

Regina Civic Employees' Long Term Disability Plan



Annual Report &
Audited Financial Statements

December 31, 2014

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Message from the Chairperson



On behalf of the Board of Trustees for the Regina Civic Employees' Long Term Disability Plan, I am pleased to provide the Annual Report as at December 31, 2014.

The Regina Civic Employees' Long Term Disability Plan is an insurance plan for members who find themselves unable to work due to sickness or injury. The Plan provisions are established by the Plan Sponsors and the Board is responsible for the oversight of the administration of the Plan.

Standard Life has been providing adjudication and administration services for the Plan since 2012. With the purchase of the Canadian operations of Standard Life by Manulife, the Board will continue to monitor this transition to ensure there is a continued focus on claims management and rehabilitation.

The Board continues to manage the funds, which are held in trust by a custodian, through a continued strategy that is focused on de-risking the portfolio by providing additional return without adding material risk to the portfolio.

Work has progressed on the transition to a separate legal entity (Mobius Benefits Administrators Inc.) to more efficiently manage this plan, as well as the Civic Employees' and Police Pension Plans.

To my fellow Board members I express my sincere appreciation for your commitment and fiduciary duty to all Plan Beneficiaries. On behalf of the Board, I extend a sincere recognition to Colyn Lowenberger and all the staff for their continued commitment and professional service in the administration of the Plan.

A handwritten signature in blue ink, consisting of a stylized 'C' followed by a horizontal line and a small flourish.

Colin Jensen, B. Sc., B. Admin.
Chairperson, Regina Civic Employees' Long Term Disability Plan

The number of employees in receipt of long term disability benefits decreased 9% from 91 at December 31, 2013 to 82 at December 31, 2014. A total of \$2.1 million was paid in disability benefits in 2014. 2014 saw a minimal decrease of 1.4% in the average monthly disability benefit before offsets from \$2,702 in 2013 to \$2,664 in 2014. The duration of disablement has decreased slightly to 5.4 years from 5.6 years in 2013. There were 53 new long term disability claims approved in 2014 and 56 claims resolved.

The adjudication and administrative services for the Plan have been provided by Standard Life since the beginning of 2012. In November of 2014, a representative from Standard Life provided the Board with a report on the services provided over the past three years. In addition, the acquisition of the Canadian operations of Standard Life by Manulife was discussed. The services provided are expected to remain unchanged with the acquisition. This was also confirmed by AONHewitt in a report distributed to all their clients. The Board will continue to monitor this service provider.

On September 16, 2014 the Civic Pension & Benefits Committee held their Annual Contributors' Meeting. John Gangl and Brian Seidlik were re-elected to the Board. Scott McDonald was elected to represent employees' of Regina Qu'Appelle Health Region. Lorna Glasser was elected to be a non-voting alternate.

Over the past year, the net assets available for benefits experienced an increase from a balance of \$38.0 million at the end of 2013, to a balance of \$42.4 million at the end of 2014. The Plan's disability obligations increased from a balance of \$16.3 million in 2013 to \$18.3 million at the end of 2014, resulting in a surplus of \$24.2 million, an 11% increase from 2013. Total invested assets of the Plan (including accrued income) were \$42.8 million. Contributions for the year were \$4.2 million, while disability payments were \$2.1 million, and administrative expenses were \$731,000. Investment income for the year was 7.9% or \$3.0 million.

About the Plan

The Regina Civic Employees' Long Term Disability Plan provides eligible members with protection against the potential loss of income in the event they become ill or accidentally injured. The Plan was established January 1, 1992 under Schedule "A" of Bylaw No. 9566.

Some of the benefits of belonging to the Plan include:

- monthly disability payments equal to 65% of your pre-disability salary;
- coverage for recurrent disabilities;
- early access to diagnostics and surgeries;
- access to therapy programs, conditioning, and rehabilitation programs; and
- access to return to work programs such as cross jurisdictional placement, split shifts, and work from home programs.

The Plan has been designed to complement the members' sick leave plan and to integrate with government disability programs. The Plan also offers high quality claims administration services and continues to review and implement emerging alternatives in disability management that are of mutual benefit to plan members and the Plan.

Plan members contribute 0.92% of basic earnings and the employers contribute an equal amount.

Following is a list of employers participating in the Plan:

- City of Regina
- Regina Qu'Appelle Regional Health Authority
- Regina Board of Education (non-teaching Staff)
- Regina Public Library
- Buffalo Pound Water Administration Board

Benefit Provisions

Disability benefits are payable to a member who suffers any physical or mental condition which, based on medical evidence, is so severe that he/she is prevented from performing the duties of their own occupation during the 120 calendar day qualifying period and the first twelve (12) months immediately following the qualifying period. Thereafter, benefits may continue, if the condition continues to limit the member from engaging in any gainful occupation or employment for remuneration or profit, for which he/she is reasonably well qualified by education, training or experience.

Benefits are payable subject to the provision of medical evidence supporting disability, and the approval of the Plan adjudicator. A member may not receive disability benefits while in receipt of sick leave benefits or ongoing vacation leave payments.

The total disability payment is based on 65% of the current salary rate at the date of disability or the date the disability payments become effective, whichever is greater. After having received total disability benefits for a period of twelve (12) months, partial disability payments may be payable if the medical evidence indicates that the member is not totally disabled from employment but a permanent medical impairment does exist.

Disability benefits will be reduced by payments received from the Workers' Compensation Board, the Canada Pension Plan (disability benefit), the Canada Employment and Immigration Commission, the Saskatchewan Government Insurance Personal Injury Protection Plan, and salary or wage loss awarded as the result of action against any third party for the same disability except for benefits received from a member's private disability plan.

Where a person with a disability is considered to be a suitable candidate for rehabilitation, such rehabilitation may be pursued in order to assist the person to become actively employed. Wage top-up benefits may be provided if a member is engaged in rehabilitative employment that does not afford a salary rate of 90% or more of the previous salary. If the member is engaged in rehabilitative employment and again ceases work as a result of disability, the member is not obliged to serve a further one hundred and twenty (120) calendar day waiting period.

If a member qualifies for disability benefits, they will be required to maintain membership in the Regina Civic Employees' Superannuation & Benefit Plan by making the necessary contributions during the period of disability. The required pension contributions shall be on the basis of seventy-five percent (75%) of normal contributions. The member may waive these provisions if they are in receipt of partial disability benefits, which are fifty percent (50%) or less than the total disability benefit.

Plan Administration

The operational activities of the Plan are performed by the Pensions & Disability Administration Department. The staff of the Pensions & Disability Administration Department provides assistance to members regarding their individual benefit entitlements.

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To access additional
information regarding
the Plan, please visit our
website located at
www.reginapensions.ca

Pension Plan

Governance

The Plan is governed by a Board of Trustees made up of 12 voting members, comprised of six employer representatives and six employee representatives. The employer representatives are made up of two representatives appointed by the City Manager, and four others appointed by City of Regina City Council, one of which must be from the Regina Qu'Appelle Regional Health Authority. The employee representatives are elected annually by the membership.

The Board is required to meet at least quarterly and quorum is eight members. Under the terms of Schedule "A" of City of Regina Bylaw No. 9566, an affirmative vote of at least eight members is required for the passing of any motion relating to (a) management of the fund, (b) an amendment to an existing policy, and (c) adoption of a new policy relating to the fund.

The Administrative Board members during 2014 were:

Colin Jensen, Chairperson

Mr. Jensen was elected by the plan members in 2011. He has been employed with the Regina Public School Board since 1999, working in the Information Technology Services Department. He currently holds the title of Senior Systems and Database Administrator. Prior to that, Mr. Jensen had a ten-year career with Wascana Energy Inc. as a Financial Accountant. Mr. Jensen holds the degrees of Bachelor of Administration (Accounting) and Bachelor of Science (Computer Science), both from the University of Regina. Mr. Jensen is also an Employee Representative on the Civic Pension & Benefits Committee, serving continuously since 2008.

Bob Linner, Vice-chairperson

Mr. Linner was appointed by City Council in 1987 while holding the position of City Manager for the City of Regina. Mr. Linner retired from the City in May of 2006 but continues in his role as Trustee. Mr. Linner holds a Bachelor of Arts Honors equivalent in Urban Geography and Economics from the University of Saskatchewan and is a frequently invited speaker on urban issues and leadership.

Councillor Wade Murray

Councillor Murray was appointed by the Board of Police Commissioners in 2006. He has owned several small businesses in Regina and has brought his family into the operation of his latest venture, Ultimate Insulation, to assist clients in the assessment of attic venting and insulation needs. Councillor Murray is active in many organizations including Canadian Blood Services, where he is a platelet donor. Councillor Murray serves on a number of boards and committees and is currently sitting for his fourth term on Regina City Council, representing the residents of Ward 6.

John Gangl

The plan members first elected Mr. Gangl in 2008. He retired in 2012 after 33 ½ years with the City of Regina overseeing the Sewer maintenance operations, supervising 30 employees in the last position he held, Supervisor of Sewage Collection.

John Gangl (continued)

He was a member of the Pension & Benefits committee since the early 1990s until he retired. He was also very active in his union, CUPE Local 21, for over 25 years and the Secretary Treasurer for the last 17 years. He also represented Saskatchewan CUPE members on CUPE National's National Advisory Committee on Pensions.

Jo-ann Hincks

Ms. Hincks was elected by the plan members in 2009. She has been employed with the Regina Public School Board commencing September 3, 1974 and entered the Civic Pension Plan on that date. Ms. Hincks has been a payroll officer with the Public School Board since October 1976 and has also been an Employee Representative on the Civic Pension & Benefits Committee continuously since 1975.

Kathy Lewis

Ms. Lewis was appointed by City Council in 2013 as nominated by the Regina Qu'Appelle Regional Health Authority. She has been employed for 13 years with the Regina Qu'Appelle Regional Health Authority and has been in the position of Director of Payroll and Benefits for the past five years. Ms. Lewis also serves on the 3SHealth Employee Benefits Committee in a fiduciary role as well as other oversight committees.

John McCormick

Mr. McCormick was elected by the plan members in 2007. He retired from his position in the Transit Department in 2009 after working for the City of Regina for 31 years.

Scott McDonald

Mr. McDonald was elected by acclamation to the Board in 2014 to represent employees of RQHR.

Brian Seidlik

Mr. Seidlik was elected by the plan members in 2012. Mr. Seidlik joined the City of Regina in 1983 and is currently a Captain with the Regina Fire Department.

Pension Plan Governance

Brian Smith

Mr. Smith was appointed by the City Manager in 2009. Mr. Smith has been employed by the Government of Saskatchewan for the past 27 years and is currently serving in the role of Assistant Deputy Minister, Saskatchewan Finance, in the Public Employee Benefits Agency. Mr. Smith is an Honorary Life Member of the Canadian Pension & Benefits Institute, a Fellow of the Life Management Institute, and currently sits as Chair on a number of pension and disability plan Boards.

Bob Watt

Mr. Watt was appointed by City Council in 2011. Prior to his retirement in 2010, Mr. Watt was City Leader for Deloitte in Regina. In his role as City Leader he was the senior representative of Deloitte on a day-to-day basis responsible for ensuring a team of 70 professionals in its public accounting practice embraced Deloitte ethical values and client service principles in the marketplace. In his practice he was responsible for a number of major private and public entities. Mr. Watt is also a Fellow of the Institute of Chartered Accountants of Saskatchewan.

Rod Wiley

Mr. Wiley was appointed by the City Manager in 2013. He is currently as Associate with Praxis Management Consulting. Prior to that, senior positions he held include: Chief Financial Officer with Saskatchewan

Liquor and Gaming Authority (from which he retired in 2012); Executive Director Finance and Administration with Saskatchewan Ministry of Health; and Controller with Wascana Energy Inc. In addition to this Board, he is currently a member of the National Board of Directors of the Certified Management Accountants of Canada and the National Board of Directors of the Chartered Professional Accountants of Canada. Mr Wiley is a Fellow of the Certified Management Accountants of Canada.

