

# Annual Report 2024

## Public Employees Disability Income Fund

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# Letters of Transmittal



Her Honour the Honourable Bernadette McIntyre, S.O.M.,  
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I have the honour to transmit herewith the thirty-third Annual Report of the Public Employees Disability Income Fund for the year ending December 31, 2024.

A handwritten signature in blue ink, appearing to read "Jim Reiter".

Honourable Jim Reiter  
Deputy Premier and Minister of Finance

The Honourable Jim Reiter  
Deputy Premier and Minister of Finance

May it Please Your Honour:

On behalf of the Disability Income Plan Advisory Council, I have the honour to transmit herewith the thirty-third Annual Report of the Public Employees Disability Income Fund for the year ending December 31, 2024.

A handwritten signature in blue ink, appearing to read "Tom Zabel".

Tom Zabel, Chair  
Disability Income Plan Advisory Council

## Public Employees Disability Income Fund

### Introduction

The Public Employees Disability Income Plan was established in 1978.

The Plan provides long-term disability benefits to employees of Executive Government, several Crown Corporations and various Agencies, Boards and Commissions as approved by the Lieutenant Governor in Council.

As at December 31, 2024, there were 13,248 insured employees.

### Disability Income Plan Advisory Council

Tom Zabel, Chair  
Ministry of Finance

Dairen Beblow, Vice Chair  
SaskPower

Kendra LaHaye  
Public Service Commission

Sharon Davis  
SaskTel

Janice MacDonald  
Public Service Commission

Chris Stinson  
SaskEnergy and SaskPower  
Unifor Union of Canada, Local 649

Tammy Hinds  
SaskTel  
Unifor Union of Canada, Locals 1S & 2S

Heather Brown  
CUPE 600

Vacant  
SaskPower  
IBEW Local 2067

### Participating Employers

The following employers participate in The Government of Saskatchewan Disability Income Plan:

Advocate for Children and Youth (Office of the Board of Arbitration under *The Surface Rights Acquisition and Compensation Act* (The Chief Electoral Officer (Office of the eHealth Saskatchewan  
Farm Land Security Board  
Financial and Consumer Affairs Authority of Saskatchewan  
Global Transportation Hub Authority (The Information and Privacy Commissioner (Office of the)  
Innovation Saskatchewan  
Law Reform Commission of Saskatchewan  
Leader of the Opposition (Office of the) Legislative Assembly Service  
Liquor and Gaming Authority  
Livestock Services of Saskatchewan Corporation with regard to employees who are out of the scope of a collective bargaining agreement  
Meewasin Valley Authority  
NDP Caucus Office  
Ombudsman (Office of the)  
Prairie Diagnostic Services Inc.  
Provincial Archives of Saskatchewan  
Provincial Auditor (Office of the)  
Provincial Capital Commission  
Public Interest Disclosure Commissioner (Office of the)  
Public Pension and Benefits Administration Corporation (out-of-scope employees only)  
Residential Tenancies (Office of)  
Saskatchewan Arts Board  
Saskatchewan Assessment Management Agency  
Saskatchewan Cancer Agency  
Saskatchewan Centre of the Arts  
Saskatchewan Crop Insurance Corporation  
Saskatchewan Distance Learning Centre  
Saskatchewan Human Rights Commission  
Saskatchewan Impaired Driver Treatment Centre  
Saskatchewan Milk Marketing Board  
Saskatchewan Municipal Board  
Saskatchewan Party Caucus

Saskatchewan Polytechnic with regard to employees who are out of the scope of a collective bargaining agreement

Saskatchewan Pork Development Board  
Saskatchewan Power Corporation  
Saskatchewan Professional Teachers Regulatory Board  
Saskatchewan Public Safety Agency  
Saskatchewan Telecommunications Holding Corporation  
SaskBuilds Corporation  
SaskEnergy Incorporated  
Tourism Saskatchewan  
TransGas Limited  
Wanuskewin Heritage Park Authority  
Western Development Museums  
Workers' Compensation Board (The)

