

Annual Report 2024-2025

Judges of the Provincial Court Superannuation Plan

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Letters of Transmittal



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

I respectfully submit the forty-sixth Annual Report of the Judges of the Provincial Court Superannuation Plan for the fiscal year ending March 31, 2025.

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 Saskatchewan Pension Annuity Fund Board, I have the honour to transmit herewith the forty-sixth Annual Report of the Judges of the Provincial Court Superannuation Plan for the fiscal year ending March 31, 2025.

A handwritten signature in blue ink, appearing to read "S. Lucas".

Sheri Lucas, Chair
Saskatchewan Pension Annuity Fund Board

Judges of the Provincial Court Superannuation Plan

Introduction

The Judges of the Provincial Court Superannuation Plan (the Plan) was established under *The Provincial Court Act* (continued as *The Provincial Court Act, 1998*) to provide pension benefits to judges in the event of retirement and secondarily in the event of termination of employment. Previously, pensions had been provided to qualifying judges through *The Magistrates' Courts Act*. Judges appointed at the time the Plan was established had the option of retaining the benefits provided under *The Magistrates' Courts Act*, or opting to contribute to the Plan and earn a pension under *The Provincial Court Act*. For those judges who transferred, service under *The Magistrates' Courts Act* is included as service in the calculation of pensions under *The Provincial Court Act, 1998*. The Plan also provides benefits to the dependents of deceased judges and superannuates in the event of death either prior, or subsequent to retirement.

Operation of the Plan

The Plan is a defined benefit pension plan, which provides a benefit based on a judge's highest earnings during specified periods taking into consideration their total years of service to a maximum of 23 1/3 years. Judges contribute five per cent of their salary to the Plan.

Any deficiencies in the Plan are paid out of the General Revenue Fund (GRF) and are the responsibility of the Government of Saskatchewan.

The table below shows the number of active and retired judges in the Plan as of the current and prior year-ends.

	March 31, 2025	March 31, 2024
Active Judges	53	49
Inactive Members	3	3
Retired Judges *	85	84
Total	141	136
*Includes Superannuates, plus their dependents that are now in receipt of a survivor pension.		

Benefit Payments

During the Plan year, benefit payments are made in accordance with the Plan rules due to retirement of judges, termination of employment and death benefits – either due to death of a judge or a superannuate.

Contributions to the Plan

In accordance with the contribution schedules outlined above, judges' contributions to the Plan during the year totaled \$933,032. This compares to \$915,341 as of the previous fiscal year end. As at March 31, 2025, 51 judges (2024 – 48 judges) were contributing to the Plan.

Investment Performance

The Minister of Finance is responsible for holding in trust and investing the monies in the Plan. The Minister has retained the services of TD Asset Management Inc. to be the investment manager.

The investment manager makes the day-to-day decision of whether to buy or sell specific investments in order to achieve the long-term investment performances, as set out in the Investment Policy Statement for the Plan. It is against these long-term investment performances that the performance of the investment manager is assessed.

The primary objective for the Fund is to earn a rate of return that is consistent with the rate of return earned on a benchmark portfolio. The benchmark consists of the following market index total returns weighted as indicated:

Asset Class	Market Index	Weight
Canadian	S&P/TSX Capped Composite Index	22%
U.S.	S&P 500 Index (CAD)	14%
Non-North American	MSCI EAFE Net Dividend Index (CAD)	14%
Fixed Income Bonds	FTSE Canada Universe Bond Index	45%
Short Term Investments	FTSE Canada 91 day T-Bill Index	5%
Total		100%

The objective of the Plan is to achieve a return that is equal to or greater than the return achieved from this benchmark portfolio over a rolling four-year period. The performance history of the Plan as of March 31, 2025, has been:

	1-Year Return	Rolling 4-Year Return
Fund's Return	10.90%	6.10%
Benchmark Return	10.90%	6.20%

Cash Flow Forecast

The total cash inflow is the amount of contributions expected to be received by the pension plan. The total cash outflows are the amounts that are required to pay all pension obligations. The net cash outflows do not consider future investment income and the redemption of investments. Forecast of cash flows have been determined using the following long-term assumptions:

Factor	Current Year Assumptions	Prior Year Assumptions
Salary Escalation	3.00%	3.00%
Inflation Rate	2.00%	2.00%
Discount Rate	3.60%	3.50%
Return on Assets	5.00%	5.30%
Mortality Table	2014 CPM Public Both combined with the MI-2024 Improvement Scale	2014 CPM Public Both combined with the CPM-B Improvement Scale
Indexing Post April 1, 2003	75% CPI	75% CPI
Indexing Pre April 1, 2003	70% CPI	70% CPI

The actuarial valuations prepared by TELUS Health also take into consideration mortality under the Plan, which is reflected in the Net Cash Flow Forecasts.