Deb Cooney (Non-voting Employee Alternate)

Ms. Cooney was elected by the plan members in 2011. She joined the City of Regina in 1999 as a Business Analyst and has worked in numerous areas. Ms. Cooney volunteers in a number of community groups for fundraising including a ten year project for the building of a new rink in Balgonie, SK. She has also served as an Employee Representative on the Civic Pension & Benefits Committee since 2006.

Lorna Glasser

Ms. Glasser was elected by the plan members in 2006 to assume the seat designated for the Regina Qu'Appelle Regional Health Authority. She was a member of the Civic Pension & Benefits Committee from 2003 up until her retirement. Ms. Glasser worked as a laboratory technologist for 29 years. During that time she assumed a variety of leadership roles in her professional association, her union, and her community.



Standing (left to right): Brian Smith, Brian Seidlík, John Gangl, Councillor Wade Murray, Colin Jensen, Bob Linner, Rod Wiley.

Seated (left to right): John McCormick, Kathy Lewis, Deb Cooney, Jo-an Hincks.

Not Pictured: Scott McDoanld , Bob Watt and Lorna Glasser.

The Board met six times during 2014. Following is the Board Meeting attendance for each Member:

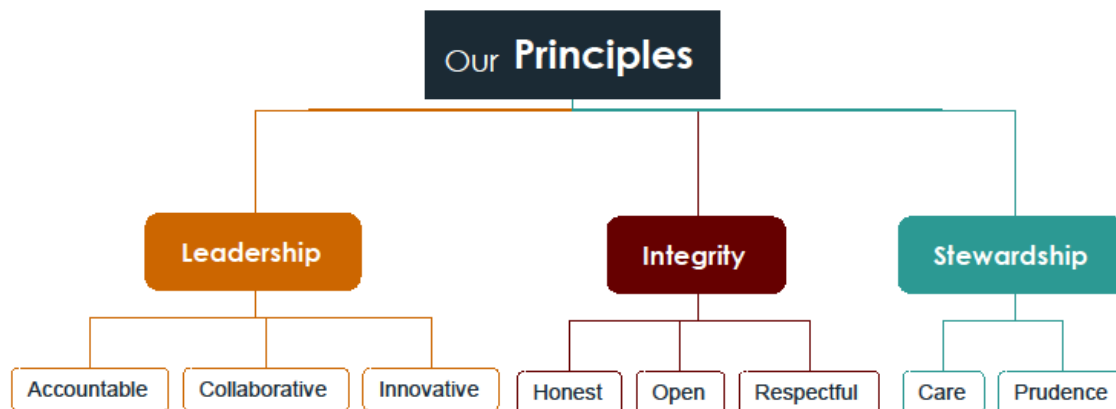
Trustee	Meetings Attended	Trustee	Meetings Attended
Colin Jensen	6	Scott McDonald*	1
Bob Linner	5	Brian Seidlik	5
Councillor Wade Murray	4	Brian Smith	4
John Gangl	5	Bob Watt	5
Jo-ann Hincks	5	Rod Wiley	4
Kathy Lewis	5	Deb Cooney	5
John McCormick	5	Lorna Glasser	5

*Appointed mid-year

The Long Term Disability Plan provides insurance for its membership in the event they are unable to work, due to extended illness or injury. For many, it is the only long term income protection that they hold and forms an integral piece of their financial wellness. As a result, plan members and the law demand that those charged with administering a trust conduct their affairs to the highest standards.

In law, the standard by which the administrator of a trust is measured is that of the fiduciary. By its very nature the fiduciary duty is owed solely to the beneficiaries and paramount to earning their confidence and trust. Confidence and trust are earned over time and lost in an instant. They are earned through adherence to legislation and sound business decisions. More importantly, confidence and trust are earned each day through how an organization conducts its business. Honesty, integrity, fidelity and professionalism are the cornerstones of confidence and trust, and the basis by which the Board conducts itself.

To build confidence and trust, the Board has identified three primary principles that underlie what they do. From the core formed by the duty to the beneficiaries the Board conducts their business based on three primary principles; Leadership, Integrity and Stewardship.



Leadership

We are passionate about people and driven to inspire and motivate ourselves and others. As Leaders we are:

- **Accountable** – Leaders hold themselves and others accountable for actions, results, successes and failures.
- **Collaborative** – Leaders recognize the value of working together, towards common goals, and understand that the whole is greater than the sum of its parts.
- **Innovative** – Leaders encourage creativity and understand that innovation requires being different.

Integrity

We understand that trust is earned through actions and consistently act with candour and in good faith. We are:

- **Honest** – We are truthful, accurate and straight forward in all of our dealings.
- **Open** – We conduct ourselves in an open and transparent fashion.
- **Respectful** – We treat everyone with respect and dignity.

Stewardship

As stewards we are:

- **Careful** – We fully employ the knowledge and skills that we individually and collectively possess to diligently balance risk and opportunity.
- **Prudent** – We are judicious and cautious (in practical affairs).

Administrative Board

Responsibilities

1. **Compliance With Plan Provisions**

The Board ensures the Plan is administered in accordance with the plan document and benefits are paid appropriately to members.

2. **Pensions & Disability Administration Department**

The Pensions & Disability Administration Department reports to the Board on all aspects of plan administration. The Board reviews the performance of the department on an ongoing basis and ensures that reports provided to the Board are appropriate and adequate to meet their fiduciary duties.

3. **Annual Financial Statements**

The Board ensures that an annual audit is conducted of the Plan and the annual financial statements for the Plan are prepared. The current auditors for the Plan are KPMG LLP and the statements audited by them are included in this report.

4. **Plan Funding and Valuations**

The Board must ensure the Plan is able to meet the long term disability obligations as they occur and ensure the long-term solvency of the Plan. In order to accomplish this, the Bylaw requires that a valuation of the Plan be completed every three years. The purpose of the valuation is to provide an actuarial estimate of the present value of the Plan's liabilities and assets plus determine whether the assets are adequate to meet the obligations or a contribution increase is required. The Plan's current actuary is AonHewitt.

5. **Custody of Plan Assets**

The Board must ensure all monies due to the Fund are kept separate and apart from other funds of the employers. This is accomplished by hiring a fund custodian to ensure the money is kept separate from the employer's funds and is only used for long term disability benefit purposes. In addition to holding the Plan's securities, the custodian is required to verify that any transfer requested by those involved with the Plan complies with the Plan's rules and governing legislation. The current custodian is Northern Trust, Institutional and Investor Services.

6. **Fund Management**

The Board is responsible for making investments in accordance with the investment requirements of the Plan's Statement of Investment Policies & Procedures. The activities the Board performs to fulfill this responsibility include regular reviewing of investment activities, ensuring compliance with the Statement of Investment Policies & Procedures, monitoring investment results and meeting with the Plan's fund managers.

7. **Performance Measurement**

The Board ensures the various investment managers are managing the fund assets in an appropriate manner and in compliance with the Statement of Investment Policies & Procedures.

8. **Policy Documents**

To support the objectives of the Plan the Board has adopted the following policies:

- Administration Policy
- Code of Conduct
- Communication Plan
- Disability Management Policy
- Funding Policy
- Procedural Rules
- Purchasing Policy
- Risk Management Framework
- Statement of Investment Policies & Procedures
- Travel Policy
- Trustee Education Policy

Administrative Board

Activities

Why do we exist?

We exist to provide secure and affordable long term disability benefits.

What do we want to accomplish?

Efficient & Effective Governance

Managed Risk & Returns

Financial Sustainability

Engaged Sponsors and Members

Efficient & Effective Governance

Governance is the process used for decision-making and the process by which decisions are implemented, or not. Governance is about achieving desired results, in the right way, and it is the cornerstone of every organization. Governance is multi faceted with elements that are legislated, elements that are agreed to, elements that are historic and elements that are self determined. Some are outside the control of an organization and can only be changed through influence. Those within the control of an organization can be moulded by and evolve with an organization.

We understand that governance is the cornerstone of every organization and recognize that in order to fulfill our duty we must continually seek ways to improve how decisions are made and implemented. Where we have the authority to change and improve, we will. Where we do not we will collaborate with and influence those who have the authority to change and evolve. All with an eye to building governance practices that permit efficient and effective decision making.

Initiative	Actions	Outcomes	Targets & Measures
Formal Planning	<ol style="list-style-type: none"> 1) Establish & implement planning cycle 2) Define, measure and manage to relevant metrics 	<ol style="list-style-type: none"> 1) Planning meeting & discussions 2) Establish relevant metrics 	<ol style="list-style-type: none"> 1) Planning meeting held in 2012 <ul style="list-style-type: none"> • Another will be held in 2015 2) Metrics established in 2012 <ul style="list-style-type: none"> • risk appetite • investment returns
Organization	<ol style="list-style-type: none"> 1) Independent, focused on managing pension and disability plans 2) Appropriate structure 3) Development & deployment of human resources 	<ol style="list-style-type: none"> 1) Establish an independent entity 2) Review organization structure <ul style="list-style-type: none"> • determine needs • re-allocate staff • adapt to fit 3) Staffing gaps identified and filled <ul style="list-style-type: none"> • succession plan • development 	<ol style="list-style-type: none"> 1) Möbius Benefit Administrators was incorporated on July 2, 2014 2) Management accountabilities were re-aligned in Q3 2014. 3) Managers of Pension & Disability Administration and Manager, Investments hired.

Efficient & Effective Governance (continued)

Initiative	Actions	Outcomes	Targets & Measures
Policy & Procedure	1) Allocation of duties	1) Develop & implement a full suite of policies and procedures which include clear delegation	1) Full suite of policies is now in place. <ul style="list-style-type: none"> Reviews completed of policies at the end of 2014. Accountabilities for each policy delegated under the revised management structure.
	2) Continuous evolution	2) Review cycle established <ul style="list-style-type: none"> institutionalized 	2) 50% reviewed annually/100% triennially <ul style="list-style-type: none"> 5 of 10 reviewed Procedural Rules updated

Managed Risk & Return

Risk is the possibility that outcomes will deviate from expectations. It can have both positive and negative impacts and cannot be eliminated. Risk is a requirement for value creation and progress. Where there is no risk there is no reward. At the same time, the greater the potential reward, the less probable receiving that reward becomes. There are a multitude of risks in this world. Some are highly probable and have a great impact. Others are highly improbable with only minor impact. All are relative and must be evaluated in that context.

We seek to find an appropriate balance between the desired reward and the acceptable level of risk. Risks are taken knowingly, with an understanding of the associated implications, both positive and negative. We understand the level of return we require from each decision and the level of risk we are willing to take to achieve that reward and use that knowledge to manage risk and return in a responsible and prudent manner.

