan and into a vehicle approved under pension legislation (e.g., locked-in RRSP)

Why might members elect a commuted value transfer?

- Believe they can manage their own assets better
- Health concerns (shortened life expectancy)
- Misunderstanding of benefits paid to survivor on death
- Persuasion from financial planners
- They want the cash (ITA maximum transfer values)

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Settlement Election Upon Termination of Employment

- Due to the mismatch between the going-concern discount rate and bond yields, when members elect a commuted value transfer, more assets are transferred out of the plan than the going concern liability that would be held for these individuals if valued as deferred pensions payable from the plan
- Assumption as at December 31, 2023:
  - 35% of terminating members elect a commuted value settlement
  - 65% of terminating members elect a monthly pension payable from the plan

No change recommended

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Allowance for Non-investment Expenses

- The normal cost contribution requirement includes a provision for the cost of all non-investment expenses (or administrative expenses) from the pension trust fund
  - This additional cost is paid solely by the employer
  - Provision is for budgeting purposes
- Current assumption is 0.9% of payroll
- Historical non-investment expenses expressed as a percentage of payroll:

No change recommended

Year	Non-investment expenses	Payroll	As a % of Payroll
2017	$ 289,200	$ 29,350,000	0.99%
2018	$ 246,800	$ 30,750,000	0.80%
2019	$ 280,200	$ 31,880,000	0.88%
2020	$ 317,700	$ 35,700,000	0.89%
2021	$ 300,800	$ 35,480,000	0.85%
2022	$ 361,800	$ 35,089,000	1.03%
2023	$ 316,000	n/a	n/a

3-year average = 0.92%
5-year average = 0.89%

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Eligible Spouses and Spousal Age Difference

- These assumptions describe who is expected to receive a benefit upon death of a member
- The actual marital status and spouse's date of birth are used for retired members
- Assumptions are needed for eligible spouse at retirement and pre-retirement death for active and deferred vested members
  - Current assumption is 60% of members have an eligible spouse at retirement and pre-retirement death and that the male spouse is 3 years older than the female spouse
  - The current assumption is consistent with recent experience for the plan

No change recommended

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Summary of Recommended Assumptions

	Previous Valuation	Recommended for Dec. 31, 2023 Valuation
Economic Assumptions (Per annum)		
Discount rate	6.50% per year	No change
Rate of Inflation	2.00% per year	No change
Rate of Salary Increases	• Management: 2.50% • PIPSC and PSAC: 2.50% plus merit and promotion increases under collective agreement	• Management: 4.50% in 2024 and 2.50% thereafter • PIPSC and PSAC: aligned with negotiated collective agreements in 2024 followed by 2.50% per year thereafter; plus merit and promotion increases under collective agreement
Rate of YMPE and ITA Limit Increases	2.50%	No change
Demographic Assumptions		
Rates of Retirement	Age-related rates	No change
Rates of Withdrawal	Service-related rates	No change
Rates Mortality	105% of 2014 Canadian Pensioners' Private Sector Mortality Table projected on a fully generational basis using Scale B	No change
Retirement age for deferred vested	Age that produces the highest pension value	No change
Disability incidence/mortality	Nil	No change

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Summary of Recommended Assumptions

	Previous Valuation	Recommended for Dec. 31, 2023 Valuation
Other Assumptions (Per annum)		
Percent of members with eligible spouse at retirement or pre-retirement death	60%	No change
Male spouse older than female spouse	3 years	No change
Portion of year worked (as % of full year)	• Full-time employees: 100% • Part-time employees: 75% • Casual employees: 25%	No change
Settlement election	65% deferred pension and 35% commuted value	No change
Discount rate for commuted value settlements	Terminations within 3 years: current solvency rates Terminations after 3 years: 2.4% per year for indexed benefits	No change
Non-investment expenses	0.9% of payroll	No change

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Windup / Solvency Assumptions

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Background

Scenario

- Assumes that plan winds up as of valuation date
- All benefits are settled as of the valuation date
- Settlement of benefits occurs through either commuted value transfer or group annuity

Assumptions

- Based on capital market environment as of valuation date
- Little discretion in setting assumptions
- Highly sensitive to short-term fluctuations in long-term bond yields

OSFI's Concerns

- Form of benefit settlement for deferred members
- Wind-up expenses

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Commuted Value Discount Rates

- The key assumptions used to calculate commuted value transfer amounts are prescribed by the Canadian Institute of Actuaries (CIA) Standards of Practice for Pension Commuted Values
  - Same standards applied to all registered DB pension plans across Canada
  - Two variable discount rates based on Government of Canada long-term bond yields
  - With changes to the commuted value standards effective December 1, 2020, inflation is explicitly determined and used to calculate net interest rates for indexed benefits

(per annum)	Previous Valuation	December 31, 2023
Discount rate [1]		
• First 10 years	2.2%	2.7%
• Thereafter	2.6%	2.8%

[1] For pensions fully indexed to increases in the CPI.

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Group Annuity Discount Rate

- The CIA issues guidance quarterly regarding estimated group annuity pricing
  - Guidance is based on illustrative quotes from insurance companies and varies by the duration of the liabilities being settled
  - Supplemented by data from certain actuarial consulting firms on actual group annuity purchases during previous quarter
- Guidance for valuations performed on and after December 31, 2023:
  - Discount rate for indexed annuities equal to the unadjusted average yield on Government of Canada long-term real-return bonds (CANSIM series V39057) ***less***:
    - 0 basis points for all durations (20 basis points spread as at December 31, 2022)

(per annum)	Previous Valuation	December 31, 2023
Discount rate	1.0%	1.4%

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Rates of Mortality

- Mortality tables used for the commuted value calculations are prescribed
  - 2014 CPM Table projected generationally using CPM Improvement Scale B
  - Based on blended private sector and public sector experience
- CIA group annuity guidance is also based on the 2014 CPM Table projected generationally using CPM Improvement Scale B
  - The actuary should adjust the regular annuity purchase assumptions where there is demonstrated substandard or super-standard mortality or where an insurer might be expected to assume shorter or longer than average longevity by pension plan members
  - Assumption at December 31, 2022: regular mortality assumption was used

No change recommended

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Settlement Election for Deferred Vested Members

- Assumption as at December 31, 2022:
  - 90% of deferred vested member elected a commuted value
- Assumption as at December 31, 2023:
  - 90% of deferred vested member elected a commuted value
- Note this assumption was reviewed in 2022

No change recommended

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Eligible Spouses and Spousal Age Difference

- Same assumptions as used for the going concern valuation
  - Assume 60% with eligible spouse at retirement
  - Assume male spouse is 3 years older than the female spouse

No change recommended

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Provision for Windup Expenses

- Actuarial standards and pension legislation require a provision for windup expenses unless there is a good reason not to
- Assumption should include provision for costs associated with winding up the pension plan
- Assumption excludes expenses related to the resolution of surplus ownership or deficit issues
- Consideration should be given as to whether the company is assumed to continue to be in existence or not
- In 2022, OSFI raised the concern that the windup expense assumption was too low
- December 31, 2022 assumption was increased to $300,000 from $200,000
- Recommend increasing assumption to **$400,000**
  - Based on plan membership and total windup liability

Assumption updated to $400,000

Example of windup expenses include:

- Preparing employee communication and statements
- Preparing the windup report
- Required correspondence and filings with pension regulators
- Preparing required amendments to plan documentation
- Work related to the purchase of group annuities
- Fees required to liquidate assets

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Summary for Discussion

	Previous Valuation	Recommended for Dec. 31, 2023 Valuation
Discount rates (per annum)	• Commuted value: 2.2% for 10 years, 2.6% thereafter • Immediate and deferred annuities: 1.0%	• Commuted value: 2.7% for 10 years, 2.8% thereafter • Immediate and deferred annuities: 1.4%
Retirement	At age that produces the highest value	No change
Mortality	100% of the 2014 CPM Table projected generationally using CPM Improvement Scale B	No change
Proportion of deferred members electing a commuted value	90%	No change
Percentage with eligible spouse at retirement	60%	No change
Years male spouse older than female spouse	3 years	No change
Percent electing commuted value (remainder are assumed to be settled by group annuity purchase)	OSFI requires at least 50% select the option which provides the highest value	No change
Windup expenses	$300,000	$400,000

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Estimated Financial Position as at December 31, 2023

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Market Value of Assets

Accrued basis[1]

(in 000's)

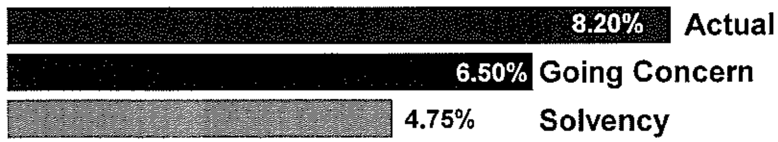
As at December 31, 2022	**$ 167,705**
Member contributions	2,676
YHC contributions	6,396
Pension payments	(4,484)
Lump sum payments	(1,579)
Non-investment expenses	(317)
Investment income, net of investment expenses	13,872
As at December 31, 2023	**$ 184,268**
Rate of return, net of investment expenses	**8.2%**

Note:

[1] Assumed outstanding amounts at EOY 2023 were equal to outstanding amounts at BOY 2023

Asset return since prior valuation

(net of all expenses)



The actual return was greater than the expected return, resulting in an **asset gain**, and **improving** the funded position

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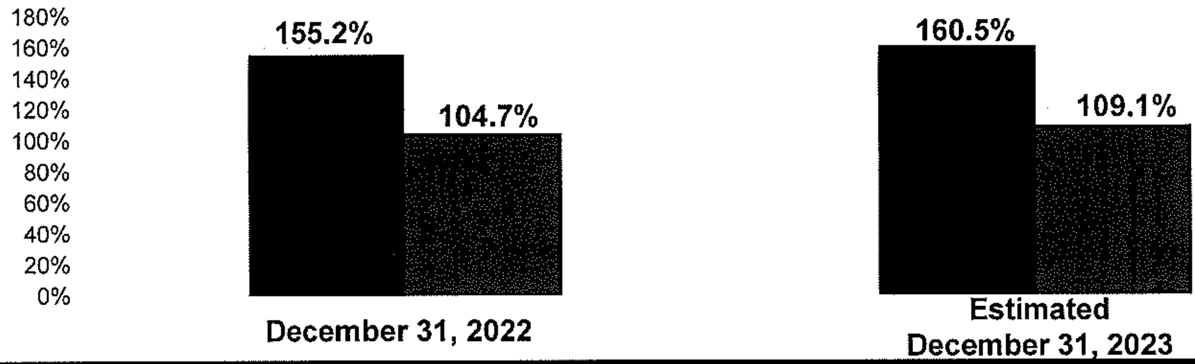
Estimated Financial Position

■ Going concern funded ratio

■ Solvency funded ratio



** Solvency assets include a provision for windup expenses of $300K and current face amount of Letter of Credit (limited to 15% of liabilities and maximum reduction)*

Going Concern Position	December 31, 2022	Estimated December 31, 2023
Going concern assets [1]	$ 177.7 M	$ 193.5 M
Going concern liability	114.5 M	120.6 M
Going concern surplus (deficit)	**$ 63.2 M**	**$ 72.9 M**

[1] Smoothed value of assets based on 5-year average smoothing method

Solvency Position	December 31, 2022	Estimated December 31, 2023
Solvency assets	$ 195.4 M	$ 202.9 M
Solvency liability	186.6 M	186.0 M
Solvency surplus (deficit)	**$ 8.8 M**	**$ 16.9 M**

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3-year Average Solvency Ratio

The minimum solvency contribution requirement is based on a **3-year average solvency ratio**, which is calculated as follows:

[**Current year ratio** + **Adjusted prior year ratio** + **Adjusted second prior year ratio**] ÷ 3

The solvency ratio at the current valuation date (not the average) is used for all other purposes, including disclosure on the annual member statements

Certain prescribed adjustments are made to the prior two years' solvency ratios used in the average:

- Special payments made between the applicable prior valuation date and the current valuation date
- Contribution holidays taken between the applicable prior valuation date and the current valuation date
- The change in the face value of any letter(s) of credit between the applicable prior valuation date and the current valuation date
- Asset/liability transfers into the plan
- The effects of any plan amendments made between a prior valuation date and the current valuation date

Applicable to the YHC Plan

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Estimated Funding Requirements

Adjusted solvency ratios

Letter of Credit reduces to the maximum extent possible (i.e., maintaining 3-year average solvency ratio at 100.0%)

(in 000's)	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2023
Solvency ratio at valuation date	0.933	1.047	1.091
Solvency value of assets[1]	$ 184,612	$ 167,405	$ 183,968
Letter of credit at valuation date [2]	33,810	27,992	18,900
Change in face amount of letter of credit(s)	(14,909)	(9,091)	N/A
Present value of solvency amortization payments (contribution holidays) since valuation date			
• Contributions (surplus used) in 2022[3]	3,095	N/A	N/A
• Contributions (surplus used) in 2023[4]	3,184	3,253	N/A
Adjusted solvency value of assets	$ 209,792	$ 189,558	$ 202,869
Solvency liabilities	$ 234,716	$ 186,611	$ 185,967
Adjusted solvency ratio	**0.894**	**1.016**	**1.091**

Notes:

1 Market value of assets less windup expenses of $300,000 after 2021 and $200,000 for 2021

2 Letter of credit limited to 15% of liabilities and is reduced to the maximum extent possible

3 Determined as the weighted-average liability discount rate at December 31, 2021 of 3.02%

4 Determined as the weighted-average liability discount rate at December 31, 2022 of 4.75%

No solvency contributions will be required after the valuation report is filed

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Funding Considerations

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Funding Considerations

Forced employer contribution holiday

- Based on Federal regulations and the Income Tax Act (ITA), employer contributions to a pension plan are restricted if:
  - the going concern ratio of the plan exceeds 125%; and
  - the solvency ratio exceeds 105%
- Barring significant member experience losses, the YHC will be forced to take a contribution holiday after the December 31, 2023 report is filed

Implications on Employee Contributions

- ITA does not place restrictions on employee contributions to a pension plan
- However, the YHC plan text prevents ongoing member contributions while the YHC on a contribution holiday
- In the absence of an amendment to the plan text, employee contributions may need to cease as well
  - Will result in significant volatility in member contributions (and take-home pay) year-over-year
  - Intergenerational inequality
  - Additional member communication

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Prevalence of Member Contribution Holidays

- ITA **does not** place restrictions on **member contributions**
- **Very unusual** to include wording in the plan document to restrict member contributions in **single-employer registered pension plans**

- Provision likely originated from the **Federal PSSA**
- Federal PSSA **not subject** to the same **funding regulations** as single-employer registered pension plans
  - In particular, are not subject to solvency regulations, which requires funding based on short-term market conditions and hypothetical plan termination
- Going concern **surplus has grown quicker** due to YHC's required **solvency deficit contributions**

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Potential Strategies to Limit Member Contribution Volatility

Going Concern Assumptions and Methods

- Reduce ratio below 125%
- Remove asset smoothing
- Revise non-investment expense methodology
- Modify assumptions

Considerations

- Temporary measure
- Increased normal cost

Solvency Assumptions

- Reduce ratio below 105%
- Modify assumptions

Considerations

- Temporary measure
- Assumptions largely prescribed

Derisking Strategy

- Increase fixed income allocation
- Purchase buy-in annuity

Considerations

- Increased normal cost
- Review of asset liability strategy required
- Trade-off for lower expected returns in the long run
- Potential liquidity constraints

Other Strategies

- Amend the plan
- Implement group saving vehicles (e.g., group RRSP or TFSA)
- Engage with regulators

Considerations

- Additional fiduciary responsibilities
- Not all members have unused tax-deferred savings room
- Member communication
- Regulators unlikely to deviate from legislation

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Funding Considerations

Recommendation

- Amend YHC plan text to allow ongoing member contributions while the YHC is on a forced contribution holiday

- ☑ Provides a viable long-term solution; other levers would only temporarily address the issue
- ☑ Easy to adopt
- ☑ Reduces year-over-year member contribution volatility
- ☑ Avoids intergenerational inequality (one generation of members paying for the benefits of another generation)
- ☑ Increases member benefit security
- ☑ Allow Committee to focus on sustainability and surplus management vs. managing member contributions
- ☑ Less member communication required and easier for members to understand

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Actuarial Certification

The results presented in this presentation are based on the assumptions included in this presentation and based on the methods, membership data, plan provisions and other information outlined in the actuarial valuation report to determine funding requirements as at December 31, 2022 for the YHC Plan. Therefore, such information, and the reliances and limitations of the valuation report and their use, should be considered part of this presentation.

The information provided in this presentation has been prepared solely for the benefit of YHC for its internal use in connection with the actuarial valuations of the plan prepared by WTW. This presentation should not be used for other purposes and we accept no responsibility for any such use. It should not be shared with or relied upon by any other person without WTW's prior written consent.

In our opinion, for the purposes of this presentation, the data are sufficient and reliable, the assumptions are appropriate and the methods employed in the valuation are appropriate. This presentation has been prepared, and our opinion has been given, in accordance with:

- The funding and solvency standards prescribed by the Pension Benefits Standards Act, 1985 (Canada) and Regulation thereto;
- The requirements of the Income Tax Act (Canada) and Regulation thereto; and
- Accepted actuarial practice in Canada, except that this presentation has been appropriately abbreviated.

Jaime Omichinski, FCIA **Jesal D. Patidar, FCIA**

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Appendix

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Reconciliation of Estimated Solvency Financial Position

	Dollars (in 000's)	Funded Ratio
Surplus (deficit) as at December 31, 2022	**$ 8,785**	**104.7 %**
Contributions towards solvency deficit	3,444	1.8 %
Expected interest on solvency surplus (deficit) and contributions	498	0.3 %
Decrease in amount of letter of credit secured	**(9,091)**	**(4.9) %**
Investment gains (losses) on invested assets	5,532	3.0 %
Investment gains (losses) on letter of credit	(1,330)	(0.7) %
Excess of solvency benefit accruals over normal cost	(512)	(0.3) %
Indexation losses	(2,784)	(1.5) %
Changes to assumed liability discount rates	**12,454**	**6.7 %**
Estimated surplus (deficit) as at December 31, 2023	**$ 16,996**	**109.1 %**

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Summary of Membership Data

	Dec. 31, 2022
Active and Disabled Members	
• Number	508
• Average age	42.2
• Average credited service years	6.3
• Average annualized pensionable earnings	$ 90,770
• Average contributions with interest	$ 38,850
Terminated Vested Members	
• Number	169
• Average age	46.0
• Average annual lifetime pension	$ 5,823
• Average annual temporary pension	$ 1,276
Retired Members and Beneficiaries	
• Number	200
• Average age	69.5
• Average annual lifetime benefit	$ 19,603
• Average annual temporary pension	$ 1,348

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Estimated Financial Position Actuarial Assumptions

December 31, 2023

Economic Assumptions (per annum)	Going Concern	Solvency
Discount rate and return on plan assets	• Commuted value settlement in 3 years following valuation date: 2.2% for 10 years, 2.6% thereafter • Commuted value settlement after the 3-year period following the valuation date: 2.4% • Otherwise: 6.50%	• Commuted value: 2.7% for 10 years, 2.8% thereafter • Immediate and deferred annuities: 1.4%
Rate of salary increases	• Management: 2.5% • PIPSC and PSAC: 2.5% plus provisions under collective agreement	Not applicable
Inflation/indexation of pensions in payment	2.0%	Implicit in discount rate assumption
Escalation of YMPE	2.5%	Not applicable
Escalation of ITA maximum pension	2.5%	$3,506.67 in 2023 increasing by 2.75% per year for 10 years and 2.65% per year thereafter

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Estimated Financial Position Actuarial Assumptions

December 31, 2023

Demographic Assumptions	Going Concern	Solvency
Retirement	Age-related rates	Immediate termination of employment, pension commences at age that produces the highest value [1]
Withdrawal	Service-related rates	Not applicable
Mortality	• Commuted value settlement: 100% of 2014 Canadian Pensioners' Mortality (CPM) Table projected generationally using CPM Improvement Scale B • Otherwise: 105% of 2014 CPM Table projected generationally using CPM Improvement Scale B	100% of 2014 CPM Table projected generationally using CPM Improvement Scale B

Note:

[1] Revised actuarial standards of practice in Canada, effective December 1, 2020, require that commuted values (CV) are calculated assuming 50% commencement at the age that produces the highest value ("optimal age") and 50% at the first age upon which the member is eligible for an unreduced pension. At the valuation date, it was determined that the impact of this assumption would be immaterial when compared to the assumption of 100% commencement at the optimal age.

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Estimated Financial Position Actuarial Assumptions

December 31, 2023

Other assumptions	Going Concern	Solvency
Proportion of year worked	• Full-time employees: 100% • Part-time employees: 75% • Casual employees: 25%	Not applicable
Percentage with eligible spouse at retirement	60%	Same
Years male spouse older than female spouse	3	Same
Settlement election on plan windup	Not applicable	• Active, disabled and terminated vested members not retirement eligible: commuted value • Otherwise: annuity purchase
Settlement election on termination of employment[1]	65% deferred pension and 35% commuted value	Not applicable
Provision for expenses	0.9% of payroll	$300,000

Note:

[1] For members terminating employment and electing a commuted value, the methodology for determining the applicable discount rates was refined at December 31, 2020 to incorporate a long-term estimate of the CIA commuted value rates for terminations that occur more than 3 years after the valuation date. For terminations that occur within 3 years of the valuation date, current CIA commuted value rates are used.

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yukon hospitals whitehorse dawson city watson lake

Meeting:	YHC Pension Committee		
Meeting Date:	March 13, 2024		
Agenda Item:	**C-3 YHC Pension Plan Text Amendment**		
Purpose:	Information ☐ Discussion ☐ Decision ☒		
Prepared by:	Kelly Steele, CFO Executive Director Corporate Services	**Approved by:**	Jason Bilsky, CEO

ISSUE	Recommendation to the YHC Board of Trustees to amend the Yukon Hospital Corporation Employees' Pension Plan Text clarifying that term full-time employees employed for a term of six months or more have the option to enroll in the Pension Plan consistent with YHC's long standing practice.
AUTHORITY INFORMATION	*Pension Benefits Standards Act*
BACKGROUND	An inconsistency in Plan Text wording and YHC practice required clarification to ensure appropriate administration of YHC Pension Plan. Staffing throughout YHC often involves term positions that can be for longer than six months (maternity leaves, personal leaves, short-term sick leaves etc.). Automatic enrollment in the Pension Plan given the immediate vesting rule is not fiscally prudent. Many of these terms do not result in full time permanent employment and individuals would be eligible to take the commuted value at the end of their term, thus driving up the normal cost that remaining members and the employer would need to pay. YHC also introduced buyback provisions in 2015 that it felt would allow those term employees who do transfer to full time permanent employment, an opportunity to buy back service if they so wished. The PIPSC Collective Agreement also includes language in section G1.11 (a) that is consistent with YHC's long standing practice. The Pension Committee reviewed and discussed this issue at its February 22, 2022 meeting and requested additional information be brought back to the Committee for further discussion and review. Additional information was provided to the Committee at its November 28, 2023 meeting, at which time the Committee passed the following motion: THAT the Pension Committee agrees with the recommendation and requests Administration proceed with drafting the Amendment and restated Plan Text to be presented at the February 2024 Pension Committee meeting. The February 2024 meeting was deferred to March 13th due to scheduling conflicts.

ASSESSMENT	YHC Administration contracted Ken Burns from Lawson Lundell LLP to develop the Plan Text amendment and provide a blacklined planned text with all required changes. The Plan Text Amendment includes: A blacklined Pension Plan Text and draft resolution for the YHC Board of Trustees. The proposed changes to the Plan Text include: • Updated language relating to the clarification of full time term employment greater than 6 months. • Updated required contribution rates to reflect rates from 2018 to 2024 inclusive. All other changes were considered housekeeping relating to consistency of language or clarification. May 1, 2024 has been recommended as the proposed amendment date following Board approval.
RISK MANAGEMENT	This amendment will align the Plan Text to YHC's practice avoiding further confusion on the treatment of full time term employees greater than 6 months.
PROPOSED RESOLUTION for decision items – motion	WHEREAS the Pension Committee has agreed to amendments to the Yukon Hospital Corporation Employees' Pension Plan to clarify eligibility requirements for employees who are employed on a non-permanent or casual basis; AND WHEREAS the Pension Committee has agreed to the amended Plan Text attached to this motion that includes: 1. The eligibility clarification agreed to by the Committee, 2. The amendments made to the Plan since its last consolidation of Plan Text filed with the Office of the Superintendent of Financial Institutions, and 3. Various language clarifications and housekeeping changes; THEREFORE, BE IT RESOLVED THAT the Pension Committee recommends that the Board of Trustees of the Yukon Hospital Corporation 1. Adopt the attached amended and restated Plan Text of the Yukon Hospital Corporation Employees' Pension Plan approved by the Pension Committee on March 13, 2024, and 2. Give such direction as necessary to ensure this amended and restated Plan Text is registered with the Office of Superintendent of Financial Institutions.

APPROVAL PATH endorsements received and next steps, as applicable	YHC Board approval – May 1, 2024 Amendment documents finalized and signed – May 20, 2024 Amendment comes into force – May 1, 2024 New Plan Text filed with Regulator – by May 31, 2024
SUPPORTING DOCUMENTATION	Blacklined YHC Plan Text Blacklined YHC Plan Text Amendment

Yukon Hospital Corporation
Employees' Pension Plan

Amended and Restated

~~January 1, 2022~~

May 1, 2024

CRA Registration No. 1001114

OSFI Registration No. 56965

~~Table of Contents~~

Article 1 - Introduction

1.1 Plan Document

This is the "Yukon Hospital Corporation Employees' Pension Plan" (hereinafter referred to as the "**Plan**"). The Plan was established effective April 1, 1993 and is hereby amended and restated in its entirety with effect from ~~January~~May 1, ~~2022~~2024.

1.2 Primary Purpose of the Plan

The primary purpose of the Plan is to provide periodic payments to individuals after retirement and until death in respect of their services as employees. The retirement benefits are integrated with, and are intended to supplement, the benefits provided by the public pension plans such as the Canada or Quebec Pension Plans and the Old Age Security Program.

The Plan is available to employees of Yukon Hospital Corporation ("**YHC**") working in connection with Whitehorse General Hospital, Dawson City Community Hospital, Watson Lake Community Hospital and such other facilities or through such other programs as YHC may operate from time to time.

1.3 Plan Design

When maintaining the Plan it is the intent of the Administrator and Pension Committee to emulate as much as reasonably possible the provisions of the pension plan of the Public Service of Canada by which employees were covered under the *Public Service Superannuation Act*, *Supplementary Retirement Benefits Act* R.S.C. 1985, c.S-24 and relevant regulations, while at the same time complying with the *Pension Benefits Standards Act*. The Pension Committee shall be guided by the above legislation and regulations.

1.4 Gender, Number and References

(a) Words importing the male or female person include the other gender and corporations where the context so requires.

(b) Words in the singular include the plural, and words in the plural include the singular.

(c) Where a word is defined, other parts of speech and grammatical form of the same word have corresponding meaning.

1.5 Reduction in Benefits and Return of Contributions

Notwithstanding the provisions of Paragraphs 6.6 and 14.2, it is hereby stipulated that, subject to the prior written approval of the Office of the Superintendent of Financial Institutions,

(a) the Plan may be amended at any time by YHC to reduce the benefits provided in respect of a Member, and

(b) a contribution made to the Plan by a Member or by YHC may be returned to the person who made the contribution

to whatever extent is necessary to avoid revocation of the registration of the Plan under the *Income Tax Act*.

1.6 Proof of Age

Every Member and any other individual entitled to a benefit under the Plan may be required to furnish evidence of date of birth satisfactory to the Pension Committee before receiving any benefits hereunder.

1.7 Sex Discrimination

The sex of a Member or former Member or of that person's Spouse, former Spouse, Common-law Partner or former Common-law Partner may not be taken into account in determining:

(a) the amount of any contribution required to be paid by the Member; or

(b) the amount of any benefit to which any of the above persons become entitled under the Plan.

1.8 Benefits Restricted

No benefits shall be paid from the Plan unless such benefits are specifically provided for under the terms of the Plan.

