

A photograph of a Black couple sitting on an airplane. The man is on the left, wearing a light blue striped shirt, and the woman is on the right, wearing a mustard yellow cardigan. They are both smiling and looking towards the right. The background shows the interior of an airplane with overhead lights.

CANADIAN FORCES
NON-PUBLIC FUNDS (NPF)

EMPLOYEES PENSION PLAN

Pension Board
Annual Report

2024

CANADIAN FORCES NON-PUBLIC FUNDS (NPF)
EMPLOYEES PENSION PLAN
PENSION BOARD ANNUAL REPORT
2024

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MESSAGE FROM THE CHAIR



It is my pleasure to share with you the 2024 Pension Board Annual Report that highlights another year of strong performance of the Pension Fund and strategic achievements.

As the newly appointed Chair of the Pension Board, the well-being of all our Plan's members is at the forefront of all decisions of the Pension Board. You, our Plan members, active employees, former employees, and pensioners have contributed to CFMWS' mission, and we are committed to supporting your financial journey in your working years and into retirement. This dedication to our fiduciary responsibilities guides not only our decision-making, but also drives our Strategic Plan, which aims to ensure the long-term sustainability of our defined benefit Pension Plan and improve the experience of all Plan members.

This year represents the final year of our 2022-2024 Strategic Plan and over the last three years the Pension Board has realized numerous strategic goals. One of this year's great accomplishments was the transition of record-keeper resulting in our Plan members having the modern and innovative services they deserve. With the Pension Plan's new record-keeper, our Plan members now have access to information at their fingertips that was not previously available. In addition, the Pension Investment Committee undertook a diligent review and implementation of an updated investment policy to better position the Pension Fund for long-term financial success. The changes to our Pension Fund investment strategy have yielded positive results in periods of market uncertainty. This strong investment performance over the last year has led Pension Fund assets to another record year-end high, contributing to the Pension Plan's sustained good health. We are once again in the position of having a fully funded Pension Plan for the third consecutive year, meaning that it currently holds sufficient funds to deliver on all its current and future projected pension obligations. While the Pension Board is pleased with these positive outcomes, we remain focused on our strategic goals and continue to work towards building on these results.

The success of the Pension Plan is attributable to the teamwork behind the scenes and the dedicated stewardship of the Pension Board members. It is with appreciation that the Pension Board recognizes the contributions of its outgoing members. We thank Bruce Pickard for over a decade of service supporting the Pension Board's collective efforts. We would also like to thank Ian Poulter, the outgoing Chair, for his leadership of the Pension Board over the last few years. At the same time, we extend a warm welcome to Tanya Marchenko as the Pension Board's newest member.

As we move into the new year, we look forward to introducing the Pension Board's 2025-2027 Strategic Plan with a focus on the Plan member experience. With all Plan members in mind, the Pension Board is committed to its constant pursuit to deliver on the pension promise.

Julie Peckham
Chief Operating Officer, CFMWS and Pension Board Chair

EXECUTIVE SUMMARY



The past year marked another significant milestone for the Pension Plan, highlighting its financial strength, resilience, and ongoing security for its members. This period was characterized by positive investment performance, a robust funded status, and the successful conclusion of the Pension Board's 2022-2024 Strategic Plan.

The Plan's investment portfolio experienced substantial growth, closing the year with an asset value of \$591.1 million – the highest year-end value achieved to date. The net investment return of 10.7% was primarily driven by the strong performance of global equities. Although this was lower than the 12.8% return achieved in 2023, it still represents favorable performance amid complex economic conditions. Real assets and alternative strategies provided diversification and helped mitigate market volatility throughout the year.

As of the latest actuarial valuation, the Plan is fully funded on both a solvency and going concern basis. This secure position demonstrates the Plan's ability to meet current and projected future obligations. As the surplus level continues to exceed legislated limits, the mandated pause on Employer contributions remains in effect. Special solvency payments are still at zero, and regular Employer contributions will resume based on the results of the next actuarial valuation.