Initiative	Actions	Outcomes	Targets & Measures
Risk Aware	1) Review and identify policy & procedure gaps and opportunities	1) Full suite of policy and procedures	1) Full suite of policies is now in place.
	2) Continuous evolution of policy and procedure	2) Review cycle established <ul style="list-style-type: none"> institutionalized 	2) 50% reviewed annually/100% triennially <ul style="list-style-type: none"> 5 of 10 reviewed Procedural rules updated

Administrative Board

Activities

Managed Risk & Return (continued)

Initiative	Actions	Outcomes	Targets & Measures
Asset Liability Management	1) Liability monitoring	1) Triennial actuarial valuations	1) Last valuation completed as at December 31, 2012 <ul style="list-style-type: none"> liability matching asset portfolio equal to liabilities in most recent valuation
	2) Investment portfolio evolution	2) Portfolios evaluated relative to liabilities	2) Changes implemented by end of 2015
	3) Investment manager evaluation	3) Guidelines & standards	3) Standards determined & formalized 2013 – under review
Consultant Reviews	1) Periodic formal reviews and/or RFP	1) Report delivered to the Boards including any recommended changes	1) LTD Actuarial services reviewed <ul style="list-style-type: none"> Transition completed 2014
			2) Disability Administrative Services Provider Reviewed
Education & Training	1) Board & Staff training & education	1) Education focused on: <ul style="list-style-type: none"> alternative investments asset/liability management governance pensions 	1) See Trustee Education activities listed below. <ul style="list-style-type: none"> 1 staff member completed CFA 1 staff member completed CAIA
Employee Compensation	1) Compensation survey	1) Compensation in line with industry & job function <ul style="list-style-type: none"> base line for moving forward 	1) 60 th percentile target compensation <ul style="list-style-type: none"> completed Q2 2012 not implemented – pending independent administration corporation
	2) Development of compensation plan	2) Structure to move forward with independent entity	2) Independent administration corporation <ul style="list-style-type: none"> Delayed due to FCAA action of July 17, 2014. Expected Q2/Q3 2015
	3) Independent entity	3) Separation from City of Regina <ul style="list-style-type: none"> establish an independent entity 	3) Key business areas operate outside of City of Regina <ul style="list-style-type: none"> Business Plan adopted Q4 2013 Delayed due to FCAA action of July 17, 2014. Expected Q2/Q3 2015

Financial Sustainability

Long term disability plans are challenged by the unpredictability of financial markets and the nature of actuarial methods. Contributions must be invested to attempt to generate the income required to pay plan benefits while liabilities, and the related contribution rates are determined based on a variety of assumptions, all of which are uncertain.

Mismatch between the duration of assets and liabilities creates interest rate risk. Sustained low interest rates and volatile investment returns over the last decade plus have generally resulted in volatility in funded levels and the requirement to contribute more money to fund future benefit obligations. Matching the duration of Plan assets to the duration of Plan liabilities reduced contribution and funded level volatility.

Initiative	Actions	Outcomes	Targets & Measures
Liability Driven Investing	1) Maintain portfolio of liability matched assets equal to the value of disability obligations	1) Liability values fluctuate relative to asset values <ul style="list-style-type: none"> reduces funded level volatility 	1) Portfolio amount determined triennially in conjunction with actuarial valuation <ul style="list-style-type: none"> last valuation completed as at December 31, 2012 liability matching asset portfolio equal to liabilities in most recent valuation

Engaged Sponsors & Members

The sponsors of the various plans managed by the Pensions & Disability Administration Department depend on the plans to provide a valuable benefit to their employees. Those same employees, who comprise the membership of the plans, rely on the benefit to provide piece of mind should they become ill or accidentally injured and are unable to work. It is therefore vital that an ongoing dialogue with both groups takes place.

In the case of the various plan sponsors, discussions must take place on a regular basis to ensure that all understand the wants and needs of each other as well as to provide insight into the plans being administered. Plan members will better understand their benefit, and hold it in high regard, if they receive factual information that provides insight into their benefit in a timely and accurate manner.

Administrative Board Activities

We seek to initiate open, honest and frank communication with both groups in a manner that is appropriate for them. We understand that both sponsors and members have a need and desire to not only be informed but also provide their feedback.

Initiative	Actions	Outcomes	Targets & Measures
Consistent Candid & Focused Communication	1) Develop supportive policies & processes	1) Revised Communication Plan <ul style="list-style-type: none"> regular discussions regarding approach(s) 	1) Implemented 2012 <ul style="list-style-type: none"> annual discussion included in planning
Technology	1) Implement technologies that can be used to assist in engaging employees	2) Independent Web site <ul style="list-style-type: none"> employer data transfer secure portals 	2) Website complete by 2012 <ul style="list-style-type: none"> New calculator & portal complete but not activated pending benefit changes

Education & Training

The Administrative Board of the Regina Civic Employees' Long Term Disability Plan recognizes the importance of education to the successful fulfillment of the fiduciary duty to the members of the Plan. To that end, the Board has developed the Trustee Education Policy based on the following principles:

- (a) Board members are required to make policy decisions to facilitate the administration of the Plan;
- (b) Board members have an obligation to participate in Board meetings in a meaningful way; and
- (c) a unique body of knowledge is required to carry out the roles and responsibilities of the Board.

The Trustee Education Policy requires that, in addition to basic education obtained within the first three years of becoming a Trustee:

- (a) new Trustees must attend a minimum of 20 hours of educational opportunities on an annual basis; and
- (b) senior Trustees must attend a minimum of 30 hours of educational opportunities on an annual basis.

The Administrative Board of the Regina Civic Employees' Long Term Disability Plan is comprised of the same members as the Regina Civic Employees' Superannuation & Benefit Plan. Educational opportunities attended by trustees are considered education credits for both plans.

The following Administrative Board members attended conferences and seminars for educational opportunities:

Trustee	Conference/Seminar	Date	Location	Hours
Colin Jensen	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	Trustees and Administrators Institute	Feb 17-19	Buena Vista, FL	20
	Attracting and Re-Energizing Employees with Flex and Wellness	Mar 13	Regina, SK	2
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	\$4,618	Total Hours	28
Bob Linner	Opal Public Funds Conference	Jan 7-9	Scottsdale, AZ	20
	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	TDAM Sharing of Knowledge	Apr 9	Regina, SK	2
	CPBI Atlantic	Sep 24-26	Digby, NS	20
	Total Expenses	\$6,466	Total Hours	44
Councillor Wade Murray*	CPBI Regional Conference	Apr 9-10	Regina, SK	20
	Total Expenses	\$472	Total Hours	20
John Gangl	Franklin Templeton Global Investment Forum	May 21-22	New York, NY	20
	CPBI Forum	May 25-28	Boston, MA	20
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	\$4,269	Total Hours	42
Jo-ann Hincks	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	Trustees and Administrators Institute	Feb 17-19	Buena Vista, FL	20
	CPBI Regional Conference	Apr 9-10	Regina, SK	20
	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	\$4,500	Total Hours	44

Education & Training

Trustee	Conference/Seminar	Date	Location	Hours
Kathy Lewis	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	Preserving the Defined Benefit Plan: The Case for Implemented Risk Management	Feb 13	Regina, SK	2
	PH&N Trustee Education Seminar	Feb 25	Regina, SK	2
	CPBI Forum	May 25-28	Boston, MA	20
	47th Annual Canadian Employee Benefits Conference	Aug 10-13	Calgary, AB	20
	Total Expenses	\$1,691	Total Hours	46
John McCormick	CPBI Forum	May 25-28	Boston, MA	20
	A TRIP to Sustainability	Oct 15	Regina, SK	2
	Total Expenses	\$1,836	Total Hours	22
Scott McDonald				
Brian Seidlik	Saskatchewan Federation of Labour	Feb 26-27	Regina, SK	15
	Total Expenses	\$0	Total Hours	15
Brian Smith				
Bob Watt	Franklin Templeton Global Investment Forum	May 21-22	New York, NY	15
	PEBA Annual Pension Information Sessions	June 16-17	Saskatoon, SK	15
	Total Expenses	\$1,733	Total Hours	30
Rod Wiley	CPA National Conference	Sep 23-24	Toronto, ON	20
	Total Expenses	\$0	Total Hours	20
Deb Cooney	A TRIP to Sustainability	Oct 16	Regina, SK	2
	Total Expenses	\$0	Total Hours	2
Lorna Glasser	2014 Pension Outlook & Fearless Forecast	Jan 23	Regina, SK	2
	CPBI Forum	May 25-28	Boston, MA	20
	Total Expenses	\$3,299	Total Hours	22

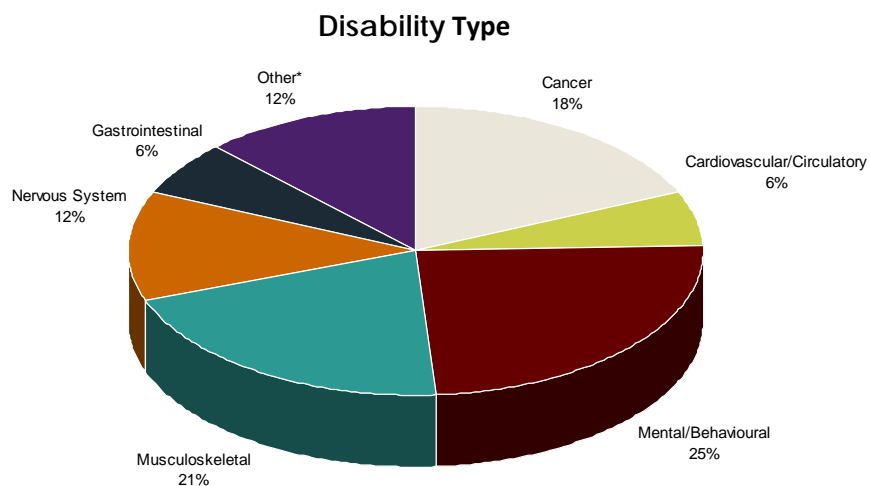
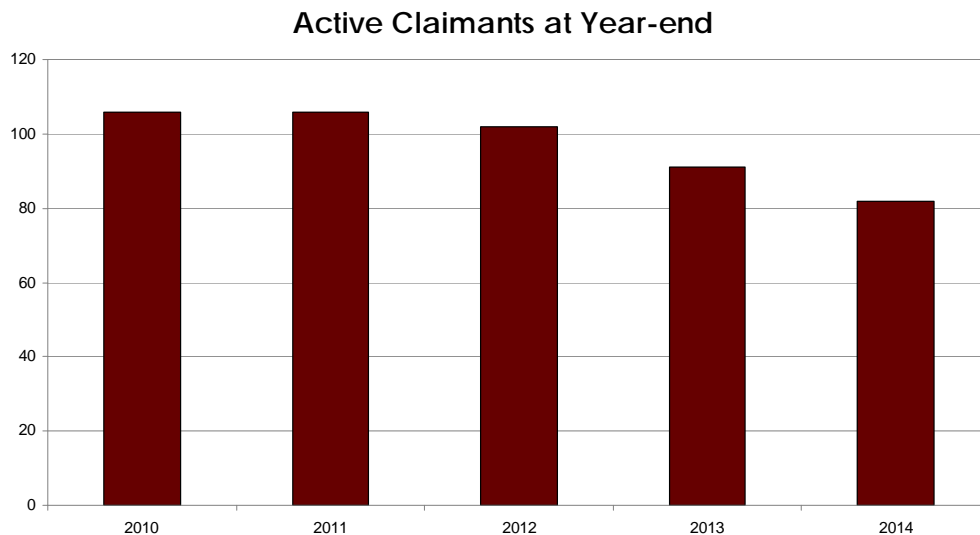
The expenses above show total costs per member. In the event a Trustee sits on more than one Administrative Board, education and training expenses are shared with the other Plans.

** Some Trustees are able to attend training and education events as a result of professional standards, employment requirements or personal interests at no cost to the Plan.*

Claims Administration

During 2014 the claims administration of the Civic LTD Plan was performed by Standard Life.