The Government of Saskatchewan with respect to the following individuals:

Advocate for Children and Youth  
Assistant Chief Electoral Officer  
Chief Electoral Officer  
Conflict of Interest Commissioner  
Director of Residential Tenancies  
Information and Privacy Commissioner  
Legislative Assembly (Members of the)  
Members of the Public Service of Saskatchewan as defined by *The Public Service Act, 1998*, excluding employees covered by the Saskatchewan Government and General Employees' Union  
Ombudsman  
Provincial Auditor  
Public Interest Disclosure Commissioner  
Senior Justices of the Peace, appointed under section 4 of *The Justices of the Peace Act, 1988*  
Justices of the Peace, appointed pursuant to *The Justices of the Peace Act, 1988* who are not court officials

## Administration

The Public Employees Disability Income Plan is self-insured and was managed by the Public Employees Benefits Agency (PEBA) until December 31, 2023. Effective January 1, 2024, the Public Pension and Benefits Administration Corporation, operating as Planner Pensions and Benefits (Planner), the Corporation), began managing the Plan. As per Order in Council #194-2024, the Government of Saskatchewan authorized PEBA to delegate the administration of the Plan to Planner.

The Disability Income Plan Advisory Council has been established under Section 15 of *The Executive Government Administration Act* and is comprised of an equal number of management and union representatives appointed by Minister's Order. The Canada Life Assurance Company (Canada Life) is on contract under an Administrative Services Only agreement to provide claims adjudication and benefit payment services to the Plan.

Where appropriate and in discretion of the Plan Administrator, CBI Limited, Canada Life and Bridges Health provide rehabilitation services to the Plan.

## Investment Management Services

The Minister of Finance is authorized to invest money of the Disability Income Fund in any class of investments authorized for the investment of monies in the General Revenue Fund.

Canada Life Assurance Company (Canada Life) invests the monies of the Fund under a contract to provide services. The Fund pays management fees to Mackenzie Financial Corporation (all funds excluding the Mortgage Fund) and Canada Life (Mortgage Fund).

## Funding

Employees and employers pay premiums monthly. Employees contribute 0.97 per cent of their basic monthly salary and employers contribute between 1.11 per cent and 1.26 per cent. For some plan participants, the employer pays 100 per cent.

## Benefits

After serving a qualifying period of 119 calendar days (or 85 working days on a non-consecutive basis), the gross monthly disability benefit is equal to 75 per cent of pre-disability basic monthly salary.

Benefits are initially payable while an employee is occupationally disabled (unable to work at his or her own occupation). This period covers 24 months from the date of disability.

Thereafter, the employee must be totally disabled from any reasonable occupation for benefits to continue.

Benefits will continue under the total disability provision until the earlier of return to work, death, age 65, or retirement.

## Premiums/Claims Experience

	<u>Dec. 31, 2024</u>	<u>Dec. 31, 2023</u>
Premiums	\$27,730,744	\$25,253,222
Claims	\$23,256,088	\$23,230,938
Active Claims	400	421

# Management's Report

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Public Employees Disability Income Fund, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian public sector accounting standards applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

The actuary has prepared a valuation report on the provision for claims payable of the Fund, made in accordance with accepted actuarial practices and using assumptions adopted by management. This report has been used in the preparation of the financial statements.

The Public Employees Disability Income Fund has a system of internal controls adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian public sector accounting standards.

The Disability Income Plan Advisory Council was established in 1978 and is comprised of an equal number of management and labour representatives. It is responsible for reviewing policies and procedures governing the operations of the Disability Income Plan, address appeals where benefits have been declined by the insurance carrier and oversee management of the investment fund.

Enclosed are the financial statements of the Public Employees Disability Income Fund for the year ended December 31, 2024, and the Provincial Auditor's report on these financial statements.