	(in thousands)
Year	Net Cash Outflows
2025-2026	\$ 12,473
2026-2027	\$ 13,570
2027-2028	\$ 13,843
2028-2029	\$ 14,170
2029-2030	\$ 14,456
Total next 5 Years	\$ 68,512
Total 6-10 Years	\$ 86,171
Total 11-30 Years	\$ 448,959

Administration

The Public Pension and Benefits Administration Corporation, operating as Plannera Pensions and Benefits (Plannera, the Corporation) has responsibility for the operation, administration and management of several superannuation plans and other employee benefits programs. Administration of the Judges of the Provincial Court Superannuation Plan is carried out by Plannera.

Management's Report

To the Members of the Legislative Assembly of Saskatchewan

Administration of the Plan is presently assigned to the **Public Pension and Benefits Administration Corporation, operating as Plannera Pensions and Benefits**. Management is responsible for financial administration of the funds and management of assets.

The financial statements, which follow have been prepared by management in conformity with Canadian Accounting Standards for Pension Plans. Management uses internal controls and exercises its best judgement in order that the financial statements reflect fairly the financial position of the Plan.

The present value of pension obligations is determined by an actuarial valuation. Actuarial valuation reports require best estimate assumptions about future events which require approval by management.

The financial statements have been audited by the Provincial Auditor whose report follows.



Jeremy Phillips
President and Chief Executive Officer
Plannera Pensions and Benefits

Regina, Saskatchewan
June 26, 2025

Actuarial Opinion

This opinion is given with respect to the Judges of the Provincial Court Superannuation Plan (the “Plan”).

I performed a valuation based on the Plan provisions and assumptions as at March 31, 2025. The membership data was determined as at March 31, 2025. The valuation was prepared to provide the 2025 year-end information for financial statement reporting in accordance with Public Sector 3250 (“PS 3250”) and Section 4600 of the Chartered Professional Accountants Canada Handbook – Accounting (“CPA 4600”).

In my opinion, for the purposes of this actuarial valuation:

- The membership data on which the valuation is based are sufficient and reliable for the purposes of the valuation.
- The assumptions are appropriate for the purposes of the valuation.
- The calculations have been made in accordance with our understanding of the requirements of PS 3250 and CPA 4600.

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

Actuarial valuation results are only estimates. Actuarial valuations are performed based on assumptions and methods that are in accordance with sound actuarial principles. Emerging experience differing from these assumptions may result in gains or losses. These gains or losses will be revealed in future actuarial valuations.

A handwritten signature in black ink, appearing to read 'Douglas J. Stafford'.

Douglas J. Stafford
Fellow, Canadian Institute of Actuaries

TELUS Health
411 Dunsmuir Street, Suite 400
VANCOUVER BC V6B 1X4

April 21, 2025

Judges of the Provincial Court Superannuation Plan

Financial Statements

Year Ended March 31, 2025



INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

Opinion

We have audited the financial statements of the Judges of the Provincial Court Superannuation Plan, which comprise the statement of financial position as at March 31, 2025, and the statements of changes in net assets available for benefits and changes in pension obligations 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 the Judges of the Provincial Court Superannuation Plan as at March 31, 2025, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

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 the Judges of the Provincial Court Superannuation Plan 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 *Judges of the Provincial Court Superannuation Plan Annual Report for 2024-25*, 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 accounting standards for pension plans 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 the Judges of the Provincial Court Superannuation Plan'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 Judges of the Provincial Court Superannuation Plan or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Judges of the Provincial Court Superannuation Plan'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 Judges of the Provincial Court Superannuation Plan'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 Judges of the Provincial Court Superannuation Plan'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 Judges of the Provincial Court Superannuation Plan 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
June 26, 2025