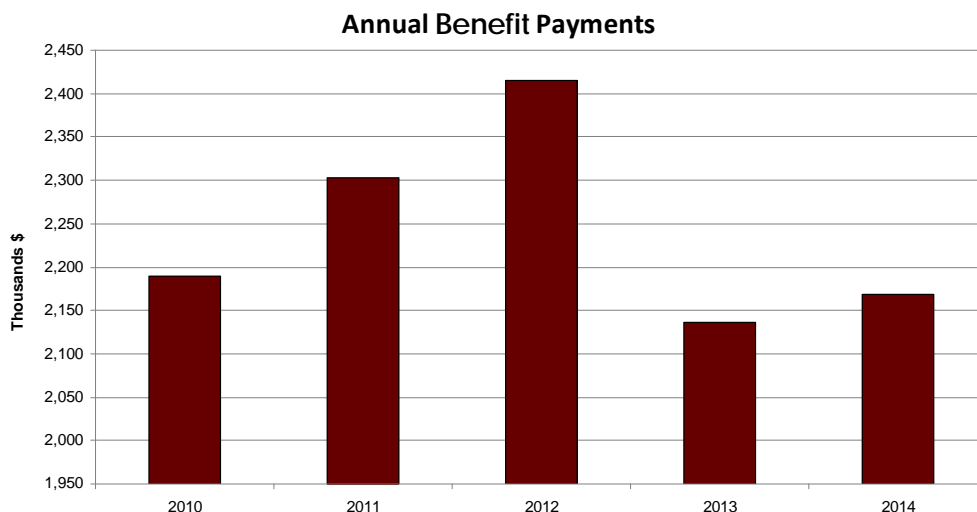
The number of employees in receipt of long term disability benefits at December 31, 2014 was 82.



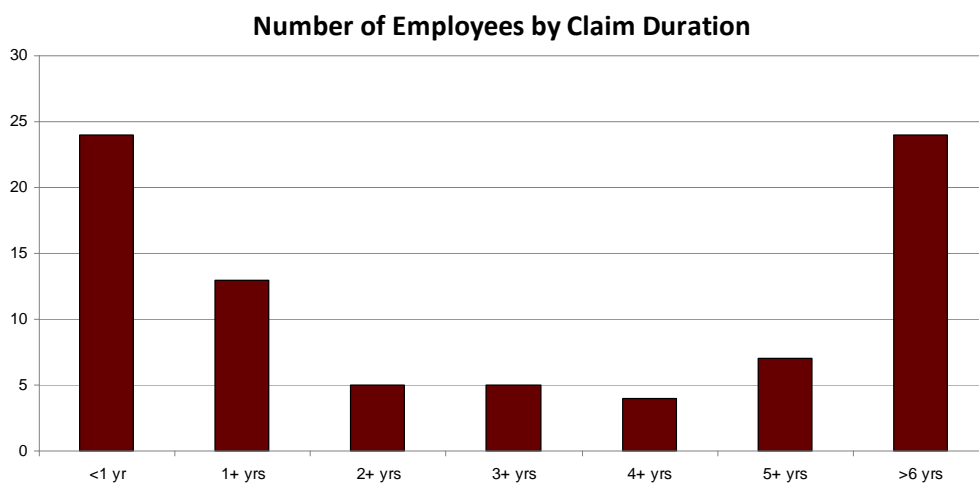
**Other includes Gynecological, Endocrine Systems, and claims where the diagnosis is not yet determined.*

2014 saw no significant change in disability types from 2013.

A total of \$2.1 million was paid in disability benefits in 2014, which is consistent with 2013. 2014 saw a minimal decrease in the average monthly disability benefit before offsets from \$2,702 in 2013 to \$2,664.



The duration of disablement has decreased slightly to 5.4 years from 5.6 years in 2013.



Claims Administration

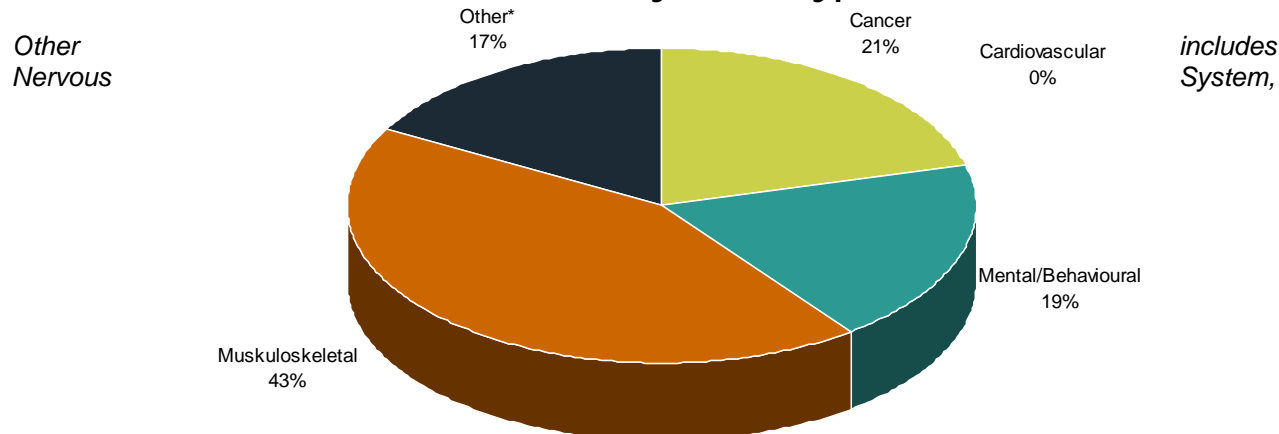
Annual Change in Claims

Active Claims as of December 31, 2014	91
New Claim Applications	+71
Withdrawn prior to adjudication	(6)
Claims Resolved and Denied	(74)
Active Claims as of December 31, 2014	82*

*8 disability claims were in adjudication or pending medical at December 31, 2014.

There were 53 new long term disability claims approved in 2014.

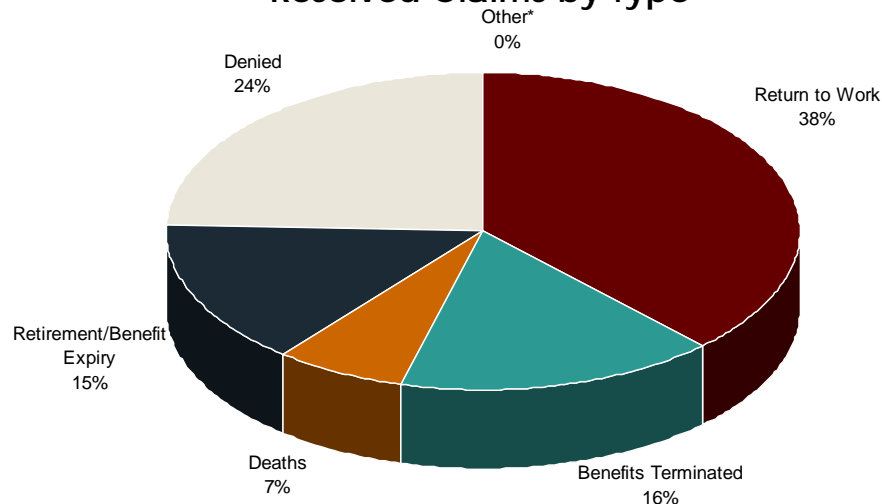
New Disability Claim Type



Gastrointestinal Related Disabilities, and Endocrine Systems

There were 74 long term disability claims resolved in 2014. Following is a break-down of claims resolved.

Resolved Claims by Type



Financial Highlights

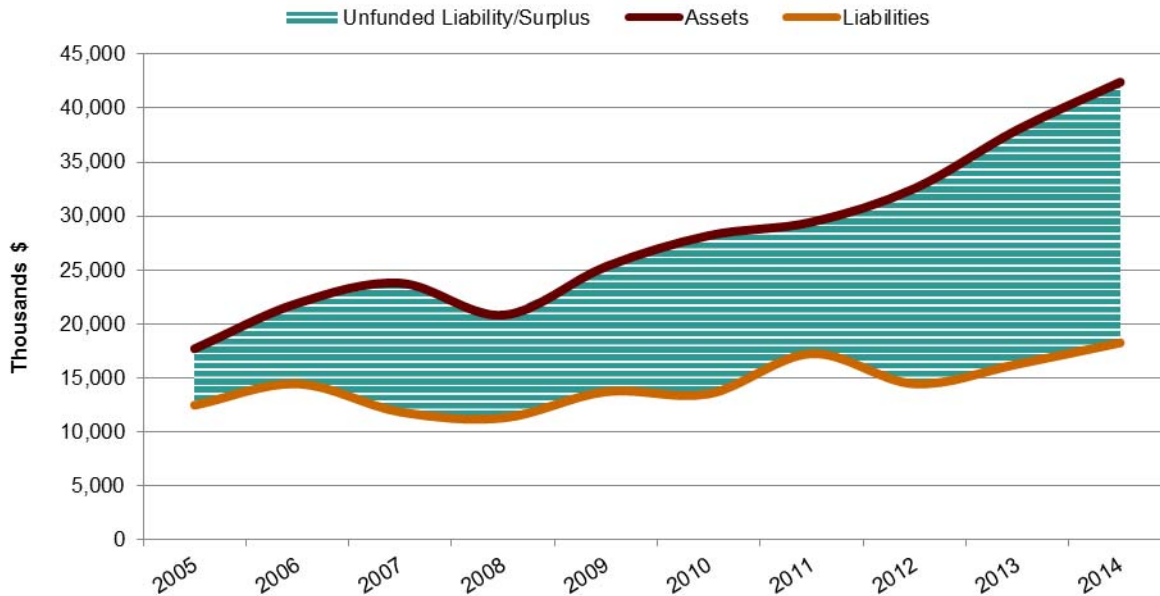
Year End Financial Position

As at December 31, 2014 the Plan had net assets available for benefits of \$42.4 million. Net assets consist of investments at fair value of \$42.8 million, contributions and accounts receivable of \$76,000 and accrued income of \$3,000, less accounts payable of \$465,000.

Disability Obligations were \$18.3 million at December 31, 2014.

The surplus of the Plan, as of December 31, 2014, was \$24.2 million.

10-Year Assets & Liabilities



There are four main factors that contribute to the size of the asset base of the Plan. These factors are the investment income earned over the year, the contributions made to the Plan by the employer and employees, the Plan's administration and investment expenses, and the long term disability benefit payments made to disabled members. Investment income, contribution revenues, and benefit payments & expenses over the last ten years are shown below:

For The Year Ending	Investment Income / (Loss) (\$ Thousands)	Revenue From Contributions (\$ Thousands)	Benefit Payments & Expenses (\$ Thousands)
2014	3,024	4,202	(2,820)
2013	4,266	4,066	(2,887)
2012	2,182	4,072	(3,139)
2011	258	3,966	(2,980)
2010	1,652	3,958	(2,736)
2009	3,493	4,078	(3,072)
2008	(4,021)	3,778	(2,714)
2007	2,894	3,498	(2,354)
2006	1,980	3,532	(2,215)
2005	1,311	3,788	(2,230)

Investment of the Fund

The Civic Long Term Disability Administrative Board oversees the investments of the Civic LTD Plan in accordance with the Statement of Investment Policies & Procedures. The Statement of Investment Policies & Procedures addresses such issues as investment objectives, risk tolerance, asset allocation, permissible asset classes, investment diversification, liquidity requirements, expected rates of return and other issues relevant to the investment process, thereby establishing a framework within which all the investment managers must operate. The primary objectives of the investment policy are to:

- meet the disability obligations as they occur and to ensure the long-term solvency of the Plan;
- achieve a real rate of return in excess of 1.85% over a rolling four-year period; and
- earn the stated performance objective for each asset class over a rolling four-year period.

The investment policy is reviewed annually and updated when necessary to ensure that it continues to meet legal standards and the investment requirements of the membership.