Regina, Saskatchewan  
April 9, 2025



Jeremy Phillips  
President and Chief Executive Officer  
Plannera Pensions and Benefits

# Actuarial Opinion

With respect to the Public Employees Disability Income Plan, we have prepared an actuarial valuation as at December 31, 2024 for the purpose of determining the necessary actuarial information for financial statement reporting in accordance with Sections 3250 and 3255 of the Chartered Professional Accountants Canada (CPA Canada) Public Sector Accounting Handbook. In our opinion, for the purpose of this actuarial valuation:

- the data on which this valuation is based are sufficient and reliable;
- where applicable, the assumptions have been adopted as management's best estimates for accounting purposes and, in our opinion, the assumptions are appropriate;
- the actuarial cost methods employed are appropriate; and
- the valuation conforms with the requirements of the Sections 3250 and 3255 of the CPA Canada Public Sector Accounting Handbook.

Nonetheless, emerging experience differing from the assumptions will result in gains or losses which will be revealed in subsequent valuations.

This report has been prepared and this actuarial opinion has been given in accordance with accepted actuarial practice in Canada.



David Larsen, FCIA, FSA  
Partner



Brad Nehring, FCIA, FSA  
Senior Consultant

February 20, 2025





# Public Employees Disability Income Fund

Financial Statements  
Year Ended December 31, 2024



## Independent Auditor's Report

To: The Members of the Legislative Assembly of Saskatchewan

### Opinion

We have audited the financial statements of Public Employee Disability Income Fund, which comprise the statement of financial position as at December 31, 2024, and the statements of operations and change in net financial assets and accumulated surplus, remeasurement gains and losses, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Public Employee Disability Income Fund as at December 31, 2024, and the result of its operations, changes in its net assets, remeasurement gains and losses, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Public Employee Disability Income Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the *Public Employees Disability Income Fund Annual Report for 2024*, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or any knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, 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.

In preparing the financial statements, management is responsible for assessing Public Employees Disability Income Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Public Employee Disability Income Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Public Employees Disability Income Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Employees Disability Income Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Public Employees Disability Income Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Public Employee Disability Income Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Regina, Saskatchewan  
April 14, 2025



Tara Clemett, CPA, CA, CISA  
Provincial Auditor  
Office of the Provincial Auditor

**Public Employees Disability Income Fund  
Statement of Financial Position**

**Statement 1**

**As At December 31**

	<u>2024</u>	<u>2023</u>
<b>Financial Assets</b>		
Cash (Note 3)	\$ 2,308,691	\$ 2,223,697
Due from The Canada Life Assurance Company (Note 5)	584,196	2,729,441
Accounts Receivable	1,517,144	1,236,612
Interest Receivable	8,722	-
Investments (Note 4)	<u>165,307,365</u>	<u>145,828,213</u>
	<u>169,726,118</u>	<u>152,017,963</u>
<b>Liabilities</b>		
Accounts Payable	473,364	459,055
Employer Premium Payable	65,900	60,327
Provision for Claims Payable (Note 6)	<u>129,546,000</u>	<u>132,312,000</u>
	<u>130,085,264</u>	<u>132,831,382</u>
Net Financial Assets and Accumulated Surplus	<u>\$ 39,640,854</u>	<u>\$ 19,186,581</u>
Accumulated Surplus is comprised of:		
Accumulated Surplus from Operations (Statement 2)	\$ 31,084,447	\$ 15,683,042
Accumulated Remeasurement Gain (Statement 3)	<u>8,556,407</u>	<u>3,503,539</u>
Total Accumulated Surplus	<u>\$ 39,640,854</u>	<u>\$ 19,186,581</u>

Contingencies (Note 8)

(See accompanying notes to the financial statements)

**Public Employees Disability Income Fund**  
**Statement of Operations and Change in Net Financial Assets and Accumulated Surplus**