The year also saw the conclusion of the Pension Board's 2022-2024 Strategic Plan. This strategy led to several key developments in enhancing Plan sustainability, strengthening governance practices, improving services, and elevating the overall member experience. A notable achievement was the completion of a market search for a third-party administrator, which began at the end of 2023 and resulted in the appointment of a new service provider. Aon took over administration of the Plan on December 1, 2024, coinciding with the launch of the Pension Portal. This new online portal provides eligible Plan members with easy access to a pension estimator tool and their pension information.

The completion of the strategic plan prompted a review of progress towards goals and the identification of priorities for the next strategic plan. Details on the Board's strategic activities and progress are available in this report.

Looking ahead, the Plan enters 2025 from a secure position. The Pension Board's 2025-2027 strategy is now underway, with a focus on enhancing the Plan member experience.

INTRODUCTION



The Canadian Forces Non-Public Funds (NPF) Employees Pension Plan (the Plan) is a defined benefit pension plan for the employees of the Staff of the Non-Public Funds (SNPF). The Plan is governed by the federal Pension Benefits Standards Act (PBSA), regulated by the Office of the Superintendent of Financial Institutions (OSFI) and subject to the Income Tax Act (ITA). As such, plan governance must be carried out in accordance with applicable laws, regulations, rules and professional standards.

The Pension Board Annual Report communicates to Plan members the significant pension governance activities undertaken by the Pension Board in 2024 to ensure legislative compliance and good governance practices.

Role of the Pension Board

The Staff of the Non-Public Funds, Canadian Forces acts as both Plan Sponsor and Plan Administrator.

- As Plan Sponsor, SNPF is responsible for establishing, designing, amending or terminating the Plan.
- As Plan Administrator, SNPF is responsible for the oversight, management and administration of the Plan, including the investment of Plan assets.

Plan Administrator responsibility has been delegated to the Pension Board to ensure that fiduciary, and other obligations of the Plan are met, including selection and monitoring of third-party service providers.

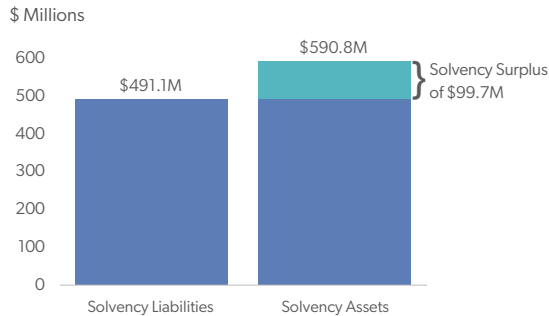
The Pension Board also has authority to make recommendations on plan design and amendment.

The Pension Investment Committee, a sub-committee of the Pension Board, has delegated responsibility to oversee asset performance and advise on the Pension Fund's investment policy.

AT A GLANCE

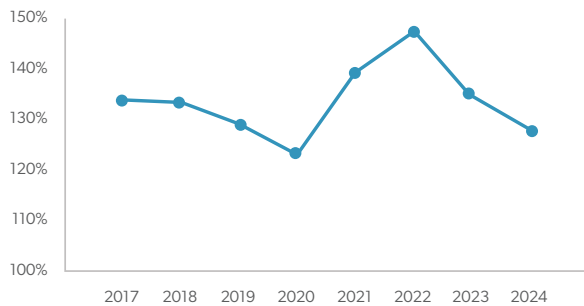
Actuarial Valuation

The Plan is fully funded for the third consecutive year.
If the Pension Plan closed as of the valuation date, it would be able to pay all the benefits it owes to the Plan's members.



Going concern ratio remains healthy.

