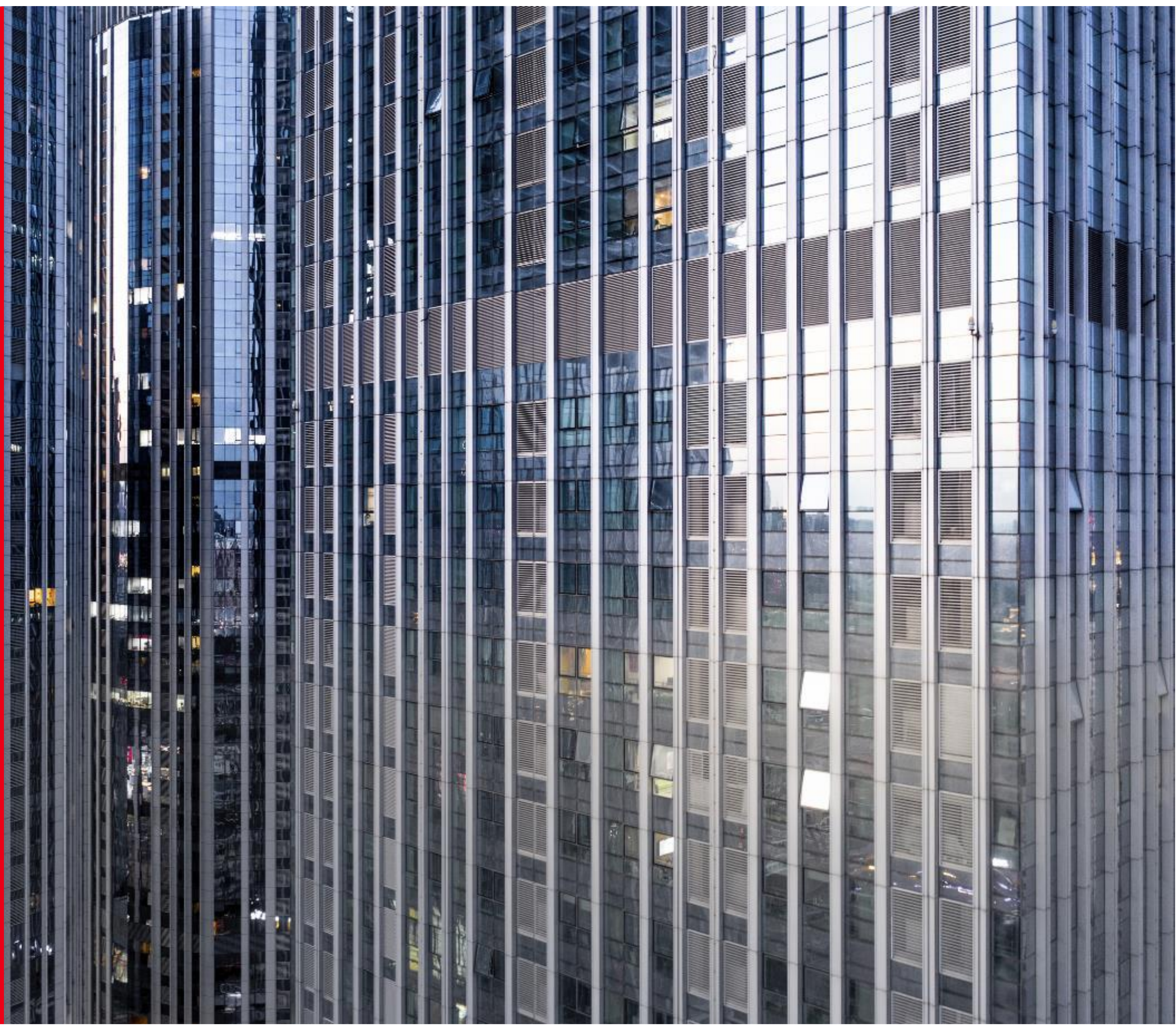
Saskatchewan Telecommunications Pension Plan

Actuarial Valuation as at March 31, 2023

Registration Number: 0360891

November 2, 2023



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Executive Summary

An actuarial valuation has been prepared for the Saskatchewan Telecommunications Pension Plan (the "Plan") as at March 31, 2023 for the primary purpose of establishing a funding recommendation for the Plan until the next actuarial valuation is performed. This section provides an overview of the important results and the key inputs to the valuation process. The next actuarial valuation for the purposes of developing funding requirement should be performed no later than as at March 31, 2026.

Summary of Principal Results

	March 31, 2023		March 31, 2020	
	Going Concern	Solvency	Going Concern	Solvency
Assets	$ 899,822,000	$ 898,972,000	$ 964,300,000	$ 963,550,000
Liabilities	872,699,000	827,015,000	943,809,000	1,130,923,000
Surplus/(Deficit)	**$ 27,123,000**	**$ 71,957,000**	**$ 20,491,000**	**$ (167,373,000)**
Funded Ratio	103.1%	108.7%	102.2%	85.2%

Current Service Cost

As in the previous actuarial valuation, all active members have attained the service cap of 35 years. In accordance with the plan text, active members are not to accrue any further benefits and, as such, the current service cost for future Plan years is nil.

Key Assumptions

The principal assumptions to which the valuation results are most sensitive are outlined in the following table.

	March 31, 2023		March 31, 2020	
	Going Concern	Solvency	Going Concern	Solvency
Gross expected rate of return	4.25%	n/a	5.35%	n/a
Expense provision in discount rate	0.25%	n/a	0.35%	n/a
Net discount rate	4.00%	n/a	5.00%	n/a
Annuity purchase rate	n/a	4.60%	n/a	2.8%
Future indexing	1.6% per year	2.0% per year	1.6% per year	2.0% per year
Inflation rate	2.25%	n/a	2.25%	n/a
Estimated wind up expenses	n/a	$850,000	n/a	$750,000

	March 31, 2023		March 31, 2020	
	Going Concern	Solvency	Going Concern	Solvency
Base mortality table and improvement scale	CPM 2014 Private (Adjusted 100% for males and 110% for females) with Improvement Scale MI-2017	CPM 2014 Combined with Improvement Scale CPM-B - unadjusted	CPM 2014 Private (Adjusted 100% for males and 110% for females) with Improvement Scale MI-2017	CPM 2014 Combined with Improvement Scale CPM-B - unadjusted
Retirement rates	Immediate retirement on valuation date	Immediate annuity purchase on valuation date	Immediate retirement on valuation date	Immediate annuity purchase on valuation date
Provision for Adverse Deviations (PfAD)	5%	N/A	12%	N/A

Respectfully submitted,

David Larsen, FSA, FCIA
Partner
November 2, 2023

Amy Hamilton, ASA, ACIA
Senior Consultant

Section 1: Introduction

Purpose and Terms of Engagement

In accordance with the actuarial engagement, effective May 16, 2023 (the "engagement"), we have been engaged jointly by Saskatchewan Telecommunications ("SaskTel") and the Pension Board to conduct a valuation of the Plan as at March 31, 2023 based on the actuarial assumptions and methods summarized herein. More specifically, the purposes of the valuation are to:

- determine the financial position of the Plan on a going concern basis as at March 31, 2023;
- determine the financial position of the Plan on a solvency basis as at March 31, 2023;
- determine the funding requirements of the Plan as at March 31, 2023; and
- provide the necessary actuarial funding recommendation under T*he Pension Benefits Act, 1992* ("*The Act*") and the *Income Tax Act.*

As per the engagement:

- We have worked with the Pension Board to establish the best estimate actuarial assumptions and the Provisions for Adverse Deviations (PfAD) to be used to prepare this actuarial valuation.
- We have summarized the results of this actuarial valuation along with the ensuing opinions and recommendations in this report.
- It is anticipated that this report will be used by the Pension Board for the purposes of filing the necessary actuarial valuation report under *The Act* and the *Income Tax Act*.
- It is noted that the results of this report may not be appropriate for accounting purposes or any other purpose not listed above.

While we have been engaged jointly by SaskTel and the Pension Board to conduct this actuarial valuation and the users of this report are to be SaskTel and/or the Pension Board, we note that the users of our work may well extend to parties external to SaskTel and the Pension Board, notably the provincial and federal pension regulators and the Plan members. Out of respect for the confidentiality of SaskTel and the Pension Board, we shall not undertake to communicate the terms of our engagement or the results of our work with such other users unless so directed by SaskTel and/or the Pension Board.