**Statement 2**

**Year Ended December 31**

	<u>2024</u>		<u>2023</u>
	<b>Budget (Note 11)</b>	<b>Actual</b>	<b>Actual</b>
<b>Revenues</b>			
Premiums	\$ 25,053,930	\$ 27,730,744	\$ 25,253,222
Investment Income	5,962,535	10,692,199	3,347,793
Interest Income	22,948	162,730	60,854
Change in Provision for Claim Payable (Note 6)	-	2,766,000	-
	<u>31,039,413</u>	<u>41,351,673</u>	<u>28,661,869</u>
<b>Expenses</b>			
Disability Benefits	23,833,364	23,256,088	23,230,938
Change in Provision for Claim Payable (Note 6)	-	-	3,011,000
Administration (Note 7)	1,522,160	1,549,116	1,401,917
Adjudication Fees	755,471	773,897	794,670
Investment Management Fees	337,070	371,167	337,494
	<u>26,448,065</u>	<u>25,950,268</u>	<u>28,776,019</u>
Operating Surplus (Deficit)	4,591,348	15,401,405	(114,150)
Accumulated Surplus from Operations, Beginning of Year	<u>15,683,042</u>	<u>15,683,042</u>	<u>15,797,192</u>
Accumulated Surplus from Operations, End of Year (Statement 1)	<u>\$ 20,274,390</u>	<u>\$ 31,084,447</u>	<u>\$ 15,683,042</u>

(See accompanying notes to the financial statements)

**Public Employees Disability Income Fund  
Statement of Remeasurement Gains and Losses**

**Statement 3**

**Year Ended December 31**

	<u>2024</u>	<u>2023</u>
Accumulated Remeasurement Gain (Loss) Beginning of Year	\$ 3,503,539	\$ (5,972,620)
Unrealized Gain (Note 4)	<u>5,052,868</u>	<u>9,476,159</u>
Accumulated Remeasurement Gain End of Year (Statement 1)	<u>\$ 8,556,407</u>	<u>\$ 3,503,539</u>

(See accompanying notes to the financial statements)

**Public Employees Disability Income Fund  
Statement of Cash Flows**

**Statement 4**

**Year Ended December 31**

	<u>2024</u>	<u>2023</u>
Cash Flows From (Used In) Operating Activities:		
Premiums Received	\$ 27,625,814	\$ 25,323,367
Disability Benefits Paid	(23,176,207)	(23,423,457)
Administration Expenses Paid	(1,638,035)	(1,273,752)
Adjudication Fees Paid	(772,612)	(795,483)
	<u>2,038,960</u>	<u>(169,325)</u>
Cash Flows From Investing Activities		
Net (Purchases) Sale of Investments	<u>(4,099,211)</u>	<u>2,500,000</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(2,060,251)	2,330,675
Cash and Cash Equivalents, Beginning of Year	<u>4,953,138</u>	<u>2,622,463</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,892,887</u>	<u>\$ 4,953,138</u>
Balance consists of:		
Cash	\$ 2,308,691	\$ 2,223,697
Due from The Canada Life Assurance Company	<u>584,196</u>	<u>2,729,441</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,892,887</u>	<u>\$ 4,953,138</u>



## Public Employees Disability Income Fund Notes to the Financial Statements

December 31, 2024

### 1. Description of Fund

The Public Employees Disability Income Fund (PEDIF) is a special purpose fund used to account for the transactions of the Disability Income Plan (Plan). The Plan continues under subsection 64(2) of *The Financial Administration Act, 1993*.

As per Order in Council #194-2024, the Government of Saskatchewan authorized Public Employees Benefits Agency (PEBA) to delegate the administration of the Plan to the Public Pension and Benefits Administration Corporation. Effective January 1, 2024, the Public Pension and Benefits Administration Corporation, operating as Plannera Pensions and Benefits (Plannera, the Corporation) began managing the Plan under the direction of the Disability Income Plan Advisory Council and the Plan provides a level of income protection during periods of occupational or total disability. Plan participants are certain employees of the public service of the Province of Saskatchewan and Saskatchewan Crown agencies, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The Government, through the Minister of Finance, entered into an agreement with The Canada Life Assurance Company to administer the Plan, effective January 1, 2009.