Article 2 - Definitions

In the construction of the Plan, the following expressions have the respective meanings attributed to them in this Article 2 unless modified by the context:

"Actuary" means a Fellow of the Canadian Institute of Actuaries, appointed by YHC for the purposes of the Plan;

"Administrator" means the Board of Trustees of YHC and any successor thereto;

"Agreement" means the trust agreement or other contract entered into between YHC and a Trustee establishing the Trust Fund for the purposes of the Plan;

"Applicable Rules and Legislation" means any pension or pension related legislation that may govern this Plan as amended from time to time, including the *Income Tax Act* and the *Pension Benefits Standards Act* and any regulations and administration rules thereunder as they apply to this Plan, to any Member, or to YHC;

"Approved Form" means in the form, manner and within the time limits prescribed by the Pension Committee and acceptable under the *Pension Benefits Standards Act*;

"Approved Period of Disability" means any period during which an Employee is disabled and receives monthly income benefits in respect of the disability under a long-term disability insurance policy issued to YHC;

"AMPE" means the average of the YMPE for the year in which the Member ceased to be employed by YHC, and for each of the preceding four years;

"Average Wage" for a calendar year is defined as one-twelfth of the aggregate of the wage measures for each month of the 12-month period ending on June 30 of the immediately preceding calendar year. For this purpose, the wage measure for a month is the average weekly wages and salaries of the Industrial Aggregate in Canada for that month as published by Statistics Canada;

"Beneficiary" means the person designated in accordance with the provisions of this Plan, or the Member's estate, as the case may be;

"Best Average Deemed PSSP Earnings" means the Member's Deemed PSSP Earnings and PSSP Earnings in the 60 consecutive months of Continuous Service in which the Member's Deemed PSSP Earnings and PSSP Earnings are highest, divided by the Member's Credited Service in that same period. For the purpose of determining a Member's Deemed PSSP Earnings and PSSP Earnings in any month, the Deemed PSSP Earnings and PSSP Earnings for the calendar year are assumed to be earned in equal monthly instalments during that year. In respect of a Member who has less than 60 months of Continuous Service, Best Average Deemed PSSP Earnings means the Member's Deemed PSSP Earnings and PSSP Earnings during the Member's entire period of Continuous Service divided by the Member's Credited Service in that same period;

"Best Average Earnings" means the Member's Earnings and PSSP Earnings in the 60 consecutive months of Continuous Service in which the Member's Earnings and PSSP Earnings are highest, divided by the Member's Credited Service in that same period. For the purpose of determining a Member's Earnings and PSSP Earnings in any month, the Earnings and PSSP Earnings for the calendar year are assumed to be earned in equal monthly instalments during that year. In respect of a Member who has less than 60 months of Continuous Service, Best Average Earnings means the Member's Earnings and PSSP Earnings during the Member's entire period of Continuous Service divided by the Member's Credited Service in that same period;

"Board" means the Board of Trustees of the YHC;

"Buyback Date" means, in relation to a period of Elective Service, the date that the Administrator receives a Member's election in Approved Form to buy back such period of Elective Service;

"Casual" means employment ~~that~~with YHC where the hours of work are less than half the standard number of hours per week applicable to the position, where the employment is considered ~~to be~~ "on- call" or "~~short-term~~"as required" or constitutes casual employment in accordance with ~~the administrative practices of YHC~~a collective bargaining agreement;

"Child" includes a natural or adopted child or a step-child of a Member, provided that the date of adoption or of becoming a step-child is at least one year prior to the date the Member retires or ceases to be an Employee, whichever occurs first;

"Common-law Partner" in relation to an individual, means a person who is cohabiting with the individual in a conjugal relationship, having so cohabited for a period of at least one year;

"Common-law Partnership" means the relationship between two persons who are Common-law Partners of each other;

"Commuted Value" means the actuarial present value of the benefit entitlements determined in accordance with the Plan Factors;

"Continuous Service" shall have the meaning described in Article 4;

"Credited Service" shall have the meaning described in Article 4;

"Deemed PSSP Earnings" means, in respect of a particular year commencing after 1993, a Member's annualised PSSP Earnings for 1993 multiplied by the greater of: 1.00 and, the ratio of the Member's annualised Earnings in that particular year to the Member's annualised Earnings for 1993. This amount to be further adjusted by the proportion of hours of Credited Service earned by the Member in the particular year to the standard number of hours of Credited Service earned by a Full Time Employee employed in a similar position in the particular year;

~~**"Deferred Pension"** means a pension benefit that is to commence not earlier than one year after the payee becomes entitled to it;~~

"Defined Benefit Limit" means, in respect of any calendar year, the amount determined in accordance with the definition of "defined benefit limit" in subsection 8500(1) of the Regulations to the *Income Tax Act*;

"Dependent Child" means a Child of a Member who, in the opinion of the Pension Committee, is totally or substantially dependent on that Member for financial support and:

(a) is less than 18 years of age, or

(b) is less than 25 years of age, and has been in full-time attendance in an educational institution that is considered to be a specified educational institution within the meaning of the *Canada Student Loan Act* R.S.C. 1985, c.S-23, since the child reached 18 years of age, or

(c) has been totally disabled since the child reached 18 years of age, or

(d) has become totally disabled subsequent to age 18 and was qualified as a Dependent Child under subparagraph (b) on the date of becoming totally disabled;

"Earnings" means the regular compensation, including Salary Continuance, but excluding bonuses, overtime pay and any travel or other allowances, payable to an Employee by YHC. Earnings shall also include Deemed Earnings defined under paragraph 6.5;

"Effective Date" of the Plan means April 1, 1993;

"Elective Service" in respect of a Member, means:

(a) any period of continuous employment with YHC during which the Member was on a period of Temporary Absence which has not been counted as Credited Service pursuant to paragraph 4.6 and following which the Member returned to active employment or commenced an Approved Period of Disability;

(b) any period of continuous employment with YHC prior to joining the Plan during which the Member worked an average of at least 12 hours per week, provided such period has not otherwise been counted as part of the Member's Credited Service; or

(c) any period of continuous employment with YHC in respect of which the Member previously received a Commuted Value transfer following a previous termination of employment from YHC;

"Employee" means a person who is employed by YHC;

"Full Time" means employment with YHC~~ for a period of more than six months,~~ for the standard number of hours per week applicable to the position;

"Group 1 Member" means a Member who commenced employment with YHC prior to January 1, 2015, provided the Continuous Service of the Member has not been broken;

"Group 2 Member" means a Member who commenced employment with YHC on or after January 1, 2015;

"Highest Average Indexed Compensation" means one-third of the Member's total Indexed Compensation for the 3 (not necessarily consecutive) 12-month periods of highest Indexed Compensation; or if a Member has less than 3 years of Credited Service, means the aggregate of the Member's total Indexed Compensation divided by the Member's Credited Service;

"***Income Tax Act***" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), and the regulations made thereunder, as amended from time to time;

"Indexed Compensation" means the total compensation received by the Member from YHC in the year, adjusted to reflect increases in the Average Wage for each year from the later of the year, or 1986, to the year of pension benefit commencement;

"Interest" means, in respect of a Plan Year, the amount determined by the following formula:

(A x B) + (A/2 x C)

where:

A is the average of the yields of five-year personal fixed term chartered bank deposit rates, published by the Bank of Canada review as CANSIM series B14045 for the Plan Year;

B is the sum of the Member's Required Contributions, accumulated with Interest, as at the end of the previous Plan Year; and

C is the Member's Required Contributions made during the Plan Year.

For a Plan Year in which a Member joined the Plan or became entitled to a termination, retirement, or death benefit under the Plan, the Interest computed for the Plan Year shall be further multiplied by the following ratio:

D/E

where:

D is the number of days in the Plan Year after becoming a Member and prior to becoming entitled to a termination, retirement, or death benefit under the Plan, as applicable;

E is the number of days in the Plan Year;

Notwithstanding the foregoing, when used in relation to buyback payments pursuant to subsection 12.3, "**Interest**" means the going concern discount rate used in the most recent actuarial valuation of the Plan;

"**Medical Doctor**" means a physician or a surgeon licensed to practice under the laws of a province or territory of Canada or of the place where the Member resides and whom YHC recognises as being qualified to give an expert opinion concerning the physical or mental condition of a Member;

"**Member**" means an Employee or former Employee who has joined the Plan and who continues to be entitled to benefits under the Plan;

"**Minister**" means the Minister of National Revenue;

"**Normal Form**" has the meaning assigned thereto by Article 8;

"**Normal Retirement Date**" means in respect of a Member, the date referred to in paragraph 5.1;

"**PSSP Earnings**" means, in respect of a particular year prior to 1994, a Member's actual pensionable earnings as defined under the *Public Service Superannuation Act*;

"**Part Time**" means employment with YHC ~~for a period of more than six months,~~ for less than the standard number of hours per week applicable to the position but at least half of the standard number of hours per week applicable to the position;

"*Pension Benefits Standards Act*" means the *Pension Benefits Standards Act, 1985*, R.S.C. 1985 c. 32 (2nd Supp.), and the regulations made thereunder, as amended from time to time;

"Pension Committee" means the committee established to administer the Plan pursuant to Article 13;

"Pension Credit" has the meaning given in subsection 8301(6) of the Income Tax Regulations as amended from time to time. In general, a Pension Credit measures the pension benefits that accrue to a Member under the Plan during the year;

"Plan" means the Yukon Hospital Corporation Employees' Pension Plan in force and as amended from time to time;

"Plan Factors" means such standards for determining amounts of pensions, amounts of Interest, commuted values of pensions, and other standards and procedures of a like nature as are adopted from time to time by the Pension Committee on the advice of the Actuary and applied on a consistent basis to determinations made under the Plan. Such standards and procedures shall be in accordance with generally accepted actuarial principles and shall follow the Recommendations of the Canadian Institute of Actuaries;

"Plan Year" means the calendar year;

"*Public Service Superannuation Act*" means the *Public Service Superannuation Act*, R.S.C. 1985, c.P-36 and the regulations made thereunder, as amended from time to time;

"Required Contributions" means contributions made in accordance with the provisions of Article 6;

"Retirement Date" means, in respect of a Member, the date on which retirement takes place in accordance with the provisions of Article 5 but does not refer to a date on which a pension may commence in accordance with the provisions of Article 9;

"Salary Continuance" means payments received during periods of sick leave in accordance with YHC's normal policies relating to periods of short-term disability;

"Spouse" means a person who, if there is no Common-law Partner, is married to the Member or is party to a void marriage with the Member;

"Superintendent" means the Superintendent as defined in the *Pension Benefits Standards Act*;

"Temporary Absence" shall have the meaning described in paragraph 4.5;

"Totally Disabled" means a Member who is certified as totally disabled by a Medical Doctor and is in receipt of benefits under a long term disability insurance policy issued to YHC or under any government sponsored plan;

"Trust Fund" means the fund established under the terms of the Agreement for the purposes of the Plan;

"Trustee" means a life insurance company, a trust company or a board of trustees appointed from time to time by the Pension Committee to administer the Trust Fund in accordance with the Agreement;

"Union" means the certified bargaining agent(s) for YHC employees;

"YHC" means the Yukon Hospital Corporation and any successor thereto;

"YMPE" means the Year's Maximum Pensionable Earnings and has the meaning assigned thereto by the Canada Pension Plan, as amended from time to time.

Article 3 - Membership

3.1 Eligibility

(a) An individual shall become a Member immediately ~~upon~~after becoming an Employee of YHC on a Full Time indefinite employment basis.

(b) An individual employed with YHC on a Part Time indefinite employment basis or on a Full Time or Part Time fixed term employment basis where the fixed term is 6 months or more shall not automatically become a Member but may elect to become a Member at any time~~ on or after becoming an Employee of YHC on a Part Time basis~~.

(c) ~~(b)~~ An Employee employed with YHC on a Casual basis may elect to become a Member on the first day of any pay period coinciding with or following the date on which the Employee has completed two consecutive calendar years of service in each of which the Employee:

(i) earned 35% or more of the YMPE, or

(ii) worked 700 or more hours with YHC;

~~Such election shall be irrevocable.~~

(d) An individual employed on a Full Time or Part Time fixed term employment basis where the initial fixed term is less than 6 months shall not become a Member, provided that if the initial term is extended or the individual immediately commences one or more additional fixed terms of employment after the expiration of the initial term such that the duration of the combined terms is 6 months or more, then subparagraph (f) shall apply to the individual.

(e) ~~(c)~~ An Employee who becomes employed on a ~~Full Time~~ basis described in subparagraph (a) and who immediately prior to becoming employed on that basis was ~~previously~~ employed on ~~a Part Time or Casual~~any other basis and who was not already a Member shall become a Member immediately.

(f) An Employee who becomes employed on a basis described in subparagraph (b) and who immediately prior to becoming employed on that basis was employed on any other basis and who was not already a Member may elect to become a Member at any time.

(g) ~~(d)~~ A Member may not cease to be a Member of the Plan except by termination of service, retirement or death, or by termination of the Plan.

(h) An election under this paragraph 3.1 shall be made in Approved Form and shall be irrevocable while the Member remains an Employee.

3.2 Religious Exemption

An Employee who, because of religious beliefs, objects to becoming a Member of the Plan is not required to become a Member. Such an Employee shall elect in the Approved Form not to join the Plan when first eligible.

3.3 Enrolment

An Employee becoming a Member of the Plan shall sign an application for membership in the Approved Form.

Article 4 - Service

4.1 Continuous Service

Continuous Service means the period of a Member's uninterrupted employment with YHC in completed calendar years and months beginning with the date on which the Member was last employed by YHC and ending on the earliest of termination of service, retirement or death, or the termination of the Plan. Continuous Service shall be deemed not to be interrupted by a period of Temporary Absence or Salary Continuance, nor by an Approved Period of Disability

4.2 Special *Public Service Superannuation Act* Transfers

In respect of a person who became a Member on or prior to October 1, 1993, Continuous Service shall also include any period of employment which is considered continuous employment with the Federal Government up to October 1, 1993.

4.3 Regular Pension Transfers

In respect of a person who became a Member after October 1, 1993 and who is covered by the terms of a pension transfer agreement as outlined in paragraph 12.1, Continuous Service shall be determined according to the terms of the pension transfer agreement, and in accordance with Applicable Rules and Legislation.

4.4 ~~Part~~Continuous Service for Other than Full Time Employees

In respect of any period during which the Employee is employed on other than a ~~Part~~Full Time basis, Continuous Service shall be calculated in calendar years and months of employment regardless of the number of hours actually worked each year or month.

4.5 Temporary Absence

Temporary Absence means:

(a) a period of unpaid maternity or parental leave that is consistent with the provisions of YHC's personnel policies and the collective agreement between YHC and the Union, or a period of absence for the purpose of undergoing training or instruction that is approved by YHC and which in the opinion of YHC is advantageous to YHC;

(b) a period of leave under YHC's Deferred Salary Leave Plan or another period of absence not described in (a) that is approved by YHC and which constitutes an eligible period of temporary absence as defined in the *Income Tax Act*; or

(c) a period of disability as defined in the *Income Tax Act*, other than an Approved Period of Disability or a period for which Salary Continuance is paid;

4.6 Credited Service

Subject to paragraphs 4.7, 4.8 and 4.9, Credited Service means, with respect to a Member, the aggregate of each period of Continuous Service in Canada expressed in years including fractional years;

(a) during which the Member made Required Contributions under the Plan, and

(b) during which the Member was on an Approved Period of Disability, and

(c) prior to October 1, 1993 any pensionable service for which the Member received credit under the special reciprocal transfer agreement with the Federal Government, and

(d) in respect of a person who became a Member after October 1, 1993 and who is covered by the terms of a pension transfer agreement as outlined in paragraph 12.1, any pensionable service with the other employer named in the pension transfer agreement which is deemed Credited Service in this Plan in accordance with the pension transfer agreement, and

(e) during which the Member was on a Temporary Absence in respect of which the Member has made all required contributions under paragraph 6.4, and

(f) that is a period of Elective Service for which the Member has made buyback payments pursuant to paragraph 12.3, subject to the limits set out in paragraph 4.8.

4.7 Credited Service for ~~Part~~Other than Full Time~~-or Casual~~ Employees

In respect of any period during which the Member was employed on other than a ~~Part~~Full Time~~-or Casual~~ basis, Credited Service shall be calculated as the proportion of the period that the hours actually worked was of the scheduled number of hours worked by a Full Time ~~employee~~Employee employed in a similar position, as determined by the Pension Committee.

4.8 Limit on Certain Kinds of Credited Service

For the purposes of subparagraphs 4.6(e) and (f), no more than

(a) five years of unpaid leave of absence, excluding maternity or parental leaves, and

(b) eight years of unpaid leaves of absence, including maternity or parental leaves.

constituting "eligible periods of temporary absence" as defined in the *Income Tax Act*, may be counted as Credited Service.

4.9 Credited Service if Buy Back Payments Not Completed

For the purposes of subparagraph 12.4(d), if a Member retires, terminates or dies, or if the Plan terminates before such Member has completed making buyback payments under Article 12, Credited Service shall include only the period of Elective Service for which the Member has made buyback payments. Such period of Elective Service shall be calculated by the Actuary using generally accepted actuarial principles.

Article 5 - Retirement Date

5.1 Normal Retirement

The Normal Retirement Date of a Member under the Plan shall be the first day of the month coincident with or next following the Member's 65th birthday provided the Member has terminated employment prior to such date.

5.2 Early Retirement

A Member may request, in the Approved Form, an early Retirement Date on the first day of any future calendar month that is no less than 90 days after the date of the request, provided they are on the proposed early Retirement Date:

(a) a Group 1 Member who

(i) has attained age 50 or

(ii) has completed 30 years of Continuous Service, or

(b) a Group 2 Member who

(i) has attained age 55 or

(ii) has attained age 50 and has completed 30 years of Continuous Service,

Provided the requested date is approved, and the Member has terminated employment prior to the proposed date, such date shall be the Member's early Retirement Date.

5.3 Late Retirement

The Retirement Date of a Member may be deferred by election of the Member in an Approved Form until the first day of any future month after the date that would be the Member's Normal Retirement Date, provided the Member has terminated employment prior to that late Retirement Date. Despite the foregoing, a late Retirement Date shall be no later than the first day of the last month of the calendar year in which the Member attains age 71, even if the Member has not terminated employment by such date.

Article 6 - Contributions

6.1 Member Required Contributions

Each Plan Year a Member shall be required to contribute to the Plan, by payroll deduction, an amount according to the following contribution formula:

(A+B) x C

where:

A is the Member's annualized Earnings up to the YMPE for the Plan Year, multiplied by the applicable percentage rate determined pursuant to paragraph 6.2 in respect of the Plan Year;

B is the Member's annualized Earnings in excess of the YMPE for the Plan Year, multiplied by the applicable percentage rate determined pursuant to paragraph 6.2 in respect of the Plan Year;

C is the proportion of hours of Credited Service earned by the Member in the Plan Year to the standard number of hours of Credited Service earned by a Full Time Employee in a similar position in the Plan Year.

No Member contributions shall be required during an Approved Period of Disability.

6.2 Method of Setting Member Required Contribution Rates

(a) For Plan Years 2010 to 2014 inclusive, the Required Contribution rates for Members are as follows:

	Member Required Contributions On annualized Earnings up to YMPE for Plan Year	Member Required Contributions On annualized Earnings above YMPE for Plan Year
2010	5.75	7.75
2011	6.00	8.00
2012	6.20	8.20

	Member Required Contributions On annualized Earnings up to YMPE for Plan Year	Member Required Contributions On annualized Earnings above YMPE for Plan Year
2013	6.40	8.40
2014	5.85	7.85

(b) Commencing January 1, 2015, consistent with the objective outlined in paragraph 1.3 of maintaining the Plan in a manner consistent with the pension plan for the Public Service of Canada, changes to the rate of Member Required Contributions shall be phased in such that by January 1, 2018 total Member Required Contributions constitute as close as possible to 50% of the expected normal cost of the Plan for that Plan Year, subject to paragraph 6.7 (the "50% Cost Sharing Rule"), as follows:

(i) Required Contribution rates for Group 1 Members will be as follows:

	Member Required Contributions On annualized Earnings up to YMPE for Plan Year	Member Required Contributions On annualized Earnings above YMPE for Plan Year
2015	6.80	8.80
2016	7.00	9.00
2017	7.10	9.10

(ii) Required Contribution rates for Group 2 Members will be as follows:

	Member Required Contributions On annualized Earnings up to YMPE for Plan Year	Member Required Contributions On annualized Earnings above YMPE for Plan Year
2015	5.80	7.80
2016	5.90	7.90
2017	6.00	8.00

(c) Each Plan Year commencing in 2017 in respect of Plan Year 2018, the Actuary for the Plan shall prepare a recommendation as to the Member Required Contribution rates for the forthcoming Plan Year or Plan Years consistent with the 50% Cost Sharing Rule set out in subparagraph 6.2(b) and based on the most recent formal actuarial valuation of the Plan and such further interim valuation estimates as the Actuary may prepare for the purpose. The Board shall adopt Required Contribution rates for each such Plan Year or Plan Years upon consultation with the Pension Committee, which shall become effective on the latest of the next January 1, the date that is 90 days following the Pension Committee's first consideration of the rates and the date that is 90 days following the date the Union is first advised of the rates.

(d) The Required Contribution rates determined as described in subparagraph (c) for Plan Years 2018~~, 2019, 2020 and 2021~~ through 2024 inclusive are as follows:

(i) Required Contribution rates for Group 1 Members will be as follows:

	Member Required Contributions On annualized Earnings up to YMPE for Plan Year	Member Required Contributions On annualized Earnings above YMPE for Plan Year
2018	8.10	10.10
2019	8.10	10.10
2020	8.10	10.10
2021	7.90	9.90
2022	7.90	9.90
2023	7.60	9.60
2024	6.50	8.50

(ii) Required Contribution rates for Group 2 Members will be as follows:

	Member Required Contributions On annualized Earnings up to YMPE for Plan Year	Member Required Contributions On annualized Earnings above YMPE for Plan Year
2018	7.00	9.00
2019	7.00	9.00
2020	7.00	9.00
2021	6.80	8.80
2022	6.80	8.80
2023	6.50	8.50
2024	5.40	7.40

6.3 Transfers under Reciprocal Agreement

For the purposes of this Article the amount transferred into the Plan, in accordance with the reciprocal agreement between YHC and the Federal Government, on behalf of Members as of October 1, 1993 who participated in the Public Service Pension Plan governed by the *Public Service Superannuation Act* prior to October 1, 1993, shall be treated as Required Contributions. For purposes of Article 9, the Member's Required Contributions in respect of Service prior to January 1, 1987 will be the proportion of the total amount transferred into the Plan that the Member's Credited Service prior to January 1, 1987 is of the total Credited Service prior to October 1, 1993.

Similar amounts transferred into the Plan in accordance with other pension transfer agreements shall be treated in accordance with the terms of the governing pension transfer agreement.

6.4 Contributions During Temporary Absence

(a) A Member on a Temporary Absence pursuant to subparagraph 4.5(a) or (c) may elect, in the Approved Form, to contribute Member Required Contributions at the rate in effect during the period.

(b) A Member on a Temporary Absence pursuant to subparagraph 4.5(b) may elect, in the Approved Form, to contribute Member Required Contributions at the rate in effect during the period for the first three months of the Temporary Absence and two times such rate for any period in excess of three months.

(c) The Administrator may establish and maintain policies and procedures under which Member Required Contributions made pursuant to subparagraph 6.4(a) or (b) may be remitted by the Member in arrears following the conclusion of the Temporary Absence, provided that no Credited Service in respect of the periods of Temporary

Absence to which such Member Required Contributions relate shall be considered accrued until all such contributions are remitted.

6.5 Deemed Earnings

A Member who elects to make contributions in accordance with paragraph 6.4 shall contribute to the Plan on the basis of the Member's Deemed Earnings during the period of Temporary Absence. "**Deemed Earnings**" for this purpose means the Earnings the Member would have received had the Member continued in employment during the period of Temporary Absence on the same basis as immediately prior to the period of Temporary Absence.

6.6 No Withdrawal of Contributions

A Member shall not be permitted to withdraw any contributions from the Plan while employed by YHC unless such a withdrawal is required by paragraph 1.5 of the Plan.

6.7 Maximum Member Contributions

Unless otherwise consented to by the Minister of National Revenue, the aggregate amount of current service contributions to be made by a Member in respect of a calendar year after 1990, no part of which is an eligible period of temporary absence or a period of disability, each as defined in the *Income Tax Act*, shall not exceed the lesser of:

(a) 9% of the Member's Earnings for the year; and

(b) the sum of $1,000 and 70% of the Member's Pension Credit for the year.

6.8 Timing of Member Contributions

In no event shall a Member be entitled to contribute before a calendar year to which contributions relate.

6.9 YHC Contributions

YHC shall contribute each year an amount which is not less than an amount which, in the opinion of the Actuary, is necessary to provide for:

(a) the cost, in excess of the contributions made by the Members, of benefits expected to be accrued by the Members in respect of Credited Service in that year, and

(b) the liquidation of any unfunded liabilities over a period not exceeding the expected future working lifetimes of the then present Members.

6.10 Minimum YHC Contributions

Under no circumstances shall the amount of contributions made by YHC in a year be less than the total amount of the contributions made by the Members in that same year.

6.11 Compliance with Funding and Solvency Tests

Notwithstanding paragraph 6.9, YHC shall ensure that the contributions made to the Plan are sufficient to comply with such tests and standards for funding and solvency as are prescribed pursuant to the *Pension Benefits Standards Act*.

6.12 Contingency Reserve

If the actuarial value of the Plan's assets exceeds the actuarial value of the Plan's liabilities, as disclosed in an actuarial valuation, then a contingency reserve of up to 10%

of the actuarial value of the Plan's liabilities, or such other percentage as may be permitted by Applicable Rules and Legislation, will be maintained.

6.13 Distribution of Actuarial Surplus

Any actuarial surplus in the Plan disclosed in an actuarial valuation of the Plan after January 1, 1990 after allowing for paragraph 6.12 shall be utilized as follows:

(a) to reduce the contributions required to be made by YHC in accordance with paragraph 6.9 to an amount not less than the contributions made by the Members in that same year, or

(b) to reduce the contributions required to be made by Members in accordance with paragraph 6.1, or

(c) to improve the benefits of the Plan.

6.14 Trust Fund

All contributions under the Plan shall be paid to the Trust Fund:

(a) in the case of Member contributions, within 30 days following the month in which they were deducted from the Member's Earnings;

(b) in the case of YHC contributions, other than contributions in respect of an unfunded liability, in monthly instalments within 30 days following the month for which such contributions are payable; and

(c) in the case of YHC contributions in respect of an unfunded liability, in equal monthly instalments throughout the Plan Year.

Except as otherwise provided under the Plan, payments shall be made out of the Trust Fund only to pay the benefits provided to Members and their Spouses, Common-law Partners, or Beneficiaries in accordance with the Plan, or to pay expenses relating to the administration of the Plan.

6.15 Investment of Trust Fund

The assets of the Trust Fund shall be invested in accordance with the Agreement and at all times shall be in such securities and obligations as are prescribed pursuant to the *Pension Benefits Standards Act*.

6.16 Actuarial Valuation of Plan

An actuarial valuation of the assets and liabilities of the Plan and Trust Fund shall be conducted by the Actuary at least once every three years if the solvency ratio of the Plan is 1.20 or greater, at least annually if the solvency ratio is less than 1.20, or at such other interval as the Superintendent directs.

Article 7 - Pensions

7.1 Normal Retirement Pension

The annual amount of pension in the Normal Form payable to a Member who retires on a Normal Retirement Date in accordance with paragraph 5.1 or a late Retirement Date in accordance with paragraph 5.3 shall be equal to (a) minus (b) below:

(a) (i) 2% of the Member's Best Average Earnings multiplied by the Member's Credited Service, excluding any Credited Service as defined in subparagraph 4.6(c);

PLUS

(ii) 2% of the Member's Best Average Deemed PSSP Earnings multiplied by the Member's Credited Service earned prior to October 1, 1993 for which the Member received credit under the special reciprocal transfer agreement with the Federal Government, in accordance with subparagraph 4.6(c);

(b) (i) 0.6% of the lesser of the Member's Best Average Earnings and the AMPE multiplied by the Member's Credited Service, excluding any Credited Service as defined in subparagraph 4.6(c);

PLUS

(ii) 0.6% of the lesser of the Member's Best Average Deemed PSSP Earnings and the AMPE multiplied by the Member's Credited Service earned after January 1, 1966 and prior to October 1, 1993 for which the Member received credit under the special reciprocal transfer agreement with the Federal Government, in accordance with subparagraph 4.6(c).

7.2 Early Retirement Pension

(a) The annual amount of pension in the Normal Form payable to a Member who retires in accordance with paragraph 5.2 shall be the pension which would have been payable at the Normal Retirement Date in accordance with the provisions of subparagraph 7.1(a) above, but subject to either subsection (b) or (c) below, if applicable.

(b) If a Group 1 Member who retires in accordance with paragraph 5.2 is less than age 60 and has not completed 30 years of Continuous Service the amount calculated in subparagraph 7.1(a) shall be reduced at the rate of five-twelfths of one per cent for each complete month (5% per year) between the early Retirement Date and the Member's 60th birthday or, if less, the number of complete months to completion of 30 years of Continuous Service if the Member had continued to work rather than retire.

(c) If a Group 2 Member who retires in accordance with paragraph 5.2 is less than age 65 and has not completed 30 years of Continuous Service the amount calculated in subparagraph 7.1(a) shall be reduced at the rate of five-twelfths of one per cent for each complete month (5% per year) between the early Retirement Date and the Member's 65th birthday or, if less, the number of complete months to completion of 30 years of Continuous Service if the Member had continued to work rather than retire.