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

Judges of the Provincial Court Superannuation Plan
Statement of Financial Position

Statement 1

As At March 31

	(in thousands)	
	2025	2024
Assets		
Cash (Note 7)	\$ 417	\$ 391
Investments		
Pooled Funds (Note 4)	53,250	48,022
	53,667	48,413
Receivables		
Other (Note 5)	5	9
Total Assets	53,672	48,422
Liabilities		
Accounts Payable	323	307
Total Liabilities	323	307
Net Assets Available for Benefits (Statement 2)	53,349	48,115
Pension Obligations (Statement 3, Note 6)	312,940	290,097
Deficit	\$ 259,591	\$ 241,982

(See accompanying notes to the financial statements)

Judges of the Provincial Court Superannuation Plan
Statement of Changes in Net Assets Available for Benefits

Statement 2

Year Ended March 31

	(in thousands)	
	2025	2024
Increase in Assets		
Investment Income (Note 4)		
Interest	\$ 9	\$ 52
Pooled Funds	1,490	1,354
	1,499	1,406
Increase in Market Value	3,755	3,087
Contributions by Judges	933	915
Deficiency Recoveries from the General Revenue Fund (Note 5)	11,492	10,387
Total Increase in Assets	17,679	15,795
Decrease in Assets		
Administration Expenses (Note 12)	129	106
Refund of Contributions and Interest	-	17
Superannuation Allowances		
Magistrates' Courts Act	487	474
Provincial Court Act	11,829	10,789
Total Decrease in Assets	12,445	11,386
Increase in Net Assets	5,234	4,409
Net Assets Available for Benefits, Beginning of Year	48,115	43,706
Net Assets Available for Benefits, End of Year (Statement 1)	\$ 53,349	\$ 48,115

(See accompanying notes to the financial statements)

**Judges of the Provincial Court Superannuation Plan
Statement of Changes in Pension Obligations**

Statement 3

Year Ended March 31

	(in thousands)	
	2025	2024
Pension Obligations, Beginning of Year	\$ 290,097	\$ 279,365
Increase in Pension Obligations		
Interest on Pension Obligations	10,180	9,543
Pension Obligations Accrued	12,890	12,862
Net Experience Loss	469	2,452
Addition of New Members	935	1,042
Net Loss Due to Change in Assumptions	10,685	-
	<u>35,159</u>	<u>25,899</u>
Decrease in Pension Obligations		
Pension Obligations Paid	12,316	11,280
Net Gain Due to Change in Assumptions	-	3,887
	<u>12,316</u>	<u>15,167</u>
Pension Obligations, End of Year (Statement 1, Note 6)	<u>\$ 312,940</u>	<u>\$ 290,097</u>

(See accompanying notes to the financial statements)

Judges of the Provincial Court Superannuation Plan

Notes to the Financial Statements

March 31, 2025

1. Description of the Plan

a) General

The Judges of the Provincial Court Superannuation Plan (Plan) provides defined benefit final average pensions to the Judges of the Provincial Court of Saskatchewan under *The Provincial Court Act, 1998*.

The Provincial Court Act, 1998 also provides authority to the Judges of the Provincial Court Superannuation Fund (Fund) to accumulate all contributions by judges, investment income and payments received from the General Revenue Fund (GRF). Pensions, annuities, supplementary allowances, refunds and interest are paid out of the Fund.

Under *The Provincial Court Act, 1998*, the judges are entitled to a retirement benefit from the pension plan (called a registered pension plan) under *The Provincial Court Pension Plan Regulations* to the maximum permitted by the *Income Tax Act* (Canada) and an additional retirement benefit under *The Provincial Court Compensation Regulations*. The additional retirement benefit is not part of the registered pension plan.

Further plan details are contained in *The Provincial Court Act, 1998*, and the related regulations.

b) Administration

The Minister of Finance administers the Fund and is responsible for the investment of the Fund. Day-to-day administration is provided by the Public Pension and Benefits Administration Corporation, operating as Plannera Pensions and Benefits (Plannera, the Corporation).