The Regina Civic Employees' Long Term Disability Plan measures investment performance against two primary criteria:

1. A custom benchmark consisting of the indices that best represent each asset class:

Asset Class	Total Fund Benchmark
Canadian Equities	S&P/TSX 300 Index
Global Equities	MSCI World Index
Canadian Short Term Bonds	FTSE TMX Canada Short Term Overall Bond Index
Canadian Universe Bonds	FTSE TMX Canada Universe Bond Index
Real Return Bonds	FTSE TMX Canada Real Return Bond Index
Commercial Mortgages	FTSE TMX Canada Universe Bond Index + 2%

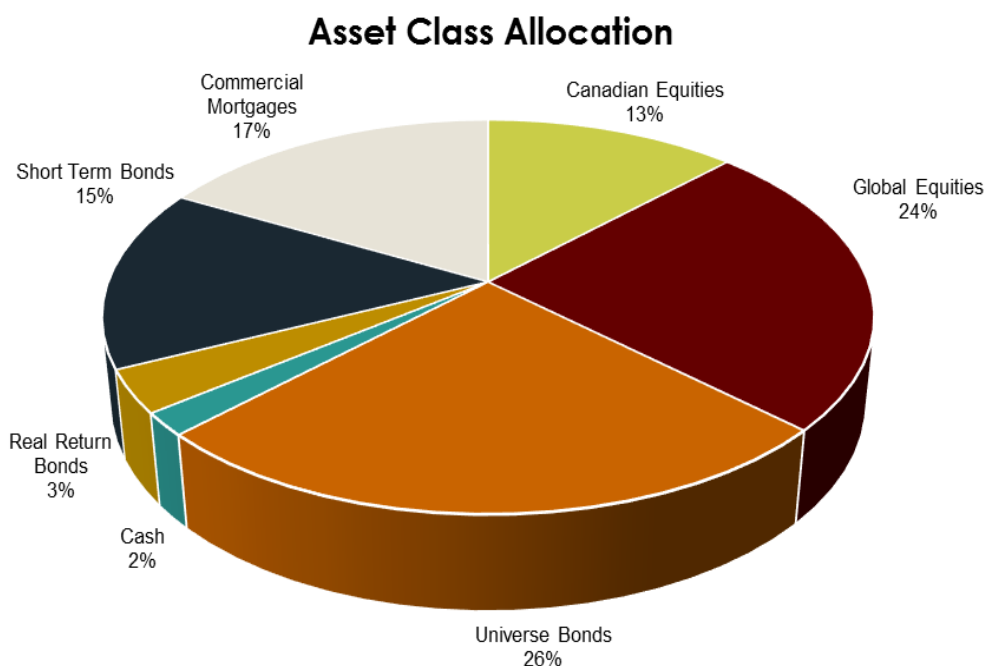
The benchmarks for equity and fixed income were selected because all are publicly-traded and readily investible indices.

2. Inflation adjusted return of greater than 1.85% (greater than the Consumer Price Index (CPI) by 1.85%).

The Plan does not manage currency within the portfolios, preferring to take a longer term approach that currencies will fluctuate in the short term, but will achieve some equilibrium over the longer term.

Total invested assets of the Civic LTD Plan at December 31, 2014 were \$42.8 million.

The Plan's assets are invested across several asset classes and with multiple investment managers to reduce the overall risk to the Plan. By spreading the investments out among different types of assets, different geographical areas and different investment styles, the overall risk to the Plan is reduced and the returns of the Plan become less volatile.



The assets of the Civic LTD Plan are separated into two portfolios – the Return Seeking Portfolio and the Liability Matching Portfolio. Assets held in the return seeking portfolio are intended to earn a market return as outlined in the Statement of Investment Policies & Procedures. Assets held in the Liability Matching Portfolio are meant to fluctuate in correlation with the value of the liabilities of the Plan.

The table below provides the current asset allocation policy of the Civic LTD Plan:

Return Seeking Portfolio					
Asset Class	Total Fund Benchmark	Actual % Allocation	Min %	Target % Allocation	Max %
Equities:					
Canadian Equities	S&P/TSX 300 Index	18.71	15	20	25
Global Equities	MSCI World Index	40.17	35	40	45
Total Equities:		58.88		60	
Fixed Income:					
Universe Bonds	FTSE TMX Canada Universe Bond Index	38.32	25	40	55
Total Fixed Income:		38.32		40	
Cash:	n/a	2.80	n/a	n/a	n/a
Total Return Seeking Portfolio:		100.00		100	
Liability Matching Portfolio					
Fixed Income:					
Real Return Bonds	FTSE TMX Canada Real Return Bond Index	9.89	8	12	16
Short Term Bonds	FTSE TMX Canada Short Term Overall Bond Index	42.11	38	43	48
Commercial Mortgages	FTSE TMX Canada Universe Bond Index + 2%	48.00	40	45	50
Total Fixed Income:		100.00		100	
Total Liability Matching Portfolio:		100.00		100	

Market Overview

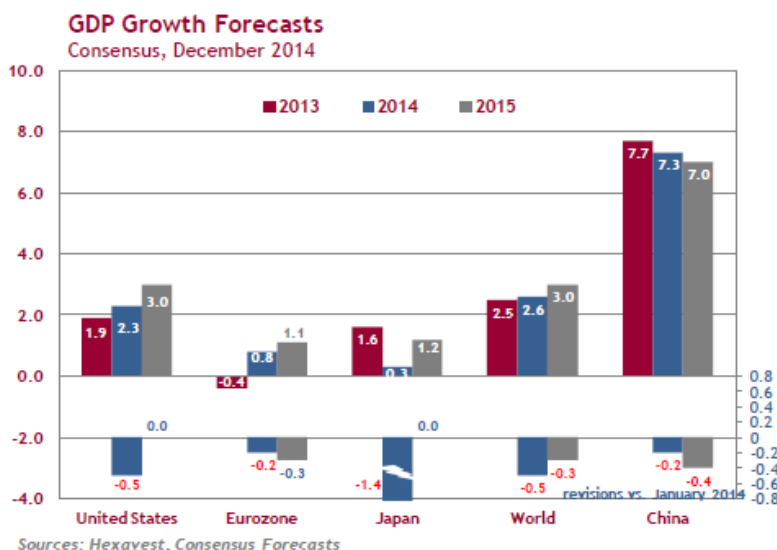
As the performance of individual managers and markets move the assets in the fund away from the normal strategic positions, the assets are rebalanced to bring the fund back within the parameters of the current strategic asset allocation policy set by the Administrative Board. Such rebalancing is achieved through directed cash flow or by actively transferring funds among managers when specified trigger points are reached. The actual management and asset allocation structure of the Civic LTD Plan as at December 31, 2014 is shown below:

Return Seeking Portfolio				
Asset Class	Manager	Start Date	Amount* (\$ Thousands)	% Of Holdings
Equities:				
Canadian Equities	QV Investors Inc.	2014	5,231	12.22
Global Equities	Franklin Templeton Investments Corp.	1998	11,229	26.24
Total Equities:			16,460	38.46
Fixed Income:				
Universe Bonds	TD Asset Management	2004	10,714	25.03
Total Fixed Income:			10,714	25.03
Cash:	n/a	n/a	782	1.83
Total Return Seeking Portfolio			27,956	65.32
Fixed Income:				
Real Return Bonds	Internal	n/a	1,468	3.43
Short Term Bonds	TD Asset Management	2010	6,250	14.60
Commercial Mortgages	Addenda Capital Inc.	2010	7,125	16.65
Total Fixed Income:			14,843	34.68
Total Liability Matching Portfolio:			14,843	34.68
Total Fund:			42,799	100.00

*Amount includes small cash balances held by each manager within their investment portfolio as well as accrued income.

Global equities had narrow gains in the first quarter as worries over the impact of the Federal Reserve's tapering of quantitative easing saw equities begin the year on a weak footing. Stock markets recovered as the quarter progressed but gains were held back by the crisis in Ukraine. Canadian GDP grew at a modest annualized rate of 1.2% in the first quarter helped by consumer spending. Canadian employment data was strong while inflation remained at the low end of the Bank of Canada's targets. Commodities were notably strong as oil, natural gas, and gold stocks rose. Oil and gas producers benefited from increased demand and diminished supply caused by frigid winter conditions. The S&P/TSX Composite Index gained 6% over the quarter. The gain was broadly based as nine of the Index's ten sectors gained, led by Utilities, Healthcare and Materials. Consumer Discretionary was the only sector to decline over the quarter. U.S. macroeconomic data was mixed as housing data was disappointing yet consumer confidence reached a six-year high.

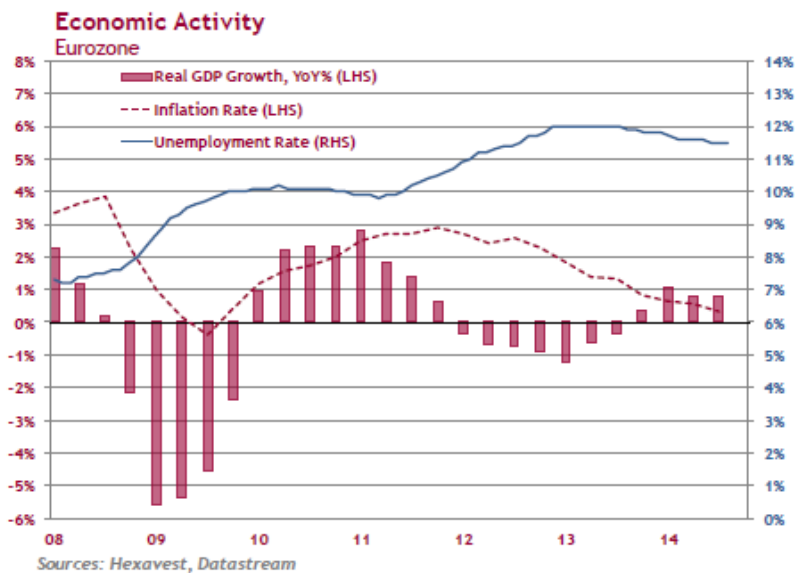
Fourth quarter 2013 GDP data was revised down to an annualized rate of 2.6% from an estimated 3.2%, while there was a slight up-tick in the unemployment rate. Utilities and Healthcare led the increase in the S&P 500 while Consumer Discretionary and Telecom detracted the most. Eurozone equities were supported by encouraging macroeconomic data and although inflation continued to be below target the European Central Bank (ECB) kept monetary policy unchanged. A change of government in Italy was greeted favourably by the market while UK shares fell as earnings were generally disappointing. In general emerging markets underperformed developed market peers.



Weaker macroeconomic data from China and the political tensions between Ukraine and Russia weighed on emerging markets, adding to ongoing concerns over the impact of reduced Global liquidity. Overall, international stock markets were flat for the quarter as the MSCI EAFE Index was unchanged. FTSE TMX Canada Universe Bond Index yields declined 22 basis points, with the average yield on the Index finishing the quarter at 2.53%. Short-, mid-, and long-term yields all declined over the quarter.

Global equities gained in the second quarter, supported by ongoing accommodative monetary policy from central banks. Geopolitical tensions were in focus amid an escalation of conflict in Iraq, which pushed oil prices higher. Canadian GDP surpassed expectations and grew at an annualized rate of 3.1%. Household consumption increased, yet decreases in government and business consumption weighed on growth. Canadian employment data was mixed during the quarter, and inflation in Canada remained contained. The S&P/TSX Composite Index gained 6.4% over the quarter. Gains were widespread as nine of the Index's ten sectors rose, led by Energy, Industrials, and Materials. Energy stocks were strong, with investor sentiment toward the sector improving as oil and natural gas prices were up year over year and the discount for Canadian oil versus U.S. and Global oil narrowed. In the U.S., the S&P 500 Index rose 5.2%, supported in part by increased consumer consumption and improved manufacturing activity. Gains were broadly based as all of the Index's ten sectors gained, led by Energy (which posted a double-digit return), Utilities, and Information Technology. GDP growth for the first quarter disappointed but data releases pointed towards a more encouraging picture for the second quarter. Eurozone equities were supported by the ECB's announcement of measures to stimulate growth and fend off the risk of deflation. The measures included a cut to interest rates and the introduction of a negative deposit rate. UK equities edged higher though markets were unsettled by suggestions that an interest rate rise could happen sooner than expected by the Bank of England.

