August 2010

The University of Ottawa Retirement Pension Plan

Report on the Actuarial Valuation for Funding Purposes as at January 1, 2010

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Financial Services Commission of Ontario Registration Number: 0310839
Canada Revenue Agency Registration Number: 0310839

Consulting. Outsourcing. Investments.

Note to reader regarding actuarial valuations:

This valuation report may not be relied upon for any purpose other than those explicitly noted in the Introduction or by any party other than the parties noted in the Introduction. Mercer is not responsible for the consequences of any other use. A valuation report is a snapshot of a plan's estimated financial condition at a particular point in time; it does not predict a pension plan's future financial condition or its ability to pay benefits in the future.

If maintained indefinitely, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are uncertain and unknowable at the valuation date.

To prepare this report, actuarial assumptions are used to model the results for a single scenario from a range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant. In addition, different assumptions or scenarios may also be within the reasonable range and results based on those assumptions would be different. Actuarial assumptions may also be changed from one valuation to the next because of changes in regulatory and professional requirements, developments in case law, plan experience, changes in expectations about the future and other factors.

Furthermore, should the plan be wound up, the going-concern funded status and solvency financial position, if different from the wind-up financial position, become irrelevant. The hypothetical wind-up financial position estimates the financial position of the plan assuming it is wound-up on the valuation date. Emerging experience, including the growth of wind-up liabilities compared to the plan's assets (including future contributions and investment returns), will affect the wind-up funded position of the plan assuming it is wound-up in the future. In fact, even if the plan were wound-up on the valuation date, the financial position would continue to fluctuate until the benefits are fully settled.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, investment policy, funding amounts, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

Contents

1

Introduction

To the University of Ottawa

At the request of the University of Ottawa (the “University”), we have conducted an actuarial valuation of the University of Ottawa Retirement Pension Plan (the “Plan”), sponsored by the University, as at the valuation date, January 1, 2010. We are pleased to present the results of the valuation.

Purpose

The purpose of this valuation is to determine:

- the funded status of the plan as at January 1, 2010 on going-concern, hypothetical wind-up and solvency bases,
- the minimum required funding contributions from 2010, in accordance with the *Ontario Pension Benefits Act* and the University’s elections in regards to determining the solvency funding requirements; and
- the maximum permissible funding contributions from 2010, in accordance with the *Income Tax Act*.

The Regulations to the *Pension Benefits Act* were amended effective June 19, 2009. The amendments include the solvency funding relief measures that were originally announced by the Ontario Minister of Finance in his March 2009 budget. The solvency funding relief measures allow the administrator of the plan to use one or more of the following three types of solvency relief:

Option 1: Defer the start of any new going concern and solvency special payment schedules by up to twelve months;
Option 2: Consolidate existing solvency special payment schedules into a single new five-year schedule; and
Option 3: Extend the amortization period of new solvency special payments from the usual five-year period to a period of up to 10 years. This option is subject to member consent.

The University has elected to make use of Option 1. Accordingly, the minimum monthly contribution requirements determined herein reflect the University's elections under the solvency funding relief measures.

The information contained in this report was prepared for the internal use of the University, and for filing with the Financial Services Commission of Ontario and with the Canada Revenue Agency, in connection with our actuarial valuation of the Plan. This report will be filed with the Financial Services Commission of Ontario and with the Canada Revenue Agency. This report is not intended or suitable for any other purpose.

The next actuarial valuation of the Plan will be required as at a date not later than January 1, 2013, or as at the date of an earlier amendment to the Plan.

Events Since the Last Valuation as at January 1, 2008

Pension Plan

The last valuation report mentioned that there was an issue with the governance status of the Plan, which was under review by the Financial Services Commission of Ontario (FSCO). On September 22, 2009, FSCO advised the University that the Plan is not a Multi Employer Pension Plan. The Plan's governance status is therefore confirmed to be a Single Employer Pension Plan.

There have been no other special events since the last valuation date.

This valuation reflects the provisions of the Plan as at January 1, 2010. The Plan has not been amended since the date of the previous valuation. A summary of the Plan provisions is provided in Appendix F.

Assumptions

We have used the same going concern valuation assumptions and methods as were used for the previous valuation as of January 1, 2008.

The hypothetical wind-up and solvency assumptions have been updated to reflect market conditions at the valuation date.

A summary of the going concern, and hypothetical wind-up and solvency assumptions are provided in Appendices C and D, respectively.

Regulatory Environment and Actuarial Standards

There have been no changes to the Ontario Pension Benefits Act (the "Act") and Regulations which impact the funding of the Plan, other than the solvency funding relief measures discussed above.

A new Canadian Institute of Actuaries' Standard of Practice for determining pension commuted values ("CIA Standard") became effective April 1, 2009. The new CIA Standard changed the assumptions to be used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer and for other benefits for which this basis has been used as a proxy to the cost of purchasing annuities. The financial impact of the new CIA Standard has been reflected in this actuarial valuation.

Subsequent Events

After checking with representatives of the University, to the best of our knowledge there have been no events subsequent to the valuation date which, in our opinion, would have a material impact on the results of the valuation.

Impact of Case Law

This report has been prepared on the assumption that all of the assets in the pension fund are available to meet all of the claims on the Plan. We are not in a position to assess the impact that the Ontario Court of Appeal's decision in *Aegon Canada Inc. and Transamerica Life Canada versus ING Canada Inc.* or similar decisions in other jurisdictions might have on the validity of this assumption.

We have assumed that all Plan assets are available to cover the Plan liabilities presented in this report.

2

Valuation Results – Going Concern

Financial Status

A going concern valuation compares the relationship between the value of Plan assets and the present value of expected future benefit cash flows in respect of accrued service, assuming the Plan will be maintained indefinitely.

The results of the current valuation, compared with those from the previous valuation, are summarized as follows:

	01.01.10 ($ 000s)	01.01.08 ($ 000s)
Assets		
Market value of assets	$1,190,911	$1,257,684
Present value of future buy-back contributions	$1,240	$818
Asset smoothing adjustment	$32,875	$16,206
Smoothed value of assets	$1,225,026	$1,274,708
Funding target		
▪ active members	$663,477	$584,850
▪ pensioners and survivors	$575,454	$523,436
▪ deferred pensioners	$42,018	$35,765
▪ additional voluntary contributions	$3,085	$3,884
Total	$1,284,034	$1,147,935
Funding excess (shortfall)	($59,008)	$126,773

Reconciliation of Financial Status ($ 000s)

Funding excess (shortfall) as at previous valuation		$126,773
Interest on funding excess (funding shortfall) at 6.25% per year		$16,342
Employee contributions drawn from previous funding excess*		($1,580)
Expected funding excess (funding shortfall)		$141,535
Net experience gains (losses)		
▪ Net Investment return	($198,663)	
▪ Increases in pensionable earnings, YMPE and maximum pension	($15,832)	
▪ Indexation	$9,102	
▪ Mortality	$528	
▪ Retirement and termination experience	$1,582	
Total experience gains (losses)		($203,283)
Net impact of other elements of gains and losses		$2,740
Funding excess (shortfall) as at current valuation		($59,008)

* A full employee contribution holiday was taken for the months of January and February 2008.