During the fiscal year 2023-2024 year, the Saskatchewan Pension Annuity Fund Board took over the governance of the Plan.

c) Funding Policy

Judges contribute five per cent of salary each year.

d) Retirement

The normal retirement age is 65. Judges appointed under *The Magistrates' Courts Act* retire at age 70. There are no remaining active or deferred members eligible to receive benefits under *The Magistrates' Courts Act*, however there are four pensioners that are currently receiving benefits under *The Magistrates' Courts Act*.

e) Registered Pension Plan

Pursuant to *The Provincial Court Pension Plan Regulations*, the annual pension payable to a superannuated judge is two per cent of the average of the judge's highest three years of salary to the maximum permitted by the *Income Tax Act* (Canada), multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years.

f) Additional Retirement Benefits

Judges are entitled to receive a retirement benefit, including the benefit from the registered pension plan, of three per cent of the average of the judge's highest three years of salary, multiplied by the total number of years of service for which the judge has contributed. The maximum number of years of service is 23 1/3 years. Under *The Provincial Court Compensation Regulations*, judges, who have served for at least 18 years, have attained the age of 58 years or more and the total of the judge's age in years and years of contributory service equals 80 or more, are entitled to a retirement benefit including the benefit from the registered pension plan of 70 per cent of the average of the judge's highest three years of salary.

The Provincial Court Compensation Regulations provide for benefits for judges appointed after September 30, 1978, and before December 13, 1985. A judge appointed between these dates, who was 50 years or less on the day of appointment, was engaged in the practice of law for 10 years prior to appointment, was a member in good standing of the bar in a province of Canada for at least 10 years prior to appointment, retires at age 65 and at retirement has served continuously for at least 15 years as a judge, is entitled to a retirement benefit including the benefit from the registered pension plan of 70 per cent of the average of the judge's highest three years of salary.

Effective April 1, 2009, a judge who receives a pension pursuant to *The Provincial Court Pension Plan Regulations* and has made contributions to the superannuation fund with respect to allowances paid to the judge, is entitled to receive an additional retirement benefit for life with respect to those allowances. Allowances are paid to the Chief Judge, Associate Chief Judges, Administrative Judges and Northern Judges.

g) Refunds of Contributions

A judge, who retires, resigns or is removed from office, and who is not entitled to receive a pension, is entitled to receive a refund of contributions together with interest.

h) Income Tax

The Plan is a registered pension plan, as defined by the *Income Tax Act* (Canada) and accordingly, is not subject to income taxes. Allowances and refunds are subject to withholding taxes that are remitted to the Canada Revenue Agency.

2. Basis of Preparation

a) Statement of Compliance

The financial statements have been prepared in accordance with Canadian accounting standards for pension plans as outlined in the CPA Canada Handbook Section 4600, *Pension Plans*. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRS) have been followed.

These financial statements were authorized by the Board for issuance on June 26, 2025.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for financial instruments which have been valued at fair value with all gains and losses being recognized through change in market value on the Statement of Changes in Net Assets Available for Benefits.

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 stated.

3. Significant Accounting Policies

The significant accounting policies are as follows:

a) **Basis of Accounting**

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 sponsor 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.

b) **Investments**

Pooled fund investments are valued at the 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 change in the market value of investments during the year is reflected on the financial statements as a market value adjustment.

c) **Investment Transactions and Income**

Investment transactions are recorded on the trade date. Transactions conducted in foreign currencies are translated into Canadian dollars using the exchange rate in effect at the transaction date. Dividend income is recognized on the record date. Monetary items denominated in foreign currency are translated at the exchange rate in effect at year end.

d) **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and 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 reporting period. Actual results could differ from these estimates and changes in estimates are recorded in the accounting period in which they are determined. The most significant estimation process is related to the actuarial determination of the pension obligations (Note 6).

e) **Interest Income**

Interest is recognized as income when earned.

f) **Contributions**

Contributions are received monthly and recognized as revenue when due.

g) **Deficiency Recoveries from the General Revenue Fund**

Deficiency Recoveries from the General Revenue Fund are received monthly and recognized as revenue when due. Detailed requirements are disclosed in note 5.