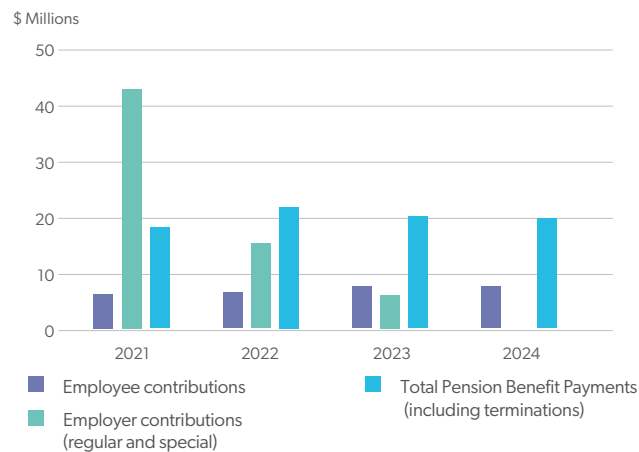
If the Pension Plan continued indefinitely, it would be able to pay for Plan members' pensions as they retire over time. This shows that the Plan is in very good health.



Contributions and Payments

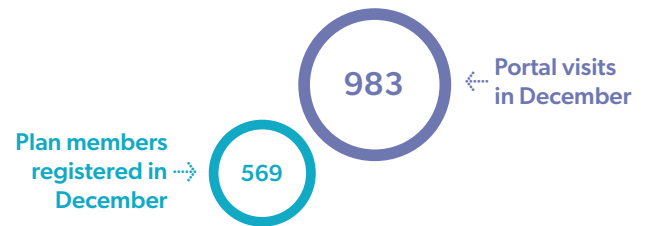
Pension benefit payments totaled \$19.7M.

- Employee contributions totaled \$8.1M.
- The mandated pause on Employer contributions remained in effect throughout the year.
- As of January 1, 2025, the average annual pension in pay is \$11.8K.



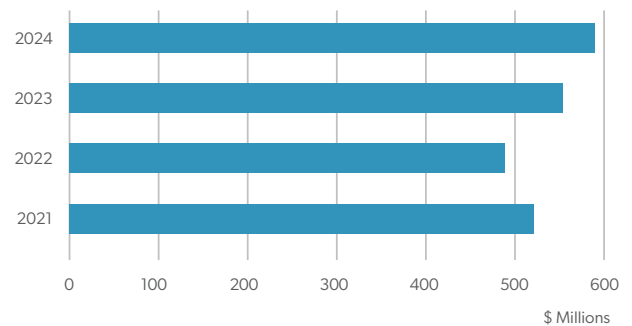
Pension Portal

New third-party administrator as of December 2024.
With this change, the new online Pension Portal was launched.

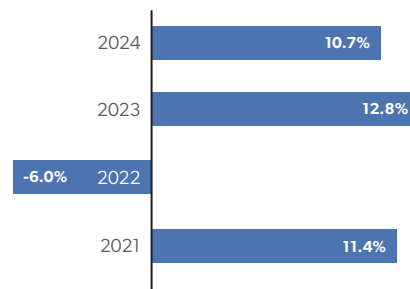


Plan Performance

The Pension Plan's assets totaled \$591.1M.
Strong market performance resulted in a record year-end asset value.



The net return for 2024 was 10.7%.
The Plan continued its strong market performance.

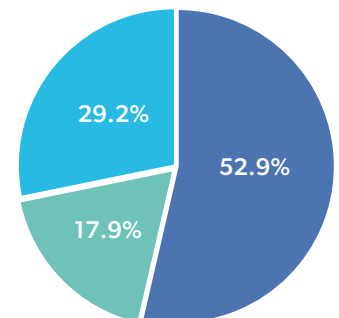


Plan Membership

Membership increased from 4,531 to 4,609.

- Average age of active members is 44.2 years.
- Average age of retirees is 72.6 years.

- Active & Disabled
- Deferred
- Retired (inc. survivors)



PLAN OVERVIEW AND GOVERNANCE

Plan Design and Sustainability

Alignment with Employer Objectives – The objective of the Plan is to serve as an attraction for talent recruitment and provide its members with a secure defined pension benefit at a reasonable cost to SNPF.

Registration Status – The Plan’s registration with the Office of the Superintendent of Financial Institutions (OSFI) and the Canada Revenue Agency (CRA) is in good standing.