Review of Actuarial Assumptions

The last actuarial valuation in respect of the Plan was performed as at March 31, 2020 on both a going concern and a solvency basis.

For the purposes of this valuation all assumptions used in the March 31, 2020 valuation were reviewed by the Plan actuary and the Pension Board with due respect to accepted actuarial practice in Canada and regulatory constraints. The following is a summary of this review.

- The best estimate gross discount rate assumption (before provision for expenses) for the going concern valuation was reviewed and it was decreased from 5.35% per annum to 4.25% per annum;
- The best estimate provision for expenses for the going concern valuation was reviewed and it was decreased from 0.35% per annum to 0.25% per annum;
- The best estimate net discount rate assumption (net of expense provisions) for the going concern valuation was reviewed and it was decreased from 5.00% per annum to 4.00% per annum;
- The discount rate assumptions for the solvency valuation were reviewed and updated to the standard solvency valuation discount rate assumptions applicable for a valuation date of March 31, 2023;
- The base mortality tables used in the going concern and solvency valuations were reviewed and they were remained unchanged from the March 31, 2020 valuations;
- The mortality improvement scales used in the going concern and solvency valuations were reviewed and the improvement scales were remained unchanged from the March 31, 2020 valuations;
- The estimated solvency wind-up expenses were reviewed and increased from $750,000 to $850,000; and
- The inflation assumption used in the going concern valuation as reviewed and 2.25% per year was remained unchanged from the March 31, 2020 valuation.
- The future indexing assumption used in the going concern valuation as reviewed and 1.6% per year was remained unchanged from the March 31, 2020 valuation.
- The future indexing assumption used in the solvency valuation as reviewed and 2.0% per year was remained unchanged from the March 31, 2020 valuation.
- The Provision for Adverse Deviations (PfAD) included in the going concern valuation was reviewed and it was decreased from 12% to 5% of the best estimate going concern actuarial liabilities.

Information and Inputs

In order to prepare this valuation, we have relied upon the following information:

- Membership data compiled as at March 31, 2023 by SaskTel;
- Asset data taken from the Plan's audited financial statements; and
- Information concerning events occurring subsequent to March 31, 2023 and prior to the date of the report as identified below.

Subsequent Events

As of the date of this report, we have not been made aware of any subsequent events which would have an effect on the results of this valuation. However, the following points should be noted in this regard:

- Actual experience deviating from expected after March 31, 2023 will result in gains or losses which will be reflected in the next actuarial valuation report; and
- To the best of our knowledge, the results contained in this report are based on the regulatory and legal environment in effect at the date of this report and do not take into consideration any potential

changes that may be currently under review. To the extent that actual changes in the regulatory and legal environment transpire, any financial impact on the Plan as a result of such changes will be reflected in future valuations.

Section 2: Going Concern Valuation Results

Going Concern Financial Position of the Plan

The going concern valuation provides an assessment of the Plan's financial position at the valuation date on the premise that the Plan continues on into the future indefinitely. On the basis of the Plan provisions, membership data, going concern assumptions and methods and asset information described in the Appendices, the going concern financial position of the Plan as at March 31, 2023 is shown in the following table. The results as at March 31, 2020 are also shown for comparison purposes.

	March 31, 2023	March 31, 2020
Assets		
Market Value of Assets	$ 899,822,000	$ 964,300,000
Going Concern Liabilities		
Active and Disabled members	$ 5,594,000	$ 13,800,000
Superannuates	728,766,000	735,140,000
Spouses	77,103,000	66,036,000
Provisions for future expenses to be paid from the Plan	19,679,000	27,711,000
Provisions for adverse deviations (PfAD)[1]	41,557,000	101,122,000
Total Liabilities	**$ 872,699,000**	**$ 943,809,000**
Surplus/(Unfunded Liability)	**$ 27,123,000**	**$ 20,491,000**
Funded Ratio	**103.1%**	**102.2%**

[1] The PfAD established by the Pension Board in both the March 31, 2020 and March 31, 2023 going concern valuations. For the March 31 ,2023 valuation, the PfAD was set at 5% of the best estimate going concern actuarial liabilities. For the March 31 ,2020 valuation, the PfAD was set at 12% of the best estimate going concern actuarial liabilities.

Change in Financial Position

During the period from March 31, 2020 to March 31, 2023, the financial position of the Plan changed from a surplus of $20,491,000 to a surplus of $27,123,000. The major components of this change are summarized in the following table.

Reconciliation of the going concern surplus for the period from March 31, 2020 to March 31, 2023

Surplus as at March 31, 2020	**$**	**20,491,000**
Remove provision for adverse deviations at March 31, 2020		101,122,000
Best Estimate Surplus as at March 31, 2020	**$**	**121,613,000**
Interest on surplus at 5.35% per annum		20,582,000
Expected Best Estimate Surplus as at March 31, 2023	**$**	**142,195,000**
Change in financial position due to experience gains/(losses)		
Gain due to retirement experience different than expected		1,544,000
Gain on pensioner mortality experience		8,723,000
Reduction in liabilities from Alive and Well study		4,198,000
Loss due to actual expenses greater than expected		(699,000)
Loss due to pensioner indexing greater than expected		(376,000)
Loss due to investment return on assets less than expected		(11,847,000)
Net gains and losses from other miscellaneous items		(859,000)
Best Estimate Surplus as at March 31, 2023 before assumption changes	**$**	**142,879,000**
Change in discount rate assumption		(74,199,000)
Best Estimate Surplus as at March 31, 2023	**$**	**68,680,000**
Include provision for adverse deviations at March 31, 2023		(41,557,000)
Surplus as at March 31, 2023	**$**	**27,123,000**

Plausible Adverse Scenarios

In accordance with the Canadian Institute of Actuaries Standards of Practice specific to pension plans, below are scenarios of adverse but plausible experience, relative to the assumptions selected for the going concern valuation.

In order to prepare the following plausible adverse scenario analysis, we have used the following simplified asset mix:

- 82% Fixed income assets
- 14% Non-fixed income assets
- 4% Short term investments (cash)

In order to assist the reader of this report understand the impact of each adverse scenario on the PfAD that was established by the Pension Board and any potential additional Corporate funding contribution requirements that may arise due to each adverse scenario, the following process was applied:

- The change in the balance sheet under each plausible adverse scenario is first added to or absorbed by the available surplus.
- If the adverse scenario reduces the available surplus and the available surplus is sufficient to absorb the entire change in the balance sheet, the Provision for Adverse Deviations (PfAD) established by the Pension Board is retained.
- If the adverse scenario reduces the available surplus and the available surplus is not sufficient to absorb the entire change in the balance sheet, the Provision for Adverse Deviations (PfAD) established by the Pension Board is then reduced.
- The adjusted PfAD is not allowed to be reduced below 3% of best estimate actuarial liabilities.
- If the PfAD is reduced to the minimum 3%, any further impact on the balance sheet is then identified as an unfunded liability. Any such unfunded liability is then assumed to be amortized over a 10-year period following the valuation date through additional funding contributions to be made to the Plan by the Corporation.

Interest Rate Sensitivity

In order to assess the risk related to interest rate sensitivity the Pension Board has chosen a scenario where the future interest rates fall by 1% as compared to the current assumptions made for future interest rates. In order to calculate the impact on the market value of assets, the decrease in interest rates is assumed to only impact fixed income assets (assumed to be 82% of total assets for this purpose) with an assumed duration of 10.43 on the fixed income assets (based on relevant fixed income benchmarks). In order to calculate the impact on actuarial liabilities, the decrease in interest rates is expected to lower future asset returns by 1% per annum and therefore also lower the valuation discount rate by 1% per annum.

It is noted that the change in the balance sheet under this plausible adverse scenario was absorbed by the available surplus. As such the 5% PfAD was able to be retained in this adverse scenario.

March 31, 2023	Base Scenario	Adverse Scenario	Impact ($)
Market value of assets	$ 899,822,000	$ 976,780,000	$ 76,958,000
Best estimate liabilities	$ 811,463,000	$ 895,282,000	$ 83,819,000
Provision for future expenses	19,679,000	23,238,000	3,559,000
Total best estimate liabilities	831,142,000	918,520,000	87,378,000
Provision for adverse deviations	41,557,000	45,926,000	4,369,000
Total going concern liabilities	$ 872,699,000	$ 964,446,000	$ 91,747,000
PfAD as percentage of total BE liabilities	5%	5%	-
Surplus/(Unfunded Liability)	$ 27,123,000	$ 12,334,000	$ (14,789,000)

Deterioration in Asset Value

In order to assess the risk related to the deterioration in asset value the Pension Board has chosen an adverse scenario equal to a 15% reduction in the non-fixed income asset values (assumed to be 14% of total assets for this purpose) on a market value basis. We have also assumed no change in future return expectations and therefore no change in the valuation discount rate assumption.