h) Pension Obligations

Pension obligations represent the present value of the obligations for the Plan. The pension obligations is determined pursuant to an actuarial valuation or extrapolation. Any change in the liability pursuant to the valuation or extrapolation is recognized as an increase or decrease in that year's Statement of Changes in Pension Obligations.

i) Superannuation Allowances

Superannuation allowances are paid monthly. The monthly allowances are recognized as an expense when paid.

j) Adoption of Amended Accounting Standards

Effective April 1, 2024, the Plan adopted the amendments to Section 4600, Accounting standards for Pension Plans. The amendments clarify uncertainty in the standards and provide new guidance where no guidance previously existed. These amendments include:

- i. Guidance on determining the split or amalgamation of pensions;
- ii. Guidance on accounting guaranteed annuity contracts;
- iii. Clarifying the presentation requirements for combination plans; and
- iv. Requirement of additional risk disclosures for investments in master trusts.

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

4. Investments

The Plan's investment portfolio is passively managed by TD Asset Management Inc. Foreign equities including foreign pooled funds are limited to 38 per cent of the market value of the investment portfolio and are denominated in Canadian dollars. The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the funds managed. The Plan's pooled funds are comprised of the following:

	Market Value (in thousands)	
	2025	2024
TD Emerald Canadian Bond Index Fund	\$ 24,399	\$ 20,418
TD Emerald Canadian Equity Index Fund	11,568	10,999
TD Emerald International Equity Index Fund	7,683	7,008
TD Emerald Pooled U.S. Fund	6,920	7,268
TD Emerald Canadian Short Term Investment Fund	2,680	2,329
	<u>\$ 53,250</u>	<u>\$ 48,022</u>

The TD Emerald Canadian Equity Index Fund, the TD Emerald Pooled US Fund, and the TD Emerald International Equity Index Fund all may use derivative financial instruments such as forward and futures contracts, options and swaps, as permitted by the Canadian Securities legislation, to gain exposure to the S&P/TSX Composite Index, the S&P 500 Index and the MSCI EAFE Index and their underlying components respectively, to hedge against movements in currency exchange rates and equity indices, and to increase liquidity within the portfolio. Sufficient cash or securities will be held within each fund to cover all derivative obligations.

Derivative financial instruments are financial contracts that change in value resulting from changes in underlying assets or indices. Derivatives transactions are conducted in over-the-counter markets directly between two counterparties or on regulated exchange markets. All derivative financial instruments are recorded at market value using market prices. Where market prices are not readily available, other valuation techniques are used to determine market value.

Fair Value

The Plan has classified its required 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.

The Plan presently holds only financial instruments that are classified as Level 2.

5. Deficiency Recoveries from the General Revenue Fund

Section 22 of *The Provincial Court Act, 1998* provides that annuities under *The Magistrates' Courts Act* shall be paid out of the Fund. A judge of the magistrates' courts may elect to receive an annuity to which he/she was entitled under *The Magistrates' Courts Act* rather than contributing to the Fund and receiving benefits as determined by *The Provincial Court Act, 1998*. Accordingly, the annuities which are now or will become payable under *The Magistrates' Courts Act* are considered to be a deficiency and the Fund is reimbursed by the GRF each year. Also, any amounts payable under *The Provincial Court Act, 1998* to superannuates in excess of an individual's accumulated contributions are considered as a deficiency and are recovered from the GRF. In addition, the GRF may make lump sum contributions to reduce any deficit.

During the year, the Fund determined the following deficiency recoveries from the GRF. All amounts have been received from the GRF with the exception of \$4,556 (2024 – \$8,840), still receivable as at March 31, 2025:

	(in thousands)	
	2025	2024
Deficiencies - <i>The Magistrates' Courts Act</i>	\$ 487	\$ 474
- <i>The Provincial Court Act, 1998</i>	11,005	9,913
	<u>\$ 11,492</u>	<u>\$ 10,387</u>

6. Pension Obligations

An actuarial valuation of the Plan was performed by TELUS Health as at March 31, 2025. The actuarial present value of the pension obligation of the Plan was determined using the projected accrued benefit (or projected unit credit) actuarial cost method and management's best estimate assumptions. The next annual valuation is due March 31, 2026.