Current Service Cost

The current service cost is an estimate of the present value of the additional expected future benefit cash flows in respect of credited service that will accrue after the valuation date, assuming the Plan will be maintained indefinitely.

The current service cost during the year following the valuation date compared with the corresponding value determined in the previous valuation, is as follows:

	2010 ($ 000s)	2008 ($ 000s)
Total current service cost	$46,362	$40,381
Estimated members' required contributions	($14,573)	($12,414)
Estimated employer's current service cost	$31,789	$27,967
Employer's current service cost expressed as a percentage of members' pensionable earnings	12.19%*	12.52%

* Based on a projected payroll of $260,807,000 which includes individual earnings up to 120% of the maximum professor salary, excludes earnings for members on disability and on leave without pay, and reflects partial earnings for part-timers.

The key factors that have caused a change in the employer's current service cost since the previous valuation are summarized in the following table:

Employer's current service cost as at previous valuation	12.52%
Demographic changes	(0.35%)
Economic experience (YMPE and maximum pension)	0.02%
Employer's current service cost as at current valuation	12.19%

Vested Reserves

As part of the Plan's pension reform in 1999/2000, five notional accounts referred to as reserves were established and were to be used to provide for potential reduction in the University and employee contributions. In addition, there was a portion of the going-concern surplus allocated to Plan members for refund of prior contributions. Certain amounts were allocated to each reserve and were to vest on specific dates, based on some conditions. Some amounts vested on January 1, 1999 and January 1, 2002. No additional amounts vested after January 1, 2002 and no amounts are scheduled to vest in the future.

The use of these reserves was however suspended on January 1, 2004, given that the plan had a going-concern deficit on that date. Article 21 of the Plan text provides that if, as at January 1, 2007, there is a surplus above a threshold to be agreed upon by the University and employee representatives, such surplus will be used for different purposes in the order established in the plan. This includes recovery of special payments made by the University (through a contribution reduction), funding of vested reserves, and potential benefit improvements. The University and employee representatives have not yet reached an agreement on the application of Article 21.

The vested reserves are accumulated each year with interest calculated at the net return on the smoothed value of assets, and they are reduced by the amount of contribution reduction, as applicable. The net return for 2008 and 2009 are -14.0% and 13.1% respectively, based on the asset smoothing method used in the last filed actuarial valuation report, as per the plan text. Vested reserves as of January 1, 2010 are based on the vested balances of the reserves as at January 1, 2007. Pending the application of Article 21, the vested reserves as of January 1, 2010, presented below for disclosure purposes, do not reflect the contribution holidays taken in 2007 and 2008.

Reserves	January 1, 2010 ($ 000s)
Surplus allocation (for unlocated members)	$176
Employee contribution reduction reserve	$15,011
Unallocated reserve	$29,454
Excess reserve	$5,198
Future Supplemental reserve	$3,155
Total	**$52,994**

3

Valuation Results – Hypothetical Wind-up

Financial Position

When conducting a wind-up valuation, we determine the relationship between the respective values of the Plan's assets and its liabilities assuming the Plan is wound up and settled on the valuation date, and assuming benefits are settled in accordance with the Act and under circumstances producing the maximum wind-up liabilities on the valuation date.

The hypothetical wind-up financial position as of the valuation date, compared with that at the previous valuation, is as follows:

	01.01.10 ($ 000s)	01.01.08 ($ 000s)
Assets		
Market value of assets	$1,190,911	$1,257,684
Termination expense provision	($3,000)	($3,000)
Present value of future buy back contributions	$1,240	$818
Wind-up assets	$1,189,151	$1,255,502
Present value of accrued benefits for:		
▪ active members	$860,129	$724,859
▪ pensioners and survivors	$705,284	$623,820
▪ deferred pensioners	$61,721	$50,149
▪ additional voluntary contributions	$3,085	$3,884
Total wind-up liability	$1,630,219	$1,402,712
Wind-up excess (shortfall)	($441,068)	($147,210)

Impact of Plan Wind-up

In our opinion, the value of the Plan's assets would be less than its actuarial liabilities if the Plan were to be wound up on the valuation date.

4

Valuation Results – Solvency

Overview

The Act also requires the financial position of the Plan to be determined on a solvency basis. The financial position on this basis is determined in a similar manner to the Hypothetical Wind-up Basis, except for the following:

Exceptions	Reflected in valuation based on the University's directions
The circumstance under which the Plan is assumed to be wound-up could differ for the solvency and hypothetical wind-up valuations.	Same circumstances were assumed for the solvency valuation as were assumed for the hypothetical wind-up.
Certain benefits can be excluded from the solvency financial position. These include: (a) any escalated adjustment (e.g. indexing), (b) certain plant closure benefits, (c) certain permanent layoff benefits, (d) special allowances other than funded special allowances, (e) consent benefits other than funded consent benefits, (f) prospective benefit increases, (g) potential early retirement window benefit values, and (h) pension benefits and ancillary benefits payable under a qualifying annuity contract.	The following benefits were excluded from the solvency liabilities shown in this valuation: ▪ Future indexation of benefits
The financial position on the solvency basis needs to be adjusted for any Prior Year Credit Balance.	Not applicable
The solvency financial position can be determined by smoothing assets and the solvency discount rate over a period of up to 5 years.	Smoothing was not used.

Exceptions	Reflected in valuation based on the University's directions
The benefit rate increases coming into effect after the valuation date can be reflected in the solvency valuation.	Not applicable
The termination expense provision could differ between the solvency and wind up valuation.	The termination expense provision is $750,000, which is different from the assumption used for hypothetical wind-up.