It is noted that the change in the balance sheet under this plausible adverse scenario was absorbed by the available surplus. As such the 5% PfAD was able to be retained in this adverse scenario.

March 31, 2023	Base Scenario	Adverse Scenario	Impact ($)
Market value of assets	$ 899,822,000	$ 880,926,000	$ (18,896,000)
Best estimate liabilities	$ 811,463,000	$ 811,463,000	$ -
Provision for future expenses	19,679,000	19,679,000	-
Total best estimate liabilities	831,142,000	831,142,000	-
Provision for Adverse Deviations	41,557,000	41,557,000	-
Total going concern liabilities	$ 872,699,000	$ 872,699,000	$ -
PfAD as percentage of total BE liabilities	5%	5%	-
Surplus/(Unfunded Liability)	$ 27,123,000	$ 8,227,000	$ (18,896,000)

Mortality Sensitivity

In order to assess the risk related to mortality sensitivity the Pension Board has chosen a scenario where the base table mortality rates improve by 5%. For the purposes of this analysis, we have used 95% of the 2014 Canadian Pensioner Mortality Table (Private Sector), adjusted 100% for males and 110% for females, with mortality improvements in accordance with Improvement Scale MI-2017.

It is noted that the change in the balance sheet under this plausible adverse scenario was absorbed by the available surplus. As such the 5% PfAD was able to be retained in this adverse scenario.

March 31, 2023	**Base Scenario**	**Adverse Scenario**	**Impact ($)**
Market value of assets	$ 899,822,000	$ 899,822,000	$ -
Best estimate liabilities	$ 811,463,000	$ 824,330,000	$ 12,867,000
Provision for future expenses	19,679,000	20,256,000	577,000
Total best estimate liabilities	831,142,000	844,586,000	13,444,000
Provision for adverse deviations	41,557,000	42,229,000	672,000
Total going concern liabilities	$ 872,699,000	$ 886,815,000	$ 14,116,000
PfAD as percentage of total BE liabilities	5%	5%	-
Surplus/(Unfunded Liability)	$ 27,123,000	$ 13,007,000	$ (14,116,000)

COLA increase Sensitivity

In order to assess the risk related to COLA increase sensitivity the Pension Board has chosen a plausible adverse scenario where future COLA is 2% per year for all future years as compared to the current assumption of 1.6% per year used in the going concern valuation.

It is noted that the change in the balance sheet under this plausible adverse scenario was first absorbed by the available surplus. The available surplus was not sufficient to absorb the entire change in the balance sheet. As such, the 5% Provision for Adverse Deviations was then reduced to 4.2% in order to absorb the remaining impact on the balance sheet (note that the PfAD is not allowed to be reduced below 3% of best estimate actuarial liabilities.) As such, no unfunded liability was identified in this plausible adverse scenario and no additional Corporate funding would be required under this plausible adverse scenario.

March 31, 2023	**Base Scenario**	**Adverse Scenario**	**Impact ($)**
Market value of assets	$ 899,822,000	$ 899,822,000	$ -
Best estimate liabilities	$ 811,463,000	$ 842,366,000	$ 30,903,000
Provision for future expenses	19,679,000	20,916,000	1,237,000
Total best estimate liabilities	831,142,000	863,282,000	32,140,000
Provision for adverse deviations	41,557,000	36,540,000	(5,017,000)
Total going concern liabilities	$ 872,699,000	$ 899,822,000	$ 27,123,000
PfAD as percentage of total BE liabilities	5%	4.2%	-
Surplus/(Unfunded Liability)	$ 27,123,000	$ -	$ (27,123,000)

Going Concern Valuation Sensitivity Results

In accordance with the Canadian Institute of Actuaries Standards of Practice specific to pension plans, the table below presents the sensitivity of the best estimate going concern liabilities (excluding the provision for future expenses and the provision for adverse deviations) and the total current service cost of using a gross discount rate 1% lower than that used for the going concern valuation.

	Valuation Basis March 31, 2023	Based on Gross Discount Rate 1% Lower	Effect	
			$	**%**
Going concern liabilities	$ 811,463,000	$ 895,282,000	$ 83,819,000	10.3%
Current service cost	n/a	n/a	n/a	n/a

Note that using a gross discount rate 1% higher than that assumed would result in a comparable reduction in the Plan's best estimate going concern liabilities.

Section 3: Solvency Valuation Results

Solvency Financial Position of the Plan

The solvency valuation is a financial assessment of the Plan that is required by *The Act* and is performed in accordance with requirements prescribed by that legislation. It is intended to provide an assessment of the Plan's financial position at the valuation date on the premise that certain obligations as prescribed by *The Act* are settled on the valuation date for all members.

The financial position of the Plan on the solvency basis is measured by comparing the value of the assets with the actuarial liability for benefits earned for service up to the valuation date assuming the Plan is terminated on the valuation date plus an allowance for estimated wind-up expenses.

On the basis of the Plan provisions, membership data, solvency assumptions and methods and asset information described in the Appendices, as well as the requirements of *The Act*, the solvency financial position of the Plan as at March 31, 2023 is shown in the following table. The solvency financial position of the Plan as at March 31, 2020 is shown for comparison purposes.

	March 31, 2023	March 31, 2020
Assets		
Market value of assets	$ 899,822,000	$ 964,300,000
Estimated wind up expenses	(850,000)	(750,000)
Total Solvency Assets	$ 898,972,000	$ 963,550,000
Solvency Liabilities		
Active and Disabled members	$ 5,671,000	$ 19,910,000
Superannuates	741,049,000	1,022,835,000
Spouses	80,295,000	88,178,000
Total Liabilities	$ 827,015,000	$ 1,130,923,000
Solvency Surplus/(Deficiency)	$ 71,957,000	$ (167,373,000)
Solvency Ratio	108.7%	85.2%

Solvency Ratio

The solvency ratio is the lesser of 1.0 or the ratio of the solvency assets (market value of assets less wind-up expenses) to the solvency liabilities. If the solvency ratio is less than 1.0, certain conditions and restrictions, as prescribed by *The Act*, must be applied to the transfer of the commuted value of benefits from the Plan. Essentially, a transfer equal to the solvency ratio multiplied by the total commuted value can be made. The residual amount cannot be transferred out until either:

(a) a special payment (over the amounts being paid into the Plan to amortize the solvency deficiency) in the amount of the residual has been made to the Plan;

(b) a subsequent valuation of the Plan discloses a solvency ratio of 1.0; or

(c) five years have elapsed.

If the residual amount is less than 5% of the YMPE ($66,600 x 5% = $3,330 for 2023) and the total of all such residual amounts is less than 5% of the market value of assets, then the above restrictions do not apply.

The solvency ratio is determined as follows:

	$
Market value of assets, less wind-up expenses	898,972,000
Solvency liabilities	827,015,000
Ratio	1.087

Since the ratio of the solvency assets to the solvency liabilities is greater than 1.0 as at March 31, 2023, the above restrictions on transfers do not apply.

Solvency Valuation Sensitivity Results

In accordance with the Canadian Institute of Actuaries Standards of Practice specific to pension plans, the table below presents the sensitivity of the solvency liabilities to using a discount rate 1% per annum lower than that used for the solvency valuation.

	Valuation Basis March 31, 2023	Based on Discount Rate 1% Lower	Effect $	Effect %
Solvency liabilities	$ 827,015,000	$ 913,679,000	$ 86,664,000	10.5%

Note that using a discount rate 1% higher than that assumed would result in a comparable reduction in the solvency liabilities.

Incremental Cost on a Solvency Basis

The incremental cost on a solvency basis represents the present value at March 31, 2023 of the expected aggregate change in the solvency liabilities between March 31, 2023 and the next calculation date, which is March 31, 2026. Appendix D gives more details on the calculation methodology and on the assumptions used in the calculation.

Based on the methodology and assumptions used in the calculation, the incremental cost on a solvency basis, for the period from March 31, 2023 to March 31, 2026, is ($9,779,000).

Note that the incremental cost does not form part of the contribution requirements of the Plan.