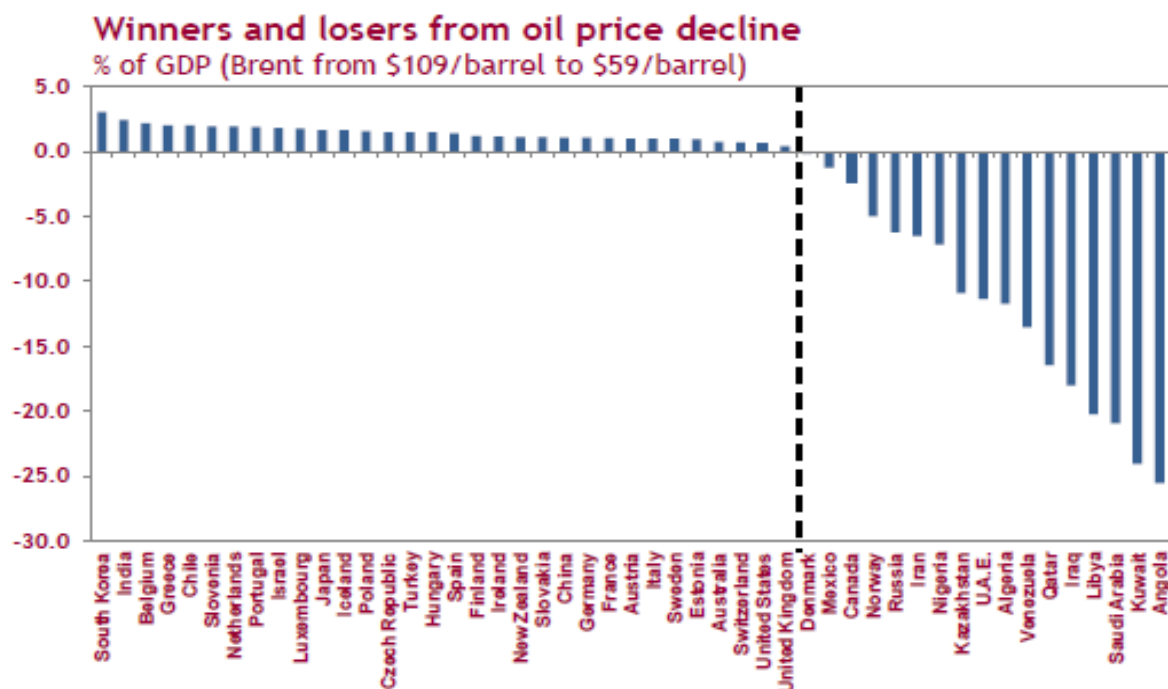
Market Overview



In Japan, macroeconomic data was mixed following the increase in the consumption tax. Emerging markets outperformed developed market peers in the second quarter. Emerging Asia was the strongest region led by gains in India. There was optimism about the country's growth and reform prospects following the election victory of Prime Minister Narendra Modi. The FTSE TMX Canada Universe Bond Index rose 1.99% over the quarter. Both government and corporate bonds generated positive returns, with corporates modestly outperforming Government of Canada bonds.

Global equities delivered negative returns as geopolitical tensions rose in the third quarter. Unrest in the Middle East weighed on investor sentiment, as did the volatile situation in Ukraine. At the same time, data from Europe and China pointed to faltering economic growth. Canadian GDP rose at an annualized rate of 2.8% in the third quarter, exceeding expectations. Economic growth was broadly based as almost all sectors increased. Canadian employment data was mixed during the quarter, rising in July and declining in August. Canadian equities declined modestly over the quarter as the Energy and Materials sectors weakened. The S&P/TSX Composite Index posted a quarterly loss of 0.6%. Quarterly losses were concentrated in three of the Index's ten sectors – Materials, Energy, and Telecom. Gold was down notably in September as the U.S. dollar rallied, and oil stocks struggled, leading to a significant decline in the global benchmark price for oil. The S&P 500 posted a positive return with macroeconomic data remaining supportive of the upwards revision of second quarter GDP growth. Merger and acquisition activity continued to lift equities in the U.S. Eurozone equities were negatively affected by weaker economic data. Worries over the impact of sanctions imposed on Russia by the West, and the health of one of Portugal's banks weighed on investor sentiment. Japan registered positive returns, as corporate earnings were generally strong and exporters benefited from the weaker yen. Emerging markets lagged developed markets in the third quarter. Brazilian equities were weak with sentiment driven by the forthcoming presidential election. Both government and corporate bonds generated positive returns, with Government of Canada bonds outperforming corporate bonds.

Global equities delivered positive returns in a volatile fourth quarter. Canadian GDP rose at an annualized rate of 2.4%, aided by an increase in household consumption and exports. Canadian employment data was strong, but the unemployment rate increased slightly. Canadian inflation declined as energy prices continued to fall. The S&P/TSX Composite Index posted a quarterly loss of 1.47% as three of its ten sectors declined – Energy, Materials, and Industrials. Both the Consumer Staples and Consumer Discretionary sectors performed well over the quarter, spurred by tailwinds from improving employment data and lower gas prices. The Federal Reserve ended its quantitative easing program but other central banks continued to ease monetary policy in the fourth quarter while oil prices fell further, particularly after OPEC elected not to cut output. The S&P 500 performed well despite some concerns over interest rate rises. Equities were supported by hopes that the lower oil price would help sustain the consumer-led recovery. Eurozone equity returns were virtually flat in the fourth quarter. Macroeconomic news remained downbeat with disappointing news from Germany's industrial sector early in the quarter. The weak data fuelled hopes that the ECB would soon start buying sovereign bonds. Japanese equities gained after further monetary policy easing from the central bank sent the yen lower. Prime Minister Abe called snap elections, which were won by his party, and delayed another consumption tax increase. Emerging markets posted negative returns in the fourth quarter. Russia was particularly weak amid deteriorating economic data, the falling oil price, and pressure on the rouble.



Sources: Hexavest, NBF Economics and Strategy

Persistent policy accommodation from the world's major central banks, as well as sustained weakness in oil prices, was the principal driver of returns for fixed income markets. The FTSE TMX Canada Universe Bond Index rose 2.70% over the quarter. Long-term bonds posted the best returns, rising 5.25% while mid-term bonds returned 2.69% and short-term bonds returned 0.92%. Both government and corporate bonds generated positive returns, with Government of Canada bonds outperforming corporate bonds. Overall, yield declined 20 basis points, with the average yield on the FTSE TMX Canada Index finishing the quarter at 2.23%. Short-, mid-, and long-term yields all declined over the quarter.

Main Indices	1 Year Return	
December 31, 2014	CAD	Local
MSCI ACWI	13.55%	9.32%
MSCI World	14.39%	9.81%
MSCI EAFE	3.67%	5.92%
MSCI Europe	2.28%	4.66%
MSCI Pacific	6.07%	7.89%
MSCI Emerging	6.63%	5.17%
S&P 500	23.93%	13.69%
S&P/TSX 300	10.55%	10.55%

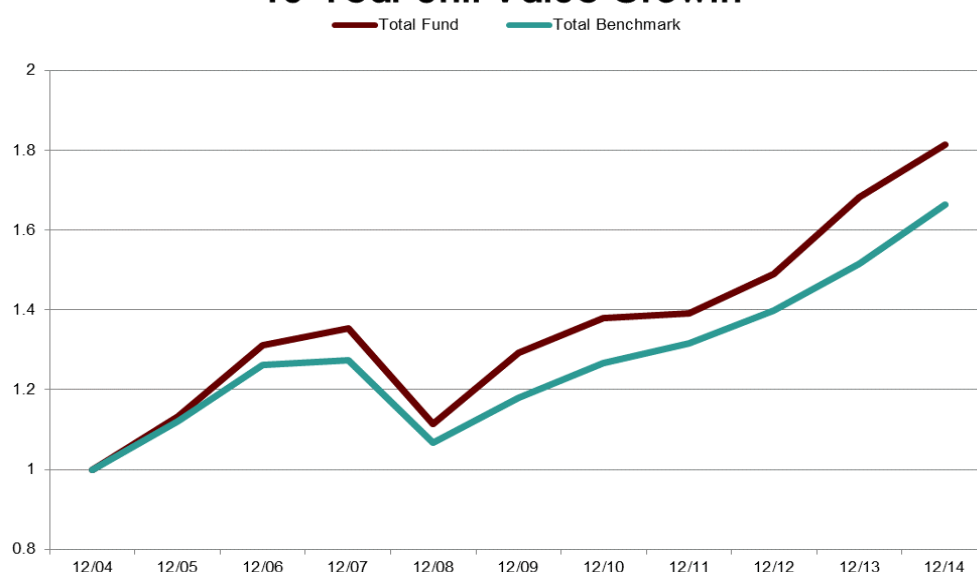
Investment Results

On a total fund basis the Regina Civic Employees' Long Term Disability Plan trailed the investment return of the custom benchmark by -2.00% with a return of 7.90%. On an inflation adjusted basis, the annual investment return of the Plan was 6.40%, outperforming the 1.85% adjusted return required by the Statement of Investment Policies & Procedures by 4.55%.

Over a rolling four-year period the annualized investment return stands at 7.10%, essentially matching the 7.08% return of the benchmark. The annual investment return on an inflation adjusted basis is 5.65%, outperforming the required 1.85% adjusted return by 3.80%. The fund has outperformed the 1.85% inflation adjusted return in each of the one through five-year periods. Although the time horizon of a long term disability plan is shorter than a pension plan, it is not so short that the focus can be on any one year period. Over the last ten years the Plan has achieved an annualized return net of inflation of 4.55%, outperforming the long term inflation adjusted target by 2.70%.

Investment Returns	Annualized Rate Of Return (%)				
	1 yr	2 yr	3 yr	4 yr	5 yr
Total Fund	7.90	10.33	9.28	7.10	7.03
Total Fund Benchmark	9.90	9.14	8.13	7.08	7.15
Excess Return (%)	(2.00)	1.19	1.15	0.02	(0.12)
Average CPI	1.50	1.35	1.17	1.45	1.64
Inflation Adjusted Return	6.40	8.98	8.11	5.65	5.39
Excess Return (> CPI+ 1.85%)	4.55	7.13	6.26	3.80	3.54

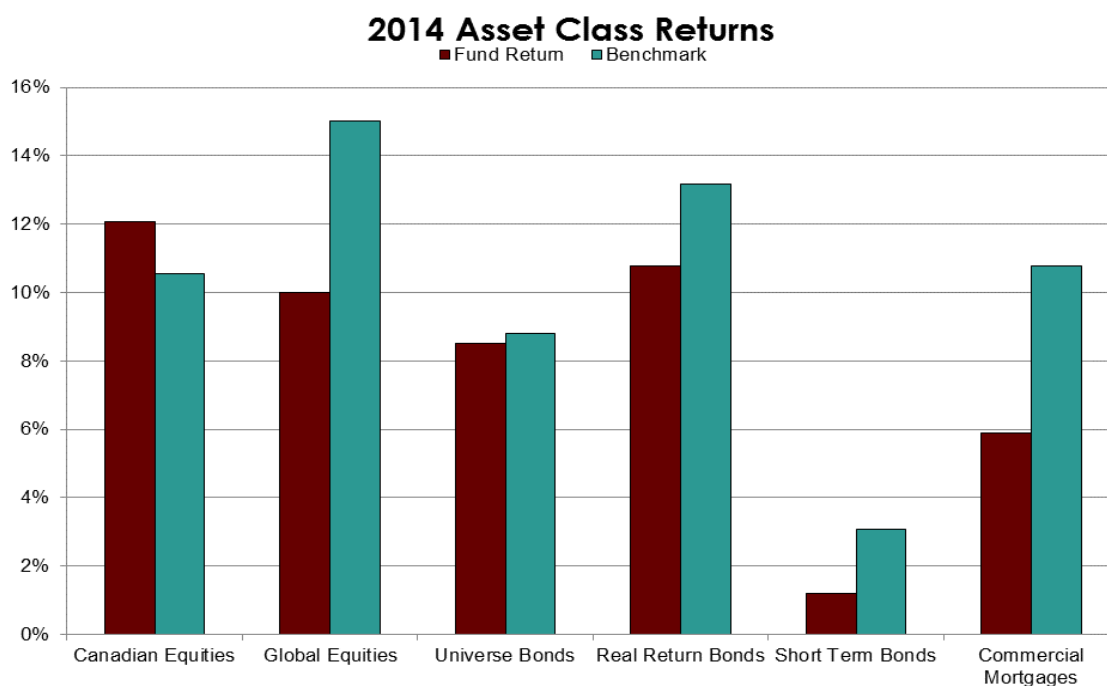
10-Year Unit Value Growth



Investment Results

The following table shows the gross rate of return achieved by the various asset classes over the one through five year periods ended December 31, 2014. The applicable benchmark performance for each asset class is also noted.