Financial Position

The financial position on a solvency basis, compared with the corresponding figures from the previous valuation, is as follows:

	01.01.10 ($ 000s)	01.01.08 ($ 000s)
Assets		
Market value of assets	$1,190,911	$1,257,684
Present value of future buy-back contributions	$1,240	$818
Termination expense provision	($750)	($750)
Net assets	$1,191,401	$1,257,752
Liabilities		
Total hypothetical wind-up liabilities	$1,630,219	$1,402,712
Difference in circumstances of assumed wind-up	$0	$0
Value of excluded benefits	($412,881)	($144,960)*
Liabilities on a solvency basis	$1,217,338	$1,257,752
Solvency excess (shortfall)	($25,937)	$0
Solvency ratio	0.98	1.00
Transfer ratio	0.73	0.90

* For the previous valuation, only 30% of future indexation was excluded.

5

Minimum Funding Requirements

The Act prescribes the minimum contributions that the University must make to the Plan. The minimum contributions in respect of a defined benefit component of a pension plan are comprised of going-concern current service cost and special payments to fund any going-concern or solvency shortfalls.

The University has elected to make use of Option 1 (defer the start of any new going concern and solvency special payment schedules by up to twelve months) of the solvency relief measures. Accordingly, the minimum monthly contribution requirements determined herein reflect the University's election under the solvency funding relief measures.

On the basis of the assumptions and methods described in this report, the rule for determining the minimum required employer monthly contributions, as well as an estimate of the employer contributions, from the valuation date until the next required valuation are as follows:

	Employer's contribution rule		Estimated employer's contributions	
Period beginning	Monthly current service cost[1]	Minimum monthly special payments	Monthly current service cost	Total minimum monthly contributions
01.01.2010	12.19%	$0	$2,649,000	$2,649,000
01.01.2011	12.19%	$532,000	$2,742,000	$3,274,000
01.01.2012	12.19%	$532,000	$2,838,000	$3,370,000

The estimated contribution amounts above are based on projected members' pensionable earnings. Therefore the actual employer's current service cost will be different from the above estimates and, as such, the contribution requirements should be monitored closely to ensure contributions are made in accordance with the Act.

[1] Expressed as a percentage of members' pensionable earnings.

The development of the minimum special payments is summarized in Appendix A.

Other Considerations

Differences between valuation basis

There is no provision in the minimum funding requirements to fund the difference between the wind-up and solvency shortfalls, if any.

In addition, although minimum funding requirements do include a requirement to fund the going-concern current service cost, there is no requirement to fund the expected growth in the wind-up or solvency liability after the valuation date, which could be greater than the going concern current service cost.

Timing of contributions

Funding contributions are due on monthly basis. Contributions for current service cost must be made within 30 days following the month to which they apply. Special payment contributions must be made in the month to which they apply.

Retroactive contributions

The University must contribute the excess, if any, of the minimum contribution recommended in this report over contributions actually made in respect of the period following the valuation date. This contribution, along with an allowance for interest, is due no later than 60 days following the date this report is filed.

Payment of benefits

The Act imposes certain restrictions on the payment of lump sums from the Plan when the transfer ratio revealed in an actuarial valuation is less than one. If the transfer ratio shown in this report is less than one, the plan administrator should ensure that the monthly special payments are sufficient to meet the requirements of the Act to allow for the full payment of benefits, and otherwise should take the prescribed actions.

Additional restrictions are imposed when:

- The transfer ratio revealed in the most recently filed actuarial valuation is less than one and the administrator knows or ‘ought to know’ that the transfer ratio of the Plan has declined by 10% or more since the date the last valuation was filed.
- The transfer ratio revealed in the most recently filed actuarial valuation is greater than or equal to one and the administrator knows or ‘ought to know’ that the transfer ratio of the Plan has declined to less than 0.9 since the date the last valuation was filed.

As such, the administrator should monitor the transfer ratio of the Plan and, if necessary, take the prescribed actions.

6

Maximum Eligible Contributions

The *Income Tax Act* (the “ITA”) limits the amount of employer contributions that can be remitted to the defined benefit component of a registered pension plan.

In accordance with Section 147.2 of the ITA and *Income Tax Regulation* 8516, for a plan which is underfunded on either a going-concern or on a wind-up basis, the maximum permitted contributions are equal to the employer’s current service cost, including the explicit expense allowance if applicable, plus the greater of the going concern funding shortfall and wind-up shortfall.

For a plan which is fully funded on both going-concern and wind-up bases, the employer can remit a contribution equal to the employer’s current service cost, including the explicit expense allowance if applicable, as long as the surplus in the plan does not exceed a prescribed threshold. Specifically, in accordance with Section 147.2 of the ITA, for a plan which is fully funded on both going-concern and wind-up bases, the plan may not retain its registered status if the employer makes a contribution while the going-concern funding excess exceeds 25% of the going-concern funding target (i.e. 25% of $1,284,034,000, or $321,008,500).

Schedule of Maximum Contributions

The University is permitted to fully fund the greater of the going-concern and wind-up shortfalls; $441,068,000, as well as make current service cost contributions. The portion of this contribution representing the payment of the wind-up shortfall can be increased with interest at 4.30% per year from the valuation date to the date the payment is made, and must be reduced by the amount of any deficit funding made from the valuation date to the date the payment is made.

Assuming the University contributes the greater of the going-concern and wind-up shortfall of $441,068,000 as of the valuation date, the rule for determining the estimated maximum eligible annual contributions, as well as an estimate of the maximum eligible contributions until the next valuation are as follows:

	Employer's contribution rule		Estimated employer's contributions
Year beginning	**Monthly current service cost**[2]	**Deficit Funding**	**Monthly current service cost**
01.01.2010	12.19%	n/a	$2,649,000
01.01.2011	12.19%	n/a	$2,742,000
01.01.2012	12.19%	n/a	$2,838,000

The employer's current service cost in the above table was estimated based on projected members' pensionable earnings. The actual employer's current service cost will be different from these estimates and, as such, the contribution requirements should be monitored closely to ensure compliance with the ITA.

[2] Expressed as a percentage of members' pensionable earnings.

7

Actuarial Opinion

In our opinion, for the purposes of this valuation,

- the data on which the valuation is based are sufficient and reliable,
- All assumptions were independently reasonable at the time the valuation was prepared and are, in aggregate, appropriate, and
- the methods employed in the valuation are appropriate.

This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. It has also been prepared in accordance with the funding and solvency standards set by the Ontario Pension Benefits Act.