Section 4: Contribution Requirements

Contribution Requirements in Respect of the Normal Cost

The annual going concern cost of benefits in respect of service accruing after the valuation date is known as the normal cost.

As stated in the introduction, all current active members have attained the cap of 35 years of service, and therefore there is no current service cost for future Plan years.

Contribution Requirements in Respect of Deficiencies

Since the Plan has a going concern surplus, no special payments are required in respect of the going concern valuation.

Since the Plan has a solvency ratio greater than 1.0 and the Plan is a Specified Plan under the Pension Benefits Regulations (Saskatchewan), 1993, no special payments are required in respect of the solvency valuation.

Excess Surplus

The *Income Tax Act* prescribes the maximum going concern surplus that may be retained by a plan while employer contributions continue. In general, this maximum is defined as 25% of the going concern actuarial liability.

The maximum surplus that can be retained in the Plan as at March 31, 2023 while employer contributions continue is determined as 25% of $872,699,000, or $218,175,000. Since the going concern surplus of $27,123,000 is less than the maximum surplus, there is no excess surplus.

Minimum Employer Contributions

Under applicable legislation, the minimum amount that an employer must contribute is equal to:

- the employer's current service cost in respect of service accruing after the valuation date; plus
- special amortization payments required to amortize any going concern unfunded liability over at most 10 years from the valuation date the unfunded liability first arose; less
- where applicable, any portion of the going concern surplus which is used to meet a plan's current service costs.

The employer contributions recommended in this valuation report are at least equal to the legislated minimum requirements.

Maximum Employer Contribution

Under applicable legislation, the maximum amount that an employer is allowed to contribute is equal to:

- the employer's current service cost in respect of service accruing after the valuation date; plus
- the lump sum amount to eliminate any unfunded liabilities and/or solvency deficiencies that exist at the valuation date; less
- any excess surplus as permitted.

The employer contributions recommended in this valuation report do not exceed the legislated maximum amounts.

Section 5: Actuarial Certificate

Actuarial Opinion, Recommendations and Certification for the Saskatchewan Telecommunications Pension Plan

Registration # 0360891

Opinion

This actuarial certification forms an integral part of the actuarial valuation report for the Plan as at March 31, 2023. I can confirm that we have prepared an actuarial valuation of the Plan as at March 31, 2023 for the purposes outlined in the Introduction section to this report and consequently:

I Hereby Recommend That:

1. The employer should contribute the amounts recommended in Section 4 of this report.
2. The next actuarial valuation for the purpose of developing a funding recommendation be performed no later than as at March 31, 2026.

I Hereby Certify That, in My Opinion:

1. With respect to the purposes of determining the Plan's financial position on a going concern basis as at March 31, 2023:
   a) The Plan has a going concern surplus (excess of assets over liabilities) of $27,123,000 as at March 31, 2023, based on total assets of $899,822,000 and liabilities of $872,699,000.
   b) There is no excess surplus as defined by Section 147.2(2) of the *Income Tax Act* in the Plan at March 31, 2023.
2. With respect to the purpose of determining the Plan's financial position on a solvency basis:
   a) The Plan has a solvency surplus of $71,957,000 as at March 31, 2023, determined as solvency assets of $898,972,000 less solvency liabilities of $827,015,000.
   b) The solvency ratio is 1.087 at March 31, 2023.
   c) The Plan's assets would exceed the Plan's liabilities by $71,957,000 if the Plan was terminated and wound-up as at March 31, 2023.
3. With the respect to the purpose of determining the Plan's funding requirements:
   a) The Plan's going concern current service cost for future Plan years commencing in April 2023 is nil. This is the result of all current active members attaining the maximum service of 35 years allowed under the Plan.

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b) Since the Plan has a going concern surplus and a solvency ratio greater than 1.0, no special payments are required.

c) The contributions as recommended in this report are expected to be sufficient to satisfy the Plan's funding requirements.

d) Any employer contributions recommended in this report would be eligible contributions under Section 147.2(2) of the *Income Tax Act*.

4. For the purposes of the valuation:

   - The data on which this valuation is based are sufficient and reliable;
   - The assumptions used are appropriate; and
   - The actuarial cost methods and the asset valuation methods used are appropriate.

5. This report and its associated work has been prepared, and my opinions given, in accordance with accepted actuarial practice in Canada and in compliance with the requirements outlined in subparagraphs 147.2(2)(a)(iii) and (iv) of the *Income Tax Act.*

6. Notwithstanding the above certifications, emerging experience differing from the assumptions will result in gains or losses that will be revealed in subsequent valuations.

David R. Larsen, FSA, FCIA	Amy Hamilton, ASA, ACIA
Partner	Senior Consultant

November 2, 2023

Appendix A: Assets

This appendix contains a summary of the assets of the pension fund by asset type as at the date of this valuation. Contributions are invested in and benefit payments are paid from the Saskatchewan Telecommunications Superannuation Fund.

The assets of the Plan are managed by the following firms with their respective mandates.

Firm	Mandate
RBC Investor and Treasury Services	Custodian
TD Asset Management (TDAM)	Specialty bond, real estate, and short term

The custodian is responsible for processing and handling of investment transactions. The investment manager is responsible for managing, investing, and disposing of the Plan's assets. This type of arrangement governs only the investment of the assets deposited into the fund and in no way guarantees the benefits provided under the Plan or the costs of providing such benefits. Any excess income or, in fact, any other profit caused by the actual Plan experience varying from the actuarial assumptions will accrue to the fund. It is, of course, equally true that any losses due to variations of actual experience from the actuarial assumptions will emerge as a liability of the Plan, which will either cause a reduction in the surplus generated from other sources or potentially require an increase in contributions to maintain the same benefit level.

The asset data required for the valuation was taken from the Plan's audited financial statements which were supplied by SaskTel. The valuation included an examination of the asset data to test for general reasonableness, internal consistency, consistency with asset data provided in prior years, a comparison of the contributions and disbursements reported with those expected to be made as well as a reconciliation with the previous valuation's asset data. These tests demonstrated that the asset data is sufficient and reliable for the purposes of the valuation.

Statement of Investment Policies and Goals

The following is a summary of the asset mix requirements of the pension fund, as extracted from the Plan's Statement of Investment Policies and Goals.

Combined Fund Asset Mix

Taking into consideration the investment and risk philosophy of the Fund, the following asset mix has been proposed to meet the various investment objectives of the Fund and is effective March 1, 2023:

Assets	Minimum %	Benchmark* %	Maximum %
Real Estate	0.0	10.0	20.0
Liability Matching			
Canadian Custom Fixed Income	73.0	86.0	89.0
Short-term investments	0.0	4.0	10.0
Liability Matching Component	73.0	90.0	99.0
Total Fund		100.0	

For the purpose of the total asset mix described above, the investment managers' asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.

Asset Allocation

The following is a summary of the composition of the Plan's invested assets by asset type as reported by SaskTel's audited financial statements as at March 31, 2023. For comparison purposes, the composition of the Plan's invested assets as at March 31, 2020 is also shown.

	Market Value			
Assets	**March 31, 2023**	**%**	**March 31, 2020**	**%**
Pooled bond funds	$ 581,243,000	64.6	$ 340,704,000	35.3
Pooled mortgage fund	123,358,000	13.7	92,944,000	9.6
Real estate	173,539,000	19.3	167,381,000	17.4
Equities				
Canadian	-	0.0	92,993,000	9.7
US	-	0.0	105,338,000	10.9
Non-North American	-	0.0	151,502,000	15.7
Total equities	-	0.0	349,833,000	36.3
Short term investments	21,214,000	2.4	13,125,000	1.4
Total Invested Assets	**$ 899,354,000**	**100.0**	**$ 963,987,000**	**100.0**

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Market Value of Assets

The following is the market value of the fund as at March 31, 2023, including any in-transit amounts at March 31, 2023.

