



Pension Committee Self-Assessment

Saint Mary's University Pension Plan
For the year ended March 31, 2024

Pension Committee Self-assessment

The Saint Mary's University Pension Committee (the Administrator of the Pension Plan) has adopted the Governance Self-Assessment Questionnaire recommended by the Canadian Association of Pension Supervisory Authorities (CAPSA). This is intended to help assess how successfully the SMU pension plan follows effective governance principles.

The questionnaire will be used to determine which principles have already been instituted and which steps to take to improve the governance of the SMU Pension Plan. When we answer a question Yes, this tool will document the sources of the answer. When the answer is No, we note the areas that need more work to change the response to Yes. The completed questionnaire does not have to be filed with the pension regulator but will be made available to SMU plan members and kept on file for future reference.

CAPSA Pension Plan Governance Guidelines

- Principle 1: Fiduciary responsibility**
- Principle 2: Governance objectives**
- Principle 3: Roles and responsibilities**
- Principle 4: Performance measures**
- Principle 5: Knowledge and skills**
- Principle 6: Access to information**
- Principle 7: Risk management**
- Principle 8: Oversight and compliance**
- Principle 9: Transparency and accountability**
- Principle 10: Code of conduct and conflict of interest**
- Principle 11: Governance review**

CAPSA Assessment – Fiduciary Responsibility

A fiduciary relationship exists when a plan administrator and/or any delegates can exercise discretionary power to affect members' or beneficiaries' interests. The greater the discretionary powers of the fiduciaries, the greater their fiduciary duties. The plan administrator and delegates must act in good faith and in the best interests of plan members, beneficiaries and other stakeholders of the pension plan when carrying out their fiduciary responsibilities. In its fiduciary role, the plan administrator's responsibilities include treating members and beneficiaries impartially, acting with the care, skill and diligence of a prudent person, interpreting the plan terms fairly, impartially and in good faith, preventing personal interests from conflicting with those of the plan, and within the scope of its authority, ensuring that members and beneficiaries receive promised benefits and all the information to which they are entitled.

Comments/Reference/Actions:

- A formal Fiduciary Duty statement has been adopted
- A formal Conflict of Interest Policy has been adopted
- Plan Text amendment filed and approved by Superintendent
- Administered the Plan in compliance with its provisions
- Verified that contributions are made on a timely basis
- Pension Committee members demonstrate broad interest
- Pension Committee members demonstrate impartiality
- Committee members serve without remuneration from the Plan
- Discussed Committee fiduciary duty
- Pension documentation and Committee minutes posted on website

Has there been an identification of fiduciary and other responsibilities to plan members and beneficiaries?

✓ Yes
No

Comments/Reference/Actions:

- All the “players” have been identified: Members, Sponsor, Administrator, Canada Revenue Agency, Superintendent of Pensions, Unions, Recordkeeper, Investment Managers, Consultants, Internal Service Providers and Lawyer
- The Pension Committee manages all these relationships with a standard of care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of others
- Joint governance system established by Board of Governors
- Annual reporting of self-assessment to the Board of Governors

Has there been an identification of responsibilities to other stakeholders, noting any that are fiduciary?

✓ Yes
No

CAPSA Assessment – Governance Objectives

The plan administrator determines plan governance objectives, which provide the framework and standards for the oversight, management and administration of the pension plan and its pension fund. The objectives, which should be clearly documented, should build on any of the plan sponsor's objectives for the pension plan, as well as on the plan terms and regulatory requirements. Pension plan governance objectives help develop effective governance practices leading to the efficient and successful operation of the pension plan.

Comments/Reference/Actions:

- Joint governance statement formalized and approved
 - University acts as overseer
 - Pension Committee acts as Administrator
- Mission and goals documented and approved (updated Mission Statement and Governance Statement (Sept.2009))
- Terms of reference established and approved
- Organizational structure approved
- Analysis completed to ensure compliance with CAP Guidelines of the Joint Forum of Financial Market Regulators
- Updated the various governance documents to reflect the single pension committee structure
- Pension Plan design is under review - this item is ongoing
 - Some portions of plan design are outside of the scope of the Pension Committee (contribution rates, collective bargaining)

Are there established governance objectives for the oversight, management and administration of the plan?