The pension obligations is based on a number of assumptions about future events including discount rates, rate of salary increases, inflation, mortality, retirement rates and termination rates. The discount rate is based on a 10-year average of the net discount rates used for the current year and the nine prior fiscal years.

For each year, the net discount rate is determined by blending the long-term expected return on plan assets and the long-term provincial bond rate as at the valuation date based on the proportion of obligations that was funded and unfunded.

The significant long-term assumptions used in the actuarial valuation of pension obligations are as follows:

	2025	2024
Salary Escalation Rate	3.00%	3.00%
Inflation Rate	2.00%	2.00%
Discount Rate	3.60%	3.50%
Mortality Table	Males: 75% of 2014 CPM Public Females: 93% of 2014 CPM Public Both combined with the MI-2024 Improvement Scale	Males: 75% of 2014 CPM Public Females: 93% of 2014 CPM Public Both combined with the CPM-B Improvement Scale
Indexing Post April 1, 2003 pensioners	75% CPI	75% CPI
Indexing Pre April 1, 2003 pensioners	70% CPI	70% CPI

The following illustrates the effect on the pension obligations if the assumptions used in estimating the obligations change:

	Long-term Assumptions						Post-retirement Indexing **	
	Inflation*		Salary		Discount Rate			
Increase (Decrease) in rate	1.0%	(1.0%)	1.0%	(1.0%)	1.0%	(1.0%)	1.0%	(1.0%)
(Decrease) Increase in pension obligations	(3.6%)	3.8%	1.4%	(1.3%)	(12.4%)	15.5%	12.7%	(10.7%)

* A change in the inflation rate of one per cent has a corresponding change in the discount rate, salary increase, and post-retirement indexing of one per cent due to the way in which these assumptions are correlated. However, the change in discount rate, salary increase, and post-retirement indexing does not have an impact on the other assumptions listed above.

** Post retirement indexing includes the impact of a one per cent change in the pre-2003 indexing and in the post-2003 indexing.

If there are insufficient monies in the Fund to pay allowances or other payments, the Minister of Finance is obligated to pay any such deficiency out of the GRF. The deficit for the Plan is not payable immediately. The expected cash inflows from contributions and the expected cash outflows to pay the required pension obligations are calculated using the above assumptions. The net cash outflows do not consider future investment income and the redemption of investments. The expected net cash flows are not adjusted for inflation, they are based on actual dollar forecasts. The estimated net cash outflows for the next five years are \$68.5 million, for the next 10 years \$154.7 million and for the next 30 years \$603.6 million.

7. Cash

Effective January 1, 2024, the Plan's bank account was transitioned to the 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 from April 1, 2024, to March 31, 2025, was 4.35 per cent. The average interest rate earned from January 1, 2024, to March 31, 2024 was 5.30 per cent.

8. Financial Risk Management

The nature of the Plan'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 geopolitical environment risk, interest rate risk, foreign exchange risk and equity prices 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 by the Board. The investment policy provides guidelines to the Plan's investment managers 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. The Plan reviews regular compliance reports from its investment managers as to their compliance with the investment policy. The Plan also reviews regular compliance reports from its custodian as to the investment managers' compliance with the investment policy.

Credit Risk

Credit risk is the risk that one party does not pay funds owed to another party. The Plan's credit risk arises primarily from accounts receivable and certain investments. The maximum credit risk to which it is exposed at March 31, 2025, is limited to the carrying value of the financial assets summarized as follows:

	(in thousands)	
	2025	2024
Receivables	\$ 5	\$ 9
Cash	417	391
Fixed Income Investments ¹	27,079	22,747

¹ Includes the bond and short term pooled funds.

Credit risk within investments is primarily related to the TD Emerald Canadian Short Term Investment Fund and the TD Emerald Canadian Bond Index Fund. It is managed through the pooled fund prospectus that limits fixed term investments to those of high credit quality (minimum rating for bonds is intended to be A, 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 geopolitical environment, 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

The Plan 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 net assets available for benefits and deficit by \$1.8 million at March 31, 2025, representing 6.5 per cent of the \$27.1 million fair value of fixed income investments.