Total Invested assets	$	899,354,000
Cash		1,669,000
Accrued investment income		-
Prepaid expenses		-
Accounts receivable		-
Accounts payable		(1,201,000)
Net assets available for benefits	**$**	**899,822,000**

A reconciliation of the market value of assets during the inter-valuation period is summarized below:

For the Year Ended March 31,	2021	2022	2023
Net Market value beginning of period	**$ 964,300,000**	**$1,030,851,000**	**$ 981,039,000**
Investment income including realized and unrealized gains	134,862,000	16,826,000	(16,960,000)
Lump-sum payments	-	-	-
Pension payments	(64,925,000)	(63,366,000)	(61,934,000)
Administrative costs	(3,386,000)	(3,272,000)	(2,323,000)
Market value at end of year	**$ 1,030,851,000**	**$981,039,000**	**$ 899,822,000**
Net Rate of Return	14.1%	1.4%	(2.0%)

Gross Rates of Return

The gross rates of return earned by the market value of the fund since 2005 are as follows:

	Gross Market Rate of Return (%)
4/1/2022 – 3/31/2023	(1.8%)
4/1/2021 – 3/31/2022	1.7%
4/1/2020 – 3/31/2021	14.5%
4/1/2019 - 3/31/2020	0.2%

	Gross Market Rate of Return (%)
4/1/2018 - 3/31/2019	5.6%
4/1/2017 - 3/31/2018	8.4%
1/1/2016 - 3/31/2017	9.5%
2015	7.5%
2014	10.8%
2013	14.4%
2012	10.1%
2011	1.6%
2010	11.6%
2009	13.6%
2008	(16.0%)
2007	5.8%
2006	13.1%
2005	14.2%

Appendix B: Membership Data

Source of Data

Data as to the membership of the Plan was compiled as at March 31, 2023 and provided by SaskTel. The relevant data required as of March 31, 2023 to carry out this valuation was extracted from these records. The data was checked for consistency with the previous valuation, general reasonableness, internal consistency and reconciled with the previous valuation's membership data.

Data checks included, but were not limited to, a review of changes to annual pensions, review of salary increases, personal data (i.e. birth dates, dates of hire, etc.) from the previous valuation to this valuation, service accrual and any duplicate records. The checks were reviewed with the Plan's administrator and appropriate adjustments were made.

Membership Reconciliation

	Active and Disabled	Superannuates	Spouses	Total
As at March 31, 2020	**18**	**1,553**	**314**	**1,885**
New pension from marital split	0	0	0	0
Deaths – to Spouse	0	(64)	64	0
Deaths – payments cease	0	(81)	(52)	(133)
Terminations – paid out	0	0	0	0
Retirements	(11)	11	0	0
As at March 31, 2023	**7**	**1,419**	**326**	**1,752**

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Membership Data

Active Members

	March 31, 2023			March 31, 2020
	Males	Females	Total	Total
Membership	3	4	7	18
Average age	67.0 years	65.0 years	65.8 years	63.9 years
Average pensionable service	47.7 years	46.7 years	47.1 years	44.7 years
Percent of total	43%	57%	100%	100%
Average salary	$81,698	$90,320	$86,625	$92,897
Total employee contributions with interest	$1,846,775	$1,798,560	$3,645,335	$8,073,077
Expected average remaining service lifetime	0.0 years	0.0 years	0.0 years	0.0 years

Superannuates

	March 31, 2023	March 31, 2020
Membership	1,419	1,553
Percent female	34%	33%
Average age	74.9 years	72.8 years
Average annual lifetime pension (includes incentive pension)	$36,981	$34,840
Average annual lifetime incentive pension (non-indexed)	$3,719	$3,706
Number receiving lifetime incentive pension	44	62
Average annual CPP plus OAS bridge pension (indexed)	$10,546	$10,493
Number receiving CPP plus OAS bridge pension	50	335
Average period since retirement	21.8 years	19.6 years

Survivors

	March 31, 2023	March 31, 2020
Membership	326	314
Percent female	91%	90%
Average age of spouses	80.5 years	79.3 years
Average annual lifetime pension (includes varied pension)	$24,111	$22,157
Average annual bridge pension[1]	$9,275	$8,030

[1] For spouses in receipt of a bridge.

Appendix C: Going Concern Assumptions and Methods

Assumptions and Methods

A member's entitlements under a pension plan are generally funded during the period over which service is accrued by the member. In other words, the cost of each member's benefits is allocated in some fashion over each member's service. An actuarial valuation provides an assessment of the extent to which allocations relating to periods prior to a valuation date (often referred to as the actuarial liabilities) are covered by the Plan's assets.

The going concern valuation provides an assessment of a pension plan on the premise that a plan continues on into the future indefinitely. In order to prepare a going concern valuation, two important elements need to be established:

- going concern assumptions in respect of future events upon which a plan's benefits are contingent; and
- going concern methods which effectively determine the way in which a plan's costs will be allocated over the members' service.

Together, the going concern assumptions and methods provide a basis from which a plan's cost can be estimated and also help establish an orderly program for meeting the ultimate cost of a plan. The true cost of a plan, however, will emerge only as experience develops, investment earnings are received, and benefit payments are made.

This appendix summarizes the going concern assumptions and methods that have been adopted for the going concern valuation of the Plan at March 31, 2023. It is important to note that these assumptions and methods should be reviewed periodically to ensure that they adequately reflect the experience of the Plan and continue to satisfy the Plan's funding objectives. For purposes of this valuation, the going concern methods and assumptions were reviewed and changes were made as described under each assumption.

Provision for Adverse Deviation

For purposes of this going concern valuation, the provision for adverse deviation (PfAD) has been assessed and established by the Pension Board, with the assistance and guidance of the Plan actuary. The PfAD has been set as a percentage of the best estimate going concern liabilities of the Plan and has been shown in the going concern balances sheet as an explicit dollar reserve. This is compared to the alternative method which would be to establish margins for adverse deviations (MfADs) which would adjust the going concern actuarial assumptions.

The provision for adverse deviations (PfAD) to be included in the going concern liabilities has been set at 5% of the best estimate going concern liabilities. This 5% PfAD has been chosen by the Pension Board, with the advice and guidance of the Plan actuary, so as to protect the financial security of the benefits promised to Plan members against various risks that have been identified, such as investment return volatility, longevity of Plan members exceeding expectations and actual COLA increases exceeding the best estimate increase assumption.

This method remains unchanged from the previous valuation. The provision for adverse deviations (PfAD) set for the previous valuation was 12% of best estimate going concern liabilities.

Consequently, for this valuation:

- the going concern assumptions represent best estimate assumptions (i.e. they contain no margins for adverse deviation - no MfADs);
- the best estimate going concern liabilities are determined using the best estimate assumptions; and
- the provision for adverse deviation (PfAD) is set as a percentage of the best estimate going concern liabilities and is shown explicitly in the going concern balance sheet as part of the going concern liabilities.

Summary

The actuarial assumptions and methods used in the current and previous going concern valuations are summarized below and described on the following pages.

	March 31, 2023	March 31, 2020
Economic Assumptions		
Gross expected return on assets	4.25%	5.35%
Provision for Plan expenses	0.25% of assets per year	0.35% of assets per year
Net best estimate discount rate	4.00%	5.00%
Inflation rate	2.25%	Same
Increases in maximum pension limit	$3,506.67 in 2023	$3,092.22 in 2020
Annual pension increases (COLA)	1.60%	Same
Demographic Assumptions		
Mortality	CPM 2014 Private (Adjusted 100% for males and 110% for females) with Improvement Scale MI-2017	Same
Retirement	35 years' service Age 60 with 20 years' service Age 65 with 1 year service	Same
Termination of employment	Nil	Nil
Disability	Nil	Nil
Proportion married:		
Non-retired proportion with spouse	85%	Same
Spousal age differential	Males three years older	Same

Economic Assumptions

Discount Rate

The overall gross expected return ("best-estimate") is 4.28%, which is based on an inflation rate of 2.25%, yielding a real rate of return on the pension fund assets of 2.03%. This gross best-estimate rate of return was developed using best-estimate returns for each major asset class in which the pension fund is invested and then using a building block approach, based on the Plan's investment policy, to develop a gross best-estimate rate of return for the entire pension fund. Any additional gains from rebalancing and diversification have been included in the gross expected return assumption.

In order to set the net best estimate discount rate, we have incorporated the following adjustments to the gross expected rate of return:

Portfolio weighted expected investment return	**4.16%**
Rebalancing & diversification premium	0.17%
Expected value added from investment managers[1]	0.10%
Benchmark return assumption at 2.00% inflation	**4.43%**
Adjustment for 2.25% inflation assumption	0.05%
Adjustment for cashflow weighting	-0.20%
Gross expected rate of return – before expenses	**4.28%**
Passive investment management fees	-0.05%
Active investment management fees	-0.10%
Other expected Plan fees	-0.10%
Rate of return assumption – net of expenses	**4.03%**
Net best estimate discount rate	**4.00%**

The previous valuation used a net best estimate discount rate of 5.00%.