Marc Bouchard
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Émilie Bouchard
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

Date

Date

Appendix A

Prescribed Disclosure

Definitions

The Act defines a number of terms as follows:

Defined Term	Description	Result
Transfer Ratio	The ratio of solvency assets to the sum of the solvency liabilities and liabilities for benefits, other than benefits payable under qualifying annuity contracts, that were excluded in calculating the solvency liabilities.	0.73
Prior Year Credit Balance	Accumulated contributions made to the pension plan in excess of the minimum required contributions (note: only applies if the employer chooses to treat the excess contributions as a Prior Year Credit Balance).	$0
Solvency Assets	Market value of assets including accrued or receivable income and excluding the value of any qualifying annuity contracts.	$1,192,151,000
Solvency Asset Adjustment	The sum of:	
	a) the difference between smoothed value of assets and the market value of assets;	$0
	b) the present value of any going concern special payments (including those identified in this report) within 5 years following December 31, 2010*;	$27 534 000
	c) the present value of any previously scheduled solvency special payments (excluding those identified in this report)	$0
		$27 534 000

* As per the solvency funding relief regulations when option 1 is elected.

Defined Term	Description	Result
Solvency Deficiency	The amount by which the sum of:	
	a) the solvency liabilities	$1,217,338,000
	b) the solvency liability adjustment	$0
	c) the prior year credit balance	$0
		$1,217,338,000
	Exceed the sum of	
	d) the solvency assets reduced by termination expense provision	$1,191,401,000
	e) the solvency asset adjustment	$27,534,000
		$1,218,935,000
	Solvency deficiency:	$0
Solvency Liabilities	Liabilities determined as if the plan had been wound up on the valuation date, including liabilities for plant closure benefits or permanent layoff benefits that would be immediately payable if the employer's business were discontinued on the valuation date of the report, but excluding liabilities for, a) any escalated adjustment (e.g. indexing), b) excluded plant closure benefits, c) excluded permanent layoff benefits, d) special allowances other than funded special allowances, e) consent benefits other than funded consent benefits, f) prospective benefit increases, g) potential early retirement window benefit values, and h) pension benefits and ancillary benefits payable under a qualifying annuity contract.	$1,217,338,000
Solvency Liability Adjustment	The amount by which solvency liabilities are adjusted as a result of using a solvency valuation interest rate that is the average of market interest rates calculated over the period of time used in the determination of the smoothed value of assets.	$0

Timing of Next Required Valuation

In accordance with the *Act* the next valuation of the Plan would be required at an effective date within one year of the current valuation date if:

- The ratio of solvency assets to solvency liabilities is less than 80%; or
- The ratio of solvency assets to solvency liabilities is less than 90% and solvency liabilities exceed solvency assets by $5 million or more.

Otherwise, the next valuation of the Plan would be required at an effective date no later than three years after the current valuation date.

Accordingly, the next valuation of the Plan will be required as of January 1, 2013.

Special Payments

Based on the results of this valuation, the Plan is not fully funded. In accordance with the Act, any going-concern deficits must be amortized over a period not exceeding 15 years and any solvency deficits must be amortized over a period not exceeding 5 years.

The University has elected to make use of Option 1 (defer the start of any new going concern and solvency special payment schedules by up to twelve months) of the solvency funding relief measures. Accordingly, the minimum monthly contribution requirements determined herein reflect the University's election under the solvency funding relief measures.

A going-concern unfunded liability of $59,008,000 was created as at January 1, 2010. In accordance with Option 1 of the funding relief measures, the going-concern unfunded liability has been amortized over a period not exceeding 15 years commencing not later than twelve months after the valuation date. As such, special payments must be set at $532,000 per month from January 1, 2011 until December 31, 2025, to amortize this going-concern unfunded liability.

There is no solvency deficiency as at January 1, 2010.

As such, special payments must be made as follows:

Type of payment	Start date	End date	Monthly Special Payment
Going-concern	01.01.2011	12.31.2025	$532,000

Pension Benefit Guarantee Fund (PBGF) Assessment

The PBGF assessment base and liabilities are derived as follows:

PBGF liabilities	$1,217,338,000	(a)
Total solvency liabilities	$1,217,338,000	(b)
Ontario asset ratio	100%	(c) = (a) ÷ (b)
Solvency assets	$1,192,151,000	(d)
Ontario portion of the fund	$1,192,151,000	(e) = (c) x (d)
PBGF assessment base	$25,187,000	(f) = (a) - (e)

The PBGF assessment is calculated as follows:

$1 for each Ontario member	$5,657
PLUS	
0.5% of PBGF assessment base up to 10% of PBGF liabilities	$125,935
PLUS	
1.0% of PBGF assessment base between 10% and 20% of PBGF liabilities	$0
PLUS	
1.5% of PBGF assessment base over 20% of PBGF liabilities	$0
PLUS	
2.0% of special PBGF assessment base	$0
PBGF assessment (before taking into account the maximum)	$131,592
Maximum PBGF assessment ($100 for each Ontario member)	$565,700
PBGF assessment (after taking into the maximum)	$131,592

Appendix B

Plan Assets

The pension fund is held in trust by RBC Dexia.

In preparing this report, we have relied upon the auditors' reports prepared by Deloitte & Touche for the period from January 1, 2008 to January 1, 2010, except that as of January 1st of 2008, 2009 and 2010, we have reflected interest on the outstanding surplus allocation payments to unlocated members and we have reflected in-transit benefit payments payable to terminated members. The difference in assets is an additional outstanding payment of $60,000 as of January 1, 2008, $329,000 as of January 1, 2009, and $272,000 as of January 1, 2010, reducing the asset values by the same amounts.

Reconciliation of Market Value of Plan Assets

The pension fund transactions since the last valuation are summarized in the following table:

	2008 ($ 000s)	2009 ($ 000s)
January 1	$1,257,684	$1,035,378
PLUS		
Members' contributions	$12,678	$16,663
University's contributions	$28,481	$31,558
Investment income	$41,130	$35,735
Net capital gains (losses)	($246,374)	$132,308
	($164,085)	$216,264
LESS		
Pensions paid	$43,644	$46,875
Lump-sum refunds	$6,955	$6,635
Investment and administration fees	$7,622	$7,221
	$58,221	$60,731
December 31	$1,035,378	$1,190,911
Gross rate of return[3]	-16.4%	16.3%
Rate of return net of fees[3]	-17.0%	15.6%

The above asset value as at December 31, 2009 reflects in-transit contributions of $4,939,000, in-transit payment of fees of $1,522,000, and outstanding benefit payments of $389,000.

We have tested the pensions paid, the lump-sum refunds and the contributions for consistency with the membership data for the Plan members who have received benefits or made contributions. The results of these tests were satisfactory.

Investment Policy

The plan administrator adopted a statement of investment policy and procedures. This policy is intended to provide guidelines for the manager(s) as to the level of risk which is commensurate with the Plan's investment objectives. A significant component of this investment policy is the asset mix.