(d) The annual amount of pension as determined above shall be reduced effective on the first pension payment date following the Member's 65th birthday by the amount determined in accordance with the provisions of subparagraph 7.1(b).

7.3 Special Early Retirement Program

The early retirement reduction determined in subparagraph 7.2(b) shall not apply in respect of a member who:

(a) retires in accordance with paragraph 5.2 between June 1, 1996 and March 31, 1998, inclusive,

(b) is employed with YHC in an eligible position immediately prior to retirement, as determined by the Board of Trustees of YHC, and

(c) satisfies at least one of the following conditions:

(i) 30 years of Credited Service, or

(ii) the sum of age plus years of Credited Service equal to at least 80.

7.4 Maximum Pension

Notwithstanding anything to the contrary contained herein, the annual amount of lifetime retirement pension payable to a Member in the Normal Form under the Plan at pension commencement, including any amount paid out to the Member's Spouse or Common-law Partner as a result of marriage breakdown or a breakdown of a Common-law Partnership, termination of employment or termination of the Plan shall not exceed the aggregate of:

(a) for each year of Credited Service before January 1, 1992 to a maximum of 35 years, the lesser of:

(i) 2% of the Member's Highest Average Indexed Compensation, and

(ii) the Defined Benefit Limit for the year in which pension payments commence; and

(b) for each year of Credited Service after January 1, 1992, the lesser of:

(i) 2% of the Member's Highest Average Indexed Compensation, and

(ii) the Defined Benefit Limit for the year in which pension payments commence;

reduced, if the pension commencement date precedes the earlier of the day on which:

(iii) the Member will attain age 60;

(iv) the Member's age plus Credited Service would have totalled 80 years; and

(v) the Member would have completed 30 years of Credited Service

by ¼ of 1% for each month by which the pension commencement date precedes that day.

7.5 Maximum Pension (Pre-June 8, 1990 Credited Service)

Notwithstanding paragraph 7.4, the maximum pension provided under the Plan in respect of each year of Credited Service prior to June 3, 1990 that was bought back after June 8, 1990, in accordance with subparagraph 12.2 (a) or (b), shall not exceed two-thirds of the Defined Benefit Limit for the Year in which pension payments commence (or $1,150 if greater).

7.6 Retirement Benefits Before Age 65 (Post-1992 Credited Service)

Notwithstanding anything contrary contained herein, the initial annual amount of retirement benefits payable to a Member from the time the benefits commence to be paid to the time the Member attains 65 years of age in respect of Credited Service after December 31, 1991 cannot exceed the amount determined by the formula:

(A x B) + (0.25 x C x D/35)

where:

A is the Defined Benefit Limit for the calendar year in which the benefits commence to be paid,

B is the aggregate of all amounts each of which is Credited Service after December 31, 1991 (measured in years, including any fraction of a year) of the Member,

C is the average of the YMPE for the year in which the benefits commence to be paid, and for each of the preceding two years, and

D is the lesser of 35 and the amount determined for B.

7.7 Maximum Bridging Benefits

For added clarity, the amount of bridging benefits payable to a Member shall not exceed the amount determined in accordance with Income Tax Regulation 8509(2)(a).

7.8 Indexing of Pensions

(a) (i) Pensions in the course of payment to Members who retired pursuant to Article 5, and following their deaths, to their joint annuitants and beneficiaries including any future reductions thereto, will be increased each January 1 subsequent to the year in which the pension commenced.

(ii) The adjustment to a pension in accordance with this paragraph shall be calculated as the greater of zero and the percentage change in the

Consumer Price Index for Canada during the 12-month period which ended on the September 30 immediately preceding the date of the adjustment.

(b) If the pension in respect of which an adjustment is to be made in accordance with subparagraph 7.8(a) has been in payment for less than 12 months, the percentage adjustment shall be multiplied by the fraction N/12 where N is the number of months for which the pension has been in payment.

(c) Where such an increase is granted to a Member who is less than age 60, the resulting pension shall not exceed the maximum pension specified in paragraph 7.4.

7.9 Portability of Retirement Date Pension

(a) A Member who has reached a Retirement Date as defined in the Plan shall be entitled to the pension benefits described in this Article 7 and may not take portability of such pension benefits.

(b) Despite subparagraph (a), a Member who~~,~~ has reached a Retirement Date as defined in the Plan and who, prior to January 1, 2022, attained age 50 if a Group 1 Member or age 55 if a Group 2 Member may elect in Approved Form to take portability of their pension benefits, in the same manner as is described in paragraph 9.3 of the Plan.

(c) Despite subparagraph (a), a Member who has reached a Retirement Date as defined in the Plan and who has less than 2 years of Credited Service on such date may elect in Approved Form to take portability of their pension benefits, in the same manner as is described in paragraph 9.3 of the Plan.

Article 8 - Form of Pensions

8.1 Members with a Spouse or Common-law Partner

(a) The Normal Form of pension for a Member who has a Spouse or Common-law Partner on the Member's Retirement Date is a pension payable to the Member for life and, after the Member's death, a pension payable to the Spouse or Common-law Partner for the Spouse's or Common-law Partner's remaining lifetime of 60% of the pension that would have been payable in respect of the Member had such death not occurred.

(b) If the Member is survived by a Spouse or Common-law Partner and by one or more Dependent Children, there shall be payable to each Dependent Child, to a maximum of three children, for as long as they remain Dependent Children, a pension of 10% of the pension that would have been payable in respect of the Member had the death not occurred. If there are more than three Dependent Children, pensions will only be payable to the three youngest Dependent Children for as long as they remain Dependent Children.

8.2 Members without a Spouse or Common-law Partner, but with Dependent Children

(a) The Normal Form of pension for a Member who has neither a Spouse nor a Common-law Partner but has one or more Dependent Children shall be a pension payable for the lifetime of the Member and, after the Member's death, a pension payable to the legal guardian of the Dependent Children on behalf of the Dependent Children, or to the Dependent Children if no legal guardian is required by law, of 60% of the pension that would have been payable in respect of the Member had such death not occurred.

(b) If there is more than one Dependent Child, then an equal share of the pension payable in respect of the Dependent Children shall be paid in respect of each Dependent Child.

(c) The portion of the pension payments made in respect of a Dependent Child shall cease when the Dependent Child ceases to be a Dependent Child and subsequent pension payments shall be redistributed to the remaining Dependent Children, if any.

8.3 Members without a Spouse or Common-law Partner and with no Dependent Children

The Normal Form of pension for a Member who does not have a Spouse or Common-law Partner nor any Dependent Children shall be a pension payable for the lifetime of the Member. Should the Member die before 60 payments have been made, payments will continue to the Member's Beneficiary until 60 payments, including those paid to the Member, have been made.

8.4 Lump Sum Refund When Pension Payments Cease

If pension payments cease before the total of the payments made to the Member and the Member's Spouse, Common-law Partner and Dependent Children if any, is at least equal to the Member's Required Contributions accumulated with Interest, the unpaid balance of this aggregate amount shall be paid in a lump sum to the Beneficiary of the Member, Spouse or Common-law Partner or, where the pension ceases because a Child ceases to be a Dependent Child, to that Child.

8.5 Payment of Pensions

Each pension shall be paid in monthly instalments with the first instalment payable on the last day of the month in which the Member retires or otherwise becomes entitled to a pension. The last instalment is payable on the last day of the month in which the Member dies and is payable to the person then entitled to receive any subsequent payments from the Plan. A corresponding procedure is followed when the pension is being paid to a Spouse, Common-law Partner, or Dependent Child. The amount of each monthly instalment shall be one twelfth of the Member's annual pension.

8.6 Continuance of Payments

The payment of pensions is subject to the right of the Pension Committee to receive satisfactory proof of the existence of the retired Member, the surviving Spouse or Common-law Partner or other eligible dependants, as the case may be.

8.7 Old Age Security Integration

(a) A Member who commences a pension before the Member's 65th birthday may, prior to the commencement of the pension, elect to have the pension integrated with the Old Age Security pension expected to be received by the Member. The effect of such integration shall be to provide the Member with an increased pension from the Plan until the last day of the month in which the Member attains age 65. Thereafter, the pension will be reduced by the amount previously expected to be received as Old Age Security pension. The increase in pension payable until age 65 shall be calculated on the basis of Plan Factors and equivalent in value of the reduction in pension after age 65.

(b) The amount of such increase up to age 65 and reduction at age 65 will not be subject to the adjustments described in paragraph 7.8.

(c) Any pension payable from the Plan in respect of a Spouse, Common-law Partner, or eligible dependants shall be determined as if the Member had not made the election described in subparagraph (a).

(d) The integration option shall be available to the Spouse or Common-law Partner of a Member and the conditions specified in subparagraph (a) shall apply.

8.8 Other Forms of Pension

(a) In lieu of the Normal Form of pension, a Member who:

(i) does not have a Spouse or Common-law Partner, or

(ii) has a Spouse or Common-law Partner, who has so elected in the Approved Form,

may elect in the Approved Form prior to the Member's pension commencement date any other form of lifetime pension which is acceptable to the Pension Committee and conforms to the requirements of Applicable Rules and Legislation.

(b) If such optional form of pension is on a single life basis, it shall be calculated on the basis of Plan Factors and equivalent in value to the pension and other benefits which would otherwise have contingently been payable, determined as if the Member did not have a Spouse, Common-law Partner or any Dependent Children in accordance with paragraph 8.3.

8.9 Maximum Post Retirement Survivor Benefits

The amount of survivor retirement benefits payable each month to a beneficiary shall not exceed 66 2/3% of the amount of retirement benefits that would have been payable under the provision for the month to the Member if the Member were alive, unless the additional survivor benefits are provided in lieu of a proportion of the lifetime retirement benefits that would otherwise have been payable to the member, in accordance with Applicable Rules and Legislation.

8.10 Limit on Survivor Benefits

The aggregate amount of survivor retirement benefits and other retirement benefits payable each month under the provision to beneficiaries of the Member shall not exceed 100% of the amount of retirement benefits that would have been payable under the provision for the month to the Member if the Member were alive.

8.11 Election Irrevocable

No change can be made in the form of pension elected by a Member after the first pension payment has been made.

8.12 Commutation of Small Pensions

(a) If the Commuted Value of a pension payable to a Member under the Plan is less than 20% of the YMPE for the calendar year in which a Member ceases to be a Member or dies (or such other value as may be prescribed under the *Pension Benefits Standards Act*), the amount payable to a Member, Spouse or Common-law Partner will be paid in a lump sum, rather than as a pension. The amount of the lump sum shall be the Commuted Value of the pension otherwise payable under the Plan. Such lump sum payment shall be a final settlement of all rights of the Member under the Plan.

(b) If a Member establishes, by a statement from a Medical Doctor, that the Member has only a short life expectancy, any pension to which the Member is entitled under the Plan may be commuted subject to the written consent of the Spouse or Common-law Partner and considering the needs of the Dependent Children on the basis of Plan Factors and paid as a lump sum. Such lump sum payment shall be a final settlement of all rights of the Member under the Plan.

Article 9 - Termination of Service

9.1 Entitlement to Deferred Pension on Termination of Service

A Member who terminates service prior to a Retirement Date is entitled to:

(a) in respect of Credited Service before January 1, 1987, the greater of:

(i) a pension in the Normal Form commencing in the month immediately following attainment of age 60 that can be provided by the Member's Required Contributions made prior to January 1, 1987, accumulated with Interest to the Member's date of termination of service, or

(ii) a pension in the Normal Form commencing in the month immediately following the attainment of age 60, the annual amount of which shall be determined in accordance with paragraph 7.2 based on the Member's Credited Service prior to January 1, 1987;

(b) in respect of Credited Service on or after January 1, 1987,

(i) if the Member is a Group 1 Member, a pension in the Normal Form commencing in the month immediately following the attainment of age 60, the annual amount of which shall be determined in accordance with paragraph 7.2 based on the Member's Credited Service on or after January 1, 1987, or

(ii) if the Member is a Group 2 Member, a pension in the Normal Form commencing in the month immediately following the attainment of age 65, the annual amount of which shall be determined in accordance with paragraph 7.1 based on the Member's Credited Service.

9.2 Indexing of Deferred Pension

The initial deferred pension payable in accordance with paragraph 9.1 to the former Member at their pension commencement date is the amount that the former Member would normally receive, adjusted by the percentage difference between the average Consumer Price Index for Canada for the calendar year immediately preceding the date of retirement and the average Consumer Price Index for Canada for the calendar year in which the former Member terminated Service. The initial amount of the pension so calculated is adjusted thereafter on an annual basis in the same manner as described in paragraph 7.8. For the purposes of the application of subparagraph 7.8(b), N is the lesser of 12 and the number of months since the Member's date of termination, instead of the number of months for which the pension has been in payment.

9.3 Portability of Deferred Pension

(a) Subject to subparagraphs (b), (c), and (d) and paragraph 9.4, provided consent of the Member's Spouse or Common-law Partner has been obtained where required, a Member who terminates service prior to attaining a Retirement Date under Article 5 may elect in the Approved Form to transfer the Commuted Value of the deferred pension to which they are entitled under paragraph 9.1 to:

(i) a pension fund of another registered pension plan where the administrator of such plan agrees to accept the transfer, or

(ii) a locked-in registered retirement savings plan that complies with any applicable statute of Canada or the *Pension Benefits Standards Act*, or

(iii) any other retirement savings vehicle permitted by both the *Income Tax Act* and the *Pension Benefits Standards Act*, or

(iv) purchase an immediate or deferred life annuity.

(b) Despite subparagraph (a), provided consent of the Member's Spouse or Common-law Partner has been obtained where required, a Member who terminates service and who is entitled to a deferred pension pursuant to paragraph 9.1 and to whom either of subparagraph 8.12(a) or (b) applies may elect in the Approved Form, to have the amount:

(i) paid in cash (less applicable taxes); or

(ii) transferred to a pension fund of another registered pension plan where the administrator of such plan agrees to accept the transfer; or

(iii) transferred to any registered retirement savings plan; or

(iv) transferred to any other retirement savings vehicle permitted by both the *Income Tax Act* and the *Pension Benefits Standards Act*; or

(v) used to purchase an immediate or deferred life annuity.

(c) Where subparagraph (a) or (b) applies to a Member, the transfer of a lump sum in full or partial satisfaction of a Member's rights to and interests in benefits under the Plan, or in lieu of such benefits, shall be in an amount which does not exceed that prescribed by the *Income Tax Act*. If the amount prescribed by the *Income Tax Act* as the maximum amount which may be transferred for a Member is less than the lump sum or Commuted Value to which the Member is entitled under the Plan, the excess of the lump sum or Commuted Value over the prescribed amount shall be paid to the Member in cash (less applicable taxes).

(d) Any transfer or purchase of annuity is restricted under the *Pension Benefits Standards Act* if the purchase would impair the solvency of the Plan.

9.4 Benefit Elections

(a) If a Member is entitled to a deferred pension in accordance with paragraph 9.1, the Member may elect in the Approved Form to have the pension commence on the last day of any future month coincident with or following the attainment of age 50 if the Member is a Group 1 Member, or age 55 if the Member is a Group 2 Member, provided that in no case may the pension commence after the end of the calendar year in which the Member attains age 71. If the pension commencement date elected by the Member is prior to the Member's 65^{th} birthday, the pension will be determined in the same manner as is set out in paragraph 7.2. If the pension commencement date elected by the Member is on or after the Member's 65^{th} birthday the pension will be determined in the same manner as is set out in paragraph 7.1.

(b) If a terminated Member who is entitled to elect portability under paragraph 9.3 does not make such an election within 90 days of the date of termination of service, the terminated Member will be deemed to have elected a deferred pension commencing on the last day of the calendar month after the Member attains age 65 and shall not be entitled to elect portability pursuant to paragraph 9.3 after the expiration of that 90 day period.

9.5 Application for Commencement of Pension

It shall be the responsibility of a Member who is entitled to a deferred pension, or if the Member has died, the deceased Member's Spouse, Common-law Partner, Dependent Child or Beneficiary, to apply for any benefits for which such person is eligible.

Article 10 - Death Prior to Retirement

10.1 Members with a Spouse or Common-law Partner

(a) Subject to paragraph 10.4, if a Member dies while an Employee, and is survived by a Spouse or Common-law Partner then the Spouse or Common-law Partner shall receive a lifetime pension equal to 60% of the pension calculated in accordance with paragraph 7.1 in respect of the Member's Earnings and Credited Service up to the date of the Member's death.

(b) Subject to paragraphs 10.7 and 10.8, if a Member dies while an Employee and is survived by a Spouse or Common-law Partner and by one or more Dependent Children, each Dependent Child shall receive a pension of 10% of the pension determined in accordance with paragraph 7.1. If there are more than three Dependent Children, pensions will only be payable to the three youngest Dependent Children for as long as they are Dependent Children (subject to any limitations in the *Income Tax Act*). If paragraph 10.8 applies, the benefits under this subparagraph 10.1(b) shall be reduced or eliminated in priority to benefits under subparagraph 10.1(a).

(c) If a Member dies while an Employee and is survived by a Spouse or Common-law Partner and the Spouse or Common-law Partner subsequently dies while there is one or more Dependent Children, the pension shall, subject to any limitations in the *Income Tax Act*, continue to be paid on the following terms and conditions:

(i) the pension shall be paid to the legal guardian of such Dependent Children on behalf of the Dependent Children, or to the Dependent Children if no legal guardian is required by law;

(ii) if there is more than one Dependent Child, an equal share of the pension shall be paid in respect of each Child; and

(iii) the portion of the pension payments made in respect of a Dependent Child shall cease when the Dependent Child ceases to be a Dependent Child and subsequent pension payments shall be redistributed to the remaining Dependent Children, if any.

10.2 Members without a Spouse or Common-law Partner

If a Member dies while an Employee, and is not survived by a Spouse or Common-law Partner, there shall be paid to the Member's Beneficiary a lump sum benefit calculated in accordance with subparagraph 10.1(a).

10.3 Deferred Pensions

If a Member dies while no longer an Employee and prior to the commencement of the deferred pension and the Member:

(a) is survived by a Spouse or Common-law Partner, the Spouse or Common-law Partner shall receive the lifetime pension, calculated in accordance with Plan Factors, which can be provided by the lump sum amount in accordance with subparagraph 10.1(a),

or

(b) is not survived by a Spouse or Common-law Partner, the Member's Beneficiary or estate, whichever is applicable, shall receive a lump sum payment in accordance with subparagraph 10.1(a).

10.4 Minimum Survivor's Pension

If, at the date of death of the Member:

(a) the value, calculated in accordance with Plan Factors, of the benefit payable to the Spouse, Common-law Partner or Beneficiary in respect of the Member's Credited Service determined in accordance with this Article.

is less than

(b) the value of the pension earned by the Member in respect of Credited Service calculated in accordance with Plan Factors, minus the amount payable to the Spouse or Common-law Partner as a result of the Member's death under a group life insurance plan that is approved by the Superintendent for the purposes of section 23(6) of the *Pension Benefits Standards Act.*

the benefit payable to the Spouse, Common-law Partner or Beneficiary in respect of the Member's Credited Service shall be increased to the value of the pension, calculated in accordance with Plan Factors provided by the amount calculated in subparagraph 10.4(b).

10.5 Portability

In lieu of the pension to which a Spouse or Common-law Partner is entitled in accordance with this Article, the Spouse or Common-law Partner may, within 30 days of receiving notification from the Pension Committee of the benefits payable as a result of the death of the Member, elect in the Approved Form to transfer the value of the pension to one of the following:

(a) a pension fund of another registered pension plan where the administrator of such plan agrees to accept the transfer; or

(b) a locked-in registered retirement savings plan that complies with any applicable statute of Canada or the *Pension Benefits Standards Act*, or

(c) any other retirement savings vehicle permitted by both the *Income Tax Act* and the *Pension Benefits Standards Act*; or

(d) be used to purchase an immediate or deferred annuity.

10.6 Lump Sum Refund When Pension Payments Cease

If the pension payments to a Member's Spouse, Common-law Partner or Dependent Children, if any, cease before the total of these payments, together with any payments previously made to the Member, are at least equal to the Member's Required Contributions with Interest, the unpaid balance of this aggregate amount shall be paid to the Beneficiary or estate of the Spouse Common-law Partner or last Dependent Child, whichever is applicable, when the payments cease because of death, or to the Dependent Child when payments cease because the child ceases to be a Dependent Child.

10.7 Waiver of Pre-Retirement Survivor Benefits

A Spouse or Common-law Partner may, in writing and after the death of the Member, waive the pre-retirement survivor benefit to which the Spouse or Common-law Partner is entitled.

10.8 Maximum Pre-Retirement Survivor Benefits

The present value (at the time of the Member's death) of all benefits provided as a consequence of the Member's death must not exceed the present value (immediately before the Member's death) of all benefits that have accrued with respect to the Member to the date of the Member's death.

Article 11 - Marriage Breakdown

11.1 Division of Pension Benefit

Payment of a pension or deferred pension may be divided between a Member and the Member's Spouse or Common-law Partner pursuant to a domestic contract, separation agreement or court order under the applicable family assets and property laws. YHC must be provided with a certified copy of any such domestic contract, separation agreement or court order.

11.2 Earliest Start Date for Divided Benefit

A domestic contract, separation agreement or court order as described in paragraph 11.1 may not require payment of a pension benefit prior to the earlier of the date on which payment of the pension benefit commences or the Normal Retirement Date of the Member.

11.3 Assignment of Rights

Notwithstanding anything in the Plan or the applicable family assets and property laws, a Member or former Member may assign all or part of a pension benefit under the Plan to such Member's or former Member's Spouse, former Spouse, Common-law Partner or former Common-law Partner, effective as of divorce, annulment, separation or breakdown of the Common-law Partnership, as the case may be, and in the event of such an assignment the assignee shall be deemed to have been a Member and to have ceased membership as of the effective date of the assignment. A subsequent Spouse or Common-law Partner of the assignee is not entitled to any pension benefit in respect of the assigned portion.

11.4 Discharge of Liability

Payments directed by the Pension Committee to be made from the Trust Fund to the Spouse or Common-law Partner of a Member pursuant to a domestic contract, separation agreement or court order as prescribed in paragraph 11.1 shall be a valid and complete discharge of all liability for the payment.

11.5 Portability Option

The Spouse or Common-law Partner on whose behalf a certified copy of a domestic contract, separation agreement or court order has been provided to the Pension Committee as described in paragraph 11.1 shall be provided with the same options as the Member pursuant to Article 9 with respect to the transfer of the commuted value of the Spouse's or Common-law Partner's interest in a deferred pension, when the Member terminates employment with YHC.

11.6 Limitation on Benefits

Following a domestic contract, written separation agreement or court order as described in paragraph 11.1,

(a) the present value of benefits in respect of the Member, including benefits to the Spouse, former Spouse, Common-law Partner or former Common-law Partner, may not increase as a consequence of the Spouse, former Spouse, Common-law Partner or former Common-law Partner becoming so entitled to benefits, and

(b) the benefits in respect of the Member are not, at any time, to be adjusted to replace, in whole or in part, the portion of the Member's benefits to which the Spouse, former Spouse, Common-law Partner or former Common-law Partner has become entitled.

Article 12 – Pension Transfer Arrangements and Buybacks

12.1 Pension Transfer Arrangements

The Board shall authorize the execution of agreements recommended to it by the Pension Committee. Such agreements shall be made between YHC and any administrator of a pension plan involving employee contributions for the purpose of preserving some or all of the benefits to which a person who transfers from or to the employment of YHC is entitled. Such person shall not receive a refund of the contributions which the person was required to make to the plan in which the person participated prior to the date of such transfer.

12.2 *Public Service Superannuation Act* Buybacks

(a) Buybacks Started Before October 1, 1993 for service under the *Public Service Superannuation Act*

A Member who became a Member on or prior to October 1, 1993 and who has, before that date, elected to buy back elective service under the *Public Service Superannuation Act* but has not completed the buyback payments shall do so by making the outstanding buyback payments to this Plan. All the terms and conditions which previously applied to these outstanding buyback payments under the *Public Service Superannuation Act* shall apply under this Plan.

(b) Buybacks Started After October 1, 1993 for service under the *Public Service Superannuation Act*

A Member who has not, before October 1, 1993, elected to buy back a period of elective service under the *Public Service Superannuation Act* and who wishes to do so under this Plan may do so pursuant to the terms of a pension transfer agreement in force in accordance with paragraph 12.1.

12.3 Elective Service Buybacks

(a) Buybacks for Temporary Absences under this Plan

Subject to paragraph 12.4, a Member who has not previously elected to buy back Elective Service in respect of a Temporary Absence under this Plan and who wishes to do so may do so at any time prior to such Member's termination of employment or retirement in accordance with the following:

(i) Where a Member elects to buy back Elective Service in respect of a Temporary Absence defined in subparagraph 4.5(a) or (c), the amount of buyback payments required from the Member in respect of such Temporary Absence shall be the amount of Member Required Contributions that the Member would have been required to make in respect of the Temporary Absence if the Member had not been absent and had received Earnings at a rate equal to the Member's rate of Earnings on the Buyback Date, plus Interest credited up to the Buyback Date; or

(ii) Where a Member elects to buy back Elective Service in respect of a Temporary Absence defined in subparagraph 4.5(b):

A. The amount of buyback payments required from the Member shall be for the first three consecutive months of absence, the amount of the Member Required Contributions that the Member would have been required to make in respect of that portion of the Temporary Absence if the Member had not been absent and had received Earnings at a rate equal to the Member's rate of Earnings on the Buyback Date, and for all periods beyond three months, twice that rate, plus Interest in each case, credited up to the Buyback Date; and

(iii) In no case shall a Member be permitted to buy back Elective Service under this subparagraph 12.3(a) that would contravene the limit described in paragraph 4.8.

(b) Buybacks for periods of employment with YHC prior to joining the Plan

Subject to paragraph 12.4, a Member who has not previously elected to buy back Elective Service for a period of ~~Part Time or Casual~~ employment with YHC meeting the conditions pursuant to subparagraph (~~a~~b) of the definition of "Elective Service" in respect of which the Member was entitled to but did not become a Member of the Plan and who wishes to do so may do so at any time prior to such Member's termination of employment or retirement in accordance with the following:

(i) Where a Member elects to buy back the period of Elective Service pursuant to this subparagraph 12.3(b) within one year of joining the Plan, the amount of buyback payments required from the Member in respect of the period of Elective Service shall be the amount of Member Required Contributions that the Member would have been required to make in respect of the period of employment if the Member had been required to contribute to the Plan and had received Earnings at the following amounts, plus Interest up to the Buyback Date:

A. if the Member was employed on a Full Time basis on joining the Plan, at a rate equal to the Member's rate of Earnings on joining the Plan, or

B. if the Member was employed on other than a ~~Part~~Full Time ~~or Casual~~ basis on joining the Plan, at a rate equal to the rate of Earnings that would have been payable to the Member on joining the Plan had the Member been employed on a Full Time basis at that time,

in each case multiplied by the proportion of the period that the hours actually worked during the period of Elective Service was of the scheduled number of hours worked by a Full Time Employee in a similar position, as determined by the Pension Committee; or

(ii) Where a Member elects to buy back the period of Elective Service pursuant to this subparagraph 12.3(b) after one year of joining the Plan, the amount of buyback payments required from the Member in respect of the period of Elective Service shall be the amount of Member Required Contributions that the Member would have been required to make in respect of the period of Elective Service if the Member had been required to contribute to the Plan and had received Earnings at a rate equal to the following amounts, plus Interest credited up to the Buyback Date:

A. if the Member was employed on a Full Time basis on the Buyback Date, at a rate equal to the Member's rate of Earnings on the Buyback Date; or

B. if the Member was employed on other than a ~~Part~~Full Time ~~or Casual~~ basis on the Buyback Date, at a rate equal to the rate of Earnings that would have been payable to the Member had the Member been employed on a Full Time basis on the Buyback Date.

~~(c)~~ (c) Buybacks for re-employed Members who received a Commuted Value transfer

Subject to paragraph 12.4, a Member who is re-employed by YHC and becomes a Member of the Plan, who previously terminated membership in the Plan and received a Commuted Value transfer in accordance with paragraph 9.3, and who wishes to buy back all or a portion of the period of Elective Service in respect of which the Member's Commuted Value transfer was calculated, may do so one-time-only within one year of re-joining the Plan in accordance with the following:

(i) The option to buy back Elective Service accrued prior to July 1, 2011 pursuant to this subparagraph 12.3(c) is not available to a Member who voluntarily left YHC prior to July 1, 2011 without having vested;

(ii) Subject to clause (iii), a Member who elects to buy back a portion of Elective Service pursuant to this subparagraph 12.3(c) must purchase the portion that is most recent in point of time;

(iii) If a portion of Elective Service that a Member elects to buy back pursuant to this subparagraph 12.3(c) is comprised of both Full Time and ~~Part~~other than Full Time ~~or Casual~~ service, the portion elected shall consist of Full Time service and ~~Part~~other than Full Time ~~or Casual~~ service in the same proportions as those used in determination of the Commuted Value transfer, based on those periods of service that are most recent in point of time; and

(iv) The amount of the lump sum buyback payment required from the Member in respect of the Elective Service (or the applicable portion of Elective Service) in respect of which the Member received a Commuted Value transfer shall be the Commuted Value of the benefits in respect of such

Elective Service (or such applicable portion of Elective Service) calculated by the Actuary as at the Buyback Date.