#### Premiums

Employees and employers pay premiums monthly. Employees contribute 0.97 per cent of their basic monthly salary and employers contribute between 1.11 per cent and 1.26 per cent. For some plan participants, the employer pays 100 per cent of the employees' contributions.

Effective June 1, 1994, participating employers in the Public Employees Disability Income Plan remit an additional employer premium on behalf of all insured employees. This additional employer premium funds the employer's pension contribution on behalf of disabled employees who are members of the Public Employees Pension Plan. As some disabled employees are not members of the Public Employees Pension Plan, they are not entitled to have the employer's pension contribution remitted on their behalf. In these cases, the "deemed" employer's pension contribution will be refunded back to the employer each year commencing in 2005.

The refunds of the required premium, and the additional premiums, are recorded in premium revenue in the Statement of Operations and Change in Net Financial Assets and Accumulated Surplus (Statement 2).

#### Benefits

After a qualifying period of 119 calendar days, a disabled employee receives a gross monthly disability benefit equal to 75 per cent of pre-disability basic monthly salary. Benefits are initially payable while an employee is occupationally disabled (unable to work at his/her own occupation). This period covers 24 months from the date of disability. Thereafter, the employee must be totally disabled from any reasonable occupation for benefits to continue. Benefits will continue under the total disability provision until the earlier of return to work, death, age 65 or retirement.

## 2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards. The following accounting policies are considered significant:

a) Premiums Revenue

Premiums are recognized as revenue when due.

b) Disability Benefits Expense

Disability benefits expense is recognized commencing in the year the claim occurred.

c) Investments

The investments are held by GLC Asset Management Group Ltd. (GLC) on behalf of PEDIF in an assortment of pooled funds including a money market, bonds, mortgages, Canadian equities, U.S. equities, international equities, and emerging markets equities. All investments are valued at fair value. Pooled fund investments are valued at the year-end unit value supplied by the pooled fund administrator, which represents the underlying net assets of the pooled fund at fair values determined using closing bid prices. The market values of investments in foreign currencies are translated into Canadian dollars at the closing rate of exchange on December 31, 2024. The purchase and sale of investments, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions.

d) Investment Income

Investment income is recognized when earned and includes pooled fund income and realized gains or losses on the sale of investments.

e) Interest Income

Interest is recognized as income when earned.

f) Provision for Claims Payable

The provision for claims payable represents the present value of future payments arising from claims made prior to year-end. This provision includes an estimated amount for claims incurred but not yet reported at year-end. The provision for claims payable is determined pursuant to an actuarial valuation. Any resulting change in this liability is recognized as a revenue or expense in the Statement of Operations and Change in Net Financial Assets and Accumulated Surplus (Statement 2).

g) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year.

Significant items subject to such estimates and assumptions include the determination of the provision for unpaid claims and adjudication expenses to be incurred on claims not yet paid.

The primary measurement uncertainty arising from the use of estimates which may affect reported amounts, relates to the valuation of the provision for claims payable – see Note 6.

h) Financial Instruments

Receivables and payables are measured at cost which approximates their fair value. As described in Note 2c, the investments held by GLC are measured at fair value.

The changes in fair value of investments are unrealized gains and losses and are recognized through the Statement of Remeasurement Gains and Losses (Statement 3).

i) New Accounting Standards

Effective for fiscal years beginning on or after April 1, 2023, certain new standards, amendments to standards and interpretations were adopted.

- i) PS 3400 Revenue
- ii) PS 3160 Public Private Partnerships
- iii) PSG-8 Purchased Intangibles

The adoption of these new and amended standards had no impact on the financial statements.

**3. Cash**

Effective January 1, 2024, the Plan's bank account was transitioned to Plannera's Master Client Agreement.

Per Plannera's Master Client Agreement, interest is earned at a rate per annum equal to the daily value of Royal Bank Prime rate (RBP) less 1.90%. The average interest rate earned in 2024 was 4.85 per cent.