[3] Assuming mid-period cash flows.

The constraints on the asset mix and the actual asset mix at the valuation date are provided for information purposes:

	Investment Policy			Actual Asset Mix as at January 1, 2010
	Minimum	Target	Maximum	
Canadian Equities	5%	10%	20%	17%
Global Equities	35%	45%	50%	43%
Fixed income *	25%	45%	60%	38%
Cash and cash equivalents	0%	0%	10%	2%
		100%		100%

* Including real return assets.

Appendix C

Methods and Assumptions – Going-concern

Valuation of Assets

For this valuation, we have continued to use an adjusted market-value method to determine the smoothed value of assets. Under this method, total fund returns (net of expenses paid by the plan) in excess or below the expected return will be smoothed over three years, with the actuarial value of assets to be between 90% and 105% of the market value of assets. As a result, the asset value produced as at January 1, 2010 recognizes the following portions of the excess returns that arose during the past three years:

2009:	1/3
2008:	2/3
before 2008:	3/3

The asset values produced by this method are related to the market value of the assets, with the advantage that, over time, the market-related asset values will tend to be more stable than market values. To the extent that more returns above than below the expected return will arise over the long-term, the actuarial value will tend to be lower than the market value.

The smoothed value of the assets, determined as at January 1, 2010 under the adjusted market value method, is $1,225,026,000.

This value was derived as follows:

Smoothed Value of Assets as at January 1, 2010

Market value of assets		$1,190,911,000
LESS		
Excess returns	2009: $96,276,000 x 2/3 =	$64,184,000
	2008: ($291,176,000) x 1/3 =	($97,059,000)
		($32,875,000)
PLUS		
Present value of future buy-back contributions		$1,240,000
Smoothed value of assets		$1,225,026,000

Valuation of Funding Target

Over time, the real cost to the employer of a pension plan is the excess of benefits and expenses over member contributions and investment earnings. The actuarial cost method allocates this cost to annual time periods.

For purposes of the going-concern valuation, we have continued to use the projected unit credit actuarial cost method. Under this method, we determine the present value of benefit cash flows expected to be paid in respect of service accrued prior to the valuation date, based on projected final average earnings. This is referred to as the funding target. For each individual plan member, accumulated contributions with interest, plus 50% of the present value of pensions are established as a minimum actuarial liability.

The funding excess or funding shortfall, as the case may be, is the difference between the market or smoothed value of assets and the funding target. A funding excess on a market value basis indicates that the current market value of assets and expected investment earnings are expected to be sufficient to meet the cash flows in respect of benefits accrued to the valuation date as well as expected expenses – assuming the plan is maintained indefinitely. A funding shortfall on a market value basis indicates the opposite.

As required under the Act, a funding shortfall will be amortized over no more than 15 years through special payments. A funding excess may, from an actuarial standpoint, be applied immediately to reduce required employer current service contributions unless precluded by the terms of the plan or by legislation.

The actuarial funding method used for the purposes of this valuation produces a reasonable matching of contributions with accruing benefits. Because benefits are recognized as they accrue, the actuarial funding method provides an effective funding target for a plan that is maintained indefinitely.

Current Service Cost

The current service cost is the present value of projected benefits to be paid under the plan with respect to service expected to accrue during the period until the next valuation.

The employer's current service cost is the total current service cost reduced by the members' required contributions.

The employer's current service cost has been expressed as a percentage of the members' pensionable earnings to provide an automatic adjustment in the event of fluctuations in membership and/or pensionable earnings.

Under the projected unit credit actuarial cost method, the current service cost for an individual member, expressed as a percentage of the member's pensionable earnings, will increase each year as the member approaches retirement. However, the current service cost of the entire group, expressed as a percentage of the members' pensionable earnings, can be expected to remain stable as long as the average age of the group remains constant.

Actuarial Assumptions – Going-concern Basis

The present value of future benefit payment cash flows is based on economic and demographic assumptions. At each valuation we determine whether, in our opinion, the actuarial assumptions are still appropriate for the purposes of the valuation, and we revise them, if necessary. Emerging experience will result in gains or losses that will be revealed and considered in future actuarial valuations.

The table below shows the various assumptions used in the current valuation in comparison with those used in the previous valuation[4].

Assumption	Current valuation	Previous valuation
Discount rate:	6.25%	6.25%
Explicit expenses:	$0	$0
Inflation:	2.50%	2.50%
ITA limit / YMPE increases:	3.50%	3.50%
Pensionable earnings increases:	4.00%	4.00%
Pension increases (indexation):	2.00%	2.00%
Interest on employee contributions:	6.25%	6.25%
Retirement rates:	Age related table	Age related table
Termination rates:	Age related table	Age related table
Mortality rates (before and after retirement):	100% of the rates of the 1994 Uninsured Pensioner Mortality Table	100% of the rates of the 1994 Uninsured Pensioner Mortality Table
Mortality improvements:	Fully generational using Scale AA	Fully generational using Scale AA
Disability rates:	None	None

[4] Economic rates indicated in the table are annual rates.

Assumption	Current valuation	Previous valuation
Eligible spouse at retirement:	80%	80%
Spousal age difference:	Male 2 years older	Male 2 years older

Age Related Tables

Based on plan experience over the years 2003 to 2005, we have assumed that members will terminate or retire based on the following annual rates. The rates represent the probability of terminating or retiring in the following year.

Age	Termination (Sample rates)		Retirement *
	Male	**Female**	
25	8%	14%	N/A
30	7%	10%	N/A
35	6%	8%	N/A
40	5%	6%	N/A
45	3%	5%	N/A
50	2%	4%	N/A
55	0%	0%	33%
56	N/A	N/A	33%
57	N/A	N/A	33%
58	N/A	N/A	33%
59	N/A	N/A	33%
60	N/A	N/A	25%
61	N/A	N/A	15%
62	N/A	N/A	10%
63	N/A	N/A	10%
64	N/A	N/A	50%
65	N/A	N/A	100%

* Rates are only applied from unreduced retirement age. Experience shows that retirement rates at reduced retirement ages are very small.

Pensionable Earnings

The benefits ultimately paid will depend on each member's final average earnings. To calculate the pension benefits payable upon retirement, death or termination of employment, we have taken the salary rates as at January 1, 2010 and assumed that such salary rates will increase on each May 1 at the assumed rate.

Rationale for Assumptions

A rationale for each of the assumptions used in the current valuation is provided below.