12.4 Procedures for Elective Service Buybacks

(a) A Member who wishes to buy back Elective Service pursuant to subparagraph 12.3(a), (b) or (c) shall so inform the Administrator and provide all relevant information requested by the Administrator in the Approved Form.

(b) Where a Member elects and is entitled to buy back Elective Service under subparagraph 12.3(a) or (b):

(i) The Administrator shall, upon confirming that the Approved Form required pursuant to subparagraph 12.4(a) is complete and that the requested buyback period qualifies as Elective Service, instruct the Actuary to calculate the cost of the buyback in accordance with subparagraph 12.3(a) or (b), as applicable, using generally accepted actuarial principles, including the going concern assumptions based on the most recent formal actuarial valuation for the Plan as at the Buyback Date. The Actuary shall calculate the cost both as a single lump sum on the Buyback Date and as a series of equal payments commencing on the Buyback Date and ending at the earlier of:

A. 5 years from the Buyback Date, or

B. the first day of the month in which the Member attains age 65; and

(ii) the Administrator shall communicate the results of the Actuary's calculations to the Member. The Member may elect to buy back the Elective Service by paying to the Plan either the lump sum or the series of equal payments as determined by the Actuary's calculations. Such election shall be irrevocable.

(c) Where a Member elects and is permitted to buy back Elective Service under subparagraph 12.3(c), the Administrator shall, upon confirming that the Approved Form required pursuant to subparagraph 12.4(a) is complete and the requested period qualifies as Elective Service, instruct the Actuary to calculate the cost of the buyback as a single lump sum in accordance with subparagraph 12.3(c). The Administrator shall communicate the results of the Actuary's calculations to the Member and the Member may buy back the Elective Service by paying the lump sum to the Plan.

(d) If a Member wishes to retire or terminates employment with YHC, or if the Plan is terminated before the Member has completed making the buyback payments owing to the Plan under subparagraph 12.3(a), (b) or (c):

  (i) the Member may make the remaining buyback payments in full prior to the Member's Retirement Date or date of termination, as applicable; or

  (ii) if the Member does not complete making the remaining buyback payments in full prior to the Member's Retirement Date or date of termination as applicable, the value of the Member's pension will be calculated based on the buyback payments the Plan has received.

(e) Notwithstanding any other provisions of this Plan, the benefits of a Group 2 Member shall be calculated pursuant to the provisions of the Plan that apply to Group 2 Members regardless of whether such Group 2 Member has bought back periods of Elective Service that occurred before or after January 1, 2015.

(f) Notwithstanding any other provision of paragraph 12.3 or this paragraph 12.4, in no case shall the amount of buyback payments required from the Member be greater than the amount of employee contributions with respect to past service allowed under the *Income Tax Act*.

(g) The Administrator shall, in its sole discretion, adopt forms, guidelines and procedures related to buybacks under the Plan that are consistent with paragraph 12.3 and this paragraph 12.4.

Article 13 - Administration of the Plan

13.1 Pension Committee Established

The Board and the Union shall establish a Pension Committee consisting of:

(a) two appointees of the Board,

(b) two appointees of the Union, and

(c) a chairperson who is not a Member selected by the other four Pension Committee members. In the event of an impasse in selecting a chairperson, the chairperson shall be named by the Board.

13.2 Administration of Plan

The Pension Committee shall administer the Plan on behalf of the Administrator and shall decide all matters in question with respect to the operation, administration, and interpretation of the Plan in accordance with the terms of reference approved by the Board and in a manner consistent with the provisions of the *Pension Benefits Standards Act* and of the Plan and Agreement.

13.3 Pension Committee Duties

For greater certainty, the Pension Committee shall:

(a) administer the Plan in accordance with the terms of the Plan as registered except that, where the Plan fails to comply with the prescribed conditions for registration or any other requirements of the Applicable Rules and Legislation, the Pension Committee shall administer the Plan as if it were amended so to comply;

(b) within 30 days inform the Minister and the Superintendent in writing of the name and address of the Administrator, or names and addresses of the persons who constitute the body that is the Administrator;

(c) where there is any change, inform the Minister and the Superintendent in writing, within 60 days after the change, of the new information;

(d) file with the Superintendent a copy of an amendment to the Plan within 60 days after the making of the amendment;

(e) file actuarial reports with the Minister and the Superintendent when required;

(f) file Annual Information Returns with the Minister and the Superintendent;

(g) make applications for Past Service Pension Adjustment certifications;

(h) provide information to YHC to enable it to report Pension Adjustments as required;

(i) under certain circumstances, report a Member's Pension Adjustment to the Minister;

(j) inform the Superintendent annually, or at such times as the Superintendent directs, of any inflation adjustments or other adjustments to pension benefits under the Plan, including the source of the funds to make such adjustments;

(k) file with the Superintendent every three years or at such other intervals or times as the Superintendent directs, information regarding the application of gains, if any, from the pension fund.

13.4 Promotion of Awareness and Understanding of Plan

The Pension Committee shall promote awareness and understanding of the Plan among Members and potential Members and review at least annually, the financial, actuarial and administrative aspects of the Plan.

13.5 Sharing of Information and Resources

YHC shall provide the Pension Committee with such information and resources as is necessary to enable it to perform those duties.

Article 14 - Amendments to or Termination of the Plan

14.1 Amendment of the Plan

(a) Provided ninety (90) days prior written notice is given to the Union and subject to paragraph 16.7, YHC may, subject to the *Pension Benefits Standards Act* and subject to the Memorandum of Understanding between YHC and the Union signed on January 21, 1991, amend or terminate the Plan or Agreement or any subsequent agreement(s) which may replace that Memorandum of Understanding.

(b) YHC shall provide prior written notice which shall contain the proposed amendments and any such amendments will have been drafted in consultation with the Pension Committee.

(c) The Chief Executive Officer of YHC is authorized to execute pension documents on behalf of the Board, once the Board has approved the amendment.

14.2 No Reduction of Benefits

No amendment shall effect a reduction in benefits earned to the date of amendment based on a Member's service to the date of amendment without the consent of the Member or Union, and, in any event, no such amendment shall effect a reduction in the value of those benefits as determined on the basis of the Plan Factors and any applicable statute of Canada or the *Pension Benefits Standards Act.*

14.3 Termination of the Plan

(a) In the event of the termination of the Plan, no part of the assets of the Trust Fund shall revert to YHC before the satisfaction of all liabilities for benefits provided under the Plan in respect of the Credited Service of Members up to the date of termination of the Plan, and

(b) In the event that the assets of the Trust Fund exceed the liabilities of subparagraph 14.3(a), YHC may, on recommendation of the Pension Committee, receive part or all of such excess or apply part or all of such excess to increase the benefits payable to Members under the Plan, provided, however, that no portion of such excess may be applied to increase a Member's benefits beyond the maximum benefits specified by Applicable Rules and Legislation from time to time.

Article 15 - Explanation and Disclosure

15.1 Written Plan Explanation

Each Member and each Employee who is eligible for membership in the Plan, and that person's Spouse or Common-law Partner, shall receive a written explanation of the Plan and all amendments thereto which apply to the Member, eligible Employee, or Spouse or Common-law Partner, within sixty (60) days after the establishment of the Plan or after the making of the amendment, as the case may be, together with an explanation of such person's rights and duties with respect to benefits available through the Plan. A copy of the Plan and of the Agreement shall be available at the principal offices of YHC and may be examined by any Member, former Member, and the Member's or former Member's Spouse or Common-law Partner, or an authorized agent of such person upon request, at least once a year.

15.2 Annual Member Statements

Within 6 months following the end of each calendar year, the Pension Committee shall provide a statement to each Member, former Member and the Spouse or Common-law Partner of each Member or former Member showing such information as may be required by the *Pension Benefits Standards Act*.

15.3 Statements on Termination, Retirement and Death

Where a Member terminates employment with YHC, dies, retires, or otherwise ceases to be a Member of the Plan, the Pension Committee shall provide such Member, the Member's Spouse or Common-law Partner, and in the event of death, the Member's legal representative, a statement of benefits showing all information as may be required by the *Pension Benefits Standards Act* within 30 days following the Member's date of termination, death, retirement, or other cessation of Membership, as applicable.~~1.1~~

Article 16 - General

16.1 Beneficiary Designation

A Member may designate, in the Approved Form, a Beneficiary to receive any amounts payable to a Beneficiary under the Plan. A Member's Beneficiary shall be a living person or the Member's estate. Such designation may be altered or revoked from time to time subject to any law governing the designation of Beneficiaries but such alteration shall be valid only if made in the Approved Form. In the event that a Member dies leaving no living designated Beneficiary, any amounts payable under the provisions of the Plan will be paid to the Member's estate.

16.2 Re-Employment

(a) Subject to subparagraphs (b) and (c), if a Member's service with YHC is terminated for any reason and the Member is thereafter re-employed on or after January 1, 2015, the Member will for all purposes of the Plan be considered a new Employee and new Group 2 Member.

(b) Despite subparagraph (a), if the Member has not received a benefit from the Plan in respect of the Member's prior period of service with YHC, the Member's prior period of service will be added to the period of service after re- employment and be treated as being continuous for purposes of the Plan, but without counting the period between the date of termination of employment and the date of re-employment in the calculation of Continuous Service. A Member who was a Group 1 Member prior to termination of employment shall remain a Group 1 Member following re-employment. A Member who was a Group 2 Member prior to termination of employment shall remain a Group 2 Member following re-employment.

(c) Despite subparagraph (a), if a Member who has received a Commuted Value transfer in respect of a prior period of Credited Service is re-employed and makes the election under and completes the other requirements described in subparagraph 12.3(c), such Member's Credited Service for the new period of employment and Plan membership will be augmented by service derived from the Elective Service contributions pursuant to such election. The benefits of such Member shall be calculated pursuant to the provisions of the Plan that apply to Group 2 Members regardless of whether the Member was a Group 1 Member or a Group 2 Member during the prior period of employment.

16.3 Options on Rejoining the Plan after Retirement

If a Member is retired and receiving pension payments from the Plan and the Member is thereafter re-employed by YHC, the Member may choose to:

(a) join the Plan on the condition that the Member's pension payments shall be suspended, in which case the prior period of employment will be added to the period of re-employment for the purposes of determining subsequent pension benefits under the Plan, or

(b) continue to receive pension payments from the Plan on the condition that the Member shall not participate in the Plan for the purposes of accruing pension benefits under the Plan.

16.4 Limitation of Assignment

No right of a Member under the Plan is capable of being assigned, charged, anticipated, given as security or surrendered, or confers on any person any right or interest therein that is capable of being assigned, charged, anticipated, given as security or surrendered and, for the purposes of this condition:

(a) assignment does not include:

(i) assignment as described in paragraph 11.3;

(ii) assignment by the legal representative of the deceased Member on the distribution of the Member's estate; and

(b) surrender does not include a reduction in benefits to avoid the revocation of the registration of the Plan made pursuant to paragraph 1.5.

16.5 Rights of Members

Except as otherwise provided in the Plan, no pension benefit under the Plan may be surrendered or commuted during the lifetime of the Member, or the Member's Spouse or Common-law Partner and no Member or personal representative, dependent or other person shall have any right or interest therein that is capable of being surrendered or commuted during the lifetime of the Member, or the Member's Spouse or Common-law Partner.

16.6 Interpretation is Not Affected by Headings

The division of this document into Articles and paragraphs and the insertion of headings and sub-headings is for convenience of reference only and shall not affect the construction or interpretation of the Plan.

16.7 Legislation

The Plan shall be governed by and construed in accordance with the Laws of the Yukon Territory and Laws of the Government of Canada as applicable, provided however, that if such laws or Plan provisions are in conflict with the *Pension Benefits Standards Act*, the provisions of the *Pension Benefits Standards Act* shall prevail.

Document comparison by Workshare Compare on Monday, March 4, 2024 9:14:10 AM

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Document 2 ID	iManage://DMS/Lawson/10456404/14
Description	#10456404v14<Lawson> - YHC Plan - Amended & Restated January 1, 2024
Rendering set	Standard

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Insertion	
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Padding cell	

Statistics:	
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Deletions	88
Moved from	1
Moved to	1
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Format changes	0
Total changes	197

RESOLUTION OF THE BOARD OF TRUSTEES OF THE YUKON HOSPITAL CORPORATION

YUKON HOSPITAL CORPORATION EMPLOYEES' PENSION PLAN

AMENDMENT 2024-01

WHEREAS the Yukon Hospital Corporation Employees' Pension Plan (hereinafter the "**Plan**") was established effective April 1, 1993 to provide pension and other related benefits to employees of the Yukon Hospital Corporation (hereinafter the "**Hospital Corporation**");

AND WHEREAS the Hospital Corporation reserved the right to amend the Plan as set forth in Article 14 of the Plan text;

AND WHEREAS subparagraph 14.1(c) of the Plan text authorizes the Chief Executive Officer of the Hospital Corporation to execute pension documents on behalf of the Board of Trustees of the Hospital Corporation, once the Board of Trustees has approved the amendment;

AND WHEREAS the Hospital Corporation, in consultation with the pension committee contemplated under the Plan (the "**Pension Committee**"), wishes to clarify the eligibility requirements for employees who are employed on a non-permanent or casual basis;

AND WHEREAS as permitted in accordance with Article 14 of the Plan text the Hospital Corporation wishes to amend the Plan text to record the clarifications described herein;

AND WHEREAS more than ninety (90) days prior written notice of the amendment and restatement of the Plan has been given to the unions representing certain Members of the Plan, as required in Article 14 of the Plan text.

IT IS HEREBY RESOLVED THAT the Plan is amended and restated effective ~~January~~May 1, 2024 as set out in the attached Appendix A.

Certified to be a true copy of a Resolution passed by the Board of Trustees of the Yukon Hospital Corporation.

Chief Executive Officer	Date

Appendix A

1. Section 1.1 entitled "Plan Document", is deleted and replaced as follows:

   "This is the "Yukon Hospital Corporation Employees' Pension Plan" (hereinafter referred to as the "**Plan**"). The Plan was established effective April 1, 1993 and is hereby amended and restated in its entirety with effect from May 1, 2024."

2. ~~1.~~ The definition of "Casual" in Article 2 is deleted and replaced as follows:

   "**"Casual"** means employment with YHC where the hours of work are less than half the standard number of hours per week applicable to the position, where the employment is considered "on call" or "as required" or constitutes casual employment in accordance with a collective bargaining agreement;"

3. The definition of "Deferred Pension" in Article 2 is deleted.

4. ~~2.~~ The definition of "Full Time" in Article 2 is deleted and replaced as follows:

   "**"Full Time"** means employment with YHC for the standard number of hours per week applicable to the position;"

5. ~~3.~~ The definition of "Part Time~~:~~" in Article 2 is deleted and replaced as follows:

   "**"Part Time"** means employment with YHC for less than the standard number of hours per week applicable to the position but at least half of the standard number of hours per week applicable to the position;"

6. ~~4.~~ Section 3.1, entitled "Eligibility", is deleted and replaced as follows:

   "3.1 Eligibility

   (a) An individual shall become a Member immediately after becoming an Employee of YHC on a Full Time indefinite employment basis.

   (b) An individual employed with YHC on a Part Time indefinite employment basis or on a Full Time or Part Time fixed term employment basis where the fixed term is 6 months or more shall not automatically become a Member but may elect to become a Member at any time.

(c) An Employee employed with YHC on a Casual basis may elect to become a Member on the first day of any pay period coinciding with or following the date on which the Employee has completed two consecutive calendar years of service in each of which the Employee:

(i) earned 35% or more of the YMPE, or

(ii) worked 700 or more hours with YHC;

(d) An individual employed on a Full Time or Part Time fixed term employment basis where the initial fixed term is less than 6 months shall not become a Member, provided that if the initial term is extended or the individual immediately commences one or more additional fixed terms of employment after the expiration of the initial term such that the duration of the combined terms is 6 months or more, then subparagraph (f) shall apply to the individual.

(e) An Employee who becomes employed on a basis described in subparagraph (a) and who immediately prior to becoming employed on that basis was employed on any other basis and who was not already a Member shall become a Member immediately.

(f) An Employee who becomes employed on a basis described in subparagraph (b) and who immediately prior to becoming employed on that basis was employed on any other basis and who was not already a Member may elect to become a Member at any time.

(g) A Member may not cease to be a Member of the Plan except by termination of service, retirement or death, or by termination of the Plan.

(h) An election under this paragraph 3.1 shall be made in Approved Form and shall be irrevocable while the Member remains an Employee."

7. ~~5.~~ Section 4.4 entitled "Part Time Employees" is deleted and replaced as follows:

"4.4 Continuous Service for Other than Full Time Employees

In respect of any period during which the Employee is employed on other than a Full Time basis, Continuous Service shall be calculated in calendar years and months of employment regardless of the number of hours actually worked each year or month."

8. ~~6.~~ Section 4.7 entitled "Credited Service for Part Time or Casual Employees", is deleted and replaced as follows:

"4.7 Credited Service for Other than Full Time Employees

In respect of any period during which the Member was employed on other than a Full Time basis, Credited Service shall be calculated as the proportion of the period that the hours actually worked was of the scheduled number of hours worked by a Full Time Employee employed in a similar position, as determined by the Pension Committee."

9. Subparagraph 6.2(d) is deleted and replaced as follows:

"6.2 Method of Setting Method Required Contribution Rates

...

(d) The Required Contribution rates determined as described in subparagraph (c) for Plan Years 2018 through 2024 inclusive are as follows:

(i) Required Contribution rates for Group 1 Members will be as follows:

	Member Required Contributions On annualized Earnings up to YMPE for Plan Year	Member Required Contributions On annualized Earnings above YMPE for Plan Year
2018	8.10	10.10
2019	8.10	10.10
2020	8.10	10.10
2021	7.90	9.90
2022	7.90	9.90
2023	7.60	9.60

2024	6.50	8.50

(ii) Required Contribution rates for Group 2 Members will be as follows:

	Member Required Contributions On annualized Earnings up to YMPE for Plan Year	Member Required Contributions On annualized Earnings above YMPE for Plan Year
2018	7.00	9.00
2019	7.00	9.00
2020	7.00	9.00
2021	6.80	8.80
2022	6.80	8.80
2023	6.50	8.50
2024	5.40	7.40"

10. ~~7.~~ Subparagraphs 12.3 (b) and (c) are deleted and replaced as follows:

12.3 Elective Service Buybacks

. . .

"(b) Buybacks for periods of employment with YHC prior to joining the Plan

Subject to paragraph 12.4, a Member who has not previously elected to buy back Elective Service for a period of employment with YHC meeting the conditions pursuant to subparagraph (b) of the definition of "Elective Service" in respect of which the Member was entitled to but did not become a Member of the Plan and who wishes to do so may do so at any time prior to such Member's termination of employment or retirement in accordance with the following:

(i) Where a Member elects to buy back the period of Elective Service pursuant to this subparagraph 12.3(b) within one year of joining the Plan, the amount of buyback payments required from the Member in respect of the period of Elective Service shall be the amount of Member Required Contributions that the Member would have been required to make in respect of the period of employment if the Member had been required to contribute to the Plan and had received Earnings at the following amounts, plus Interest up to the Buyback Date:

A. if the Member was employed on a Full Time basis on joining the Plan, at a rate equal to the Member's rate of Earnings on joining the Plan, or

B. if the Member was employed on other than a Full Time basis on joining the Plan, at a rate equal to the rate of Earnings that would have been payable to the Member on joining the Plan had the Member been employed on a Full Time basis at that time,

in each case multiplied by the proportion of the period that the hours actually worked during the period of Elective Service was of the scheduled number of hours worked by a Full Time Employee in a similar position, as determined by the Pension Committee; or

(ii) Where a Member elects to buy back the period of Elective Service pursuant to this subparagraph 12.3(b) after one year of joining the Plan, the amount of buyback payments required from the Member in respect of the period of Elective Service shall be the amount of Member Required Contributions that the Member would have been required to make in respect of the period of Elective Service if the Member had been required to contribute to the Plan and had received Earnings at a rate equal to the following amounts, plus Interest credited up to the Buyback Date:

A. if the Member was employed on a Full Time basis on the Buyback Date, at a rate equal to the Member's rate of Earnings on the Buyback Date; or

B. if the Member was employed on other than a Full Time basis on the Buyback Date, at a rate equal to the rate of Earnings that would have been payable to the Member had the Member been employed on a Full Time basis on the Buyback Date.

(c) Buybacks for re-employed Members who received a Commuted Value transfer

Subject to paragraph 12.4, a Member who is re-employed by YHC and becomes a Member of the Plan, who previously terminated membership in the Plan and received a Commuted Value transfer in accordance with paragraph 9.3, and who wishes to buy back all or a portion of the period of Elective Service in respect of which the Member's Commuted Value transfer was calculated, may do so one-time-only within one year of re-joining the Plan in accordance with the following:

(i) The option to buy back Elective Service accrued prior to July 1, 2011 pursuant to this subparagraph 12.3(c) is not available to a Member who voluntarily left YHC prior to July 1, 2011 without having vested;

(ii) Subject to clause (iii), a Member who elects to buy back a portion of Elective Service pursuant to this subparagraph 12.3(c) must purchase the portion that is most recent in point of time;

(iii) If a portion of Elective Service that a Member elects to buy back pursuant to this subparagraph 12.3(c) is comprised of both Full Time and other than Full Time service, the portion elected shall consist of Full Time service and other than Full Time service in the same proportions as those used in determination of the Commuted Value transfer, based on those periods of service that are most recent in point of time; and

(iv) The amount of the lump sum buyback payment required from the Member in respect of the Elective Service (or the applicable portion of Elective Service) in respect of which the Member received a Commuted Value transfer shall be the Commuted Value of the benefits in respect of such Elective Service (or such applicable portion of Elective Service) calculated by the Actuary as at the Buyback Date."

Document comparison by Workshare Compare on Monday, March 4, 2024 4:50:54 PM

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Document 2 ID	iManage://DMS/Lawson/23990527/3
Description	#23990527v3<Lawson> - YHC Plan Text Amendment 2024-01
Rendering set	Standard

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yukon hospitals whitehorse dawson city watson lake

Briefing Note C-4

Meeting:	YHC Pension Committee		
Meeting Date:	March 13, 2024		
Agenda Item:	**C-4 Review and recommendations for SIPP Changes**		
Purpose:	Information ☐ Discussion ☐ Decision ☒		
Prepared by:	Kelly Steele, CFO Executive Director Corporate Services	**Approved by:**	Jason Bilsky, CEO

ISSUE	The Pension Committee has committed to reviewing the Statement of Investment Policies and Procedures (SIPP) for the Yukon Hospital Corporation Employees' Pension Plan on an annual basis. The Committee has completed an asset liability study led by Mercer and is recommending changes to the SIPP for approval by the YHC Board of Trustees in May 2024.
AUTHORITY INFORMATION	Pension Committee Terms of Reference and Governance Guide Pension Benefits Standards Act
BACKGROUND	Consistent with good Governance practices, the YHC Pension Committee reviews the Statement of Investment Policies and Procedures (SIPP) for the Yukon Hospital Corporation Employees' Pension Plan on an annual basis and recommends any changes to the Board or Trustees for approval **The Purpose of a SIPP** A Statement of Investment Policies and Procedures addresses the manner in which the assets of a Pension Plan shall be invested ensuring investments selected are in accordance with the criteria and limitations set by the Board of Trustees and in accordance with any relevant legislation. This policy is used by the Investment Manager in developing appropriate investment program and is used as the basis for investment performance measures and evaluation. The Pension Committee led by Mercer has conducted an updated Asset Liability study and from this review, changes to the SIPP are being recommended. At the November 28, 2023 Pension Committee meeting, Mercer provided the updated ALM study and the Committee agreed on a new asset mix. The Committee requested the finalization of the agreed asset mix including updates to the SIPP to be presented at the next Pension Committee meeting.

ASSESSMENT	Mercer has reviewed the results from the ALM study and is proposing the following changes to the SIPP: • Change to the relevant market benchmark for real return bonds from the TMX Canada Real Return Bond Index to the FTSE Canada Real Return Bond Index. • Change relating to the long term asset allocation and permitted range to reflect the results of the ALM study. • To add "private debt" as one of the alternative asset classes using growth fixed income as an asset class with which to act as a buffer with respect to any overweighting of private debt. • Removal of the interim asset allocation table as it is no longer relevant. • Changes to the Primary Performance Benchmarks identified in section 6. • Removal of detailed description of how the total benchmarks as detailed description is not required in a policy statement – Mercer to provide additional clarification for the Committee during the meeting.
RISK MANAGEMENT	YHC's SIPP must comply with legal and regulatory requirements to ensure Pension assets are managed and invested appropriately. Illiquid investment vehicles (alternate investments) need to be discussed and impacts understood.
PROPOSED RESOLUTION for decision items – motion	THAT the Pension Committee recommends to the Board of Trustees of the Yukon Hospital Corporation that the Board approve the revised Statement of Investment Policies and Procedures for the Yukon Hospital Corporation Employees' Pension Plan as presented at the Pension Committee meeting of March 13, 2024.
APPROVAL PATH endorsements received and next steps, as applicable	The Board of Trustees will review the proposed changes to the SIPP and the recommendation from the Pension Committee in early May 2024. Implementation of the new asset mix will be reviewed and discussed at the Pension Committee in May 2024.
SUPPORTING DOCUMENTATION	YHC's SIPP blacklined and clean versions

Item C-4
(blacklined version)

Statement of Investment Policies and Procedures

Yukon Hospital Corporation Employees' Pension Plan

Effective April 1, 2024~~1~~

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1

Introduction and Purpose

Purpose of the Plan

Yukon Hospital Corporation (the "Hospital") provides pension benefits to its eligible employees through the Yukon Hospital Corporation Employees' Pension Plan (the "Plan").

The primary goal of the Plan is to provide members and their beneficiaries with the stipulated level of retirement income at a reasonable cost. The prudent and effective management of the Plan assets (the "Fund") will have a direct impact on the achievement of this goal.

Purpose of Investment Policy

This Statement of Investment Policies and Procedures (the "Policy") is effective April 1, 2021 and addresses the manner in which the assets of the Plan shall be invested. Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with all relevant legislation. The Policy will be used by the Manager (as defined in Section 2) in developing an appropriate investment program. This document will also be used as the basis for investment performance measurement and evaluation.

Plan Portfolio Objectives

This Policy is framed around the following objectives:

- The Plan is open to new members, and expected to operate on a long-term basis.
- The Plan assets should be invested with the objective of being able to meet current and future benefit payment needs while maximizing total expected investment returns within the constraints of a prudent level of portfolio risk and diversification.

2

Fund Governance

The Board of Trustees of the Yukon Hospital Corporation (the "Board") is the Administrator of the Pension Plan and has ultimate responsibility for its overall management, including management of the Fund. The Board has delegated certain tasks to the Pension Committee, which has further delegated tasks to employees of YHC and to various agents retained to assist it in carrying out its duties in respect of the Fund. The Board, however, retains overall responsibility for the Fund. The Board has allocated responsibilities in respect of the Plan as set out below.

Pension Committee

The Board and the Unions (acting as the certified bargaining agent(s) for Yukon Hospital Corporation employees) have established a Pension Committee (the "Committee") consisting of:

(a) two appointees of the Board;

(b) two appointees of the Unions; and

(c) a chairperson who is not a member of the Plan and who is selected by the other four Committee members. In the event of an impasse in selecting a chairperson, the chairperson shall be named by the Board.

The Committee administers the Plan acting on behalf of the Board but making any and all decisions solely in the best interests of the Fund and its beneficiaries.

The Committee decides all matters in question with respect to the ongoing operation, administration and interpretation of the Plan in accordance with the terms of reference approved by the Board and in a manner that is consistent with the provisions of the Plan text and applicable pension legislation.

With respect to asset management, the oversight responsibility for the Plan rests with the Committee whose responsibilities encompass the following:

- Establishing overall objectives, setting investment policies, and recommending same to the Board;
- Implementing the Policy;
- Reviewing the Policy at least annually, and confirming or amending it as needed via recommendation to the Board;

- Appointing providers, as needed, to assist in meeting the needs and objectives of the Fund;
- Monitoring the management of Plan assets, including the performance of any providers;
- Reviewing the asset allocation mix on a regular basis to ascertain not only that the existing portfolio conforms to the desired targets and ranges, but also that the targets and ranges remain suitable and represent the appropriate asset allocation mix for the Plan;
- Monitoring performance to determine whether or not the rate of return objectives are being met and that Policy and guidelines are being followed; and
- Taking appropriate action if objectives are not met or if Policy and guidelines are not followed.