✓ Yes
No

CAPSA Assessment – Roles and Responsibilities

The plan Administrator:

- is expected to oversee and assume responsibility for the pension plan, but is not expected to manage the plan on a day-to-day basis
- may delegate operational management tasks, but is ultimately responsible and accountable for managing the plan and for selecting and monitoring the actions of delegates and committees
- should ensure that the pension governance structure, roles and responsibilities, accountability and reporting relationships (i.e. chain of delegation) are clearly documented and communicated to all participants in the governance process. When the same person performs both pension plan governance and corporate functions, there must be a clear recognition and understanding of the different roles and responsibilities of each function.

Comments/Reference/Actions:

- The Pension Committee assumed the role of Administrator per Board of Governors resolution dated March 29, 1999
- Role and Responsibility statements are included in the Pension Governance Statement adopted for the SMU Pension Plan
- Day to day activities delegated to SLF and SMU management
- SMU VP Finance and Administration also acts, ex officio, as Chair of the Pension Committee; role of the Chair specified in the Pension Committee Terms of Reference

Comments/Reference/Actions:

- Engaged Sun Life Financial (SLF) as recordkeeper under contract
 - Management services
 - Plan member records and statements
 - Customer service helpline
 - Internet site
 - Interactive software
- Recordkeeper Selection and Monitoring Policy approved 2016
- Fees and service agreement in place
- Policy on Delegation of Plan Functions to the University approved 2017
- Performance of agents reviewed during the year
- Obtained compliance certificate from SLF

Has there been an identification of roles and responsibilities, including any necessary delegation, for the effective governance of the pension plan?

Yes
 No

Are there clearly documented expectations for the Administrator and each of its delegates?

Yes
 No

CAPSA Assessment – Performance Measures

The plan administrator is responsible for regularly monitoring the performance of all key decision makers and evaluating them against established performance measures. The plan administrator should report the results to appropriate stakeholders, and regularly review performance measures themselves. Since performance evaluations need to be based on impartial assessments, the plan administrator may require independent professional advice. The plan administrator should direct recommendations for change to the group that the decision-makers are accountable to. The plan administrator is responsible for establishing procedures with follow-up actions to correct inadequate performance.

Comments/Reference/Actions:

- Comprehensive investment policy approved, with performance benchmarks regularly reviewed
- Independent performance monitor engaged, Mercer Consulting
- Qualitative assessment of investment managers reviewed

Comments/Reference/Actions:

- Periodic review of SIP&G (completed in 2022)
 - Asset mix
 - Fund performance objectives
 - Qualitative criteria (adherence to mandate, personnel, etc.)
 - Benchmarking
 - Peer group comparisons
- Investment monitoring annually; reported to University and Plan Members
- Investment fees monitoring bi-annually and reported as above
- Ongoing due diligence reports from Mercer on Investment Managers
- Regular budget reporting to Pension Committee from Financial Services

Are there clear measures for assessing the performance of all participants in the governance process who have decision-making authority?

✓ Yes
No

Is there regular performance monitoring, review and a remedial process for all participants in the governance process who have decision-making authority?

✓ Yes
No

CAPSA Assessment – Knowledge and Skills

The plan administrator is ultimately responsible for the governance of the pension plan. The plan administrator may get help from others to meet the obligations of this role. The administrator, delegates and committees in the governance structure should together possess and apply the knowledge and skills to fulfill governance responsibilities. The plan administrator should be provided with appropriate training and ongoing education, as required.

Comments/Reference/Actions:

- Committee resources – there exists a cross-functional team that approximates the actual membership; skills are quite diverse
- Internal support resources – the university provides the Committee Chair as well as management from Human Resources and Financial Services
- External support resources – the Committee regularly obtains advice and support from SLF (member services) and Mercer (investment services and pension counsel)
- Taken as a whole, there are sufficient knowledge and skills to manage the pension plan
- Ongoing, regular meetings of the Pension Committee provide oversight for identifying knowledge and skills needed.

Comments/Reference/Actions:

- Four standing sub-committee established to address strategic areas, with regular advice to the Pension Committee
 - Investment
 - Internal agents
 - External agents
 - Education
- Periodic training provided for pension committee members
- Use of agents (with expertise) at every pension committee meeting
- Large number of pension education sessions offered during the year
- Survey of members at AGM to develop education topics
- Actions taken in response to survey of members undertaken in 2011
- Developed/delivered orientation program for new Committee members
- Annual review performed for SMU management performing pension duties, as well as for all external agents.