Foreign Exchange

The Plan is exposed to changes in the U.S. dollar exchange rate through its investment in the TD Emerald Pooled U.S. Fund. Also, the Plan is exposed to international currencies through its investment in the TD Emerald International Equity Index fund. Exposure to both U.S. equities and international equities is limited to a maximum 38 per cent of the market value of the total investment portfolio. At March 31, 2025, the Plan's exposure to U.S. equities was 13.0 per cent (2024 – 15.1 per cent) and its exposure to International equities was 14.4 per cent (2024 – 14.6 per cent).

At March 31, 2025, a 10 per cent change in the Canadian dollar versus U.S. dollar exchange rate would result in approximately a \$0.69 million change in net assets available for benefits and deficit. A 10 per cent change in the Canadian dollar versus international currencies would result in approximately a \$0.77 million change in net assets available for benefits and deficit.

Equity Prices

The Plan is exposed to changes in equity prices in Canadian, U.S. and International markets through its pooled funds. Equity pooled funds comprise 49.1 per cent (2024 – 52.6 per cent) of the market value of the Plan's total investments.

The following table indicates the approximate change that could be anticipated to the net assets available for benefits based on changes in the Plan's benchmark indices as of March 31, 2025:

	(in thousands)	
	<u>10% increase</u>	<u>10% decrease</u>
S&P/TSX Capped Composite Index	\$ 1,157	\$ (1,157)
S&P 500 Index (CAD)	692	(692)
MSCI EAFE Index (CAD)	768	(768)

Liquidity Risk

Liquidity risk is the risk that the Plan 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 accrued liabilities will be paid within the next fiscal period.

9. 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 and non-Crown corporations and enterprises subject to joint control or significant influence by the Government of Saskatchewan collectively referred to as “related parties”. The operating expenses associated with administering the Plan are paid to Plannera (2024 – PEBA Revolving Fund and Plannera). At year-end, the Plan has an accounts payable to Plannera of \$10,400 (2024 - \$8,536).

Other transactions with related parties and amounts due to or from them are disclosed separately in these financial statements and notes. Related party transactions with the Plan are in the normal course of operation and are recorded at exchange amounts agreed to by the parties to the transactions.

10. Fair Value of Financial Assets and Financial Liabilities

For the following financial instruments, the fair value approximates their carrying value due to the immediate or short-term nature of these instruments:

- a) Cash;
- b) Other Receivables; and
- c) Accounts payable

The calculation of fair value of investments are disclosed in Note 3 and Note 4.

The fair value of pension obligations cannot be readily determined; however, information about the pension obligations is provided in Note 6.

11. Investment Performance

The Plan reviews the investment performance of the Fund in terms of the performance of the benchmark portfolio over four-year rolling periods. The primary objective for the Fund is to earn a rate of return that is consistent with the rate of return earned on a benchmark portfolio.

The following is a summary of the Plan's investment performance:

	<u>2025</u>	<u>2024</u>	<u>Rolling Four-year Average Annual Return</u>
Plan's Actual Rate of Return (a)	10.90%	10.40%	6.10%
Fund's Benchmark (b)	10.90%	10.60%	6.20%

- (a) The annual returns are before deducting investment expenses.
- (b) The Fund's benchmark for its investment portfolio has been calculated using the actual returns of the following indices: The Standard & Poors (S&P)/Toronto Stock Exchange Capped Composite Index, the S&P 500 Index (Canadian dollars), the Morgan Stanley Capital International Europe, Australasia and Far East Index (Canadian dollars), the FTSE Canada Universe Bond Index, and the FTSE Canada 91-Day Treasury Bill Index.

12. Administration Expenses

	(in thousands)	
	2025	2024
Administration Costs – PEBA Revolving Fund	\$ -	\$ 69
Administration Costs – Plannera	111	21
Other Administration Costs	2	1
Investment Management Fees – TD Asset Management Inc.*	16	15
	<u>\$ 129</u>	<u>\$ 106</u>

*Investment management fees are based on the market value of the Fund's portfolio.

13. Capital Management

The Plan receives new capital from judges' contributions and deficiency payments. The Plan also benefits from income and market value increases on its invested capital. The Plan's capital is invested in a number of pooled funds including equity funds, a fixed income fund, and a money market fund. The Minister of Finance has delegated the operational investment decisions to TD Asset Management Inc. as defined in the Plan's Statement of Investment Policy and Goals.