Plan Amendments – The most recent plan amendment was filed in 2023 to allow for issuance of a one-time ad hoc indexation increase.

Plan Sustainability – The Plan still serves its goal of attracting and protecting employees with secure retirement income.

Governance Structure/Process

Governance Structure

Good governance safeguards the Plan by having in place a structured process for overseeing, managing and administering the Plan to ensure compliance with all applicable legal and fiduciary requirements, and other obligations of the Plan. The activities of the Pension Board and its agents and advisors ensure that those objectives continue to be met.

Governance Manual

The Governance Manual defines the responsibility and accountability framework for all parties involved in the governance process. Effective application of governance practices ensures the Plan is consistently managed in the best interests of Plan members, retirees and survivors, and is compliant with the good governance guidelines established by the Canadian Association of Pension Supervisory Authorities (CAPSA).

In 2024, the annual review of the Governance Manual resulted in administrative updates to reflect changes in service providers and their mandates.

Plan Operating Expenses

As of July 1, 2024, the Plan resumed responsibility for all its operating expenses. This was a change prompted by the favourable funding position of the Plan. Previously, all operating expenses, other than investment management fees, had been paid by the organization.

In fiscal year 2024-2025, the organization-paid operating expenses totaled \$0.4M and in 2024, Fund-paid operating expenses, including investment management fees, totaled \$0.8M, for a total operating cost of \$1.2M.

PENSION BOARD DISCUSSION & ANALYSIS

Pension Board Membership

The Pension Board Chair, five CFMWS Executives, two active Plan Member Representatives (Category I and Category II) and one Retiree Representative are responsible for overseeing and administering the Plan.

The Chief Operating Officer was appointed as Chair of the Pension Board, and the Chief Financial Officer was appointed as Chair of the Pension Investment Committee. The Chief Information Officer stepped down from the Pension Board and the Deputy Chief Information Officer was appointed to take their place.

The Deputy Chief Information Officer was onboarded in 2024.

Pension Board and Pension Investment Committee Members (as at December 31, 2024)

Julie Peckham, Chief Operating Officer, Pension Board Chair and Pension Investment Committee member

Dave Patel, Chief Financial Officer, Pension Investment Committee Chair and Pension Board member

Robin Ross, Chief Human Resources Officer, Pension Board and Pension Investment Committee member

Jill O'Neill, Sr. Vice President SISIP, Pension Board and Pension Investment Committee member

Corinna Heilman, Sr. Vice President PSP, Pension Board member

Tanya Marchenko, Deputy Chief Information Officer, Pension Board member

Jacques Béland, Sr. Manager PSP, Category II Employee representative of the Pension Board

Michael Pyniansky, Sr. Accounting Clerk, Category I Employee representative of the Pension Board

Jo-Anne Gibson, Retiree representative of the Pension Board

Elizabeth Springer, External member of the Pension Investment Committee

Debra Alves, External member of the Pension Investment Committee

Pension Board Education

The Pension Board strives to ensure members are knowledgeable regarding their Board roles and responsibilities. New Pension Board members are required to attend an educational course on governance principles and responsibilities within the first year of membership.

The Chief Financial Officer and Sr. Vice President PSP completed the School of Pension Investment Management (SPIM) course offered to new Pension Board members in 2024. The Deputy Chief Information Officer is expected to complete the SPIM course in 2025.

Pension Board Performance

The Pension Board conducts an annual self-evaluation based on the best practices of public retirement systems and identifies critical issues and significant achievements. Although a slight decrease in scores was noted in the self-evaluations for 2024, the rating remains satisfactory.

Pension Board Liability Insurance

Pension Board members, acting on behalf of SNPF, in accordance with the Governance Manual and in proper pursuit of their duties are normally indemnified against any loss or damage arising out of legal action taken against them. The NPP Consolidated Insurance Program and the SNPF Indemnification Policy provide Directors and Officers Liability coverage for defence, penal coverage and litigation expenses.

In 2023, a Fund-paid fiduciary liability insurance was obtained for members of the Pension Board and Pension Investment Committee.