The Committee can delegate responsibilities and administrative powers to a person or committee appointed by it.

Manager of Investment Managers

The Committee may retain the services of a manager of investment managers (the "Manager") to provide expert advice and recommendations to help discharge its fiduciary responsibilities in furtherance of the Plan goals and objectives. Services provided by the Manager will include the following:

- Provide asset allocation analysis and advice;
- Assist in the review and revision (if required) of the Policy;
- Appoint and terminate investment management firms, as appropriate to implement the Plan investment policies and objectives;
- Rebalance the portfolio in accordance with the Policy;
- Measure, evaluate and report in writing the Fund and Investment Managers' performance results at least quarterly, including reporting on the performance of the underlying asset classes versus appropriate benchmarks;
- Comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute; and
- Meet with the Committee, the Board, and YHC as required.

Investment Manager(s)

Investment Managers will be retained by the Manager to invest the Fund in accordance with the objectives stated in the Policy. Their duties will include the following:

- Exercise discretion and authority for determining investment strategy and implementation of security selection and timing consistent with the guidelines of their individual mandates;

- Comply with all legislation and regulations that relate to the Plan as it pertains to the Investment Manager's duties, functions and responsibilities;

- Vote the proxies on the securities in the Plan portfolios in accordance with the Investment Manager's own guidelines and in the best interests of all clients. All Investment Managers voting proxies on behalf of the Plan may be asked to provide a copy of their voting policy and a record of their votes to the Manager; and

- Provide the Manager with such reports at such frequencies as may be required.

Each Investment Manager's goal is to meet or exceed performance standards as established by the Manager. The Investment Manager(s) shall advise the Manager promptly of any event that is likely to adversely and materially impact the management, professionalism, integrity or financial position of the Investment Manager in respect of the Investment Manager's ability to manage the assets allocated to it by the Manager.

Custodian

The Fund will be held by an institution designated as the Custodian who shall manage, control, collect and use the assets of the Plan in accordance with the terms of a separate Custodian Agreement, as well as the terms of this Policy.

The Committee recognizes that accurate and timely completion of custodial functions is necessary for effective investment management and accurate records. Following are some of the basic duties of the Custodian:

- Providing complete, custodial, and depository services for the designated accounts;

- Implementing in a timely and effective manner the investment actions as directed by the Manager and the Investment Managers;

- Providing daily information to YHC and the Manager regarding cash balances in the account and cash transactions (e.g., contributions, benefit payments, etc.);

- Providing monthly and annual accounting statements for the Plan, including all transactions; these should be based on accurate security values both for cost and market value; these reports should be provided on a time frame acceptable to the Committee; and

- Providing assistance to YHC to complete such activities as the annual audit, transaction verification or unique issues.

Other Service Provider(s)

Other parties may be appointed by the Committee to perform specialized functions required by the Plan. Such service providers will perform their activities as directed by the Committee in the sole interest of the Plan goals and objectives.

3

Overview of Plan and Investment Factors

Overview of the Plan

The Plan is a contributory defined benefit pension plan that provides retirement pensions based on a pension formula equal to:

(a) 2% of a member's best 5-year average earnings multiplied by the member's credited service, less

(b) 0.6% of the lesser of the member's best 5-year average earnings and the average CPP earnings multiplied by the member's credited service after January 1, 1966.

Members who retire prior to age 65 are entitled to a bridge pension payable to age 65 equal to the amount calculated in (b) above. The Plan also provides benefits to members on death and termination of employment prior to retirement.

Pensions in the course of payment to retired members, joint annuitants and member's beneficiaries, as well as deferred pensions, are increased each year in accordance with percentage changes in the Consumer Price Index for Canada.

It is expected that for the next 5 to 10 years benefits being paid from the Fund will be of similar annual amounts as the contributions being made into the Fund. While liquidity is not expected to be a significant issue for the next 5 to 10 years, adequate liquidity shall be maintained through sufficient investments in highly liquid public equity and public fixed income pooled funds.

The going concern actuarial liabilities of the Plan are the present value of future benefits payable in respect of credited service earned to the valuation date. Under the current benefit provisions of the Pension Plan, the ongoing future growth of the actuarial liabilities is a function of expected future:

(a) investment returns;

(b) salary increases;

(c) price inflation; and

(d) rates of termination, retirement and mortality.

To the extent that the actual experience of the Plan with respect to these factors is less favourable than expected, the actuarial liabilities will grow at a faster rate than is expected.

The actuarial solvency liabilities of the Plan assume that the Plan is wound up at the valuation date. The future volatility of the solvency liabilities is primarily a function of long-term bond yields and inflation expectations at the valuation date.

The following risks are applicable to the Plan and Fund and shall govern the Board, Committee and Manager in the investment of the Fund:

(a) inability to pay promised benefits, or inability to improve benefits in the future;

(b) unfunded liabilities or experience deficiencies;

(c) fluctuations or increases in contribution requirements; and

(d) lower real rate of investment returns relative to Policy objectives.

Members have no direct exposure to investment risk, although they have an interest in the security of their accrued benefits under the Plan (i.e., the extent to which the Plan's assets are sufficient to meet the present value of the benefits earned to date).

The Plan is registered under the Income Tax Act (Canada "ITA") and the Federal Pension Benefits Standards Act, 1985 (the "Act").

Investment Factors

In developing the Policy, the Committee has considered factors such as the following:

- The nature of the Plan liabilities;
- The allocation of the Plan's liabilities between active, deferred vested, and retired members;
- The going-concern and solvency positions of the Plan;
- The net cash flow position of the Plan;
- The investment horizon of the Plan;
- Historical and expected capital market returns;
- The benefits of investment diversification; and
- The Plan's and YHC's ability to take risk.

4

Investment Objectives, Beliefs, and Asset Allocation

Investment Objectives

YHC recognizes that the liabilities of the Plan are independent of the value of the Fund, but the Fund provides security that benefit entitlements will be paid, as a consequence a reasonable investment return is needed to finance benefit payments under the Plan.

The following Liability Benchmark has been established to serve as a proxy for the behaviour of the Plan's liabilities when impacted by changes in interest rates and inflation:

	Weight	Relevant Market Benchmark
Real Return Bonds	100%	FTSE ~~TMX~~ Canada Real Return Bond Index

The nature of the liabilities and its funded status will change over time, and will be reviewed by the Committee from time to time.

To maintain the expected long-term cost at a reasonable level and to manage future risks, the Committee has adopted a Long-Term Target Asset Mix that deviates from the Liability Benchmark.

By adopting the Long-Term Asset Mix outlined below, the investment objective of the Fund over the long term (e.g.10-year period) is to achieve a time weighted gross average annual rate of return which exceeds by at least 3.0% the annualized rate of return that could have been earned by passively managing the Liability Benchmark over the same period of time

Investment Beliefs

The Committee has from time to time reviewed and confirmed its investment beliefs. Currently, the Committee believes that the Long-Term Target Asset Mix has been established to achieve a reasonable and appropriate balance between risk and return. It reflects the following general investment beliefs:

- That the Fund should be substantially fully invested because long-term cash holdings will reduce long-term rates of return;
- That equity investments should provide greater long-term returns than fixed income investments, although with greater volatility;

- That long-dated and inflation linked fixed income investments, although providing lower expected long-term returns than equity investments, should also be less volatile than equities and provide a better match to the Plan's liabilities, considering the features of the Plan;

- That it is prudent to diversify the Fund across the major asset classes, including alterrnatives;

- That a meaningful allocation to foreign equities will increase portfolio diversification and thereby decrease portfolio risk;

- That investment managers with active mandates are generally expected to add value through strategies such as security selection and that the Fund should be allocated to such active mandates; and

- That it is appropriate to retain more than one investment manager, provided that such managers offer style or other diversification.

Environmental, Social and Governance ("ESG") Factors

ESG factors are not explicitly incorporated into this Policy. The Investment Managers have been delegated full discretion in regards to the Plan's investments, and this Policy does not impose specific constraints on portfolio investments with respect to ESG factors. However, the Investment Managers are expected to take into account ESG factors where relevant and material to the assessment of investment value or mitigation of investment risk.

5

Asset Mix Policy

Long-Term Target Asset Mix

In order to achieve the objectives of the Fund, the Committee has determined that the Fund should be invested in fixed income, equities, and alternative investments in accordance with the following target weights (determined as a percentage of the market value of the Fund) and within the following permitted asset class ranges:

Asset class	Long term asset allocation	Permitted range
Fixed Income		30~~28~~% – 40~~38~~%
Cash	1%	0 – 3%
Long Term Bonds	12%	8 – 16%
Real Return Bonds	15%	11 – 19%
Corporate Long Term Bonds~~Growth Fixed Income~~	7~~5~~%	4~~2~~ – 10~~8~~%
Public Market Equities		28~~42~~% – 40~~52~~%
Canadian Equities	6~~12~~%	3~~8~~ – 9~~16~~%
Global Equities	20~~17~~%	16~~3~~ – 24~~1~~%
~~Global Low Volatility Equities~~	~~6%~~	~~3 – 9%~~
Global Small Cap Equities	4~~5~~%	2 – 6~~8~~%
Emerging Markets Equities	4~~7~~%	2~~4~~ – 6~~10~~%
Alternative Investments		25~~15~~% – 37~~25~~%
Real Estate	8%	4 – 12%
Infrastructure	8~~7~~%	4~~3~~ – 12~~1~~%
Private Equity	10~~5~~%	5~~2~~ – 15~~8~~%
Private Debt	5%	0 – 8%
Total	**100%**	

Certain alternative asset classes (i.e., Real Estate, Infrastructure, ~~and~~ Private Equity and Private Debt) can be illiquid and it may take a period of time to transition to the long term target allocation In addition, it may be impractical to rebalance to specific targets or asset class range limits. Recognizing this, Canadian Equities has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Real Estate relative to the target allocation, ~~and~~ Global Equities has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Infrastructure and Private Equity, and Growth Fixed Income has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Private Debt relative to the target allocation.

Transition Provisions for Alternative Asset Classes

An alternative asset class will be considered to be "in transition" if the allocation to that asset class has not yet achieved a Fund weighting equal to the long term asset allocation weight less 2%. ~~While an asset class is in transition, the lower end of the applicable individual asset class permitted range shall be set to zero. Further,~~ Wwhile an asset class in transition is underweight its target allocation, another asset class must be overweight its target allocation. The following table indicates the "paired" asset class for various alternative asset classes in transition.

Asset class in transition	"Paired" asset class
Real Estate	Canadian Equities
Infrastructure	Global Equities
Private Equity	Global Equities
Private Debt	Growth Fixed Income

While an asset class is in transition, the ~~maximum limit~~ of the permitted range of the applicable individual asset class and ~~for~~ its designated "paired" asset class (as indicated above) shall be adjusted to reflect the interim over and underweights ~~increased by the amount of the weight of the long term asset allocation~~ for the asset classes in transition. ~~as indicated in the Interim asset allocation below:~~

~~Asset Class / Strategy~~	~~Interim asset allocation~~	~~Interim asset allocation permitted ranges~~
~~Fixed Income~~		~~28% – 38%~~
~~– Cash~~	~~1%~~	~~0 – 3%~~
~~– Universe Bonds~~		
~~– Long Term Bonds~~	~~12%~~	~~8 – 16%~~
~~– Real Return Bonds~~	~~15%~~	~~11 – 19%~~
~~– Growth Fixed Income~~	~~5%~~	~~2 – 8%~~
~~Public Market Equities~~		~~42% – 6272%~~
~~– Canadian Equities~~	~~125%~~	~~810 – 1620%~~
~~– Global Equities~~	~~217%~~	~~1622 – 2632%~~
~~– Global Low Volatility Equities~~	~~6%~~	~~3 – 9%~~
~~– Global Small Cap Equities~~	~~5%~~	~~2 – 8%~~
~~– Emerging Markets Equities~~	~~7%~~	~~4 – 10%~~
~~Alternative Investments~~		~~80% – 25%~~
~~– Real Estate~~	~~85%~~	~~40 – 12%~~

~~Asset Class / Strategy~~	~~Interim asset allocation~~	~~Interim asset allocation permitted ranges~~
~~Infrastructure~~	~~41%~~	~~20 – 11%~~
~~Private Equity~~	~~41%~~	~~20 – 8%~~
~~Total~~	~~100%~~	

The ~~Interim asset allocation and the~~ Long Term asset allocation contains target percentages of the Fund, at market value, invested in various asset classes. These percentage allocations are only a target and the actual allocation will be dictated by current and future market conditions, the independent actions of the Committee and the Manager, and cash flows to and from the Fund. The "permitted range" anticipates this fluctuation and provides flexibility for the actual allocation to vary around the target without the requirement for immediate rebalancing.

Rebalancing
Divergent market performance among different asset classes may, from time to time, cause the actual asset allocation to deviate from the target asset allocation. Periodically, the Manager may consider and take appropriate action to address any movement of the allocation to an asset class which diverges from the long term asset allocation, but remains within the permitted range. Examples of such actions include (but are not limited to) liquidation of securities, allocation of disbursements and contributions, or transfers from an overweighted asset class to an underweighted asset class.

From time to time (e.g., as a result of major market fluctuations), the actual allocation to a particular asset class may move outside of its permitted range. If the asset allocation moves outside of the permitted range, the Manager will be responsible for initiating action to rebalance the Fund back within the permitted range within 60 days, in a manner which controls transaction costs.

Review
The Committee with the assistance of the Manager shall review this asset mix policy on at least an annual basis to ascertain that the Fund conforms to the desired target and ranges and that the target and ranges remain suitable and represent the appropriate asset mix policy for the Fund going forward.

6

Performance Standards

Investment performance of the Fund shall be measured, at both the asset class level and the total Plan level, against benchmarks summarized in the following table. The comparison shall be done over a market cycle which is expected to last from 4 to 6 years.

Asset Class Performance Benchmarks

On an asset class or investment strategy level, investment performance will be compared against the following primary performance benchmarks:

Asset Class / Strategy	Primary Performance Benchmark
Fixed Income	
Cash	FTSE Canada 91-Day T-Bill Index
Long Term Bonds	FTSE Canada Long Bond Index
Real Return Bonds	FTSE Canada RRB Index
Corporate Long Term Bonds~~Growth Fixed Income~~	FTSE Canada Long Term Corporate Bond Index~~Custom*~~
Public Market Equities	
Canadian Equities	S&P/TSX Composite Index
Global Equities	MSCI World Index Net
~~Global Low Volatility Equities~~	~~MSCI World Index Net~~
Global Small Cap Equities	MSCI World Small Cap Index Net
Emerging Markets Equities	MSCI Emerging Markets Index Net
Alternative Investments	
Real Estate	MSCI/REALPAC~~pac~~ Canada Property Index
Infrastructure	CPI + 4%
Private Equity	MSCI World Index Net + 3%
Private Debt	FTSE Canada 91 Day T-Bill Index + 6%

~~* Custom index comprised of 70% MAC Component (benchmark comprised of 35% Bloomberg Barclays Global Aggregate Corporate Index (USD Hedged) + 17.5% Bloomberg Barclays Global High Yield (USD Hedged) + 10.5% JP Morgan Corporate Emerging Markets Bond Index Broad Diversified (USD) + 7% Standard & Poors/LSTA Leveraged Loan (USD)) + 30% EMD Local Component (benchmark comprised of 30% JP Morgan Government Bond Index Emerging Markets Global Diversified Index (CAD)).~~

For the purpose of measuring rates of return, all returns except for Infrastructure, ~~and~~ Private Equity and Private Debt shall be measured before investment management fees, but after transaction costs. The returns on Infrastructure, ~~and~~ Private Equity and Private Debt shall be measured net of both investment management fees and transaction costs. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns.

Total Fund Performance Benchmark

On a total Fund level, investment performance will be compared against the performance of the Total Fund Benchmark, revised for asset classes in transition. The purpose of the Total Fund Benchmark is to assess the effectiveness of the implementation of the asset allocation policy.

The performance of the Total Fund Benchmark over any particular period will be calculated based on time-weighted Total Fund Benchmark sub-period returns. Sub-period returns of the Total Fund Benchmark will be based on the weighted average of the asset class benchmark returns.

~~If the asset mix included no illiquid assets, and no assets in transition, then the asset class weights to be used in the calculation of the Total Fund Benchmark return would simply be equal to the target weights of the long term asset mix.~~

~~However, particularly with respect to illiquid asset classes (i.e., Real Estate, Infrastructure and Private Equity), it is recognized that the Manager cannot invest to immediately achieve a target weight, and once the target weight ultimately is achieved, the Manager will likely have difficulty rebalancing back to the target weight if any drift occurs. Consequently, to achieve the objective of the Total Fund Benchmark, the asset class weights to be used in the calculation of the Total Fund Benchmark will be determined using the Interim asset allocation effective~~ November ~~January 1, 20221:~~

~~**Asset Class / Strategy**~~	~~**Asset Class Weight in the Total Fund Benchmark**~~
~~Fixed Income~~	
~~—Cash~~	~~1%~~
~~—Long Term Bonds~~	~~12%~~
~~—Real Return Bonds~~	~~15%~~
~~—Growth Fixed Income~~	~~5%~~
~~Public Market Equities~~	
~~—Canadian Equities~~	~~125%~~
~~—Global Equities~~	~~217%~~
~~—Global Low Volatility Equities~~	~~6%~~
~~—Global Small Cap Equities~~	~~5%~~
~~—Emerging Markets Equities~~	~~7%~~
~~Alternative Investments~~	
~~—Real Estate~~	~~85%~~
~~—Infrastructure~~	~~41%~~
~~—Private Equity~~	~~41%~~

~~Subsequent to November January 1, 20221, the following process will be used to update the asset class weights to be used in the calculation of the Total Fund Benchmark:~~

~~The actual asset class weights will be monitored at least quarterly by the Manager. When the asset allocation in respect of an asset class in transition or in respect of an illiquid asset class (namely, Real Estate, Infrastructure or Private Equity) deviates by 1.0% or more from the then current corresponding asset class target weight used in the calculation of the Total Fund Benchmark, the asset class target weights used in the calculation of the Total Fund Benchmark shall be revised.~~

~~When a revision to the asset class weights used in the calculation of the Total Fund Benchmark is triggered, the change to the Total Fund Benchmark will be made within 45 days, ideally coinciding with the beginning of a calendar month.~~

~~The revised asset class weights used in the calculation of the Total Fund Benchmark shall be determined as follows:~~

~~**Asset class**~~	~~**Asset Class Weight in the Total Fund Benchmark**~~
~~Real Estate~~	~~Actual weighting~~
~~Infrastructure~~	~~Actual weighting~~
~~Private Equity~~	~~Actual weighting~~
~~Canadian Equities~~	~~Target weight of Canadian Equities in the long term asset allocation policy, plus (minus) the amount by which the actual weighting for Real Estate is less (greater) than the target weight of Real Estate in the long term asset allocation policy~~
~~Global Equities~~	~~Target weight of Global Equities in the long term asset allocation policy, plus (minus) the amount by which the actual weighting for Infrastructure and Private Equity is less (greater) than the target weight of Infrastructure and Private Equity in the long term asset allocation policy~~
~~All other asset classes~~	~~Target weight in the long term asset allocation policy~~

~~All of the weights above shall be rounded to the nearest 1.0%.~~

Reporting of the Total Fund Benchmark
Within each quarterly performance monitoring report, the Manager shall indicate if and when the Total Fund Benchmark was revised, the underlying reason for any revision (e.g., capital calls, distributions, or market movements) and identification of the revised Total Fund Benchmark. The Manager shall maintain a history of changes to the asset class weights used in the calculation of the Total Fund Benchmark.

Peer Group Comparisons

In addition to the above performance benchmarks, to the extent possible, performance will be assessed against an appropriate active investment manager universe.

Monitoring Performance

On a quarterly basis, the Committee shall receive an overall analysis of the Fund to be prepared by the Manager, which is to include a review of:

- Fund returns versus objectives and benchmarks;
- Asset mix versus the targets and permitted ranges; and
- The value added by active investment management.

7

Investment Guidelines and Restrictions

Permitted Categories

Permitted categories of investments shall be:

1. Public equities, including common and preferred shares and equivalents, such as warrants, rights, installment receipts, unit trusts, and convertible debentures, all of which may be issued by Canadian or non-Canadian issuers;
   Debt securities of Canadian and non-Canadian issuers, issued in Canadian or Non-Canadian currencies, including bonds, mortgages and debentures;

2. Real estate, but only through a real estate fund managed by one or more investment managers appointed by the Manager;

3. Infrastructure equity, but only through an infrastructure fund managed by one or more investment managers appointed by the Manager;

4. Non-publicly traded equity securities, including private placements and venture capital; and

5. Cash and cash equivalents, including cash on hand, demand deposits, treasury bills, commercial paper, short-term notes and bankers' acceptances, term deposits, and guaranteed investment certificates.

All public market debt and equity securities shall be purchased through normal public market facilities, unless the purchase price approximates the prevailing market price and is negotiated on an arm's length basis.

Derivatives, options, and futures are permitted investments under this Policy but shall not be used for speculative purposes. Foreign securities are exposed to currency fluctuations.

Diversification Guidelines

The equity, fixed-income and alternative investment portions of the investment portfolio are to be diversified in order to provide reasonable assurance that investment in either a single security or a class of securities cannot have an excessive impact on the total portfolio.

Commingled Vehicles

The Fund will be invested in commingled vehicles. The investment policies and guidelines adopted by such commingled vehicles shall govern exclusively the investment of such vehicles.

Cash and Securities Lending

The Fund may not enter into securities lending agreements, although the commingled vehicles may do so if permitted under their policies.

The Plan may not lend cash, other than through making investments as allowed by this Policy.

Valuation of Investments not Regularly Traded

It is expected that all public market securities held by the Plan will have an active market and that the values of such securities will be based on their market values.

Proxy Voting

All voting of proxies is to be done in a timely manner by the Investment Managers.

Liquidity

With the exception of the portion of the Fund in alternative investments, the commingled vehicles are valued daily and are highly liquid under normal circumstances.

Borrowing by the Fund

The Fund may not borrow money except as required for the payment of refunds, benefits and administration costs of the Plan, and provided such borrowing is on a short term basis in order to prevent distress sale of long-term investments and subject to limitations set out by law applicable to pension plans.

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Evaluation and Review

The Manager will review the performance and portfolios of the Investment Managers to determine whether the Investment Managers have performed in accordance with their stated investment approaches and will report the Investment Managers' performance as well as the conclusions of the review to the Committee.

Review and Termination of Investment Managers

Investment Managers may be reviewed and terminated by the Manager if their performance does not meet the criteria outlined in their mandate. An Investment Manager may also be reviewed or terminated by the Manager for reasons not related to performance, e.g., departure of the lead portfolio manager, other significant personnel turnover or organizational change, etc. The Manager may select or terminate Investment Managers.

Review of Overall Program

The Committee, with the assistance of the Manager, will review the overall investment program on an ongoing basis, which includes the Policy. Key issues reviewed will include:

- Current trends and developments in the capital markets;
- Changes in the Plan financial goals and liabilities;
- The ability of YHC to take risk; and
- The ongoing appropriateness of the policies included herein.

This Statement shall be reviewed by the Committee at least annually, but otherwise whenever a major change is necessary. Such review may be caused by:

- A fundamental change in the design of the Plan;

- Significant revisions to the expected long term trade-off between risk and reward on key asset classes, normally dependent upon the basis of economic/political/social factors;

- A major change in the actuarial calculation basis, the membership/liability distribution, or the contribution/expense expectation;

- A significant change in the financial risk tolerance of YHC;

- Shortcomings of the Statement that emerge in its practical application, or substantive modifications that are recommended to YHC; and

- Changes in applicable legislation.

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Conflict of Interest Policy and Related Party Transactions

Individuals or other Bodies governed by the Guidelines

The guidelines apply to YHC, the Board, the Committee, the Manager, the Custodian, and any employee, agent, or third party retained by any of the foregoing to provide services to the Plan.

Conflict of Interest

No person listed above may exercise their powers in their own interest or in the interest of a third person, nor may he or she place himself in a situation of conflict or potential conflict between his or her personal interest and his or her duties with regard to the investment of the Fund.

Any person listed above shall disclose any direct or indirect association or material interest or involvement that would result in any actual, potential or perceived conflict of interest with regard to the investments of the Fund. Without limiting the generality of the foregoing, this would include material benefit from any asset held in the Fund, or any significant holding, or the membership on the boards of other corporations, or any actual or proposed contracts with the issuer of any securities which are or will be included in the Fund.

Procedure on Disclosure

An individual listed above shall disclose in writing the nature and extent of his or her interest to YHC immediately upon first becoming aware of the conflict. The disclosure must be made orally if the knowledge of the conflict arises in the course of discussion at a meeting.

If the party disclosing the conflict has the capacity to participate in or to make decisions affecting the investment of the Fund, the party may only continue to participate with the approval of YHC. The party may elect not to participate with respect to the issue in conflict. If the person disclosing the conflict has voting powers, he or she may continue to participate with respect to the issue only with the unanimous approval of the other participants with voting rights. His or her notification shall be considered a continuing disclosure on that issue for purposes of the obligations outlined by these guidelines.

Related Party Transactions

Related party transactions, including transactions required for the operation or administration of the Plan, are only permitted if they are permitted under Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada) or such other applicable legislation, as amended from time to time. For this purpose:

- A "related party" and a "transaction" in respect of the Plan have the meanings given to such terms in Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada) or such other applicable legislation, as amended from time to time;

- A transaction shall be considered nominal or immaterial if, together with other transactions with the same related party during a calendar year, it is for an amount that is less than 0.5% of the market value of the Fund.

Statement of Investment Policies and Procedures

Yukon Hospital Corporation Employees' Pension Plan

Effective April 1, 2024

CONTENTS

1

Introduction and Purpose

Purpose of the Plan

Yukon Hospital Corporation (the "Hospital") provides pension benefits to its eligible employees through the Yukon Hospital Corporation Employees' Pension Plan (the "Plan").

The primary goal of the Plan is to provide members and their beneficiaries with the stipulated level of retirement income at a reasonable cost. The prudent and effective management of the Plan assets (the "Fund") will have a direct impact on the achievement of this goal.

Purpose of Investment Policy

This Statement of Investment Policies and Procedures (the "Policy") is effective April 1, 2021 and addresses the manner in which the assets of the Plan shall be invested. Investments shall be selected in accordance with the criteria and limitations set forth herein and in accordance with all relevant legislation. The Policy will be used by the Manager (as defined in Section 2) in developing an appropriate investment program. This document will also be used as the basis for investment performance measurement and evaluation.

Plan Portfolio Objectives

This Policy is framed around the following objectives:

- The Plan is open to new members, and expected to operate on a long-term basis.
- The Plan assets should be invested with the objective of being able to meet current and future benefit payment needs while maximizing total expected investment returns within the constraints of a prudent level of portfolio risk and diversification.

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Fund Governance

The Board of Trustees of the Yukon Hospital Corporation (the "Board") is the Administrator of the Pension Plan and has ultimate responsibility for its overall management, including management of the Fund. The Board has delegated certain tasks to the Pension Committee, which has further delegated tasks to employees of YHC and to various agents retained to assist it in carrying out its duties in respect of the Fund. The Board, however, retains overall responsibility for the Fund. The Board has allocated responsibilities in respect of the Plan as set out below.

Pension Committee

The Board and the Unions (acting as the certified bargaining agent(s) for Yukon Hospital Corporation employees) have established a Pension Committee (the "Committee") consisting of:

(a) two appointees of the Board;

(b) two appointees of the Unions; and

(c) a chairperson who is not a member of the Plan and who is selected by the other four Committee members. In the event of an impasse in selecting a chairperson, the chairperson shall be named by the Board.

The Committee administers the Plan acting on behalf of the Board but making any and all decisions solely in the best interests of the Fund and its beneficiaries.

The Committee decides all matters in question with respect to the ongoing operation, administration and interpretation of the Plan in accordance with the terms of reference approved by the Board and in a manner that is consistent with the provisions of the Plan text and applicable pension legislation.

With respect to asset management, the oversight responsibility for the Plan rests with the Committee whose responsibilities encompass the following:

- Establishing overall objectives, setting investment policies, and recommending same to the Board;
- Implementing the Policy;
- Reviewing the Policy at least annually, and confirming or amending it as needed via recommendation to the Board;

- Appointing providers, as needed, to assist in meeting the needs and objectives of the Fund;

- Monitoring the management of Plan assets, including the performance of any providers;

- Reviewing the asset allocation mix on a regular basis to ascertain not only that the existing portfolio conforms to the desired targets and ranges, but also that the targets and ranges remain suitable and represent the appropriate asset allocation mix for the Plan;

- Monitoring performance to determine whether or not the rate of return objectives are being met and that Policy and guidelines are being followed; and

- Taking appropriate action if objectives are not met or if Policy and guidelines are not followed.