Inflation Rate

The inflation rate is assumed to be 2.25% per year. This reflects our best estimate of future inflation considering current economic and financial market conditions. This assumption remains unchanged from the previous valuation.

Expenses

Explicit provision has been made as a reserve on the balance sheet for all future investment and non-investment expenses expected to be paid from the pension fund. This amount is assumed to be 0.25% of assets per year in the future and is based on recent Plan experience. This assumption is decreased from 0.35% in the previous valuation.

[1] Note: As per CIA standards, assumption for value added by investment managers is limited to active investment management fees. Actual value added may be greater than assumed.

Annual Pension Increases

The Plan provides for annual cost-of-living increases for pensions in pay equal to the lesser of 2.00% or 100% of the rate of inflation for any given year (and where inflation below zero in any year would result in no increase being provided). Based on a 30-year stochastic projection of future inflation rates, using the assumed future inflation rate of 2.25% per year, the best estimate of the average indexation provided in future years is 1.60% per annum. This assumption remains unchanged from the previous valuation.

Demographic Assumptions

Mortality

For this valuation, gender-distinct mortality rates have been assumed to be in accordance with the 2014 Private Sector Canadian Pensioner Mortality Table adjusted at 100% for males and 110% for females, with improvement scale MI-2017.

This assumption remains unchanged from the previous valuation.

Retirement

Active members are assumed to retire at the earliest unreduced retirement date, which is unchanged from the previous valuation. Since all active members are currently eligible to retire with an unreduced pension, this effectively means that all active members are assumed to retire on the valuation date.

Disability and Termination of Employment

No allowance has been made for disability or termination of employment prior to retirement on the basis that all active members are assumed to retire on the valuation date.

Proportion of Members with Spouses and Spousal Age Differential

These assumptions are relevant to the valuation of benefits since there is a subsidized joint and survivor benefit available for members with a spouse. It has been assumed that 85% of members will have a spouse of the opposite gender at retirement and that the females will be 3 years younger than males, which is unchanged from the previous valuation. The proportion of members who will have a spouse and the age of the spouse are based on observance of actual Plan experience.

Actuarial Cost Method

An actuarial cost method is a technique used to allocate in a systematic and consistent manner the expected cost of a pension plan over the years of service during which members earn benefits under a pension plan. By funding the cost of a pension plan in an orderly and rational manner, the security of benefits provided under the terms of a pension plan in respect of service that has already been rendered is significantly enhanced.

For the purposes of this valuation, we have used the projected unit credit actuarial cost method. Under this method the actuarial present value of the benefits expected to be paid in the future in respect of service prior to the valuation date is compared with the actuarial asset value, revealing either a surplus or an unfunded actuarial liability.

For each active member, superannuate and surviving spouse, pension benefits are projected each year into the future taking into account each person's life expectancy. These projected pension benefits for each future year over each person's life expectancy are then discounted with interest to the valuation date. The actuarial present value of all such expected pension payments are then summed giving the total best estimate actuarial liabilities for benefits payable from the Plan.

It is noted that there is no current service cost as all active members have reached the Plan's 35-year service accrual cap and all active members are assumed to retire on the valuation date.

This same actuarial cost method was used in the previous actuarial valuation.

Going Concern Asset Valuation Method

As in the previous valuation, the assets of the Plan were valued at the market value of assets as of the valuation date.

Appendix D: Solvency Assumptions and Methods

Solvency Valuation Assumptions

	March 31, 2023	March 31, 2020
Assumed Annuity Purchase Basis:		
Retirement age	Immediate. Annuities assumed to be purchased for all members and surviving spouses.	Same
Annuity purchase interest rate	4.60%	2.80%
Annuity purchase post-retirement indexing	2.00% per annum	Same
Annuity purchase mortality rates	2014 CPM Combined Mortality Table with generational mortality improvements using improvement scale CPM-B	Same
Other Solvency Liability Assumptions		
General salary scale	Nil going forward, actual earnings used for past	Same
YMPE and DB Limit Increase	Nil	Nil
Withdrawal rates	Not Applicable	Not Applicable
Solvency Incremental Cost Assumptions		
Incremental cost period	April 1, 2023 to March 31, 2026	April 1, 2020 to March 31, 2023
Increases in pensionable earnings	2.75% + merit and promotion	Same
Increases in YMPE	2.75%	Same
Increases in maximum pension limit	In accordance with *Income Tax Act*, then 2.75%	Same
Inflation Rate	2.25%	Same
Pensioner indexation on each April 1 during the incremental cost period:	1.60% each year	Same

Solvency Assumptions and Methods

The Act requires that the Plan's financial position at the valuation date be assessed under the premise that the Plan is terminated and wound up on the valuation date. The Plan's liabilities calculated under this premise (known as the solvency basis) are determined using assumptions and methods prescribed by *The Act* to be in accordance with accepted actuarial practice for solvency valuations.

The following summarizes the postulated wind-up scenario, actuarial assumptions, methods and benefits that make up the solvency basis for the Plan at March 31, 2023. Judgement must be exercised in setting certain assumptions, especially as related to determining:

- the proportion of the Plan's benefits expected to be settled by way of annuity purchase and by way of lump sum transfer; and
- the hypothetical annuity purchase rates to be used in the solvency valuation.

Consequently, if the Plan was terminated on the valuation date, the solvency liabilities may be different than the Plan's termination liabilities. Such differences may be primarily attributed to:

- differences between the actual and assumed proportion of benefits being settled by annuity purchase and lump sum transfer; and
- actual annuity purchase rates that are different than the rates assumed to be representative of the annuity market for the purposes of the solvency valuation.

The Plan is a large pension plan in the sense that the total value of the annuities that would need to be settled upon wind-up would amount to over $800 million. While the capacity of the group annuity market in Canada is large enough in comparison to the settlement liabilities of this Plan, the size of this Plan may still affect the ability to purchase of the entire block of annuities from a single insurance company through a single annuity purchase arrangement. In addition, the annuities would include inflationary increases (at 100% of the increases in the CPI to a maximum of 2% per year) adding further difficulty in settling the liabilities through a single group annuity purchase.

Postulated Wind-Up Scenario for the Solvency Valuation

While we are aware that it may be difficult for SaskTel to settle the entire block of annuities at once, we have assumed that this would occur on the valuation date and have therefore based the solvency assumptions on the CIA guidance on annuity purchase interest rates and mortality without adjustment. We have also assumed that the indexing provision would be modified to provide members with a guaranteed increase of 2.0% per year for such an annuity purchase.

Solvency Valuation Methods

The solvency liabilities have been calculated as the actuarial present value of the benefits prescribed to be valued under *The Act*. These prescribed benefits are those benefits to which a member would be entitled if the Plan was terminated on the valuation date and the member was vested, regardless of service.

It is further noted that the solvency liabilities take into consideration benefit provisions that are provided in the event of Plan termination on the valuation date.

For purposes of the solvency valuation, assets have been valued at market value.

Incremental Cost on a Solvency Basis

The incremental cost on a solvency basis represents the present value, at the calculation date (time 0), of the expected aggregate change in the solvency liabilities between time 0 and the next calculation date (time t), adjusted upwards for expected benefit payments between time 0 and time t.

An educational note was published in December 2010 by the Canadian Institute of Actuaries' Committee on Pension Plan Financial Reporting to provide guidance for actuaries on the calculation of this information.

The calculation methodology can be summarized as follows:

- The present value at time 0 of expected benefit payments between time 0 and time t, discounted to time 0,

plus

- A projected hypothetical wind up or solvency liabilities at time t, discounted to time 0, allowing for, if applicable to the pension plan being valued:
    - expected decrements and related changes in membership status between time 0 and time t,
    - accrual of service to time t,
    - expected changes in benefits to time t,
    - a projection of pensionable earnings to time t,

minus

- The hypothetical wind up or solvency liabilities at time 0.

The projection calculations take into account the following assumptions and additional considerations:

- The assumptions for the expected benefit payments and decrement probabilities, service accruals, and projected changes in benefits and/or pensionable earnings would be consistent with the best estimate assumptions used in the valuation.
- The assumptions used to calculate the projected liability at time t are consistent with the assumptions for the solvency liabilities at time 0, assuming that interest rates remain at the levels applicable at time 0, that the select period is reset at time t for interest rate assumptions that are select and ultimate and that the Standards of Practice for the calculation of commuted values and the guidance for estimated annuity purchase costs in effect at time 0 remain in effect at time t.
    - Active and inactive members as of time 0 and assumed new entrants over the period between time 0 and time t are considered in calculating the incremental cost.