01

PLAN FUNDING



Valuation Report and Assumptions

The pension valuation report determines the annual contributions required to fund the current service cost of the Plan as well as special payments required to fund any solvency or going concern deficiency.

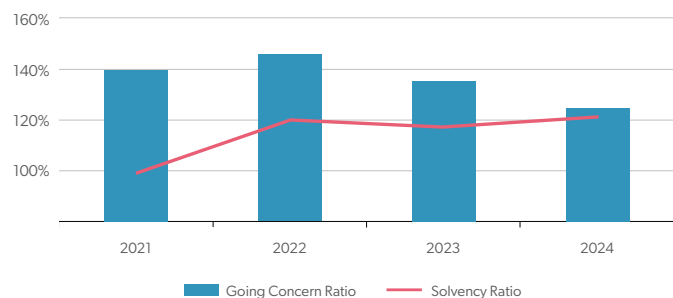
A formal actuarial valuation was conducted as at December 31, 2024, and the next valuation will be no later than December 31, 2027.

Funded Position

The funded status compares the Plan's assets to its liabilities (i.e., pension obligations), and is a key measure of the current financial health of the Plan. The Plan must be funded on both going concern and solvency basis.

At year-end 2024, the Plan's going concern reported a surplus for the fourteenth consecutive year, with a funded position of 127.1% or \$120.2M surplus.

The solvency-funded position was 120.3% or \$99.7M surplus. The 3-year average solvency ratio of 118.6% results in there being no minimum annual special payments for 2025.



The Employer current service contribution rate for 2025 is 136.5% of employees' contributions (or an estimated \$11.8M), up from 122.8% in 2024.

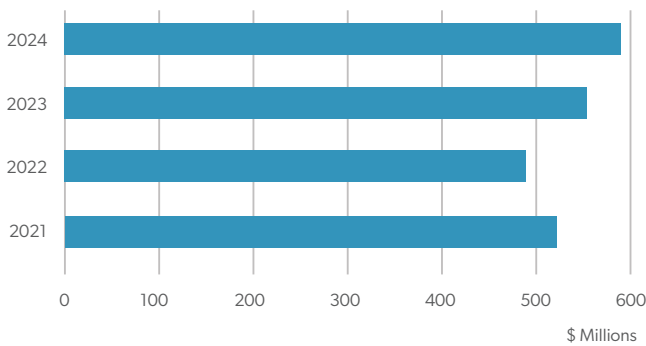
Per the Income Tax Act and applicable legislation, Employer contributions must cease if a pension plan's solvency ratio exceeds 105% and its going concern ratio exceeds 125%. As both the Plan's solvency and going concern ratios exceed these thresholds for another year, the pause on Employer contributions that began as of the filing of the 2022 valuation results, continues with the filing of the 2024 valuation results. The pause on Employer contributions remains in place, pending the results and filing of the next valuation, which, in accordance with regulatory guidelines, will be no later than 2028.

Pension Fund Inflow

Regular employee pension contributions totaled \$8.1M. The Employer regular contributions were nil due to the ongoing mandated pause on Employer contributions.

Pension Fund Outflow

Pension-related payments from the Fund totaled \$19.7M, comprised of \$16.5M in retirement and survivor benefits, \$3.2M in lump sum refunds to terminated employees and beneficiaries. In addition, \$0.8M in investment management fees and operating expenses were paid for from the Fund.



Pension Assets

The Plan's assets totaled \$591.1M as at December 31, 2024, an increase of \$46.3M over the previous year.