The Committee can delegate responsibilities and administrative powers to a person or committee appointed by it.

Manager of Investment Managers

The Committee may retain the services of a manager of investment managers (the "Manager") to provide expert advice and recommendations to help discharge its fiduciary responsibilities in furtherance of the Plan goals and objectives. Services provided by the Manager will include the following:

- Provide asset allocation analysis and advice;

- Assist in the review and revision (if required) of the Policy;

- Appoint and terminate investment management firms, as appropriate to implement the Plan investment policies and objectives;

- Rebalance the portfolio in accordance with the Policy;

- Measure, evaluate and report in writing the Fund and Investment Managers' performance results at least quarterly, including reporting on the performance of the underlying asset classes versus appropriate benchmarks;

- Comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute; and

- Meet with the Committee, the Board, and YHC as required.

Investment Manager(s)

Investment Managers will be retained by the Manager to invest the Fund in accordance with the objectives stated in the Policy. Their duties will include the following:

- Exercise discretion and authority for determining investment strategy and implementation of security selection and timing consistent with the guidelines of their individual mandates;
- Comply with all legislation and regulations that relate to the Plan as it pertains to the Investment Manager's duties, functions and responsibilities;
- Vote the proxies on the securities in the Plan portfolios in accordance with the Investment Manager's own guidelines and in the best interests of all clients. All Investment Managers voting proxies on behalf of the Plan may be asked to provide a copy of their voting policy and a record of their votes to the Manager; and
- Provide the Manager with such reports at such frequencies as may be required.

Each Investment Manager's goal is to meet or exceed performance standards as established by the Manager. The Investment Manager(s) shall advise the Manager promptly of any event that is likely to adversely and materially impact the management, professionalism, integrity or financial position of the Investment Manager in respect of the Investment Manager's ability to manage the assets allocated to it by the Manager.

Custodian

The Fund will be held by an institution designated as the Custodian who shall manage, control, collect and use the assets of the Plan in accordance with the terms of a separate Custodian Agreement, as well as the terms of this Policy.

The Committee recognizes that accurate and timely completion of custodial functions is necessary for effective investment management and accurate records. Following are some of the basic duties of the Custodian:

- Providing complete, custodial, and depository services for the designated accounts;
- Implementing in a timely and effective manner the investment actions as directed by the Manager and the Investment Managers;
- Providing daily information to YHC and the Manager regarding cash balances in the account and cash transactions (e.g., contributions, benefit payments, etc.);
- Providing monthly and annual accounting statements for the Plan, including all transactions; these should be based on accurate security values both for cost and market value; these reports should be provided on a time frame acceptable to the Committee; and

- Providing assistance to YHC to complete such activities as the annual audit, transaction verification or unique issues.

Other Service Provider(s)
Other parties may be appointed by the Committee to perform specialized functions required by the Plan. Such service providers will perform their activities as directed by the Committee in the sole interest of the Plan goals and objectives.

3

Overview of Plan and Investment Factors

Overview of the Plan

The Plan is a contributory defined benefit pension plan that provides retirement pensions based on a pension formula equal to:

(a) 2% of a member's best 5-year average earnings multiplied by the member's credited service, less

(b) 0.6% of the lesser of the member's best 5-year average earnings and the average CPP earnings multiplied by the member's credited service after January 1, 1966.

Members who retire prior to age 65 are entitled to a bridge pension payable to age 65 equal to the amount calculated in (b) above. The Plan also provides benefits to members on death and termination of employment prior to retirement.

Pensions in the course of payment to retired members, joint annuitants and member's beneficiaries, as well as deferred pensions, are increased each year in accordance with percentage changes in the Consumer Price Index for Canada.

It is expected that for the next 5 to 10 years benefits being paid from the Fund will be of similar annual amounts as the contributions being made into the Fund. While liquidity is not expected to be a significant issue for the next 5 to 10 years, adequate liquidity shall be maintained through sufficient investments in highly liquid public equity and public fixed income pooled funds.

The going concern actuarial liabilities of the Plan are the present value of future benefits payable in respect of credited service earned to the valuation date. Under the current benefit provisions of the Pension Plan, the ongoing future growth of the actuarial liabilities is a function of expected future:

(a) investment returns;

(b) salary increases;

(c) price inflation; and

(d) rates of termination, retirement and mortality.

To the extent that the actual experience of the Plan with respect to these factors is less favourable than expected, the actuarial liabilities will grow at a faster rate than is expected.

The actuarial solvency liabilities of the Plan assume that the Plan is wound up at the valuation date. The future volatility of the solvency liabilities is primarily a function of long-term bond yields and inflation expectations at the valuation date.

The following risks are applicable to the Plan and Fund and shall govern the Board, Committee and Manager in the investment of the Fund:

(a) inability to pay promised benefits, or inability to improve benefits in the future;

(b) unfunded liabilities or experience deficiencies;

(c) fluctuations or increases in contribution requirements; and

(d) lower real rate of investment returns relative to Policy objectives.

Members have no direct exposure to investment risk, although they have an interest in the security of their accrued benefits under the Plan (i.e., the extent to which the Plan's assets are sufficient to meet the present value of the benefits earned to date).

The Plan is registered under the Income Tax Act (Canada "ITA") and the Federal Pension Benefits Standards Act, 1985 (the "Act").

Investment Factors

In developing the Policy, the Committee has considered factors such as the following:

- The nature of the Plan liabilities;
- The allocation of the Plan's liabilities between active, deferred vested, and retired members;
- The going-concern and solvency positions of the Plan;
- The net cash flow position of the Plan;
- The investment horizon of the Plan;
- Historical and expected capital market returns;
- The benefits of investment diversification; and
- The Plan's and YHC's ability to take risk.

4

Investment Objectives, Beliefs, and Asset Allocation

Investment Objectives

YHC recognizes that the liabilities of the Plan are independent of the value of the Fund, but the Fund provides security that benefit entitlements will be paid, as a consequence a reasonable investment return is needed to finance benefit payments under the Plan.

The following Liability Benchmark has been established to serve as a proxy for the behaviour of the Plan's liabilities when impacted by changes in interest rates and inflation:

	Weight	Relevant Market Benchmark
Real Return Bonds	100%	FTSE Canada Real Return Bond Index

The nature of the liabilities and its funded status will change over time, and will be reviewed by the Committee from time to time.

To maintain the expected long-term cost at a reasonable level and to manage future risks, the Committee has adopted a Long-Term Target Asset Mix that deviates from the Liability Benchmark.

By adopting the Long-Term Asset Mix outlined below, the investment objective of the Fund over the long term (e.g.10-year period) is to achieve a time weighted gross average annual rate of return which exceeds by at least 3.0% the annualized rate of return that could have been earned by passively managing the Liability Benchmark over the same period of time

Investment Beliefs

The Committee has from time to time reviewed and confirmed its investment beliefs. Currently, the Committee believes that the Long-Term Target Asset Mix has been established to achieve a reasonable and appropriate balance between risk and return. It reflects the following general investment beliefs:

- That the Fund should be substantially fully invested because long-term cash holdings will reduce long-term rates of return;
- That equity investments should provide greater long-term returns than fixed income investments, although with greater volatility;

- That long-dated and inflation linked fixed income investments, although providing lower expected long-term returns than equity investments, should also be less volatile than equities and provide a better match to the Plan's liabilities, considering the features of the Plan;
- That it is prudent to diversify the Fund across the major asset classes, including alterrnatives;
- That a meaningful allocation to foreign equities will increase portfolio diversification and thereby decrease portfolio risk;
- That investment managers with active mandates are generally expected to add value through strategies such as security selection and that the Fund should be allocated to such active mandates; and
- That it is appropriate to retain more than one investment manager, provided that such managers offer style or other diversification.

Environmental, Social and Governance ("ESG") Factors

ESG factors are not explicitly incorporated into this Policy. The Investment Managers have been delegated full discretion in regards to the Plan's investments, and this Policy does not impose specific constraints on portfolio investments with respect to ESG factors. However, the Investment Managers are expected to take into account ESG factors where relevant and material to the assessment of investment value or mitigation of investment risk.

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Asset Mix Policy

Long-Term Target Asset Mix

In order to achieve the objectives of the Fund, the Committee has determined that the Fund should be invested in fixed income, equities, and alternative investments in accordance with the following target weights (determined as a percentage of the market value of the Fund) and within the following permitted asset class ranges:

Asset class	Long term asset allocation	Permitted range
Fixed Income		30% – 40%
Cash	1%	0 – 3%
Long Term Bonds	12%	8 – 16%
Real Return Bonds	15%	11 – 19%
Corporate Long Term Bonds	7%	4 – 10%
Public Market Equities		28% – 40%
Canadian Equities	6%	3 – 9%
Global Equities	20%	16 – 24%
Global Small Cap Equities	4%	2 – 6%
Emerging Markets Equities	4%	2 – 6%
Alternative Investments		25% – 37%
Real Estate	8%	4 – 12%
Infrastructure	8%	4 – 12%
Private Equity	10%	5 – 15%
Private Debt	5%	0 – 8%
Total	**100%**	

Certain alternative asset classes (i.e., Real Estate, Infrastructure,Private Equity and Private Debt) can be illiquid and it may take a period of time to transition to the long term target allocation In addition, it may be impractical to rebalance to specific targets or asset class range limits. Recognizing this, Canadian Equities has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Real Estate relative to the target allocation, Global Equities has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Infrastructure and Private Equity, and Growth Fixed Income has been determined to be a suitable asset class with which to act as a buffer with respect to any overweighting or underweighting of Private Debt relative to the target allocation.

Transition Provisions for Alternative Asset Classes
An alternative asset class will be considered to be "in transition" if the allocation to that asset class has not yet achieved a Fund weighting equal to the long term asset allocation weight less 2%. While an asset class in transition is underweight its target allocation, another asset class must be overweight its target allocation. The following table indicates the "paired" asset class for various alternative asset classes in transition.

Asset class in transition	"Paired" asset class
Real Estate	Canadian Equities
Infrastructure	Global Equities
Private Equity	Global Equities
Private Debt	Growth Fixed Income

While an asset class is in transition, the of the permitted range of the applicable individual asset class and its designated "paired" asset class (as indicated above) shall be adjusted to reflect the interim over and underweights for the asset classes in transition.

The Long Term asset allocation contains target percentages of the Fund, at market value, invested in various asset classes. These percentage allocations are only a target and the actual allocation will be dictated by current and future market conditions, the independent actions of the Committee and the Manager, and cash flows to and from the Fund. The "permitted range" anticipates this fluctuation and provides flexibility for the actual allocation to vary around the target without the requirement for immediate rebalancing.

Rebalancing
Divergent market performance among different asset classes may, from time to time, cause the actual asset allocation to deviate from the target asset allocation. Periodically, the Manager may consider and take appropriate action to address any movement of the allocation to an asset class which diverges from the long term asset allocation, but remains within the permitted range. Examples of such actions include (but are not limited to) liquidation of securities, allocation of disbursements and contributions, or transfers from an overweighted asset class to an underweighted asset class.

From time to time (e.g., as a result of major market fluctuations), the actual allocation to a particular asset class may move outside of its permitted range. If the asset allocation moves outside of the permitted range, the Manager will be responsible for initiating action to rebalance the Fund back within the permitted range within 60 days, in a manner which controls transaction costs.

Review
The Committee with the assistance of the Manager shall review this asset mix policy on at least an annual basis to ascertain that the Fund conforms to the desired target and ranges and that the target and ranges remain suitable and represent the appropriate asset mix policy for the Fund going forward.

6

Performance Standards

Investment performance of the Fund shall be measured, at both the asset class level and the total Plan level, against benchmarks summarized in the following table. The comparison shall be done over a market cycle which is expected to last from 4 to 6 years.

Asset Class Performance Benchmarks

On an asset class or investment strategy level, investment performance will be compared against the following primary performance benchmarks:

Asset Class / Strategy	Primary Performance Benchmark
Fixed Income	
Cash	FTSE Canada 91-Day T-Bill Index
Long Term Bonds	FTSE Canada Long Bond Index
Real Return Bonds	FTSE Canada RRB Index
Corporate Long Term Bonds	FTSE Canada Long Term Corporate Bond Index
Public Market Equities	
Canadian Equities	S&P/TSX Composite Index
Global Equities	MSCI World Index Net
Global Small Cap Equities	MSCI World Small Cap Index Net
Emerging Markets Equities	MSCI Emerging Markets Index Net
Alternative Investments	
Real Estate	MSCI/REALPAC Canada Property Index
Infrastructure	CPI + 4%
Private Equity	MSCI World Index Net + 3%
Private Debt	FTSE Canada 91 Day T-Bill Index + 6%

For the purpose of measuring rates of return, all returns except for Infrastructure, Private Equity and Private Debt shall be measured before investment management fees, but after transaction costs. The returns on Infrastructure, Private Equity and Private Debt shall be measured net of both investment management fees and transaction costs. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns.

Total Fund Performance Benchmark
On a total Fund level, investment performance will be compared against the performance of the Total Fund Benchmark, revised for asset classes in transition. The purpose of the Total Fund Benchmark is to assess the effectiveness of the implementation of the asset allocation policy.

The performance of the Total Fund Benchmark over any particular period will be calculated based on time-weighted Total Fund Benchmark sub-period returns. Sub-period returns of the Total Fund Benchmark will be based on the weighted average of the asset class benchmark returns.

Reporting of the Total Fund Benchmark
Within each quarterly performance monitoring report, the Manager shall indicate if and when the Total Fund Benchmark was revised, the underlying reason for any revision (e.g., capital calls, distributions, or market movements) and identification of the revised Total Fund Benchmark. The Manager shall maintain a history of changes to the asset class weights used in the calculation of the Total Fund Benchmark.

Peer Group Comparisons
In addition to the above performance benchmarks, to the extent possible, performance will be assessed against an appropriate active investment manager universe.

Monitoring Performance
On a quarterly basis, the Committee shall receive an overall analysis of the Fund to be prepared by the Manager, which is to include a review of:
- Fund returns versus objectives and benchmarks;
- Asset mix versus the targets and permitted ranges; and
- The value added by active investment management.

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Investment Guidelines and Restrictions

Permitted Categories

Permitted categories of investments shall be:

1. Public equities, including common and preferred shares and equivalents, such as warrants, rights, installment receipts, unit trusts, and convertible debentures, all of which may be issued by Canadian or non-Canadian issuers;
   Debt securities of Canadian and non-Canadian issuers, issued in Canadian or Non-Canadian currencies, including bonds, mortgages and debentures;

2. Real estate, but only through a real estate fund managed by one or more investment managers appointed by the Manager;

3. Infrastructure equity, but only through an infrastructure fund managed by one or more investment managers appointed by the Manager;

4. Non-publicly traded equity securities, including private placements and venture capital; and

5. Cash and cash equivalents, including cash on hand, demand deposits, treasury bills, commercial paper, short-term notes and bankers' acceptances, term deposits, and guaranteed investment certificates.

All public market debt and equity securities shall be purchased through normal public market facilities, unless the purchase price approximates the prevailing market price and is negotiated on an arm's length basis.

Derivatives, options, and futures are permitted investments under this Policy but shall not be used for speculative purposes. Foreign securities are exposed to currency fluctuations.

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Commingled Vehicles
The Fund will be invested in commingled vehicles. The investment policies and guidelines adopted by such commingled vehicles shall govern exclusively the investment of such vehicles.

Cash and Securities Lending
The Fund may not enter into securities lending agreements, although the commingled vehicles may do so if permitted under their policies.

The Plan may not lend cash, other than through making investments as allowed by this Policy.

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It is expected that all public market securities held by the Plan will have an active market and that the values of such securities will be based on their market values.

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All voting of proxies is to be done in a timely manner by the Investment Managers.

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With the exception of the portion of the Fund in alternative investments, the commingled vehicles are valued daily and are highly liquid under normal circumstances.

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The Fund may not borrow money except as required for the payment of refunds, benefits and administration costs of the Plan, and provided such borrowing is on a short term basis in order to prevent distress sale of long-term investments and subject to limitations set out by law applicable to pension plans.

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The Manager will review the performance and portfolios of the Investment Managers to determine whether the Investment Managers have performed in accordance with their stated investment approaches and will report the Investment Managers' performance as well as the conclusions of the review to the Committee.

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Investment Managers may be reviewed and terminated by the Manager if their performance does not meet the criteria outlined in their mandate. An Investment Manager may also be reviewed or terminated by the Manager for reasons not related to performance, e.g., departure of the lead portfolio manager, other significant personnel turnover or organizational change, etc. The Manager may select or terminate Investment Managers.

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The Committee, with the assistance of the Manager, will review the overall investment program on an ongoing basis, which includes the Policy. Key issues reviewed will include:

- Current trends and developments in the capital markets;
- Changes in the Plan financial goals and liabilities;
- The ability of YHC to take risk; and
- The ongoing appropriateness of the policies included herein.

This Statement shall be reviewed by the Committee at least annually, but otherwise whenever a major change is necessary. Such review may be caused by:

- A fundamental change in the design of the Plan;
- Significant revisions to the expected long term trade-off between risk and reward on key asset classes, normally dependent upon the basis of economic/political/social factors;
- A major change in the actuarial calculation basis, the membership/liability distribution, or the contribution/expense expectation;
- A significant change in the financial risk tolerance of YHC;
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Individuals or other Bodies governed by the Guidelines

The guidelines apply to YHC, the Board, the Committee, the Manager, the Custodian, and any employee, agent, or third party retained by any of the foregoing to provide services to the Plan.

Conflict of Interest

No person listed above may exercise their powers in their own interest or in the interest of a third person, nor may he or she place himself in a situation of conflict or potential conflict between his or her personal interest and his or her duties with regard to the investment of the Fund.

Any person listed above shall disclose any direct or indirect association or material interest or involvement that would result in any actual, potential or perceived conflict of interest with regard to the investments of the Fund. Without limiting the generality of the foregoing, this would include material benefit from any asset held in the Fund, or any significant holding, or the membership on the boards of other corporations, or any actual or proposed contracts with the issuer of any securities which are or will be included in the Fund.

Procedure on Disclosure

An individual listed above shall disclose in writing the nature and extent of his or her interest to YHC immediately upon first becoming aware of the conflict. The disclosure must be made orally if the knowledge of the conflict arises in the course of discussion at a meeting.

If the party disclosing the conflict has the capacity to participate in or to make decisions affecting the investment of the Fund, the party may only continue to participate with the approval of YHC. The party may elect not to participate with respect to the issue in conflict. If the person disclosing the conflict has voting powers, he or she may continue to participate with respect to the issue only with the unanimous approval of the other participants with voting rights. His or her notification shall be considered a continuing disclosure on that issue for purposes of the obligations outlined by these guidelines.

Related Party Transactions

Related party transactions, including transactions required for the operation or administration of the Plan, are only permitted if they are permitted under Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada) or such other applicable legislation, as amended from time to time. For this purpose:

- A "related party" and a "transaction" in respect of the Plan have the meanings given to such terms in Schedule III of the Pension Benefits Standards Regulations, 1985 (Canada) or such other applicable legislation, as amended from time to time;
- A transaction shall be considered nominal or immaterial if, together with other transactions with the same related party during a calendar year, it is for an amount that is less than 0.5% of the market value of the Fund.

Mercer

welcome to brighter

Investment Monitoring Review as at December 31, 2023

Yukon Hospital Corporation

1 March 2024

A business of Marsh McLennan

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Agenda

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Dashboard

December 31, 2023

12/31/2023

$184,082,586

12/31/2023

Active fund performance relative to benchmark:

	QTD	YTD	Actual Weight
Long Bond:	+23 bps	+34 bps	12.4%
TD Greystone Real Estate:	+6 bps	-13 bps	7.3%
Global Opportunistic FI:	-39 bps	+6 bps	5.0%
Global Equity:	-59 bps	-199 bps	19.6%
Emerging Markets:	-138 bps	-193 bps	6.9%
Global Small Cap Equity	-147 bps	+155 bps	5.2%
Global Low Volatility Equity	-163 bps	-623 bps	6.3%
Canadian Equity	-246 bps	-129 bps	12.3%

2023 Q4

Risk assets closed the year on a positive note in Q4.

Positive sentiment was driven by declining bond yields, following an unexpected Fed pivot to more dovish sentiment.

This strengthened investors' conviction in a soft landing and possible rate cuts in 2024.

Bonds *FTSE Canada Universe: 8.3% [Long Term 14.8%]*
- The fixed income market experienced a strong Q4 as yields fell across the curve.

Global equities *MSCI World (Net) C$: 8.7%*
- Global equities rallied following a soft third quarter, led by a rebound by the "Magnificent 7" US mega cap stocks.

Canadian equities *S&P/TSX: 8.1%*
- The Canadian market rally was driven primarily by the financials and information technology sectors.

No changes

As at December 31, 2023, actual allocations to all investment strategies werewithin tolerance bands.

12/31/2023

	QTD	YTD
Yukon Hospital Corporation Employees' Pension Plan	6.61%	9.50%
Value added vs Asset BM (bps)	-86	-115
Value added vs Liability BM (bps)	-389	+751

No updates

Market Environment

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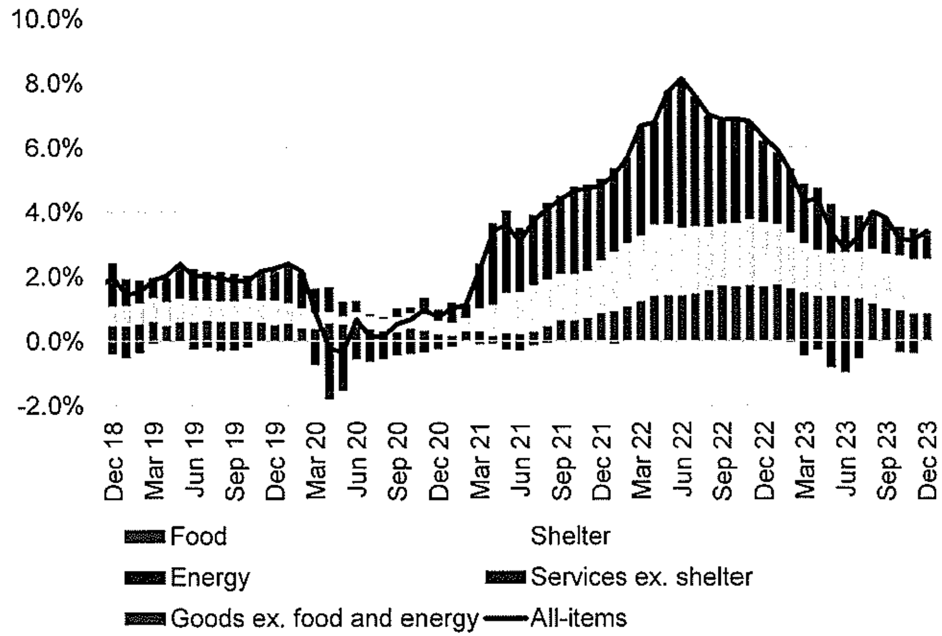
Inflation is cooling down but still above central bank targets

December 31, 2023

- Headline inflation is coming down in developed countries. On the supply side supply chain pressures have eased, with the supply chain pressure index now back at 2019 levels even though investors were reminded of geopolitical fragility when shipping routes around the Red Sea were disrupted in December.
- In Canada December CPI was 3.4% and 2.9% in January. Canadians continued to see increases in food prices (+5.0%) and shelter costs (+6.0%) in December, with these indices contributing most to the rise in the overall CPI.
- If inflation persists or new supply shocks materialize, monetary tightening may have to continue. This could lead to a worse outcome than just a mild recession.

Contribution to CPI

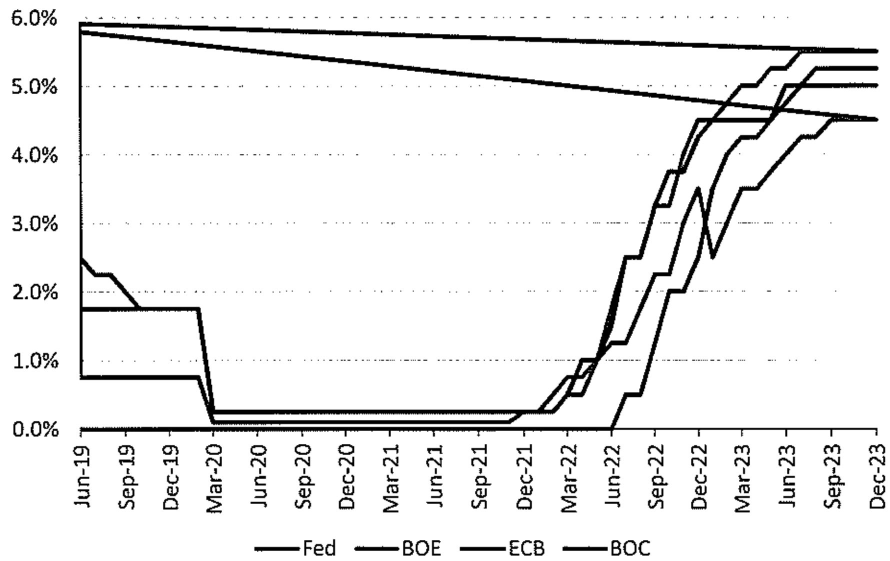


Sources: Statistics Canada and Mercer calculations

The end of the tightening cycle

- Major central banks have communicated that they are at the end of this tightening cycle and late in 2023Q4, the Federal Reserve has even implied the possibility of rate cuts in 2024 which the market is now pricing in.
- This increases the likelihood of a soft-landing scenario.
- In Canada, further progress on inflation would be required to cut rates, as signs of broad based inflationary pressures persist. Officials want to see "further and sustained easing" in core inflation.

Central bank policy rates



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Market review and outlook

Geopolitical Risk

- Geopolitical risks remained in the forefront as the Gaza and Ukraine conflicts continued and shipping in the Red Sea was temporarily disrupted in December due to missile attacks. While the initial market impacts have been limited, there is the risk of escalation with potential impacts on oil markets.

Interest Rates

- With rates ending the year in restrictive territory, central banks are now openly signaling an end to the hiking cycle. Markets have priced in significant rate cuts in 2024. The Federal Reserve's own rate projections indicate lower rates by the end of 2024.
- Central banks in emerging markets started cutting rates in 2023 and this should continue and broaden in 2024.

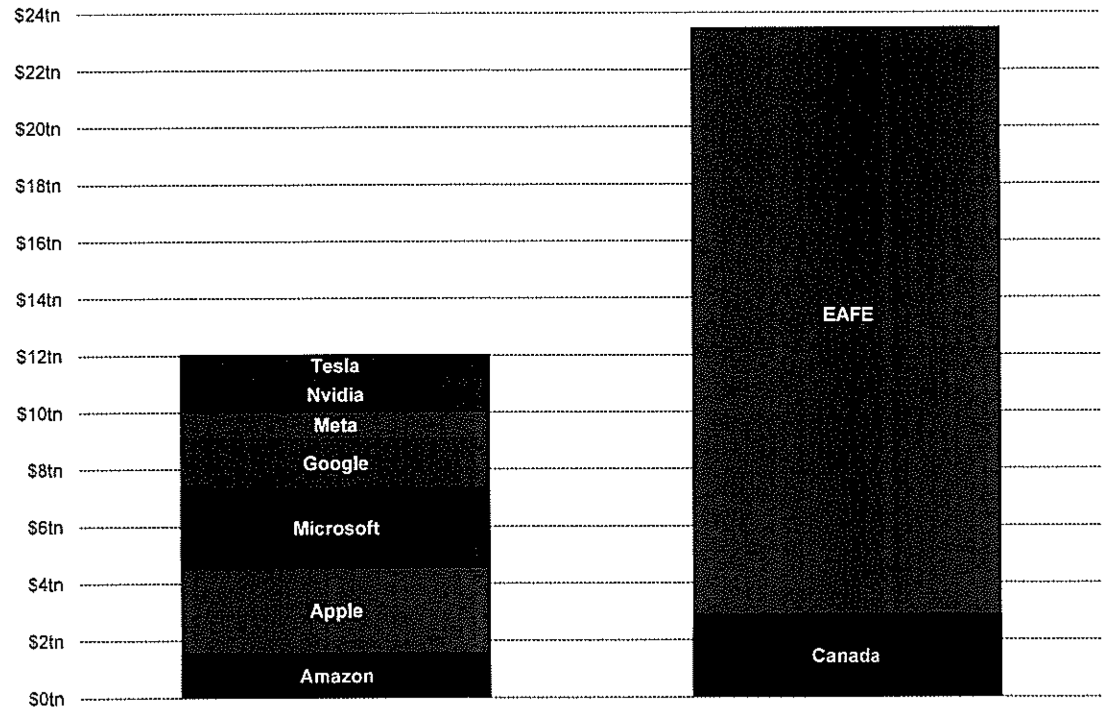
Inflation and Economy

- Inflation is declining and normalizing and projected to settle at or slightly above target in most developed economies throughout 2024. Economic growth expectations for 2024 remain below trend but a global recession is not expected.
- US economic growth proved remarkably resilient in 2023 and investors are now hoping that easier monetary policy will serve as a tailwind in 2024, offsetting less expansionary fiscal policy and potentially lower consumer spending. We expect the US to avoid a hard landing.
- Looking to the year ahead we see many risks on the horizon for the Canadian economy; notably, high levels of household indebtedness, structural shortage of housing affordability challenges, and productivity growth. We expect the negative growth momentum to continue into next year putting Canada's growth prospects on shaky ground relative to peers. Against this backdrop, we expect the Bank of Canada to be among the first of the world's G10 central banks to cut interest rates.