Appendix E: Summary of Plan Provisions

The following is a brief summary of the provisions of the *Saskatchewan Telecommunications Pension Plan* used in the valuation of the Plan as at March 31, 2023. This summary reflects all amendments up to and including Amendment No. P-8.

Eligibility

All employees who were participants of the *Saskatchewan Telecommunications Superannuation Act* as at December 31, 1998, are members of the *Saskatchewan Telecommunications Pension Plan*.

The Plan is no longer open to employees whose employment commenced on or after October 1, 1977. However, an employee covered under another *Saskatchewan Superannuation Act* may transfer to this Plan subject to a reciprocal transfer or portability agreement.

Retirement

Normal Retirement Date

The normal retirement date is the last day of the month in which a member attains age 65.

Unreduced Retirement Date

Members may retire with no reduction in credited benefits at the following dates:

a) at age 65;

b) at age 60 with a minimum of 20 years of pensionable service,

c) at any age with 35 years of pensionable service; or

d) at any age with a minimum of 15 years of pensionable service if incapacitated for all employment purposes because of ill health or other disability.

Early Retirement Date

Members may retire at the following ages:

a) at age 60 with a minimum of 15 and less than 20 years of pensionable service; or

b) at age 55 with a minimum of 30 years of pensionable service.

In the case of retirements after age 55 with 30 years of service the gross pension is reduced by the total of:

a) 3.75% for each year calculated to the nearest month, that the age of retirement is less than 60; and

b) 0.25% for each year or partial year that the total pensionable service is less than 35.

In the case of retirements after age 60 with at least 15 years of service but less than 20 years, the gross pension is reduced by the total of:

a) 0.125% for each month (to the nearest month) that the age of retirement is less than 65, and

b) 0.125% for each month (to the nearest month) that the total pensionable service is less than 20.

Any early retirement reduction calculated above does not apply to the offset at age 65. The pension is paid on the last working day of the month in which the pension is payable.

Credited Pension

The credited pension is determined as:

2% of the average of best 3 years' salary, multiplied by years of service up to 35 years less:

at age 65, an offset equal to 0.7% multiplied by the number of years of pensionable service after December 31, 1965, multiplied by the lesser of:

(a) the average of the last three Year's Maximum Pensionable Earnings (YMPE) ending on the earlier of the member retiring or reaching 35 years of service, and

(b) the average of the best 3 years' salary.

The pension can be integrated with the Old Age Security (OAS) allowance, and if so, is determined using an actuarial basis as per the Plan. This basis is currently an interest rate of 7.0% and the 1983 Group Annuity Mortality Table.

Maximum Pension

There are three limits that are imposed by the *Income Tax Act* on the amount of pension benefits that can be paid from the Plan.

1. The first limit is on lifetime retirement benefits paid from the Plan. The maximum lifetime retirement benefit for service after December 31, 1991 is limited to the maximum dollar limit[1] as stipulated in the *Income Tax Act*.
2. The second limit is on the amount of annual bridge benefit paid before age 65. The annual bridge benefit cannot exceed:

   (a) the maximum annual pension payable under the Canada Pension Plan; plus

   (b) the maximum annual amount of Old Age Security payable at the date of retirement.

   If the member is under age 60, the amounts in (a) and (b) will be reduced by 0.25% for each month that the age of retirement is less than age 60. Also, if the member has not completed 10 years of

[1] The dollar limit under the *Income Tax Act* is a specified dollar limit per year of service based on the year of retirement. The specified limit is $3,506.67 in 2023. The limit of $3,506.67 is scheduled to be indexed to the Average Industrial Wage Index starting in 2024.

pensionable service, then the amounts in (a) and (b) will be prorated in the same ratio as the number of years of pensionable service is to 10 years.

3. The third limit is on the amount of the annual lifetime pension plus bridge benefit that is paid before age 65 as stipulated in the *Income Tax Act*. For this Plan, the limit is only applicable for pensionable service after December 31, 1991. The limit is equal to:
   (a) the maximum lifetime dollar limit; plus
   (b) the product of 1/35 × 0.25 × the average of the final three calendar years of pensionable salary up to the YMPE.

Note that it is very rare for a member's benefits to be limited by the second and third limits described above.

Benefits Paid Following Termination of Employment

On termination of employment, a member who is not eligible to receive a non-reduced immediate allowance is entitled, upon written application, to receive a lump sum payment from the Plan. The lump sum paid is equal to a refund of contributions made before January 1, 1999 plus accrued interest up to the date of termination plus the commuted value of the benefits for service earned after December 31, 1998 with any excess employee contributions. This amount can be transferred to another tax-sheltered retirement vehicle. The total amount paid out, however, cannot exceed the greater of:

- 100% of the commuted value of the member's pension benefits; or
- twice the total member's contributions with interest accrued to the date of payment.

Instead of a lump sum payment, an election can be made to receive a deferred pension. This normally becomes payable at age 65. Members with 15 or more years of service may elect to receive a reduced pension at any time after age 60. Members with 30 or more years of service may elect to receive a reduced pension at any time after age 55. A member may retire early with an unreduced allowance provided they have attained age 60 with at least 20 years of pensionable service.

If a terminating member does not elect a deferred pension or lump sum payment (as described above), then, as permitted by the Public Employees Pension Plan, the terminating member will be given the option to transfer an amount equal to twice the member's total contributions plus interest to the date of transfer to the Public Employees Pension Plan in lieu of all other benefits payable from this plan.

Death Benefits Prior to Retirement

When a member dies, the spouse is entitled to a lifetime pension equivalent to 60% of the member's accrued pension (as if the member had elected retirement at the date of death with no reduction) for life calculated in accordance with the benefit formula. Ten percent (10%) of the member's accrued pension is payable to each child under the age of 18, up to a maximum of a total of 25% to all children.

When a member dies prior to the earliest date on which the member could have elected to receive a pension from the Plan, the value of the pension that is payable to the spouse in respect of service after

December 31, 1998 will not be less than 100% of the commuted value of the member's pension for service after December 31, 1998 plus any excess employee contributions for service after December 31, 1998.

Where the spouse predeceased the employee or dies after the death of the employee, a temporary pension of 60% of the member's accrued pension is payable to any surviving children under the age of 18 in lieu of the children's allowance.

The child or children of a single parent may be eligible to receive a 60% allowance in lieu of the children's allowance. Children's allowances cease at age 18.

When a member dies leaving no dependents, a refund will be paid to the estate equal to:

(a) total contributions made by the member as at December 31, 1998, together with credited interest accrued to the date of payment; plus

(b) the commuted value of the member's pension benefits earned after December 31, 1998 plus any excess contributions for the service earned after December 31, 1998.

The sum of (a) and (b) cannot exceed 100% of the commuted value of the member's pension benefits for all years of pensionable service, or twice the total member's contributions and interest accrued to the date of payment.

Death Benefits After Retirement

When a retired member dies after retirement, the following death benefits are payable:

- The surviving spouse will receive a pension equal to 60% of the pension to which the retired member was entitled.
- Each child will receive 10% of the pension to which the retired member was entitled until the child attains age 18. The total amount payable to all children is limited to 25% of the member's pension entitlement.
- Where both the spouse and the retired member are deceased, the spouse's pension shall be paid to those children that are under age 18. This is in lieu of the 10% children's benefit described above.

If a retired member has elected to receive a joint and survivor 100% optional form of pension, the following death benefits are payable upon the retired member's death:

- The surviving spouse shall receive 100% of the pension to which the retired member was entitled.
- Where both the spouse and the retired member are deceased, 100% of the retired member's pension entitlement is paid to those children that are under age 18.

Where there is no surviving spouse or child under age 18, the pensions cease, except where the retired member dies before receiving total benefits equal to the member's contributions with interest as at the date of retirement. Then any shortfall is paid as a lump sum.

Disability Provisions

A member who is disabled and is covered by SaskTel's disability income plan will continue to accrue service under the Plan. The pension at retirement will be based on all years of service including those on disability.

The disabled member is required to make contributions to the Plan at the salary where the disability benefit was calculated. The disability income plan pays the employer's required contributions.

At the discretion of the Saskatchewan Telecommunications Pension Board, a disabled member may retire early if the member has completed at least 15 years of continuous employment with SaskTel. The pension payable to the member will not include any early retirement reductions.