Discount Rate

We have discounted the expected benefit payment cash flows using the expected investment return on the market value of the fund. Other bases for discounting the expected benefit payment cash flows may be appropriate, particularly for purposes other than those specifically identified in this valuation report.

The discount rate is comprised of the following:

- Estimated returns for each major asset class consistent with market conditions on the valuation date and the target asset mix specified in the Plan's investment policy
- Additional returns assumed to be achievable due to active equity management (net of related expenses)
- Implicit provision for expenses determined as the average rate of investment and administrative expenses paid from the fund over recent years and taking into account input from the employer.
- A margin for adverse deviations, which reflects the proportion of the Plan assets invested in equities and the excess return expected on equities, over government bond yields.

The discount was developed as follows:

Assumed investment return	7.73%
Active management	0.38%
Expense provision	(0.53%)
Margin	(1.33%)
Net discount rate	6.25%

Inflation

The inflation assumption reflects market expectations of long-term inflation implied by the yields on nominal and real return bonds at the valuation date and is consistent with the Bank of Canada's inflation target.

Income Tax Act Pension Limit and Year's Maximum Pensionable Earnings

The assumption is based on historical real economic growth and the underlying inflation assumption.

Pensionable Earnings

The assumption is based on our best estimate of future merit and promotional increases over general wage growth considering current economic and financial market conditions, applicable collective agreement provisions, and information provided by the University.

Pension increases (indexation)

The assumption is based on the Plan formula and reflects the inflation assumption above.

Interest on employee contributions

The assumption is based on Plan terms and the underlying the investment return assumption.

Retirement rates

The assumption is based on experience over the years 2003 to 2005. Subsequent experience has been consistent with these rates.

No retirements are assumed after age 65 given that retirement experience after age 65 is recent and not credible, and that the potential impact of retirements after age 65 is not expected to be material. At the next valuation, we intend to review the plan experience after age 65, review the impact on the plan, and revise the retirement assumption, if appropriate.

Termination rates

The assumption is based on experience from 2003 to 2005. Subsequent experience has been consistent with these rates.

Mortality rates and improvements

Due to the size of the Plan, there is not enough mortality experience to build a credible mortality table tailored for the Plan. We have decided to use the 1994 Uninsured Pensioners mortality table and there is no evidence that this mortality table is not appropriate for the Plan. Furthermore, there is strong evidence of continuing improvement in mortality since 1994 and it has become an industry standard to assume this trend continues into the future. We have used the AA projection scale to allow for improvements in mortality since 1994 and indefinitely in the future.

Based on to the assumption used, the life expectancy of a member age 60 at the valuation date is 24.0 years for males and 26.5 years for females.

Disability rates

Such an assumption would not have a material impact on the valuation.

Eligible spouse

We have used a typical assumption on the proportion of members with a spouse.

Spousal age difference

We have used a typical assumption for the spousal age difference.

Appendix D

Methods and Assumptions – Hypothetical Wind-up and Solvency

Hypothetical Wind-up Basis

The Canadian Institute of Actuaries requires actuaries to report the financial position of a pension plan on the assumption that the plan is wound-up on the effective date of the valuation. For the purposes of the hypothetical wind-up valuation, the Plan wind-up is assumed to occur in circumstances that maximize the actuarial liability.

To determine the actuarial liability on the hypothetical wind-up basis, we have valued those benefits that would have been paid had the Plan been wound up on the valuation date, including benefits that would be immediately payable if the employer's business were discontinued on the valuation date, with all members fully vested in their accrued benefits.

No benefits payable on Plan wind-up were excluded from our calculations.

Upon Plan wind-up members are given options for the method of settling their benefit entitlements. The options vary by eligibility and by province of employment, but in general, involve either a lump sum transfer or an immediate or deferred pension.

The value of benefits assumed to be settled through a lump sum transfer are based on the assumptions described in Section 3800 – *Pension Commuted Values* of the Canadian Institute of Actuaries' Standards of Practice applicable for January 1, 2010 for benefits expected to be settled through transfer in accordance with relevant portability requirements.

The value of benefits provided as an immediate or deferred pension are assumed to be settled through the purchase of annuities based on an estimate of the cost of purchasing annuities.

The assumptions used to estimate the cost of purchasing annuities is consistent with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2009 and December 30, 2010.*

For solvency purposes, indexation after the valuation date was excluded. It may not be possible to settle the liabilities through the purchase of annuities due to the size of the Plan and the limited annuity market in Canada. In accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2009 and December 30, 2010,* we have assumed that the settlement of such liabilities would be priced on the same basis as the smaller group annuities that are available in the market.

For wind-up purposes, no benefits were excluded. There is limited data available to provide credible guidance on the cost of a purchase of indexed annuities in Canada. In accordance with the *Canadian Institute of Actuaries Educational Note: Assumptions for Hypothetical Wind-up and Solvency Valuations with Effective Dates Between December 31, 2009 and December 30, 2010*, we have assumed that an appropriate proxy for estimating the cost of such purchase is to use an assumed interest rate net of inflation based on the indexed rates derived from yields on the real return bonds of the Government of Canada, without any spread. The assumed indexation rate was determined after analyzing the average level of indexation expected in the future based on the implicit inflation rate[5], historical distribution of inflation rates, and the indexation rate formula under the Plan.

We have not included a provision for adverse deviation in the solvency and wind-up valuations.

[5] Derived from the difference in long-term Government of Canada nominal bond and real return bond yields.

The assumptions are as follows:

Form of benefit settlement elected by member	
Lump sum	2/3 of active members under age 55 and 1/3 of active members over age 55 elect to receive their benefit entitlement in a lump sum
Annuity purchase	All remaining members are assumed to elect to receive their benefit entitlement in the form of a deferred or immediate pension. These benefits are assumed to be settled through the purchase of deferred or immediate pension
Basis for benefits assumed to be settled through a lump sum	
Mortality rates:	UP94 projected to 2020 with AA scale
Interest rate:	3.70% per year for 10 years, 5.40% per year thereafter
Pre and post-retirement indexation rate:	1.47% per year for 10 years, 2.13% per year thereafter (for wind-up valuation)
Basis for benefits assumed to be settled through the purchase of an annuity	
Mortality rates:	UP94 projected to 2020 with AA scale (Sex distinct)
Interest rate:	4.49% per year
Pre and post-retirement indexation rate:	2.39% per year (for wind-up valuation)
Retirement age	
Maximum value:	Members are assumed to retire at the age which maximizes their value from the Plan based on the plan eligibility requirements which have been met at the valuation date
Grow-in:	The benefit entitlement and assumed retirement age of members whose age plus service equal 55 or more at the valuation date, reflect their entitlement to grow into early retirement subsidies
Other assumptions	
Special payments	Discounted at the average interest rate of 4.3% per year
Final average earnings:	Based on actual pensionable earnings over the averaging period
Family composition:	Same as for going-concern valuation
Maximum pension limit:	$2,494 increasing at 3.50% per year (Determined on the member's assumed pension commencement date.)
Termination expenses:	$3,000,000

To determine the wind-up position of the Plan, a provision has been made for estimated termination expenses payable from the Plan's assets in respect of actuarial and administration expenses that may reasonably be expected to be incurred in terminating the Plan and to be charged to the Plan.