Asset Class	Annualized Rate Of Return (%)				
	1 yr	2 yr	3 yr	4 yr	5 yr
Canadian Equities	12.06	15.74	12.95	5.12	7.52
Benchmark: S&P/TSX 300 Index	10.55	11.77	10.22	5.15	7.53
Global Equities	10.00	27.25	25.01	15.41	12.77
Benchmark: MSCI World Index	15.01	25.23	21.48	15.06	13.19
Universe Bonds	8.52	3.52	3.55	4.88	5.15
Benchmark: FTSE TMX Canada Universe Bond Index	8.79	3.68	3.65	5.13	5.45
Total Return Seeking Portfolio:	9.98	15.60	14.09	8.69	8.59
Real Return Bonds	10.77	(0.66)	0.53	4.64	5.80
Benchmark: FTSE TMX Canada Real Return Bond Index	13.18	(0.81)	0.40	4.61	5.88
Short Term Bonds	1.18	1.18	1.19	1.21	n/a
Benchmark: FTSE TMX Canada Short Term Overall Bond Index	3.06	2.40	2.27	2.86	n/a
Commercial Mortgages	5.89	4.88	4.48	4.91	n/a
Benchmark: FTSE TMX Canada Universe Bond Index + 2%	10.79	5.68	5.65	7.13	n/a
Total Liability Matching Portfolio:	4.31	2.70	2.67	3.25	4.13
Cash:	0.90	0.71	0.47	0.45	0.47
Total Fund:	7.90	10.33	9.28	7.10	7.03



Historical Total Return

While investment performance is measured and reviewed quarterly, it is important to maintain a longer-term perspective due to the nature of the liabilities of the Plan. This applies when reviewing the 2014 performance in relation to a longer investment horizon and considering the effects of inflation over time. The annual investment returns of the Civic LTD Plan for the last ten years are as follows:

Annual Rate Of Return (%)			
Nominal			
Year	Return	CPI	Real Return
2014	7.90	1.50	6.40
2013	12.81	1.20	11.61
2012	7.20	0.80	6.40
2011	0.83	2.30	(1.47)
2010	6.74	2.40	4.34
2009	16.03	1.30	14.73
2008	(16.90)	1.20	(18.10)
2007	3.20	2.40	0.80
2006	15.70	1.70	14.00
2005	13.40	2.10	11.30

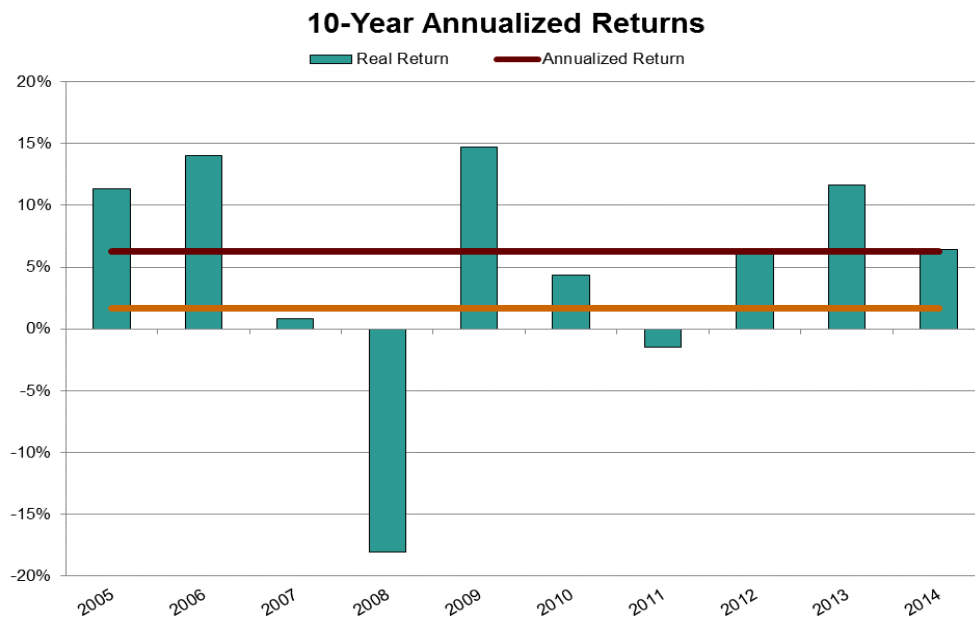
⁽¹⁾ Nominal Return is the actual rate of return earned in the year.

⁽²⁾ The CPI (Consumer Price Index) is published monthly by Statistics Canada. The rate of change provides a measure of inflation.

⁽³⁾ Real Return is the return earned after accounting for the effect of inflation.

⁽⁴⁾ Annualized Return is the return earned after the effect of inflation is removed, over a specific time period.

Investment Results



Plan Expenses

Description	2014 (\$ thousands)
Actuarial Services	
AonHewitt	8
Audit Services	
KPMG LLP	9
Custodial and Performance Management Fees	
Northern Trust Corporation	39
Investment Manager Fees	
Addenda Capital Inc.	36
Greystone Managed Investments	2
TD Asset Management	4
Franklin Templeton Investments Corp.	110
QV Investors	14
	166
Legal Services	
McDougall Gauley	17
Other Administrative Expenses	
Pensions & Disability - Salaries & Benefits	169
Standard Life	197
Medical and Rehabilitation Services	59
Self-Assessed GST	8
SaskCentral	22
City of Regina	6
Printing and Photocopying Services	1
Conferences and Seminars	1
Stonefield Systems Group	2
SaskTel	2
AonHewitt Consulting	5
Other	2
	474
Total for the Plan:	713



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Regina Saskatchewan S4P 4K9
Canada

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Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Administrative Board of the Regina Civic Employees' Long Term Disability Plan:

We have audited the accompanying financial statements of the Regina Civic Employees' Long Term Disability Plan, which comprise the statement of financial position as at December 31, 2014 and the statements of changes in net assets available for benefits and changes in disability obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluation the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Regina Civic Employees' Long Term Disability Plan as at December 31, 2014, and the changes in its net assets available for benefits and the changes in its disability obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

KPMG LLP

Chartered Accountants

May 20, 2015
Regina, Canada

Audited Financial Statements

STATEMENT OF FINANCIAL POSITION (in thousands of dollars)

As at December 31

	2014	2013
ASSETS		
Investments – Note 4	\$ 42,799	\$ 38,466
Contributions Receivable		
Members	38	38
Employers	38	38
Accounts Receivable	-	88
Accrued Income Receivable	3	3
	42,878	38,633
LIABILITIES		
Accounts Payable	465	626
Net Assets Available for Benefits	42,413	38,007
Disability Obligations – Note 5	18,260	16,280
Surplus	\$ 24,153	\$ 21,727

See accompanying notes

APPROVED BY:

 Board Member

 Board Member

Audited Financial Statements

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (in thousands of dollars)

For the year ended December 31

	2014	2013
INCREASE IN NET ASSETS		
Investment Income - Note 6	\$ 1,566	\$ 997
Increase in Fair Value of Investments	1,458	3,269
Contributions		
Member	2,102	2,033
Employer	2,100	2,033
	7,226	8,332
DECREASE IN NET ASSETS		
Disability Payments	2,107	2,136
Administration Expenses – Note 10	713	751
	2,820	2,887
Net Increase for the Year	4,406	5,445
Net Assets Available for Benefits, Beginning of Year	38,007	32,562
Net Assets Available for Benefits, End of Year	\$ 42,413	\$ 38,007

See accompanying notes

Audited Financial Statements

STATEMENT OF CHANGES IN DISABILITY OBLIGATIONS

(in thousands of dollars)

For the year ended December 31

	2014	2013
INCREASE IN DISABILITY OBLIGATIONS		
Accrual of Disability Benefits	\$ 4,495	\$ 4,431
Interest Accrued on Benefits	502	611
	4,997	5,042
DECREASE IN DISABILITY OBLIGATIONS		
Disability Payments	2,169	2,136
Change in Assumptions – Note 5	-	165
Experience Gain	848	3,863
	3,017	6,164
Net Increase (Decrease) for the Year	1,980	(1,122)
Disability Obligations, Beginning of Year	16,280	17,402
Disability Obligations, End of Year	\$ 18,260	\$ 16,280

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

1. Description of Plan

The Regina Civic Employees' Long Term Disability Plan (the "Plan") is a multi-employer disability plan covering eligible employees of the City of Regina and the following participating Boards: Regina Qu'Appelle Regional Health Authority, Regina Public Library Board, non-teaching staff of the Board of Education of the Regina School Division No. 4 of Saskatchewan, and the Buffalo Pound Water Administration Board. The following description is a summary only. For more complete information, reference should be made to the Plan text.

(a) Contributions

Members' contributions are 0.92% of salary. The employer matches the members' contributions to the Plan.

(b) Benefits

Disability benefits are based on 65% of the member's salary. Benefits will be paid either throughout the duration of the disability, until the member elects voluntary early retirement, reaches age 65 or upon death, whichever occurs first.

(c) Income Taxes

The Plan is a self insured disability income plan and as such is not subject to income taxes under The Income Tax Act. Disability benefits paid from the Plan are subject to deductions that are withheld and remitted to the Canada Revenue Agency.

2. Basis of Preparation

(a) Statement of compliance

The financial statements for the year ended December 31, 2014, have been prepared in accordance with Canadian accounting standards for pension plans as outlined in Part IV of the CPA Canada Handbook section 4600, Pension plans. For matters not addressed in section 4600, International Financial Reporting Standards (IFRS) guidance has been implemented. The financial statements were authorized and issued by the Plan's Administrative Board on May 20, 2015.

(b) Basis of measurement

The financial statements have been prepared using the historical cost basis except for financial instruments which have been measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

2. Basis of Preparation (continued)

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Plan's functional currency and are rounded to the nearest thousand unless otherwise noted.

3. Summary of Significant Accounting Policies

The following policies are considered to be significant:

(a) Basis of Presentation of Financial Statements

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the Plan sponsors and Plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

Employers of members are responsible for the accuracy and completeness of members' contributions remitted and of employee payroll information on which benefit payments are determined. Accordingly, these financial statements presume the accuracy and completeness of the members' contributions and payroll information received from employers of the members.

(b) Investments

Investments are recorded at fair value. The fair value of equities is based on year-end market quotations obtained from recognized security dealers. The fair value of bonds is based on model pricing techniques that effectively discount prospective cash flows to present value taking into consideration duration, credit quality, and liquidity.