Normal and Optional Forms of Pension

For members without a spouse, the normal form of pension is a monthly single life annuity. Payments cease after the member's death.

For members with a spouse, the normal form of pension is a monthly annuity payable to the member with 60% of the member's pension entitlement continuing to the member's surviving spouse upo\n the member's death. Payments cease after the member's death and spouse's death.

A member may elect to receive a 100% joint monthly annuity with the member's spouse. This monthly annuity must be actuarially equivalent to the normal form of pension for a member with a spouse (described above). The optional form of pension applies to the lifetime retirement benefit and the bridge benefit payable to age 65.

The first payment of the monthly annuity is made on the last working day of the month following the member's retirement date.

Indexation of Pension Benefits

Effective April 1, 2001 and at each April 1 thereafter, pensions in payment under the Plan in March of each calendar year will be increased by 100% of the increase in the Consumer Price Index from the previous year, subject to a maximum increase of 2% in each year. The amount of the offset at age 65 is not increased before age 65. This in effect, provides that any indexation on the offset (bridge benefit) is payable for the life of the member. A test is made when a member turns age 65 (and the pension is reduced by the offset only) to ensure that the total indexation on the lifetime retirement benefit does not exceed the limit set by the *Income Tax Act*.

50% Rule (Excess Contributions)

The member's required contributions may not fund more than 50% of the cost of the benefits accrued after December 31, 1998. This minimum 50% employer cost is applied upon retirement, termination or death before retirement.

Member Contributions

Members are required to contribute an amount equal to a set percentage (fixed at their age when first employed by SaskTel) of their salaries (regular remuneration only) less their deemed contributions to the Canada Pension Plan (CPP) determined as 1.8% of their regular earnings over the Year's Basic Earnings exemption, and below the Year's Maximum Pensionable Earnings as defined under the CPP. The contribution percentage, which is summarized in the following table, is determined by reference to their age at the date first employed by SaskTel:

Age at Commencement of Employment	Contribution Percentage
Under age 30	7%
Age 30 but under age 40	8%
Over age 40	9%

Contributions cease after having accrued a total of 35 years of pensionable service, upon attainment of age 65, or when the member retires, dies or terminates. For a disabled member, the disability income plan pays the employer's required contributions. The disabled member will continue to make contributions at the salary where the disability benefit was calculated.

The member's contributions are credited at an interest rate of 7.0% per annum.

Benefits Paid on Plan Termination

In the event that the Plan is terminated, the assets of the Plan will first be allocated to provide for the payment of all benefits in accordance with the terms of the Plan, the *Income Tax Act* and the *Pension Benefits Act, 1992*.

The Corporation will ensure that all benefits earned and all allowances granted as at the date of termination will be paid in full, and no benefits or allowances will be reduced as a result of the termination of the Plan.

The payment of "all benefits earned and all allowances granted as at the date of termination" shall include future ad hoc pension increases approved pursuant to Section 36.1 of *the Superannuation (Supplementary Provisions) Act* as determined by the Actuary.

Permitted Use of Surplus

Any Surplus remaining in the Fund after all benefits under the Plan have been provided and all liabilities discharged shall be allocated as follows:

(a) if the Actuary determines that the level of benefits payable under the Plan at the date of termination is less than the average of the level of benefits provided by those pension plans then governed by The Superannuation (Supplementary Provisions) Act, Surplus shall be utilized to increase the benefits payable under the Plan in an amount which would, in the opinion of the Actuary, make the level of benefits payable under the Plan equal to the average of the level of benefits provided by those pension plans to which The Superannuation (Supplementary Provisions) Act applies; and

(b) any Surplus not allocated pursuant to clause (a) shall be transferred to the Corporation.

Summary of Historical Early Retirement Packages

An early retirement package was put in place with an implementation date of December 27, 1999. The package offered early retirement without early retirement penalties if a member meets one of the following criteria:

- Age plus years of service totalling 80 or more,
- Age 60 or over, or
- 30 years of service.

This package was offered to members from January 1, 1996 to December 31, 1999. A similar package was implemented and available to members up to December 31, 2002.

SaskTel has implemented an early retirement program, effective September, 2004 with a window of opportunity over the six year period from 2004 to 2009. The following indicates the benefit improvement as a result of the early retirement program:

1. The eligibility criteria for the early retirement program are as follows. This is referred to as the early retirement program eligibility date. Each active member will be eligible to retire, with an unreduced pension on the earlier of:
    a. Age 61;
    b. 31 years of superannuation service; or
    c. Age plus superannuation service equal to or greater than 85.
2. Each member will only have one opportunity to elect to retire under this early retirement program. If they do not elect to retire on their early retirement program eligibility date, they will then be able to retire according to the existing early retirement provisions of the Plan.
3. If an active member elects to terminate their employment before their early retirement program date, there will be no additional value included in the member's termination benefits (either commuted value or deferred pension benefits).

Amendments

Effective January 1, 1999, the plan text incorporates the statutory provisions required by the *SaskTel Pension Implementation Act* and *The Pension Benefits Act, 1992 (the Act)*. The *Saskatchewan Telecommunications Pension Plan* now satisfies the minimum requirements of the *Act*, however, with these special provisions:

i) The interest rate credited on member's contributions is 7.0% per annum.

ii) The earliest retirement date is age 55 with 30 years of service, age 60 with 15 years of service or after 35 years of service.

iii) The minimum 50% employer cost rule applies for all service rendered on or after January 1, 1999.

iv) The minimum pre-retirement death benefits are provided for all service rendered on or after January 1, 1999.

v) Upon termination, a member can receive a refund of employee contributions with interest only for those contributions made before January 1, 1999.

vi) Upon termination, the commuted value of benefits accrued on and after January 1, 1999 can be transferred to a Locked-In Retirement Account (LIRA), another registered pension plan or an insurance company.

Amendment No. P-1 limited death benefits such that they do not exceed the maximum allowable death benefits as required by the *Income Tax Act*. Furthermore, the Plan was revised such that the Plan provisions for marital breakdowns satisfied the *Act*.

The definition of spouse was revised in Amendment No. P-2 to include same-sex couples.

Amendment No. P-3 incorporated changes to the Plan as required by the Canada Customs and Revenue Agency in order to comply with the *Income Tax Act*. Amendment No. P-3 included restrictions on the bridge pension and the amount being paid out upon termination or death in accordance with the *Income Tax Act*. The Plan was amended to only allow a member to transfer their excess contributions upon retirement to anThis appendix contains a brief summary of the provisions of the Plan that are relevant for valuation purposes.

RRSP or another registered plan if it is in conjunction with a transfer of some or all of the member's lifetime retirement benefits to the same RRSP or registered pension plan.

Amendment No. P-4 revised the definition of spouse pursuant to changes made in *The Act* and for the division of pension benefits in accordance with the *Family Property Act*.

Amendment No. P-5 put in place the following benefit improvements:

1. Best average earnings changed from best five year average salary to best three year average salary. The benefit improvement affects all members including pensioners, beneficiaries, and deferred members. The effective date of this Plan improvement was January 1, 2001.

2. Guaranteed post-retirement indexing equalling 100% of the increase in the Consumer Price Index up to a maximum increase of 2% per year. The first scheduled increase was April 1, 2001.

Amendment No. P-5 also provided some detail on the recalculation of pension benefits for each retired member, surviving spouse, child and deferred member as a result of the change to the best three year average salary.

Amendment No. P-6 put in place the scheduled increases in the maximum pension benefits under the *Income Tax Act* in 2004 and 2005 and made provisions for the subsequent increases in the limits in 2006 and later.

Amendment No. P-7 implemented a number of housekeeping changes for compliance under *The Act* which had no financial impact on the Plan.

Amendment No. P-8 implemented a phased retirement option as well as a number of housekeeping changes which had no financial impact on the Plan.

Appendix F: Administrator Certification

With respect to the *Saskatchewan Telecommunications Pension Plan*, forming part of the actuarial report as at March 31, 2023, I hereby certify that, to the best of my knowledge and belief:

- The asset data contained in Appendix A of this report is complete and accurate;
- The membership data summarized in Appendix B of this report form a complete and accurate description of all persons who are entitled to benefits under the terms of the Plan in respect of service up to the date of the valuation;
- The summary of the Plan provisions contained in Appendix E is an accurate summary of the current Plan provisions; and
- The actuary has been notified of all relevant events subsequent to the valuation measurement date.

Date November 14, 2023

Signed

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Title Administrator

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About Aon

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