In addition, termination expenses also include a provision for transaction fees related to the liquidation of the Plan's assets and for the reduction in the value of the Plan's equity assets resulting from their liquidation. Such fees and liquidation impact are difficult to assess and will vary depending on the nature of the assets held and market conditions at the time assets are liquidated.

Because the settlement of all benefits on wind-up is assumed to occur on the valuation date and is assumed to be uncontested, the provision for termination expenses does not include custodial, investment management, auditing, consulting and legal expenses that would be incurred between the wind-up date and the settlement date or due to the terms of a wind-up being contested. Expenses associated with the distribution of any surplus assets that might arise on an actual wind-up are also not included in the estimated termination expense provisions.

In determining the provision for termination expenses payable from the Plan's assets, we have assumed that the plan sponsor would be solvent on the wind-up date. We have also assumed, without analysis, that the Plan's terms as well as applicable legislation and court decisions would permit the relevant expenses to be paid from the Plan.

Actual fees incurred on an actual Plan wind-up may differ materially from the estimates disclosed in this report.

Solvency Basis

In determining the financial position of the Plan on the solvency basis and in accordance with the Act, we have excluded the future indexation of benefits. As such, the pre and post-retirement indexation rate was assumed to be 0%. In addition, the termination expenses are assumed to be $750,000, which are different that the ones assumed for the wind-up position of the Plan. In particular, the fees related to liquidation of the Plan's assets and the reduction in the value of the Plan's assets resulting from their liquidation have not been included. All other methods and assumptions are the same as the ones used for determining the wind-up position of the Plan.

The solvency position is determined in accordance with the requirements of the Act.

Appendix E

Membership Data

Analysis of Membership Data

The actuarial valuation is based on membership data as at January 1, 2010, provided by the University of Ottawa.

We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), pensionable earnings, credited service, contributions accumulated with interest and pensions to retirees and other members entitled to a deferred pension. Contributions, lump sum payments and pensions to retirees were compared with corresponding amounts reported in financial statements. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

	01.01.10	01.01.08
Active Members (Academic)		
Number	1,257	1,172
Total annualized pensionable earnings for following year	$145,448,000	$122,058,000
Average annualized pensionable earnings for following year	$115,700	$104,100
Average years of credited service	11.7 years	11.5 years
Average age	48.1 years	47.7 years
Accumulated contributions with interest[6]	$102,246,000	$90,239,000
% of female members	38%	37%

[6] Excludes additional voluntary contributions with interest.

	01.01.10	01.01.08
Active Members (Support)		
Number	1,985	1,880
Total annualized pensionable earnings for following year	$126,075,000	$110,072,000
Average annualized pensionable earnings for following year	$63,500	$58,500
Average years of credited service	11.2 years	11.9 years
Average age	44.2 years	44.4 years
Accumulated contributions with interest[7]	74,292,000	$72,883,000
% of female members	64%	64%
Deferred Pensioners		
Number	744	675
Total annual pension	$3,437,000	$2,999,000
Average annual pension	$4,600	$4,400
Average age	48.1	48.3
Pensioners and Survivors		
Number	1671	1,543
Total annual lifetime pension[8]	$47,791,000	$42,830,000
Average annual lifetime pension[9]	$28,600	$27,800
Average age	72.4	72.3

[7] Excludes additional voluntary contributions with interest.

[8] 823 Academics, 831 Support, and 17 individuals identified as “religious”.

[9] Includes indexation as of January 1, 2008 and January 1, 2010 respectively.

The membership movement for all categories of membership since the previous actuarial valuation is as follows:

	Actives	Deferred Vested	Pensioners and Beneficiaries	Total
Total at 01.01.08	**3,052**	**675**	**1,543**	**5,270**
New entrants	625	0	0	625
Terminations:				
▪ transfers/refunds	(81)	(111)	0	(192)
▪ deferred pensions	(206)	206	0	0
Deaths:				
▪ without survivors	0	(6)	(59)	(65)
▪ with survivors	0	0	(40)	(40)
New survivors	0	0	40	40
Retirements	(149)	(38)	187	0
Adjustments	1	18	0	19
Total at 01.01.10	3,242	744	1,671	5,657

The distribution of the active members by age and credited service as at 01.01.10 is summarized as follows:

	Years of Credited Service									
Age	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-45	Total
20-24	41									41
	$44,400									$41,400
25-29	184	14								198
	$50,362	$51,186								$50,421
30-34	252	69	12							333
	$70,963	$61,750	$65,295							$68,850
35-39	251	140	42	11	1					445
	$78,957	$79,908	$72,090	$63,905	*					*
40-44	162	145	76	49	25	2				459
	$75,395	$92,376	$84,569	$69,000	$64,871	*				*
45-49	132	123	86	134	61	25	4			565
	$78,910	$89,321	$96,849	$81,480	$71,036	$68,964	$54,233			$83,052
50-54	91	92	42	86	132	48	31	5		527
	$82,990	$90,216	$83,127	$103,562	$89,965	$86,799	$71,343	$67,695		$88,883
55-59	53	52	30	54	55	91	45	17	1	398
	$90,189	$81,750	$83,820	$90,515	$11,990	$104,751	$102,316	$70,583	*	*
60-64	22	17	12	24	36	46	60	13	2	232
	$94,112	$109,681	$90,145	$115,655	104,814	$121,822	$133,989	$121,222	*	*
65 +	3	2	3	6	8	4	12	5	1	44
	$95,033	*	$141,868	$149,791	$135,660	$157,622	$128,782	$152,355	*	$137,494
Total	1,191	654	303	364	318	216	152	40	4	3,242
	$72,297	*	$86,076	$89,206	*	*	$109,326	$96,901	$104,266	$83,752
% female	57%	51%	56%	56%	55%	48%	39%	48%	75%	54%

* Pensionable earnings with two members or less are not shown for confidentiality reason

The distribution of the inactive members by age as at 01.01.10 is summarized as follows:

	Deferred Pensioners		Pensioners and Survivors	
Age	Number	Average Pension	Number	Average Pension
Up to 44	283	$2,642	1	*
45 - 49	144	$4,357	2	*
50 - 54	119	$8,031		
55 - 59	126	$7,186	92	$25,108
60 - 64	48	$2,790	276	$29,561
65 - 69	13	$3,711	372	$31,891
70 - 74	1	*	320	$32,536
75 - 79	4	*	246	$27,533
80 - 84	6	$1,414	194	$27,509
85 - 89			122	$19,931
90 - 94			32	$11,812
95 +			14	$13,098
Total	744	$4,621	1,671	$28,646

* Pensions in cells with four inactive members or less are not shown for confidentiality reason.