Is there an ongoing process to identify the knowledge and skills needed for the effective governance of the pension plan?

✓ Yes
No

Is there a process to fill gaps in knowledge and skills?

✓ Yes
No

CAPSA Assessment – Access to Information

Processes should exist so that the plan administrator and any delegates, as required, receive appropriate, current, accurate, and complete information to enable them to perform their responsibilities effectively.

Comments/Reference/Actions:

- Pension Committee has identified information requirements with an agenda checklist to help discharge responsibilities
- Professional pension consultants employed to advise the Pension Committee on requirements and to provide information
- Information requirements of internal delegates outlined in the approved Policy on Delegation of Plan Functions to University

Comments/Reference/Actions:

- All Pension Committee members have password-protected access to the SMU Sponsor Website maintained by SLF
- All Pension Plan members have open access to the SMU Pension Plan Website maintained by the Human Resources Department
- Information required by the Pension Committee is facilitated by the Chair of the Committee and the HR Department, using external advisors as required to ensure accurate, timely response
- Document Retention Policy approved in 2016

Has the Administrator and, as required, the delegates defined the information necessary to discharge responsibilities?

✓ Yes
No

Is there a process in place for obtaining this information accurately, quickly, clearly and in a suitable format?

✓ Yes
No

CAPSA Assessment – Risk Management

(a) Internal control framework

The internal control framework should ensure that risks are addressed, and appropriate controls are in place. The plan administrator should understand and approve the framework and the written internal control policies. While the framework may vary depending on the plan type, it should include policies on documentation, record keeping, costing, funding, fund investment, expense control, benefits administration, outsourcing, compliance, and communication.

(b) Fees

The plan administrator should monitor and assess the reasonableness and competitiveness of any fees charged to the plan or paid by members.

(c) Delinquency control

The plan administrator should establish a delinquency control program with procedures for collecting unpaid contributions and data, and solutions for non-compliance.

Comments/Reference/Actions:

■ Pension Plan risks include:

Fiduciary risk	Investment risk
Operations risk	Legal risk
Member/investment risk mismatch, incl. default investment option	

- Committee Agenda Checklist controls delinquency by requiring staff to report to the Committee whether remittance of required contributions was within statutory time limits
- Committee obtained a copy of the record-keeper's service auditor's report (CSAE 3416 Report)

Comments/Reference/Actions:

- Ongoing, regular meetings of the Pension Committee provides oversight for risk management.
- Insurance in place to cover \$50 million per occurrence
- Each member of the Pension Committee has been indemnified by the University
- On-line and paper-based tools provided for member investment decision-making considering risk
- Obtained Mercer report on Member Allocation of Assets in conjunction with the annual Monitor report (compared to previous report)
- SMU provides adequate budget each year for operations
- Legal advice obtained by the Pension Committee as required

Has the Administrator identified the pension plan's risks?

✓ Yes
No

Is there a process to manage these risks?

✓ Yes
No

CAPSA Assessment – Oversight and Compliance

Every pension plan needs documented processes and standards to enable compliance with legislative requirements. This also ensures all administrative functions, including calculating, paying and receiving contributions and pension benefits or values, fall within the plan terms, plan administrative policies, and legislative requirements.

Comments/Reference/Actions:

- Requirements have been identified:
 - Pension Benefits Act and Regulations
 - Income Tax Act
 - Ensuring that the Plan is administered in accordance with the documents filed with the Superintendent of Pensions
 - Regulatory guidelines
 - CAPSA guidelines (Can. Assoc. Pension Supervisory Auth.)
 - CAP guidelines (Joint Forum of Financial Market Regulators)

Comments/Reference/Actions:

- Committee has approved a Macro Agenda Checklist to guide agenda items (and verifies that all items on the checklist have been performed) for the following areas:
 - Legislative compliance
 - Monitoring investment options and management
 - Stakeholder communication and member education
 - Governance
- Delegation of Pension Plan Functions documents
- Committee meetings occur regularly
 - 1 meeting since last report
 - 80% attendance of Pension Committee members
 - 100% attendance of Pension Consultant
 - 100% attendance of internal support staff
 - 100% attendance of Committee Chair
- Decisions documented in minutes and approved
- The university facilitates contractual arrangements

Have the legislative requirements, documents and policies that apply to the pension plan been identified?

✓ Yes
No

Is there a mechanism to ensure compliance with legislative requirements and pension plan administrative policies?