Impact of the magnificent 7

- For 2023 as at (12/31/2023), the magnificent 7 (Mag 7) stocks market cap is equivalent to about **half** of the market cap of the EAFE index plus Canada.
- All stocks are in the tech sector with rapid developments in AI being one of the key return drivers this year, most notably for chipmaker Nvidia that re-entered the top ten stocks this year
- This type of concentration is difficult for active equity managers with performance mostly reliant on one decision – to underweight or overweight tech
- The Mag 7 posted a return of 107% in 2023
- The S&P 500 ex Mag 7 returned 14.1% in 2023, compared to the S&P 500 total return of 22.3% and 18.9% for MSCI ACWI

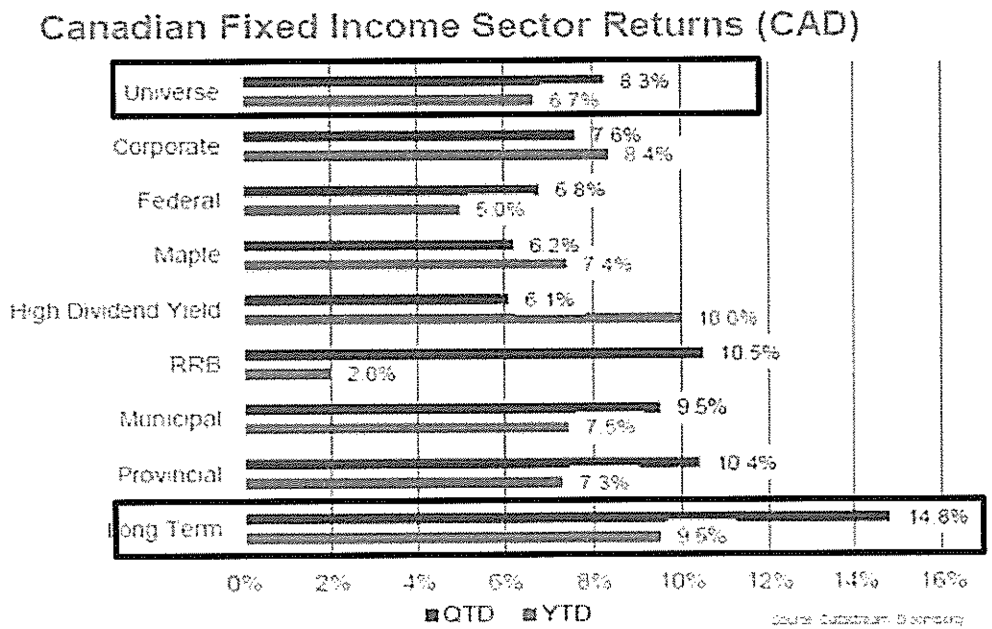
Magnificent 7 Market Cap vs Developed ex US equity market cap

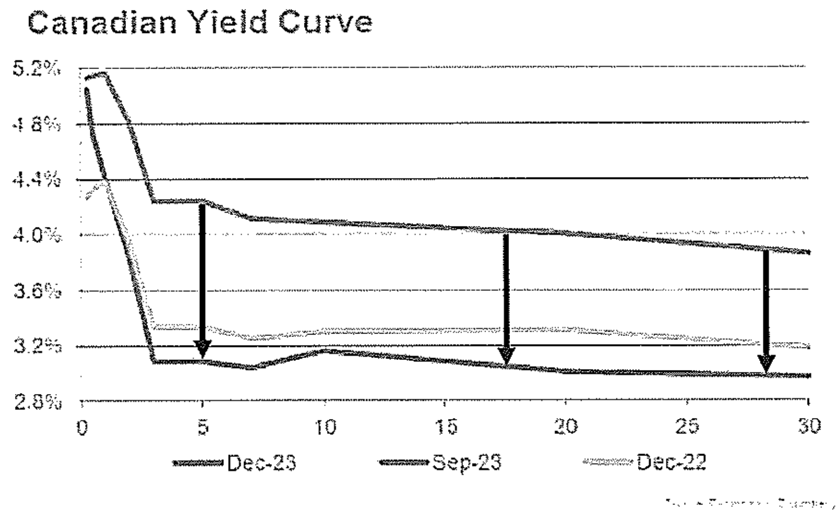


Source: Bloomberg. Data as at December 31 2023. MSCI EAFE and MSCI Canada indices used.

Capital market performance – fixed income

Bond markets rally in Q4 – anticipation of interest rate cuts

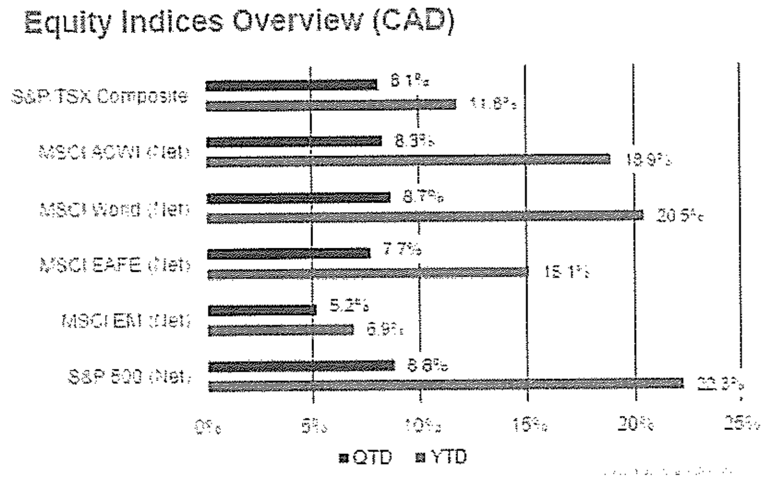


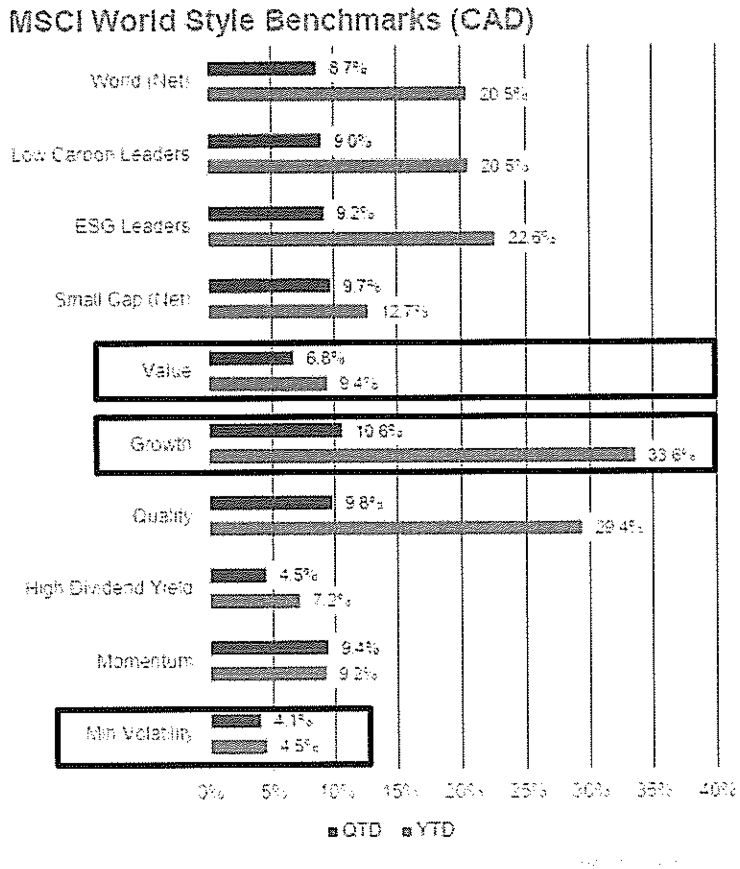


- The Bank of Canada and the US Federal Reserve held their policy interest rates steady in Q4.
- Signs of a slowing economy in Canada and a notably more dovish tone from the US Federal Reserve led bond markets to rally in anticipation of meaningful interest rate cuts in 2024 in both countries.

Capital market performance – public equities

Equity markets rally in Q4 – end of hiking cycle optimism

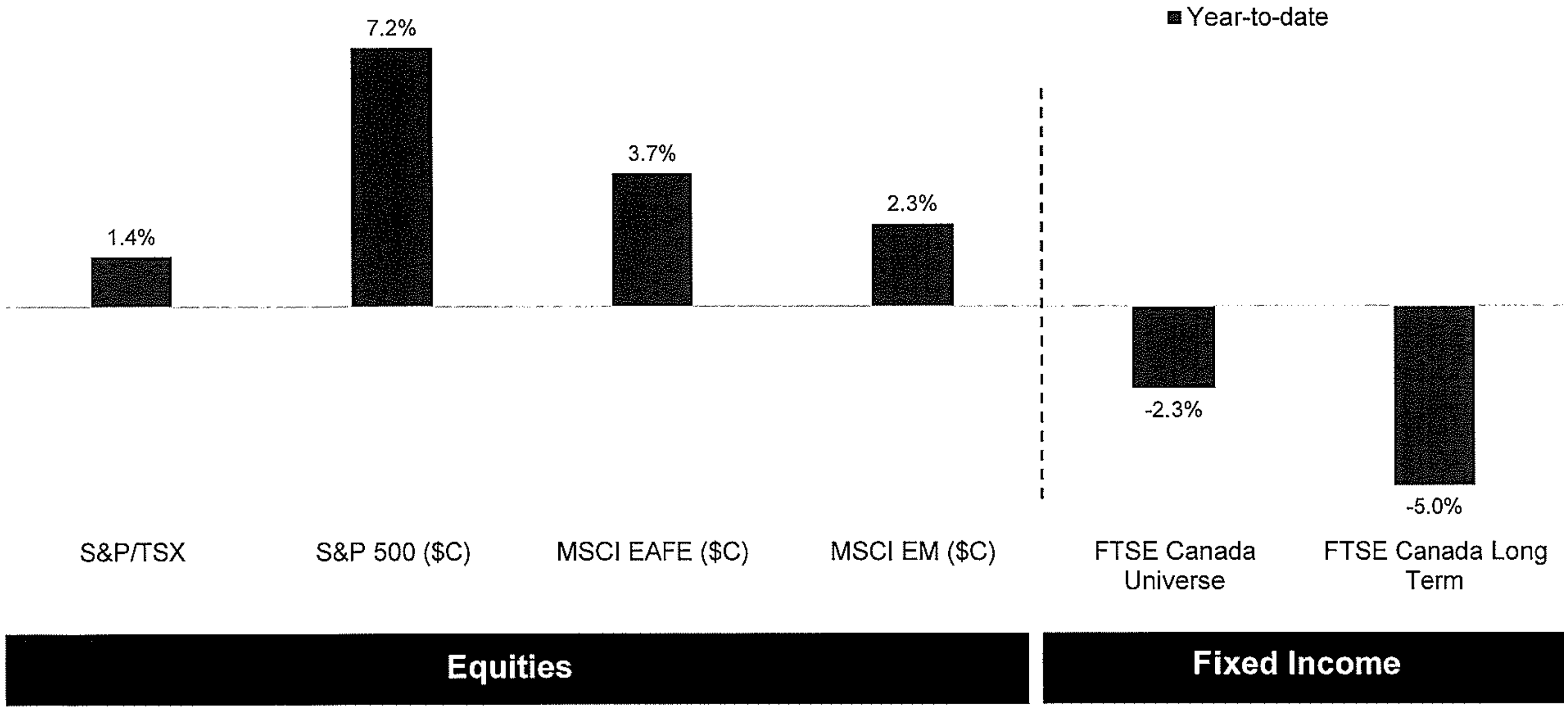




- Most major global equity markets finished 2023 on a high note, despite recession fears and low expectations for global growth.
- The US market was the top contributor – led by the "Magnificent Seven" mega cap technology stocks.
- Information Technology, Communication Services and Consumer Discretionary sectors were the top performing sectors globally.
- Emerging markets lagged developed markets both for the quarter and for the year.
- China, with concerns over economic recovery and challenging corporate earnings, was the outlier. China returned -6.2% in Q4 and -13.7% for the year.
- Growth outperformed value over the year.

Public market performance in 2024 … so far

As at February 21, 2024



Source: Datastream, all returns are in Canadian dollar terms

Mercer

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Asset Allocation

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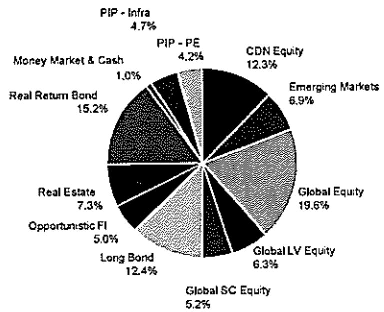
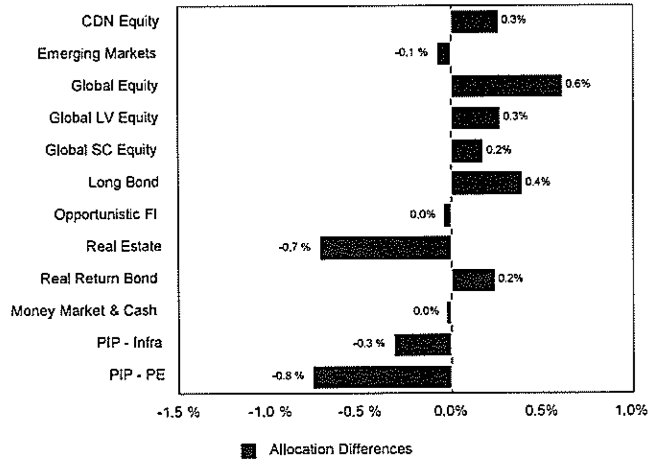
Asset allocation
December 31, 2023

Actual Allocation



Actual vs Target Allocation



	Actual ($)	Actual (%)	Target (%)	Differences (%)	Range (%)	Within Range
CDN Equity	22,568,755	12.3	12.0	0.3	10.0 - 14.0	Yes
Emerging Markets	12,746,870	6.9	7.0	-0.1	5.0 - 9.0	Yes
Global Equity	36,108,722	19.6	19.0	0.6	17.0 - 21.0	Yes
Global LV Equity	11,539,364	6.3	6.0	0.3	4.0 - 8.0	Yes
Global SC Equity	9,527,019	5.2	5.0	0.2	3.0 - 7.0	Yes
Long Bond	22,813,659	12.4	12.0	0.4	10.0 - 14.0	Yes
Opportunistic FI	9,124,824	5.0	5.0	0.0	3.0 - 7.0	Yes
Real Estate	13,394,180	7.3	8.0	-0.7	6.0 - 10.0	Yes
Real Return Bond	28,056,703	15.2	15.0	0.2	13.0 - 17.0	Yes
Money Market & Cash	1,790,383	1.0	1.0	0.0	0.0 - 3.0	Yes
PIP - Infra	8,616,138	4.7	5.0	-0.3	3.0 - 7.0	Yes
PIP - PE	7,795,970	4.2	5.0	-0.8	3.0 - 7.0	Yes
Total	**184,082,586**	**100.0**	**100.0**	**0.0**		

Figures may not sum due to rounding.

Mercer

Plan Performance – December 2023

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Performance summary
December 31, 2023

	Market Value	% of Portfolio	QTD	1 Yr	3 Yrs	4 Yrs	5 Yrs	Inception	Inception Date
Total Fund	184,082,586	100.0	6.61	9.50	3.63	5.27	7.34	5.81	Apr-2018
Policy Benchmark			7.47	10.65	3.07	5.07	7.38	6.14	
Excess Return			-0.86	-1.15	0.56	0.20	-0.04	-0.33	
Liability Benchmark			10.50	1.99	-3.81	0.15	1.67	1.20	
Excess Return			-3.89	7.51	7.44	5.12	5.67	4.61	
Equity	92,490,730	50.2							
MERCER CAD EQUITY FUND	22,568,755	12.3	5.64	10.46	13.53	9.70	11.38	8.51	Apr-2018
S&P/TSX Composite			8.10	11.75	9.59	8.58	11.30	8.87	
Excess Return			-2.46	-1.29	3.94	1.12	0.08	-0.36	
Quartile			Q4	Q3	Q1	Q2	Q3	Q4	
MERCER EMERGING MARKETS FUND	12,746,870	6.9	3.82	4.95	-5.62	-1.15		1.28	Sep-2019
MSCI Emerging Markets (Net) $C			5.20	6.88	-3.98	0.72		3.16	
Excess Return			-1.38	-1.93	-1.64	-1.87		-1.88	
Quartile			Q4	Q4	Q3	Q4		Q4	
MERCER GLOBAL EQUITY FUND	36,108,722	19.6	8.07	18.48	6.46	8.92	11.42	9.06	Apr-2018
MSCI World (Net) $C			8.66	20.47	8.51	9.82	12.01	9.97	
Excess Return			-0.59	-1.99	-2.05	-0.90	-0.59	-0.91	
Quartile			Q3	Q2	Q3	Q3	Q3	Q3	
MERCER GLOBAL LOW VOLATILITY EQUITY FUND	11,539,364	6.3	7.03	14.24	6.92	6.52		6.97	Sep-2019
MSCI World (Net) $C			8.66	20.47	8.51	9.82		11.04	
Excess Return			-1.63	-6.23	-1.59	-3.30		-4.07	
MSCI World Minimum Volatility (Net) $C			4.06	4.54	4.65	3.67		3.75	
Excess Return			2.97	9.70	2.27	2.85		3.22	
Quartile			Q1	Q1	Q2	Q1		Q1	
MERCER GLOBAL SMALL CAP EQUITY FUND - Canada	9,527,019	5.2	8.22	14.20	4.18	7.57		9.10	Sep-2019
MSCI World Small Cap (Net) $C			9.69	12.65	4.06	6.44		8.13	
Excess Return			-1.47	1.55	0.12	1.13		0.97	
Quartile			Q3	Q2	Q2	Q2		Q3	

*Index performance reported is subject to availability. Index returns where unavailable have been assumed as 0% in the calculation of benchmark performance. Index returns are subject to restatement by the index provider, which may result in material changes to performance reported herein.
**Since inception fund performance begins as of the first full month of performance, following the inception date of the fund. In the event that a fund's inception date is intra-month, clients' actual since inception fund return may differ from the performance reported herein.
***Performance figures for Mercer Global Equity Fund for the period Dec 30, 2019 – Dec 31, 2023 have been restated due to errors in the data supplied by a third party provider for the month of Dec 2019. The return for the month of December 2019 was overstated by 14 basis points. There was no impact to the NAVs of the fund.
****TWRR return calculations for PIP funds are currently being validated and will be included in future report.

Performance summary

December 31, 2023

	Market Value	% of Portfolio	QTD	1 Yr	3 Yrs	4 Yrs	5 Yrs	Inception	Inception Date
Fixed Income	61,785,568	33.6							
MERCER GLOBAL OPPORTUNISTIC FIXED INCOME FUND	9,124,824	5.0	5.10	9.15	0.79	2.34		2.42	Sep-2019
Opportunistic Fixed Income Index			5.49	9.09	-0.20	0.72		1.22	
Excess Return			-0.39	0.06	0.99	1.62		1.20	
MERCER LONG BOND FUND	22,813,659	12.4	15.05	9.85	-6.51	-2.25		-2.72	Sep-2019
FTSE Canada Long Term			14.82	9.51	-6.47	-2.18		-2.74	
Excess Return			0.23	0.34	-0.04	-0.07		0.02	
Quartile			Q3	Q3	Q4	Q4		Q4	
MERCER MONEY MARKET FUND	1,399,026	0.8	1.38	5.33	2.54	2.16		2.14	Oct-2019
FTSE Canada 91 Day T-Bill			1.28	4.71	2.22	1.88		1.86	
Excess Return			0.10	0.62	0.32	0.28		0.28	
MERCER REAL RETURN BOND FUND	28,056,703	15.2	10.39	1.84	-3.91	0.03		-0.65	Sep-2019
FTSE Canada Real Return			10.50	1.99	-3.81	0.15		-0.55	
Excess Return			-0.11	-0.15	-0.10	-0.12		-0.10	
Canadian Dollar	391,357	0.2							
Alternative Investments	29,806,288	16.2							
Private Equity	16,412,108	8.9							
PIP V - PE	7,795,970	4.2							
PIP V - Infra	8,616,138	4.7							
Real Estate	13,394,180	7.3							
TD Greystone Real Estate Fund	13,394,180	7.3	-1.56	-0.09	7.14			5.10	Mar-2020
MSCI/REALPAC Canada Property Index (All Assets)			-1.62	0.04	3.41			1.73	
Excess Return			0.06	-0.13	3.73			3.37	
Quartile			Q1	Q1	Q3			Q3	

*Index performance reported is subject to availability. Index returns where unavailable have been assumed as 0% in the calculation of benchmark performance. Index returns are subject to restatement by the index provider, which may result in material changes to performance reported herein.
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****TWRR return calculations for PIP funds are currently being validated and will be included in future report.

Mercer

Fund and Plan Updates

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Fund and plan updates

TD Greystone Real Estate Fund – Rating Change

- **Summary:** Following the announcement of the resignation of Jeff Tripp, Managing Director and Head of Alternative Investments, as well as several changes within the alternative investment team, Mercer has updated the fund rating from B+ to B+(W)*.
  - **Staff Changes:** Colin Lynch, who was Managing Director and Head of Global Real Estate, will take on the Head of Alternatives role. Andrew Croll, previously Managing Director, Lead Client Portfolio Manager, will take over Lynch's prior role.
- **Mercer view:** In Mercer's view, the team has reached a point where it can no longer afford additional senior departures and would benefit from adding external bench strength, although it does not appear that this is currently planned.
- **Next steps:** Mercer will continue to monitor for changes on the Fund.
- **Additional Background:** Jeff Tripp, the outgoing head of alternatives with over 30 years of real estate experience, has been succeeded by a newer generation at TDAM, led by Colin Lynch as the new head of Alternatives, who has 10 years of real estate experience. Mercer is of the opinion that TDAM's leadership transition appears to focus on continuity and optics, with Colin Lynch being the sole Alternatives Investment Committee (AIC) member with a direct real estate background. This positions TDAM's AIC as relatively inexperienced in the real estate sector, a concern offset by the contributions of experienced senior, non-AIC team members, like Matt Sych and Scott Linner in key investment decision roles.
- Note: (W) = the rating is on "watch". There is some uncertainty about the rating and resolution is not expected soon, but we believe there is a low probability that the resolution of this uncertainty will lead to a change in the strategy's rating. (W) indicators are typically issued when there is an expectation of long-term uncertainty surrounding the rating — for example, a change, or potential change, in a manager's ownership.

DB Updates

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Themes and opportunities 2024 – Age of agility

Mercer's views of structural trends and emerging risks – 5 years and beyond – and their impact

Investors must be dynamic in a world now characterized by:
1) a higher cost of capital and lower liquidity;
2) evolving dynamic between cyclical inflationary forces and structural inflationary forces;
3) an accelerating energy transition, nature risk being considered

Regime Change

The shift in monetary policy is here to stay. A more attractive outlook for fixed income implies a greater role in portfolios, but a return to negative equity/bond correlations cannot be assumed. Geopolitical risk remains elevated. Nimble alpha generators should capitalize on dispersion and dislocation.

Super-cycles

As rate increases bite, and cyclical inflation pressures subside, many structural inflation pressures remain: resources demand; supply chain and trade route realignment; the risk of fiscal largesse; greenflation. Extraordinary debt levels become significant again, shifting the power back from borrowers to lenders.

Mega-trends

Disruption in energy supply has highlighted the need for energy security, and the connection to the energy transition. Awareness of nature loss and its consequences signal regulatory shift but could create opportunities in regenerative and innovative solutions.

Increasing Time Horizon

2024 Top DB priorities – Getting ready for rapid change

Interest rate cuts? Volatility and inflation here to stay?

Consider reevaluating your investment strategy in 2024.

Ensure that your DB plan has a clear destination with the appropriate journey plan to guide important decisions

Alternatives and private markets can play a crucial role in achieving your plan objectives

Assess how integrate ESG factors in your investment decisions, including any alignment with corporate values

Smart allocation of your surplus

It's time for a surplus strategy

- Contribution holiday? Reserves against future headwinds? Benefit improvements? Payment of plan expenses?

Are there ways to lock down the surplus and still meet objectives?

Consider risk transfer

With improved financial positions, now may be the time for a risk transfer

What is the best approach for your organization – annuity buy-in, buy-out, merging with a larger plan, cash-outs?

Review your assumptions - strengthen governance practices

Demographic assumptions need to reflect the changing workforce

The scope of plan governance is expanding – so are regulatory expectations

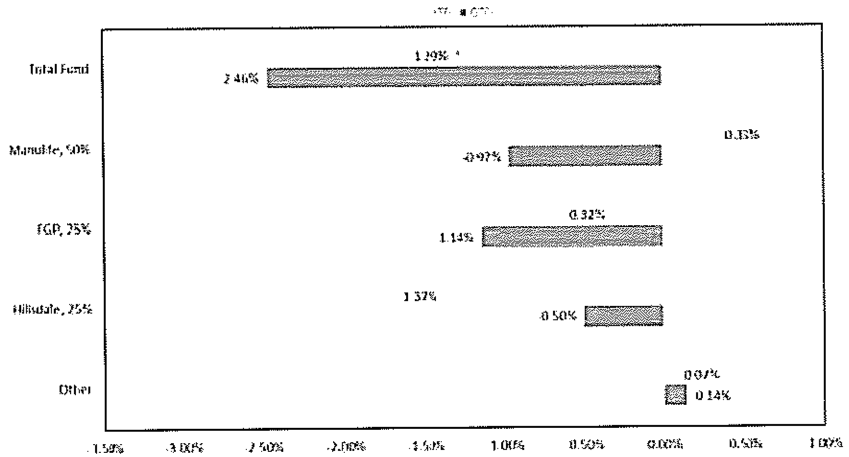
Appendix – Individual Fund Performance

A

Mercer Canadian Equity

Contribution to excess return

Mercer Canadian Equity Fund
Contribution to Excess Return v S&P/TSX Composite Index



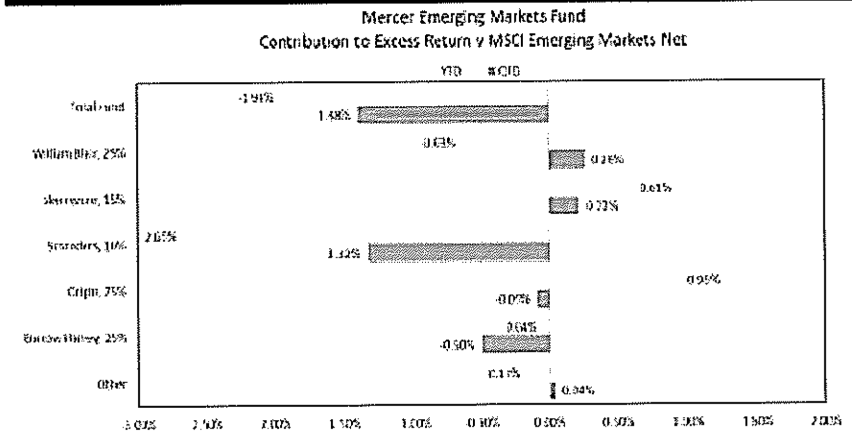
Mercer Canadian Equity Fund lagged the benchmark S&P/TSX Composite in Q4, giving back some of its strong relative performance from earlier in the year. With headwinds for Value and Energy during the quarter, subadvisor FGP underperformed following strong relative performance from the first three quarters of the year. Energy, with a 20%+ allocation in FGP's portfolio, was the biggest detractor as the sector declined 1.3% for the quarter. Holdings in major banks, an underweight in Industrials, and an underweight in Information Technology also detracted.

Hillsdale saw another negative quarter following the ongoing Momentum headwind in Q4, owing to an oscillating market environment. Strong performance from Materials and Information Technology was not enough to offset drags from an overweight to Energy and underweight in Financials.

The Quality factor also lagged in Q4, causing core manager Manulife to underperform. Positioning within Financials and Materials detracted the most, albeit less so as compared to other managers. Despite its struggles in Q4, Manulife still managed to maintain positive outperformance for the year as a whole.