**4. Investments**

At December 31, 2024, the investments held on behalf of PEDIF by GLC in various pooled funds consist of short-term notes, Canadian government and corporate bonds, mortgages, Canadian equities, U.S. equities, international equities, and emerging markets equities. GLC does not remit the investment income to PEDIF; it reinvests the income, net of management fees, in the pooled funds. The Plan's pooled funds are comprised of the following:

	<b>2024</b>	<b>2023</b>
Money Market Fund	\$ 1,653,074	\$ 5,833,129
Bond Fund	69,429,093	69,997,542
Mortgage Fund	23,143,031	20,415,950
Equity Funds	71,082,167	49,581,592
	<u>\$ 165,307,365</u>	<u>\$ 145,828,213</u>

## Fair Value

The Plan has classified its fair-valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under the classification structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

PEDIF only holds pooled funds that are classified at level 2.

## Unrealized Investment Gains and Losses

At December 31, 2024, the investments held on behalf of PEDIF by GLC in various pooled funds consist of short-term notes, Canadian government and corporate bonds, mortgages, Canadian equities, U.S. equities, international equities, and emerging markets equities. Unrealized gains and losses for the period are recognized in the Statement of Remeasurement Gains and Losses (Statement 3).

	<b>2024</b>	<b>2023</b>
Canadian Growth	\$ 1,231,735	\$ (90,315)
Emerging Markets	145,482	-
International Equity (SP)	(1,625,876)	514,947
International Opportunity Fund	891,379	1,162,066
Mortgage	697,041	610,245
PEBA Bond Fund	683,083	5,008,643
U.S. Equity Index	3,030,024	2,270,573
	<u>\$ 5,052,868</u>	<u>\$ 9,476,159</u>

## **5. Due from/to The Canada Life Assurance Company**

According to the agreement between the Government, through the Minister of Finance, and Canada Life, Canada Life has established an account for receipt of PEDIF's premiums and payment of claims and administrative expenses.

## **6. Provision for Claims Payable**

An actuarial valuation was performed by Aon Hewitt as at December 31, 2024, to determine the liability for the future cost of existing claims of disabled members. The valuation includes a provision for claims incurred but not yet reported.

The provision for claims payable as at December 31 and the principal components of the change in provision for claims payable during the year were as follows:

	<b>2024</b>	<b>2023</b>
Provision for Claims Payable, Beginning of Year	\$ 132,312,000	\$ 129,301,000
Interest on Previous Liability	6,616,000	7,112,000
Mortality and Termination Experience (Gain)	495,000	(587,000)
Change in Assumptions	(1,217,000)	338,000
New Claims	13,213,000	18,256,000
Data Changes	210,000	-
Expected Benefits Payments	<u>(22,083,000)</u>	<u>(22,108,000)</u>
Provision for Claims Payable, End of Year	<u>\$ 129,546,000</u>	<u>\$ 132,312,000</u>

The actuarial valuation is based on the following assumptions:

- 1) The allowance for claim terminations is based on the Canadian Group Long-Term Disability Termination Study, 2009 to 2015, as published by the Canadian Institute of Actuaries in January 2019;
- 2) The interest rate assumed is 5.2 per cent (2023 – 5.0 per cent); and
- 3) The inflation rate assumed is 2.3 per cent (2023 – 2.3 per cent) for all future years.

The amount of benefits payable under the Plan may be increased on October 1 each year. The increase in benefits is indexed, subject to a maximum of 3.0 per cent per annum, to the Consumer Price Index for the year ending on the immediately preceding July 1.

If the actuarial valuation assumed no indexing of benefits each year, the liability at December 31, 2024, would be \$113,913,000 (2023 - \$116,503,000).

The liability for claims is based on a number of assumptions about future events including: recovery and mortality rates, interest rates and expected benefits from other sources. The actual experience may vary significantly from the assumptions used.