02

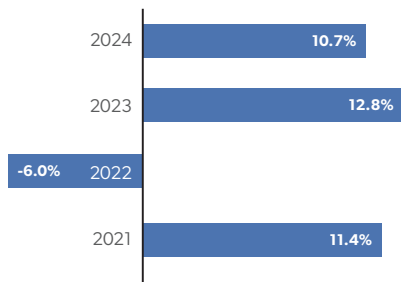
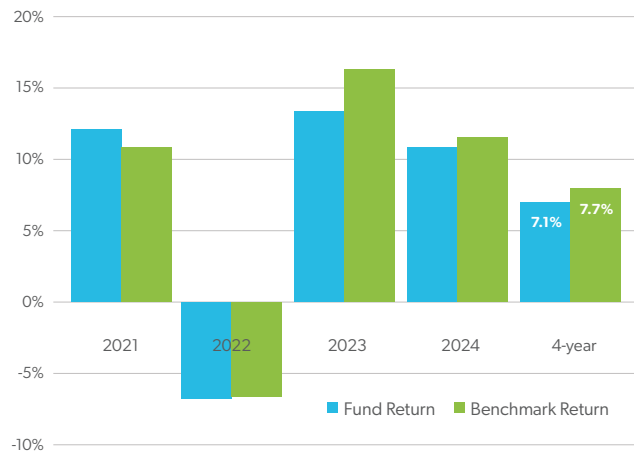
INVESTMENTS



Investment Objective

The investment objective of the Plan is to achieve a total annual rate of return, after disbursement of investment management fees, resulting in the Plan being fully funded on a solvency basis.

The 4-year return was 7.1% versus the policy benchmark at 7.7%.



Gross returns, net of cash inflow for 2024 was at 10.8%, and one-year returns net of investment management fees and administration expenses were 10.7% in 2024, down from 12.8% in 2023.

Investment Performance Monitoring

The Pension Investment Committee, chaired by the Chief Financial Officer, monitors fund management and investment performance on a regular basis and reports to the Pension Board at each meeting.

The Pension Investment Committee believes that investing using an active management approach will allow the Fund to meet the investment objective at an acceptable degree of risk for the Plan Sponsor.

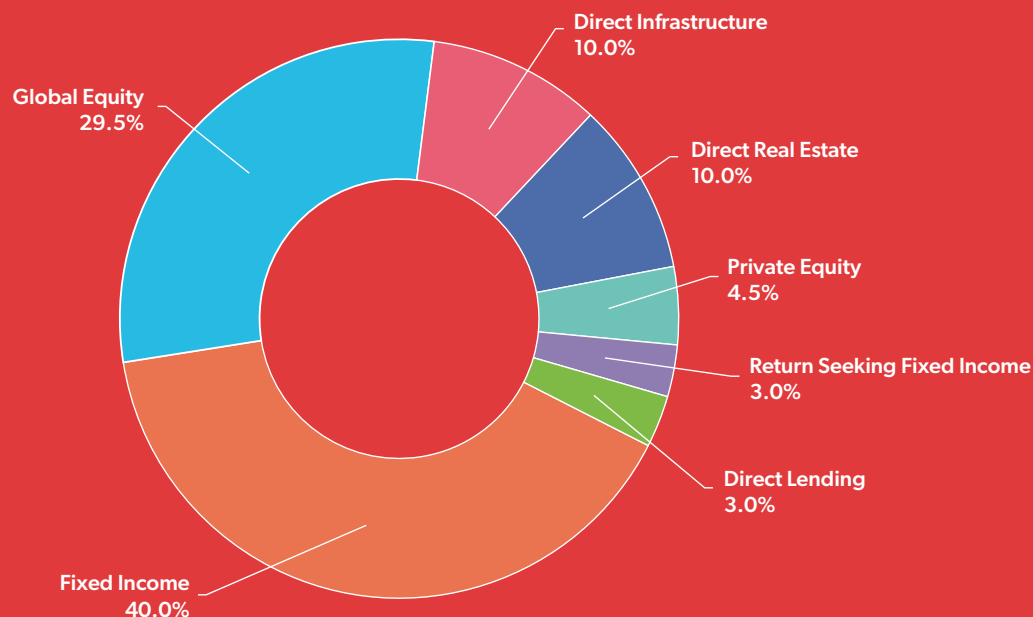
Investment Policy

The Investment Policy Benchmark Portfolio has been established for two purposes. The first purpose of the Investment Policy Benchmark Portfolio is to provide a benchmark for the evaluation of the total return of the Fund as well as the return for each asset class. A second purpose is to provide a reference for future long-term requirements at a risk level acceptable to the SNPF, CF. This Benchmark Portfolio will shift when market conditions permit greater time-horizon matching of Plan Assets with Plan Liabilities.