Pooled funds are recorded at fair value based on the net asset value per unit determined by the investment manager with reference to the underlying investments' year-end market prices.

Short term investments are recorded at cost, which together with accrued interest income, approximates fair value.

(c) Investment Income and Transaction Costs

Investment income includes interest and dividends. Interest income is recorded on the accrual basis. Dividend income from equity securities is recognized as entitlement arises. Changes in fair value of investments includes both realized and unrealized gains and losses. Realized gains and losses from the sale of investments are calculated using a weighted average cost basis and are reflected in earnings as incurred. Investment transactions are accounted for on the trade date. Transaction costs are recognized in the statement of changes in net assets available for benefits in the period incurred.

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

3. Summary of Significant Accounting Policies (continued)

(d) Foreign Exchange

Foreign investment purchases, sales and income are recorded in Canadian dollars at exchange rates in effect at the transaction date. Foreign denominated investments and accrued income are translated at year end exchange rates. The gains and losses arising from the transaction are included in the statement of changes in net assets available for benefits as part of the change in fair value of investments.

(e) Contributions

Contributions are accounted for on the accrual basis.

(f) Use of Estimates and Judgements

The preparation of financial statements in conformity with Canadian accounting standards for pension plans requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates. Significant estimates subject to estimates and assumptions include the valuation of investments and the determination of the disability obligation.

(g) Future Accounting Policy Changes

The relevant new guidance issued by the International Accounting Standards Board not yet adopted by the Plan includes:

- IFRS 9, Financial Instruments. The new standard will replace IAS 39, Financial Instruments: Recognition and Measurement, and includes guidance and derecognition of financial assets and financial liabilities, impairment and hedge accounting. The new standard will come into effect January 1, 2018, with early application permitted.

Management does not expect any significant impact to the Plan's financial statements upon adopting the new standard.

Audited Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments

The investment objectives of the Plan are to ensure the Plan has sufficient assets to optimize the risk/return relationship of the Plan and to generate sufficient cash flows to meet disability benefits payments. The Plan holds the following investments:

	2014	2013
Fixed Income	\$ 1,449	\$ 1,342
Cash	802	332
Pooled funds:		
Short Term	6,250	6,177
Fixed Income	17,838	15,438
Canadian Equities	5,231	4,671
Global Equities	11,229	10,506
Total Investments	\$ 42,799	\$ 38,466

Investment concentration in any one investee or related group of investees is limited to no more than 10% of the total book value of the Plan's assets or no more than 30% of the votes that may be cast to elect the directors of the investee.

The Plan's assets may be invested through in-house investment activities or through external investment managers including without limitation, mutual funds, pooled funds, segregated funds, unit trusts, limited partnerships, and similar vehicles.

The Statement of Investment Policies and Procedures permits investment in all bonds, debentures, notes, non-convertible preferred stock, real return bonds and other debt instruments of Canadian issuers whether denominated and payable in Canadian dollars or a foreign currency including mortgage-backed securities, guaranteed under *The National Housing Act (Canada)*, asset backed securities, term deposits and guaranteed investment certificates. It also permits investment in private placement of bonds that are rated by a recognized rating agency. The Plan's investment policy states that a minimum of 80% of fixed income must be invested in investment grade as rated by a recognized credit rating service.

The Plan may invest in equity securities, and equity substitutes that are convertible into equity securities, which are listed and traded on recognized exchanges, and unlisted equity securities, such as private placement equity, where the investment manager determines the security will become eligible for trading on a recognized exchange within a reasonable and defined timeframe, not to exceed six months, and the issuing company is publicly listed on a recognized exchange.

The Plan may also invest in cash and short term investments which consist of cash on hand, Canadian and US money market securities, such as treasury bills issued by the federal and provincial governments and their agencies, obligations of trust companies and Canadian and foreign banks chartered to operate in Canada, including bankers' acceptances, commercial paper, term deposits and contracts with life insurance companies.

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

4. Investments (continued)

Canadian Bonds

The Plan holds Government of Canada bonds with a term to maturity greater than five years with a carrying value of \$1,449 (2013 - \$1,342). The effective average interest rate on the bonds is 2.62% (2013 – 1.92%).

Pooled Funds

The Plan owns units in Canadian and Global pooled equity funds as well as Canadian bonds and unit trust mortgage funds. These pooled funds have no fixed distribution rate. Fund returns are based on the success of the fund managers.

Fair Value of Investments

Fair value is best evidenced by an independent quoted market price for the same instrument in an active market. An active market is one where quoted prices are readily available, representing regularly occurring transactions. The determination of fair value requires judgement and is based on market information where available and appropriate. Fair value measurements are categorized into levels within a fair value hierarchy based on the nature of the inputs used in the valuation.

Level 1 – where quoted prices are readily available from an active market.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (for example, as prices) or indirectly (for example, derived from prices).

Level 3 – inputs for the investment that are not based on observable market data.

Audited Financial Statements

2014					
Asset Class	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
Equity Pooled Funds	\$ -	\$ 16,460	\$ -	\$	16,460
Canadian Bonds	1,449	-	-		1,449
Fixed Income Pooled Funds	-	17,838	-		17,838
Short Term Investments	-	6,250	-		6,250
Cash	802	-	-		802
Total Investments	\$ 2,251	\$ 40,548	\$ -	\$	42,799

2013					
Asset Class	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	
Equity Pooled Funds	\$ -	\$ 15,177	\$ -	\$	15,177
Canadian Bonds	1,342	-	-		1,342
Fixed Income Pooled Funds	-	15,438	-		15,438
Short Term Investments	-	6,177	-		6,177
Cash	332	-	-		332
Total Investments	\$ 1,674	\$ 36,792	\$ -	\$	38,466

There were no investments transferred between levels during the current year.

Audited Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

5. Disability Obligations

There is no external legislative requirement for actuarial valuations to be performed for disability plans. Schedule A of Bylaw 9566 requires that actuarial valuations for the Plan are carried at a minimum every three years to determine the funding requirements. On an annual basis, the Board reviews the Plan's activities to determine whether a valuation is required. The last valuation was carried out as of December 31, 2012.

AonHewitt is the appointed actuary of the Plan. The actuarial value of disability obligations as of December 31, 2014 has been determined by extrapolating the figures from December 31, 2012, the date of the last actuarial valuation which was completed by Mercer Canada.

The assumptions used in the valuation were developed by reference to expected long term market conditions. Significant long term assumptions used in the valuation were:

Assumption	2014 Rate (%)	2013 Rate (%)
Inflation Rate	2.2	2.2
Discount Rate	3.0	3.0
Retirement Age	65	65
Active Life Earnings Adjustment	3.6	3.6
Rehabilitation Earnings Increase	2.2	2.2
Continuing in Year Claims Expense	3.0	3.0
Termination Rates	Adjusted. 1988 – 1997 LTD termination study conducted by CIA	

During 2014 the disability obligation increased by \$848 (2013 - \$3,863) as a result of plan experience. The disability obligation is sensitive to changes in the inflation rate and the discount rate, which impacts future claims benefits and the assumed real rate of return on Plan assets.

A change in the following assumptions (with no other change in other assumptions) would have the following approximate effects on the disability obligations:

50 Basis Point Decrease/Increase	Approximate Effect on Disability Obligations	
	\$	%
Discount Rate	+463/-440	-2.44/+2.5
Inflation	-314/+322	-1.7/+1.7

Audited Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

6. Investment Income

Investment Income	2014	2013
Cash and Short Term Investments	\$ 103	\$ 83
Bond Interest	709	589
Dividend Income	754	325
Total	\$ 1,566	\$ 997

7. Capital Management

The Plan defines its capital as consisting of net assets available for benefits, which consists primarily of investments. Investments are managed to fund future disability obligations. The extent that net assets available for benefits are greater than disability obligations is reflected as a surplus or deficit. The objective of managing the Plan's capital is to ensure that the Plan is fully funded to pay the Plan's benefits over time.

The Plan receives new capital from member and employer contributions. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of asset classes including short-term investments, bonds, and equities. The Board has delegated the operational investment decisions to a number of different investment management firms through a number of different investment mandates as defined in the Plan's Statement of Investment Policy and Procedures.

8. Investment Risk Management

Investment risk management relates to the understanding and active management of risks associated with invested assets. Investments are primarily exposed to foreign currency, interest rate volatility, market and credit risk. They may also be subject to liquidity risk. The Plan has set formal policies and procedures that establish an asset mix among equity and fixed income investments; requires diversification of investments within categories; and sets limits on the size of exposure to individual investments. The Board of Trustees approves the Statement of Investment Policies and Procedures which is reviewed annually.

Market Risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment, or factors affecting all securities traded in the market. The Plan's policy is to invest in a diversified portfolio of investments, based on criteria established in the Statement of Investment Policies and Procedures.

The impact on the net assets of the Plan due to a 10% change in the respective benchmark stock index using a three year historical measure of the sensitivity of the returns relative to the returns of the benchmark stock index, as of December 31, 2014 would result in an increase/decrease of 11.6% (2013 - 11.4%) in the value of the portfolio.

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

8. Investment Risk Management (continued)

Credit Risk

Credit risk refers to the potential for counterparties to default on their contractual obligation to the Plan. Credit risk is mitigated by entering into contracts with the counterparties that are considered high quality. Quality is determined via the following credit rating agencies: DBRS, Standard and Poor's and Moody's Investor Service.

The maximum credit risk to which it is exposed at December 31, 2014 is limited to the carrying value of the financial assets summarized as follows:

Asset Class	2014	2013
Canadian Bonds	\$ 1,449	\$ 1,342
Contributions Receivable	76	76
Accounts Receivable	-	88
Accrued Income Receivable	3	3
Cash	802	332
Total	\$ 2,330	\$ 1,841

Canadian bonds consist of Government of Canada bonds with an AAA rating.

Interest Rate Risk

Interest rate risk refers to the effect on the market value of the Plan's investments due to fluctuation of interest rates. The risk arises from the potential variation in the timing and amount of cash flows related to the Plan's assets and liabilities. Disability obligations are relatively short term. Asset values are affected by equity markets and short-term changes in interest rates. The fixed income portfolio has guidelines on duration and distribution which are designed to mitigate the risk of interest rate volatility.

At December 31, 2014 a 1% increase/decrease in interest rates would result in a \$1,192 (2013 – \$952) change in the value of the Plan's fixed income portfolio.

Foreign Currency Risk

Foreign currency exposure arises from the Plan holding investments denominated in currencies other than the Canadian Dollar. During the year, the Plan held only investments denominated in Canadian Dollars.

Audited Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

(in thousands of dollars)

For the Year Ended December 31, 2014

8. Investment Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Plan maintains an adequate amount of liquid assets with varying maturities in order to ensure that the Plan can meet all of its financial obligations as they fall due. Liquidity risk is managed by limiting the Plan's exposure to illiquid assets and through positive net cash inflows from contributions.

9. Related Party Transactions

Related Party Transactions	2014	2013
Accounts Receivable include the following amounts due from:		
Regina Civic Employees Superannuation and Benefits Plan	\$ -	\$ 87
Accounts Payable include the following amounts due to:		
City of Regina	193	222
Regina Civic Employees Superannuation and Benefits Plan	76	140
	\$ 269	\$ 362
Expenditures include amounts paid to the City of Regina	\$ 6	\$ 6

10. Administration Expenses

Administration Expenses	2014	2013
Actuarial Services	\$ 8	\$ 68
Audit Services	9	9
Custodial and Portfolio Measurement Fees	39	37
Investment Manager Fees	166	139
Legal Services	17	60
Adjudication Services	197	139
Medical & Rehabilitation Services	59	78
Other Administrative Expenses	218	221
Total	\$ 713	\$ 751