Mercer Emerging Market Equity

Contribution to excess return



Most factors and sectors rebounded in Q4 across emerging markets, with the exception of China. Accordingly, the MSCI Emerging Markets Index recorded a positive quarter, generating the majority of its gains for 2023 as a whole. The Mercer Emerging Markets Fund, however, saw some challenges and lagged the benchmark.

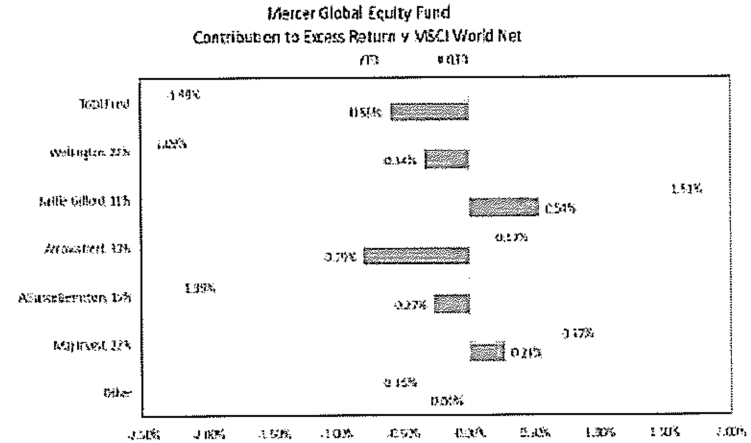
The systematic multi-factor manager Origin delivered stable performance from both allocation and selection across the majority of sectors, with a particularly strong quarter in Consumer Discretionary. Selection in Communication Services, Energy, and Information Technology, however, dragged overall performance below benchmark. Manager Barrow Hanley also gave back its gains from earlier in 2023 with negative excess returns in Q4. While Value was a tailwind, holdings in Chinese equities was a negative for performance over the quarter. Positioning in Information Technology detracted further.

On the positive side, managers Skerryvore and William Blair were able to ride style factor tailwinds and both recorded positive performance. With a favorable environment for Quality and a lower allocation to China compared to other managers in the Fund, Skerryvore achieved strong returns in Q4. Stellar performance selection in both Consumer sectors was more than enough to compensate for their underweights to Energy, Financials, and Information Technology. William Blair also enjoyed a Growth style tailwind and finished the quarter above benchmark. Holdings in Information Technology were the main contributor to the outperformance, and robust selection in Financials and both Consumer sectors also helped.

The dedicated China manager, Schroder's, continue to navigate a challenging market environment. As China continues to battle against deflation and subdued growth, the market was down double digits in 2023, causing Schroder's performance to lag the rest of the portfolio. The significant underperformance from China (the country with largest weight within the MSCI EM benchmark) was the main culprit for underperformance in 2023. In Q4, Schroder's was also behind the benchmark. Amid the market sell off, holdings in Information Technology, Financials, and Health Care were the top detractors.

Mercer Global Equity

Contribution to excess return



In Q4, strong market headwinds caused the Mercer Global Equity Fund to finish the quarter slightly below the benchmark. Driven by the optimism towards year end from cooling off in global inflation and declining crude, higher expectations of rate cuts by central banks, as well as a slide in the dollar index, high volatility and high beta were the best performing style groups for the quarter, followed by Growth. All other style factors, including Value, Quality, and Momentum, underperformed the market in Q4.

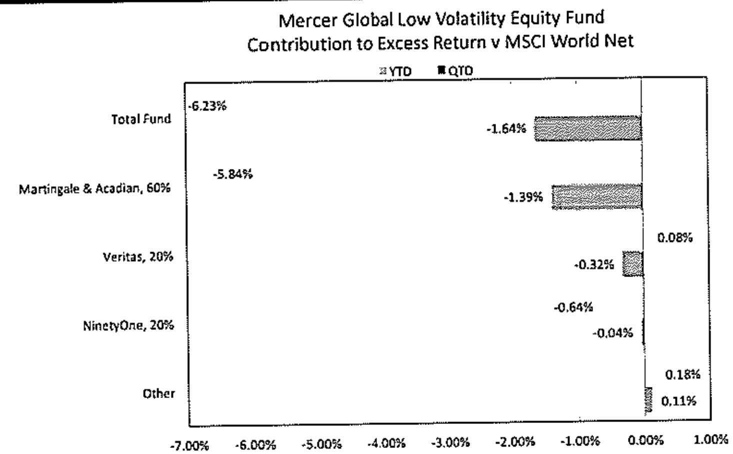
As a result, the Fund's core multi-factor systematic manager Arrowstreet saw some performance reversions and lagged the benchmark MSCI World. Underweights in Industrials and Materials, as well as an overweight in Energy and selection in Information Technology, were among the top detractors.

Facing factor headwinds, Quality manager Wellington, with its significant underweight in both Mega Caps and the Information Technology and Consumer Discretionary sectors, underperformed the MSCI World. Quality Growth manager AB was also below the benchmark. While the portfolio did enjoy some strong performance from both allocation and selection effects, the allocation to Industrial name Alstom (-45.16% over the quarter) offset all of these gains.

Manager Baillie Gifford continued to profit from the Growth tailwind and helped to alleviate some of the above underperformance, sitting comfortably above the benchmark at December 31. As the only manager in the lineup with overweights in Information Technology, Consumer Discretionary and Communication Services, the portfolio continued to see strong contributions amid market turbulence. Similarly, despite facing Value and Quality headwinds, manager Maj also finished the quarter above the MSCI World, thanks to its allocation to key holdings including META, Alphabet and Samsung. An underweight to Energy combined with an overweight in Materials also provided a performance boost.

Mercer Global Low Volatility

Contribution to excess return



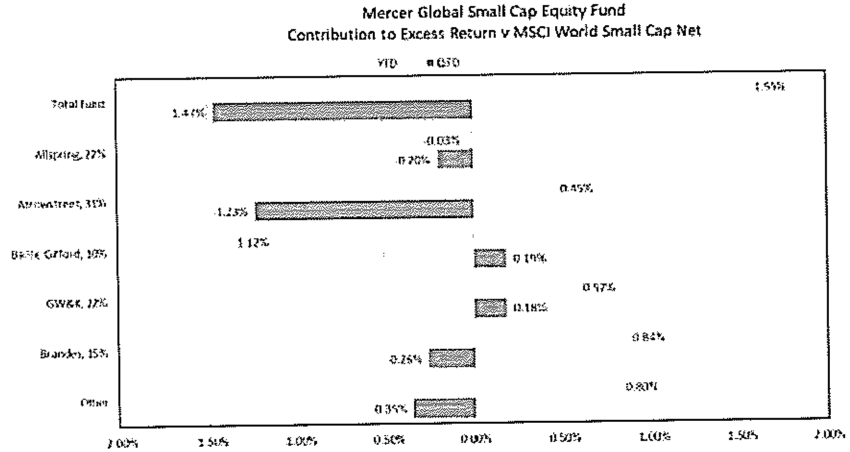
As a result of resurging market optimism, higher beta stocks returned to the fore in Q4 and finished 2023 as the best performing market segment. With its low-beta positioning, the Mercer Global Low Volatility Equity Fund continued to navigate this strong headwind but trailed the benchmark for the quarter.

With strong US equity leadership, minimum variance manager Martingale lagged due mainly to its underweight in Information Technology. This was compounded by an overweight to Health Care and negative selection effects in Financials. The Fund's other Min Var manager Acadian (specializing in EAFE markets), performed better than its peer and finished Q4 with considerably less underperformance. Without the narrow leadership observed in the US market, strong selection in such sectors as Consumer Staples was able to offset much of the negative allocation effects.

On the fundamental side of lineup, both quality managers (Veritas and NinetyOne) also faced factor headwinds and finished the quarter below the benchmark. Veritas lagged in Q4, with an underweight in Information Technology being the main culprit and caused most of the underperformance. Strong selection effects from certain sectors including Financials and Consumer Staples added value but was not enough to result in outperformance for the quarter. In comparison, NinetyOne weathered the market turbulence relatively well and was slightly below the benchmark. Holdings in several headline names, including Microsoft and Alphabet, along with strong selection in Financials helped to provide strong contributions to return. However, underweights to Industrials and Materials, as well as selection within Communication Services, dragged overall performance into negative territory.

Mercer Global Small Cap

Contribution to excess return



As market volatility picked up within the Developed Market Small Cap space in Q4, the Mercer Global Small Cap Equity Fund saw some performance reversions across the best performers in Q4 and trailed the benchmark for the quarter. Fortunately, the Fund still recorded positive outperformance for the year to date.

The core manager Arrowstreet gave part of its 2023 YTD excess return back in Q4. An underweight in Real Estate combined with negative stock selection in Financials and Health Care were the main detractors. Similarly, strong performer Brandes also gave some excess return back following a stellar start after being added to the portfolio in July 2023. While selection remained strong in Industrials and Consumer Staples, underweights in Consumer Discretionary, Information Technology and Real Estate dragged overall performance lower. Negative selection effects from Financials and Health Care detracted further. Both managers, however, finished ahead of the benchmark for the year as a whole.

Manager GW&K captured the Quality factor tailwind and added to its 2023 outperformance. Selection in Industrials and Consumer Discretionary was particularly strong over the quarter. An overweight in Information Technology was also a critical contributor. In the case of manager Allspring, however, underweights in Financials and Real Estate, as well as negative selection effects in Consumer Discretionary, detracted from performance and dragged the portfolio below benchmark.

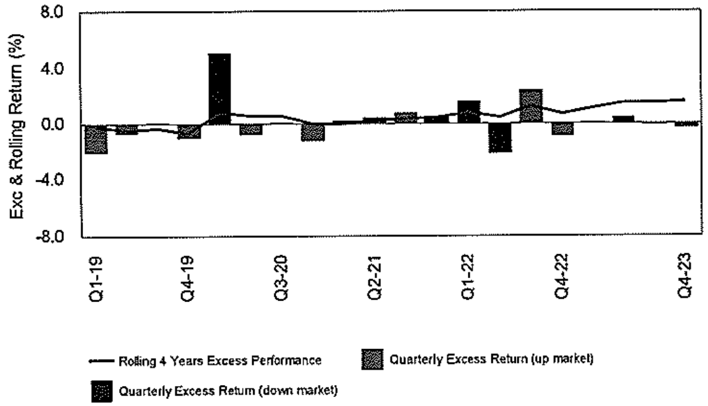
Manager Baillie Gifford continued to seize the Growth style tailwind and outperformed the benchmark in Q4. The manager was able to overcome the negative effects of underweights in stronger sectors like Financials and Real Estate with positive stock selection in those areas. Overweights in Health Care and Information Technology were also beneficial, in addition to strong selection within Consumer Staples.

*Since inception fund performance begins as of the first full month of performance, following the inception date of the fund. In the event that a fund's inception date is intra-month, clients' actual since inception fund return may differ from the performance reported herein.
** The performance shown above is the pooled fund returns.

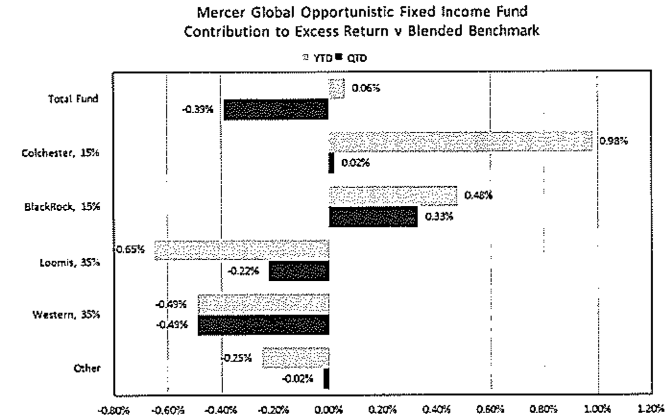
Mercer Global Opportunistic Fixed Income

	QTD	1 Yr	3 Yrs	4 Yrs	5 Yrs	Inception May-2016	2022	2021	2020	2019
Mercer Global Opportunistic Fixed Income	5.10	9.15	0.78	2.33	2.66	4.24	-4.73	-1.57	7.12	4.00
Opportunistic Fixed Income Index	5.49	9.09	-0.20	0.72	2.11	3.68	-5.56	-3.51	3.50	7.90
Excess Return	-0.39	0.06	0.98	1.61	0.55	0.56	0.83	1.94	3.62	-3.90

Quarterly Excess Return with rolling 4 Yrs line in $C (before fees) over 5 Yrs ending 12- 2023



Contribution to Excess Return



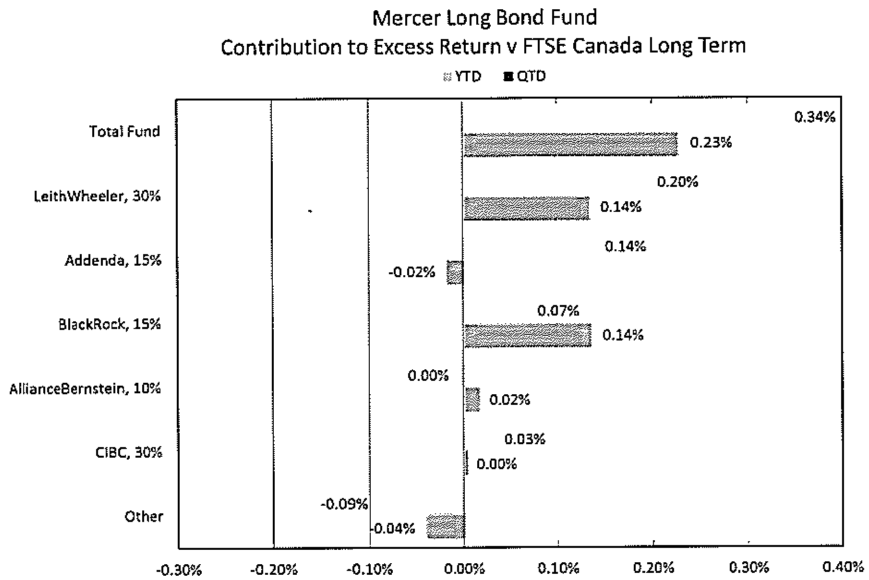
As at Dec 31, 2023	Fund*	Benchmark	Difference
Duration (yrs)	4.9	4.7	+0.2
Yield to maturity (%)	7.44	6.2	+1.26

Fund Overall: The Global Opportunistic Fixed Income strategy was designed as a growth fixed income solution and has delivered outperformance above the benchmark since inception.

Fund Q4: The Fund underperformed over the quarter. The underperformance was driven by multi-asset credit ("MAC") manager Western, while EMD managers BlackRock and Colchester outperformed. Western's underperformance was driven by their underweight allocation in Investment Grade Credit, however long duration positioning contributed positively to performance. BlackRock added value due to their exposure to Latin America rates such as Colombia, Brazil and Mexico.

Mercer Long Bond

Contribution to excess return



As at Dec 31, 2023	Fund*	Benchmark	Difference
Duration (yrs)	15.0	15.0	0
Yield to maturity (%)	4.12	4.04	+0.08

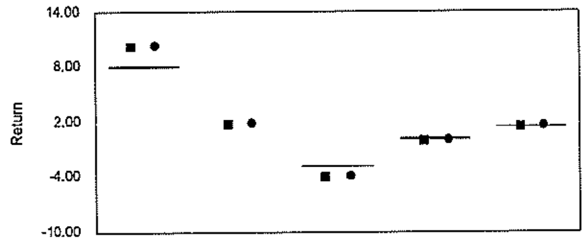
Fund Overall: The Mercer Long Bond Fund outperformed over the quarter. Over the long term, the strategy continues to place ahead of its benchmark. We have conviction that the strategy is well positioned on a forward-looking basis. Finally, the strategy ended the year in a strong position with an outperformance of 34 basis points.

Fund Q4: Over the quarter, the Fund delivered healthy outperformance. In particular, BlackRock, Leith Wheeler and AB contributed positively to performance. For example, AB generated value-added returns through positive security selection, duration overweight and yield curve positioning. BlackRock also added value due to their exposure to US rates as yields fell. Leith Wheeler contributed due to an overweight to duration posture as well as an overweight allocation to provincials, in particular Saskatchewan and Manitoba.

Mercer Real Return Bond Fund

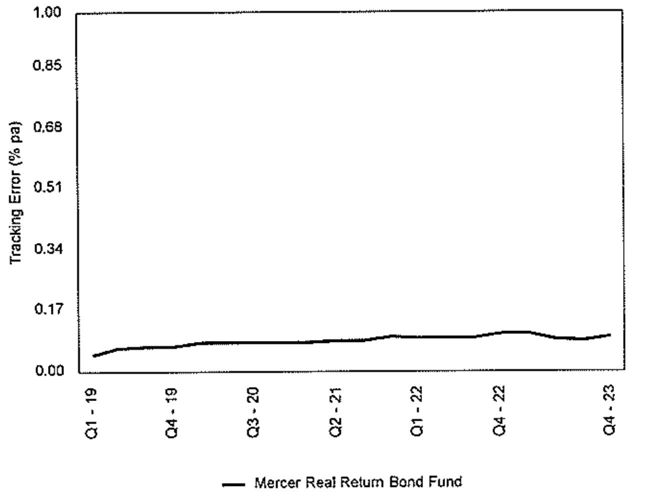
	QTD	1 Yr	3 Yrs	4 Yrs	5 Yrs	10 Yrs	Inception Jul-2007	2022	2021	2020	2019	2018
Mercer Real Return Bond Fund	10.39	1.84	-3.91	0.03	1.61	2.68	3.70	-14.31	1.66	12.87	8.17	-0.12
FTSE Canada Real Return	10.50	1.99	-3.81	0.15	1.67	2.73	3.77	-14.32	1.84	13.02	8.02	-0.05
Excess Return	-0.11	-0.15	-0.10	-0.12	-0.06	-0.05	-0.07	0.01	-0.18	-0.15	0.15	-0.07

Return in $C (before fees) ending 12-2023
Comparison with the Mercer Inst Pooled - Canadian Fixed Income PFS (Percentile Ranking)



	QTD	1 Yr	3 Yrs	4 Yrs	5 Yrs
■ Portfolio	10.39 (1)	1.84 (100)	-3.91 (100)	0.03 (96)	1.61 (92)
× Benchmark	10.50 (1)	1.99 (100)	-3.81 (100)	0.15 (93)	1.67 (81)
5th Percentile	9.16	7.86	-1.43	1.12	2.24
1st Quartile	8.74	7.59	-2.13	0.68	1.95
Median	8.52	7.21	-2.32	0.57	1.84
3rd Quartile	8.32	7.01	-2.48	0.43	1.72
95th Percentile	7.98	6.89	-2.87	0.07	1.42
Population	39	38	36	36	34

Rolling 4 Years Tracking Error vs. FTSE Canada Real Return in $C (before fees) over 5 Yrs ending 12-2023 (quarterly calculations)



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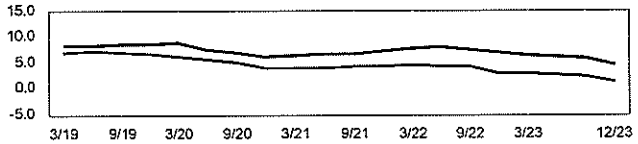
TD Greystone Real Estate Fund

	QTD	1 Yr	3 Yrs	4 Yrs	5 Yrs	10 Yrs	Inception Jan-2004	2022	2021	2020	2019	2018
TD Greystone Real Estate Fund	-1.56	-0.09	7.14	4.81	5.57	6.74	9.08	7.41	14.61	-1.88	8.66	8.66
MSCI/REALPAC Canada Property Index (All Assets)	-1.62	0.04	3.41	1.59	2.59	4.83	8.18	2.33	8.01	-3.68	6.68	7.75
Excess Return	0.06	-0.13	3.73	3.22	2.98	1.91	0.90	5.08	6.60	1.80	1.98	0.91

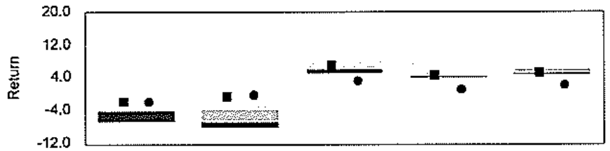
Rolling Return: Rolling 4 Years



— TD Greystone Real Estate Fund

— MSCI/REALPAC Canada Property Index (All Assets)

Return in $C (before fees) ending 12-2023
Comparison with the Mercer Inst Pooled - Canadian Real Estate PFS (Percentile Ranking)



	QTD	1 Yr	3 Yrs	4 Yrs	5 Yrs
■ Portfolio	-1.56 (13)	-0.09 (1)	7.14 (51)	4.81 (72)	5.57 (72)
× Benchmark	-1.62 (14)	0.04 (1)	3.41 (100)	1.59 (100)	2.59 (100)

Historical Statistics: 5 Years

	Portfolio	Benchmark
Return	5.57	2.59
Standard Deviation	2.95	1.63
Sharpe Ratio	1.16	0.40
Beta	1.27	1.00

TD Greystone Real Estate Fund Inc.	
Loan to Value	32.9%
Core Occupancy	90.7%
NOI Yield (%)	4.0%
Weighted Average Lease Term	6.7 Years

TD Greystone Real Estate Fund produced a slightly negative return (-1.56%) in Q4-23. While capitalization rates were rising over 2023, the stable income and diversification within the portfolio helped with capital preservation. Over the quarter, the fair value of debt was a detractor to return given that bond yields fell. The Fund delivered a broadly flat return on a 1 year basis.

Market commentary:

Office: Canada office markets are starting to show signs of improvement. Some areas to watch in 2024 include: office to residential conversion, return to office policies, and new construction supply.

Industrial: The supply/demand imbalance since 2020 continues to be alleviated with a slowdown in leasing activity and new supply.

Retail: Factors such as population growth, urbanization and tourism may help support an active leasing environment for retail into 2024.

Multi-family: Moving into 2024, population growth, housing affordability, and higher rates may continue to add to the demand/supply imbalance.

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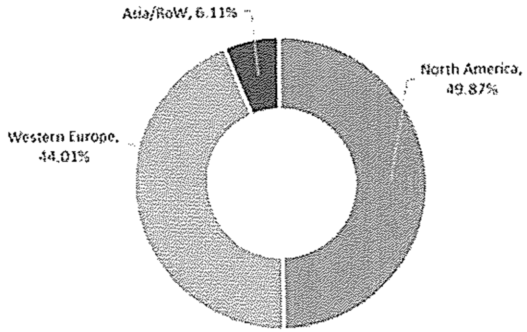
Mercer Private Investment Partners V SICAV – SIF

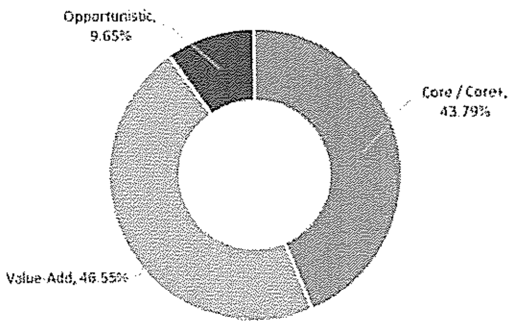
Sub-Fund Infrastructure, Q4-2023

UNDERLYING COMMITMENTS

BY REGION



BY STRATEGY



PERFORMANCE

				Performance Since Invested (Local Currency)		
Fund	Currency	Market Value (M$)	Commitment Drawn [a]	TVPI	IRR (Investor)[b]	Vintage Year
Infrastructure (PIP V)	USD	$724.9	74.1%	1.20	7.4%	2018

All figures are based on the most recently available valuations provided by Mercer Private Markets AG, which generally lag by a quarter adjusted for interim capital calls and distributions.

[a] *Commitment Drawn represents the investor commitment drawn as a percentage of total investor committed capital.*
[b] *Net IRR is shown in the local currency of the fund, net of underlying manager fees and net of Mercer fee.*

Note: It should be noted that measuring the absolute success of a private markets portfolio is not possible until it is close to the end of its maturity. During the early stages, the impact of fees as well as other factors will result in negative IRR's being recorded in nearly all private markets partnerships. Furthermore, the true value of underlying investments is often not fully identified and recorded until the exit of that investment, which may not occur until close to the end of the partnership's life. Performance numbers should therefore be assessed with consideration to the stage of investment the partnership is currently in.

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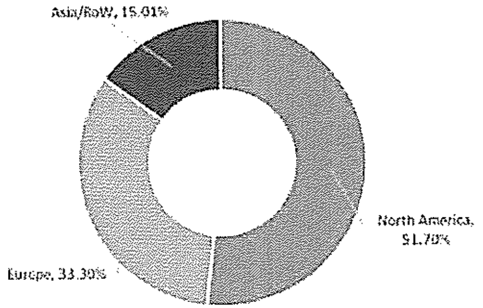
Mercer Private Investment Partners V SICAV – SIF

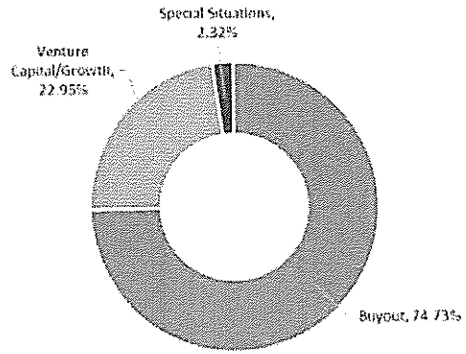
Sub-Fund Private Equity, Q4-2023

UNDERLYING COMMITMENTS

BY REGION



BY STRATEGY



PERFORMANCE

				Performance Since Invested (Local Currency)		
Fund	Currency	Market Value (M$)	Commitment Drawn [a]	TVPI	IRR (Investor)[b]	Vintage Year
Private Equity (PIP V)	USD	$409.4	78.8%	1.40	13.4%	2018

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yukon hospitals

whitehorse
dawson city
watson lake

Meeting:	YHC Pension Committee		
Meeting Date:	March 13, 2024		
Agenda Item:	**F-1 Process Improvement between WTW and YHC**		
Purpose:	Information ☒ Discussion ☐ Decision ☐		
Prepared by:	Kate Davidson, Director of Finance	**Approved by:**	Kelly Steele, CFO & Executive Director, Corporate Services

ISSUE	Update on collaborative efforts between YHC and WTW to ensure processing issues and member communications are improved to meet best practice requirements for deadlines and filings.
AUTHORITY INFORMATION	YHC's Pension Plan Text *Pension Benefits Standards Act*
BACKGROUND	As part of the overall governance of the Pension Plan, the Pension Committee annually reviews a Compliance Checklist prepared by Willis Towers Watson for the preceding calendar year. During the August 2023 review, it was identified that while legislative obligations were largely met, there continued to be gaps in timeliness of member communication and adherence to prescribed timelines. A commitment was made by Administration that WTW and YHC would meet to determine additional measures and tools that could be utilized to improve processes. Key areas identified for improvement: • Section 8 (a). Membership statements distributed approximately 2 weeks late (mid-July) as the timing of receipt from WTW did not allow for mailing distribution by the end of June. • Section 8 (b). Continued challenges relating to timeliness of materials to members who retire or terminate from the YHC Plan. Some of these delays relate to lack of prompt notification from departments when a person leaves YHC permanently. Many times, employees revert to casual for a period of time with no specified work schedule or hours. Upon retiring or termination, paperwork is not completed to ensure Payroll is notified.
ASSESSMENT	YHC and WTW met throughout November and December to assess current processes and challenges. Through these meetings, the following solutions have been agreed upon: **WTW:** - Membership statements will be sent out prior to June 30th by WTW rather than being sent to YHC for mailing to members. YHC will coordinate with WTW to ensure all address information is up to date.

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	- In order to reduce time delays, once terminating member information packages are finalized, WTW will now be responsible for sending the full package to members with a copy provided to YHC. - WTW and YHC have undertaken a review of all required forms in an effort to reduce errors and confusion as members complete the documentation. This will include ensuring all forms required are include in the WTW package. - WTW will provide to YHC Payroll a bi-weekly pending items list. **YHC:** - YHC will perform a reasonability check on Notice of Change forms provided to WTW prior to sending. YHC will also provide information on anything abnormal that occurred (e.g. Change mid year from full time to part time). - YHC will start pension year end reconciliation early to allow increased time for review by WTW. - YHC Payroll will commit to increased follow up with members who haven't provided required information or have not returned packages. **YHC and WTW:** - Committed to meet bi-weekly to review pending items list and discuss upcoming deadlines (These meetings started November 27th, 2023). - Discuss creation of more education sessions on the pension process (smaller version of 2 year sessions that are currently being held) - Refresh current Q&A document and adding a section on how to prepare for retirement and required paperwork - Pension Booklet update
RISK MANAGEMENT	• Compliance with Regulations • Compliance with Pension Plan Governance
PROPOSED RESOLUTION for decision items – motion	To continue the work WTW and YHC started in November and reassess regularly for any new improvements.
APPROVAL PATH endorsements received and next steps, as applicable	None
SUPPORTING DOCUMENTATION	Pension Plan Compliance Checklist available in the August 22, 2023 meeting package.