The following illustrates the effect of changes in the interest rate, cost of living adjustment and recovery rates:

- A 1.0 per cent decrease in discount rate would result in a 4.9 per cent increase (2023 – 4.9 per cent) in the liability including the cost of living adjustment as determined by the Consumer Price Index;
- A 1.0 per cent decrease in the cost of living adjustment would result in a 5.2 per cent decrease (2023 – 5.2 per cent) in the liability; and
- A 10.0 per cent decrease in recovery rates would result in a 3.5 per cent increase (2023 – 3.7 per cent) in the liability.

The provision for claims payable is long-term in nature and there is no market for settling these obligations. Accordingly, the fair value of this provision is not determinable.

## 7. Administration Expenses

Effective January 1, 2024, Plannera administered the PEDIF and paid the administration expenses through the Corporation. The PEDIF pays these administration expenses on dates agreed to by Plannera. Included in accounts payable at December 31, 2024 is \$206,280 (2023 - \$280,133) due to Plannera (2023 - due to the PEBA Revolving Fund.)

## 8. Contingencies

PEDIF is a party to a number of lawsuits initiated by claimants relating to disability benefits. The ultimate outcome of these lawsuits is not yet determinable and the extent of these lawsuits cannot be measured. The plan is exposed to liability up to the amount that claimants feel they are entitled to from having their claims declined, but due to ongoing litigation no information related to the extent of claims will be disclosed at this time. Accordingly, no liability has been recorded in these financial statements. Liabilities arising from the resolution of these lawsuits will be accounted for in the year the lawsuits are settled.

## 9. Investment Performance

PEDIF's investments are represented by the amounts held by GLC (see Note 4). The following is a summary of the investment performance:

	<u>2024</u>	<u>Four-Year Annualized Return</u>
Actual (a)	10.6%	4.1%
Benchmark (b)	10.8%	3.8%

- (a) The annual returns are before deducting investment expenses.
- (b) The benchmark return is PEDIF's target rate of return for its investments. The benchmark return is based on the performance of PEDIF's planned investment portfolio.

The assets within the PEDIF can be invested as authorized within the PEDIF's Statement of Investment Policies and Goals (Investment Policy). The Disability Income Plan Advisory Council has an agreement in place with GLC to invest the monies of PEDIF in a selection of investment mandates offered by GLC consistent with the Investment Policy. PEDIF pays investment management fees to GLC for providing this service.

## 10. Financial Risk Management

The nature of the PEDIF's operations results in a Statement of Financial Position that consists primarily of financial instruments. The risks that arise are credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk), and liquidity risk.

Significant financial risks are related to the Plan's investments. These financial risks are managed by having an Investment Policy, which is approved annually. The Investment Policy provides guidelines to PEDIF's investment manager for the asset mix of the portfolio regarding quality and quantity of fixed income and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in domestic and foreign markets. Plannera reviews regular compliance reports from the investment manager as to its compliance with the Investment Policy. Plannera also reviews regular compliance reports from the pooled fund custodian as to the investment manager's compliance with the Investment Policy.

### Credit Risk

PEDIF's credit risk arises primarily from two distinct sources: accounts receivable and certain investments. The maximum credit risk to which it is exposed at December 31, 2024, is limited to the carrying value of the financial assets summarized as follows:

	<u>2024</u>	<u>2023</u>
Accounts Receivable	\$ 1,517,144	\$ 1,236,612
Interest Receivable	8,722	-
Due from The Canada Life Assurance Company	584,196	2,729,441
Investments <sup>1</sup>	94,225,198	96,246,621

<sup>1</sup>Bonds, mortgages, and money market investments held on behalf of PEDIF.

Accounts receivable is primarily made up of employee and employer contributions receivable. Employee and employer contributions receivable are generally received within 30 days. The risk of the interest receivable is minimal as the receivable relates to bank interest.

Credit risk within investments is primarily related to the fixed income pooled funds. It is managed through the Investment Policy that limits fixed term investments to those of high credit quality (minimum rating for bonds and mortgages, BBB, and for short-term investments is R-1) along with limits to the maximum notional amount of exposure with respect to any one issuer.