✓ Yes
No

CAPSA Assessment – Transparency and Accountability

(a) Communication policy: plan members and beneficiaries

A communication policy should be established for the pension plan. The policy should provide for the disclosure of governance-related information to members and beneficiaries. At a minimum, this should include the information required by statute. Communication should be appropriate, timely, accurate, complete, consistent, cost-effective, and accessible to promote members' and beneficiaries' confidence in the governance process. The plan administrator needs to consider appropriate information disclosure to members about the benefits, risks, and responsibilities of membership in the plan. The plan administrator should give sufficient information to members for them to make informed decisions about their pension plan options.

(b) Plan member and beneficiary concerns

Pension plan members and beneficiaries have a right to voice their concerns and have them addressed quickly. The administrator should arrange for capable parties to address member inquiries and complaints and create effective conflict resolution procedures to handle disagreements.

Comments/Reference/Actions:

- Plan Member Communications Policy approved 2016
- Member sign-up process
- New member orientation sessions
- Periodic updates from Chair
- Annual General Meeting of Pension Plan Members each June prior to COVID and Annual Update since COVID
- Pension plan website contains governance information

Comments/Reference/Actions:

- Questions and comments invited before and at the AGM of Pension Plan Members
- Text provided to Plan Members on their responsibilities
- Process for questions and complaints explained to all new hires
- Process for questions and complaints explained on HR website beginning (Oct 2011)

Is there an explanation of the pension plan's governance process to plan members, beneficiaries and stakeholders?

✓ Yes
No

Has there been an explanation to plan members and beneficiaries of the process that will be used to address questions and complaints?

✓ Yes
No

CAPSA Assessment – Code of Conduct

The plan administrator should establish a code of conduct for both the plan administrator and its delegates. The code of conduct should set out required behaviour, establish a control procedure for conflicts of interest and provide for due process and a dispute resolution mechanism. The plan administrator should always behave in a manner that reflects its fiduciary and other obligations. To ensure the code of conduct is effective, and that it also applies to delegates, the plan administrator should set up a review process. The policy should address both actual conflicts and the appearance of conflicts.

Comments/Reference/Actions:

- Statutory requirements dictate standard of care
- There is a standard of care clause in the approved Policy on Delegation of Plan Functions to the University

Comments/Reference/Actions:

- Statutory requirements dictate conflict of interest
- There is a Conflict of Interest clause in the Pension Committee Terms of Reference
- There is a Conflict of Interest clause in the approved Policy on Delegation of Plan Functions to the University
- There is a Conflict of Interest clause in the Statement of Investment Policies and Goals

Is there a code of conduct that sets out the required behaviour for the Administrator and delegates?

✓ Yes
No

Is there a conflict of interest policy to deal with actual or perceived conflicts of interest of the Administrator and delegates?

✓ Yes
No

CAPSA Assessment – Governance Review

The plan administrator should periodically review governance practices to assess their effectiveness compared to the pension plan's stated governance objectives. The administrator may wish to report the results of the self-assessment exercise, including any resulting changes in policies, procedures and practices to pension plan members, beneficiaries, delegates and other stakeholders. Every pension plan should have a method of regularly assessing the plan administrator's performance and the governance structure of the pension plan. After each review, the plan administrator should modify the governance structure and the policies and practices, as required, to enhance effectiveness. Plan administrators may wish to seek independent professional advice to ensure impartiality for their self-assessment.

Comments/Reference/Actions:

- Annual self-assessment by the Pension Committee
- this self-assessment for the fiscal year ended March 31, 2024.
- CAPSA guidelines used as model – all sample questions addressed
- Reported the results of the self-assessment exercise, including any resulting changes in policies, procedures and practices to pension plan members, beneficiaries, delegates and other stakeholders.

Comments/Reference/Actions:

- Per the governance statement - If at any time the Board of Governors is not satisfied that the Committee is discharging its responsibilities appropriately, the Board has the authority and responsibility to lead the resolution in consultation with the Committee, including possible changes in the governance structure.
- The Pension Committee uses external pension consultant to provide advice to resolve any inconsistencies or inadequacies in the plan's governance.
- Pension Committee and other stakeholder review of the annual committee self-assessment.
- Annual report given to the Board of Governors.

Is there an established process for regularly reviewing pension plan governance?

✓ Yes
No

Is there an effective process to resolve any inconsistencies or inadequacies in the plan's governance?

✓ Yes
No