Appendix F

Summary of Plan Provisions

This valuation is based on the plan provisions in effect on January 1, 2010. Since the previous valuation, the Plan has not been amended.

The following is a summary of the main provisions of the Plan in effect on January 1, 2010. This summary is not intended as a complete description of the Plan.

Background	The Plan became effective September 1, 1963. Benefits are based on a set formula and are entirely paid for by the Company.
Eligibility for membership	An employee hired after age 30 must join the plan on the effective date of employment. An employee hired before age 30 is eligible to join the plan on the first day of any month and must join the plan after two years of service, or attainment of age thirty, whichever is the earliest. Part-time employees are eligible to join the plan after they have, in two consecutive calendar years, worked for 24 continuous months and either earned 35% of the YMPE or worked at least 700 hours in each of these two consecutive calendar years.
Employee Contributions	Effective January 1, 2004, members are required to contribute 4.25% of earnings up to 85% of the 1999 YMPE indexed at 55% of the percentage increase in the YMPE since 2003 and 6.55% of the excess earnings up to total contributory earnings of 120% of the maximum salary paid to a professor. For members in receipt of the University's long-term disability income plan, contributions are not required.
Retirement Dates	Normal Retirement Date (a) Academic Staff – The first day of July coincident with or next following the member's 65th birthday. (b) Support Staff – The first day of the month coincident with or next following the member's 65th birthday. Early Retirement Date ▪ The member may choose to retire as early as age 55

Normal Retirement Pension	**For service before January 1, 2004:** **The maximum between:** ▪ 1.3% of the average of the 60 highest monthly pensionable earnings up to 85% of the 1999 YMPE and 2% of the excess for each year of credited service; and ▪ 1.5 % of the average of the 60 highest monthly pensionable earnings for each year of credited service. **For service on or after January 1, 2004:** **The maximum between:** ▪ 1.3% of the average of the 60 highest monthly pensionable earnings up to 85% of the 1999 YMPE indexed at 55% of the percentage increase in the YMPE since 2003 and 2% of the excess for each year of credited service; and ▪ 1.5 % of the average of the 60 highest monthly pensionable earnings for each year of credited service.
Early Retirement Pension	If a member retires early, the member will be entitled to a pension that is calculated the same way as for a normal retirement. An unreduced pension will be payable if the member has attained age 60 or has satisfied the rule of 90 (age + credited service = 90). The pension will be actuarially reduced for the period that the early retirement date precedes the earlier of attainment of age 60 or the rule of 90 (based on credited service assuming that the member would have remained in employment).
Maximum Pension	The total annual pension payable from the Plan upon retirement, death or termination of employment cannot exceed the lesser of: ▪ 2% of the average of the best three consecutive years of total compensation paid to the member by the University, multiplied by total credited service; and ▪ the maximum permitted under the *Income Tax Act* ($2,494.44 per year of service in 2010), multiplied by the member's total credited service, reduced for early retirement as per the *Income Tax Act,* as applicable. The maximum pension is determined at the date of pension commencement.
Death benefits	Pre-retirement: ▪ If a member dies before the normal retirement date and before any pension payments have begun, the member's spouse, or beneficiary if there is no spouse, will receive a lump sum settlement equal to the value of the benefits to which the member would have been entitled had employment terminated on the date of death. Post retirement: ▪ The normal form of payment is a lifetime pension guaranteed for five years if there is no eligible spouse at retirement. If there is an eligible spouse at retirement, the normal form is a lifetime pension guaranteed for five years with a survivor pension of 60% of the original pension amount payable to the surviving spouse after the member's death. However, the member may elect to receive an optional form of pension on an actuarial equivalent basis.

Termination Benefits	If a member's employment terminates for reasons other than death or retirement, the member is entitled to receive a deferred pension equal to the benefit accrued to the date of termination of service, commencing at age 60 or upon attainment of 90 points (based on actual credited service), but not earlier than age 55. A member may elect to receive an actuarially reduced pension as early as age 55. Instead of receiving a pension, a member may, before age 55, transfer the greater of the commuted value of that pension and twice his required contributions with interest into another retirement vehicle in accordance with the pension legislation.
Pension Indexation	Pensions, including deferred pensions, are increased annually from January 1st following the earliest of the date of retirement or termination of service in accordance with changes in the cost of living as measured by the Consumer Price Index (CPI). Pensions are indexed annually by the increase in the CPI minus 1% up to a maximum increase of 8% per annum. However, if the increase in CPI is 3% or less, then indexation is provided up to the lesser of 2% or the actual rate of increase in the CPI. Additional increases to reflect full CPI increases to the date of adjustment may be granted, provided the plan's financial position meets specific conditions.

Appendix G

Employer Certification

With respect to the report on the actuarial valuation of the University of Ottawa Retirement Pension Plan, as at January 1, 2010, I hereby certify that, to the best of my knowledge and belief:

- the valuation reflects the Company's decisions in regards to determining the solvency funding requirements.
- a copy of the official plan documents and of all amendments made up to January 1, 2010, were provided to the actuary and is reflected appropriately in the summary of plan provisions contained herein,
- the asset information summarised in Appendix B is reflective of the Plan's assets,
- the membership data provided to the actuary included a complete and accurate description of every person who is entitled to benefits under the terms of the Plan for service up to January 1, 2010, and
- all events subsequent to January 1, 2010 that may have an impact on the pension plan have been communicated to the actuary.

Signed	Signed
Barbara Miazga	Caroline Roy-Egner
Name	Name
Treasurer/Director Pension Fund	Associate Vice-President, Human Resources
Title	Title
Date	Date

MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

Mercer (Canada) Limited
360 Albert Street
Suite 701
Ottawa, Ontario K1R 7X7
+1 613 230 9348

Consulting. Outsourcing. Investments.