### Market Risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

#### *Geopolitical environment*

The current geopolitical environment increases uncertainty in financial markets with a possible resurgence of trade tariffs and inflation, including upward pressure on commodity prices and the potential for global supply-chain disruptions. With the recent changes in the U.S. Government, the threat of protectionism increases the risks of tariffs, stagflation, turbulence in the financial markets, and a weakening of the Canadian Dollar against other currencies. Management will continue to monitor the impact of geopolitical risk on its use of judgements, estimates and assumptions.

### Interest Rate Risk

PEDIF is exposed to changes in interest rates in its fixed income investments. Duration is a measure used to estimate the extent market values of fixed income instruments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point change in interest rates would change operating surplus, and net assets and accumulated surplus by \$5.6 million at December 31, 2024, representing 5.9 per cent of the \$94.2 million fair value of fixed income investments.

### Foreign Exchange

PEDIF is exposed to changes in the U.S. dollar exchange rate through its U.S. equity pooled fund. Also, PEDIF is exposed to non-North American currencies through its non-North American equity pooled fund. Exposure to both U.S. equities and non-North American equities is limited to a maximum 18 per cent each and emerging market equities is limited to a maximum 10 per cent of the market value of the total investment portfolio.

At December 31, 2024, PEDIF's exposure to U.S. equities was 14.0 per cent (2023 – 11.0 per cent), to non-North American equities was 12.0 per cent (2023 – 11.0 per cent) and to emerging markets equities was 6.0 per cent (2023 – nil).

At December 31, 2024, a 10 per cent appreciation in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a \$2.31 million decrease in operating surplus, and net assets and accumulated surplus. A 10 per cent appreciation in the Canadian dollar versus the non-North American currencies would result in approximately a \$1.98 million decrease in operating surplus, and net assets and accumulated surplus. A 10 per cent appreciation in the Canadian dollar versus the emerging markets currencies would result in approximately a \$0.99 million decrease in operating surplus, and net assets and accumulated surplus. A 10 per cent appreciation in the Canadian dollar versus the emerging markets currencies would result in approximately a \$0.99 million decrease in operating surplus, and net assets and accumulated surplus.

### Equity Prices

PEDIF is exposed to changes in equity prices in Canadian, U.S., non-North American, and emerging markets through its pooled funds. Equity pooled funds comprise 43.0 per cent (2023 – 34.0 per cent) of the carrying value of the Plan's total investments.

The following table indicates the approximate change that could be anticipated in operating surplus, and net assets and accumulated surplus based on changes in PEDIF's benchmark indices at December 31, 2024:

	<u>10% increase</u>	<u>10% decrease</u>
S&P/TSX Composite Index	\$1,818,381	\$(1,818,381)
S&P 500 Index	2,314,303	(2,314,303)
MSCI EAFE Index	1,983,688	(1,983,688)
MSCI EM Index	991,844	(991,844)

### Liquidity Risk

Liquidity risk is the risk that PEDIF is unable to meet its financial obligations as they fall due. Cash resources are managed on a daily basis based on anticipated cash flows. Accounts payable and claims payable are due within one year.

## **11. Budget**

The 2024 PEDIF operating budget was approved by the Disability Income Plan Advisory Council on December 13, 2023.

## **12. Related Party Transactions**

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the Plan by virtue of common control by the Government of Saskatchewan, as well as key management personnel and their close family members (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at fair market value.



## Appendix I Payee Details

As per Section 2315 Reporting Payee Details, entities included in the Summary Financial Statements, except for Crown Investments Corporation of Saskatchewan (CIC) and its subsidiaries are required to table, in the Legislative Assembly, payee details for administrative expenses incurred in the year.

### Payee Details – December 31

<b>Vendor</b>	<b>2024</b>	<b>2023</b>
Canada Life Assurance Company	\$24,401,152	\$24,363,102
Public Employees Benefits Agency Revolving Fund	-	1,401,917
Plannera Pensions and Benefits	1,549,116	-