The Statement of Investment Policies and Procedures (SIPP) utilizes a diversified portfolio approach as the best means of maximizing investment returns while minimizing the risk of investment loss and excessive volatility.

The Pension Investment Committee reviews the SIPP on an annual basis and, if required, recommends changes to the Pension Board for approval.

In 2023, a new target asset mix for the Fund was approved with the aim to align the Plan's assets more closely to its liabilities. As funds are deployed to new target asset classes, the investment allocations may be outside of target ranges until transition from the prior asset mix to the new one is complete.



03

COMPLIANCE & OVERSIGHT

Governance of the Plan must be compliant with the Pension Benefits Standards Act and Income Tax Act legislative requirements and it is also expected by the Office of the Superintendent of Financial Institutions (OSFI) to adhere to the Canadian Association of Pension Supervisory Authorities (CAPSA) good governance guidelines.

No plan amendments were filed with the regulator in 2024.

Compliance Status (2024 filings for 2023 returns)

COMPLIANCE ITEM	COMPLIANCE STATUS	DATE
a. Filing of Solvency Information Return with OSFI	Yes	February 15, 2024
b. Filing of actuarial valuation and actuarial report with OSFI and Canada Revenue Agency	Yes	June 25, 2024
c. Valuation assumptions and methods with regulations	Yes	June 25, 2024
d. Plan asset selection and investment process with regulations	Yes	Ongoing
e. Documentation with regulations	Yes	Ongoing
f. Filing of Annual Information Return with OSFI	Yes	June 28, 2024
g. Remediation of reports of material non-compliance	No reports of non-compliance.	N/A
h. Governance with CAPSA pension governance guidelines	Yes	Ongoing
i. Filing of audited financial statements	Yes	June 28, 2024
j. Member communication with regulatory requirements e.g. member statements	Yes	June 28, 2024
k. Pension Assessment Remittance	Yes	August 28, 2024

Service Provider Monitoring

Service Provider Evaluation – Service provider performance is monitored periodically and evaluated annually. Service providers with low or unsatisfactory ratings are asked to provide an acceptable remediation plan, or their service contract/agreement is terminated.

Third-party Provider Agreements – In late 2023, a third-party administrator/record-keeper market review was launched. The review concluded in spring 2024, which resulted in the appointment of a new third-party administrator/record-keeper effective December 1, 2024.

Audit of Financial Statements

The Chief Financial Officer is responsible for preparing the Plan's financial statements in accordance with Canadian accounting standards for pension plans. An annual audit of the financial statements is conducted in accordance with Canadian generally accepted auditing standards, and considers internal controls, appropriateness of accounting policies, and reasonableness of accounting estimates in order to determine if the financial statements are free from material misstatement due to fraud or error.

Audit results were presented to the NPP Audit Committee for review and, in the external auditor's opinion, the financial statements for 2024 fairly presented the financial position of the Plan.

The financial statements were approved by the Chief Financial Officer and filed with the Office of the Superintendent of Financial Institutions on June 27, 2025.

04

STRATEGIC PLAN



CFMWS believes that offering a defined benefit plan provides employees the most secure income protection after retirement.

In 2022, the Pension Board formalized a three-year strategic plan that sets goals in key areas of focus to ensure the long-term sustainability of the Pension Plan and continued secure retirement income for its Plan members.

The following are highlights of the accomplishments over the last three years.

Goal 1: Ensure the long-term sustainability of the Pension Plan.

A market search for Outsourced Chief Investment Officer (OCIO) services was conducted, leading to a transition from the former OCIO to the new one. Following this selection, an asset-liability study was performed, resulting in a new asset mix for the Pension Plan. The investment policy was reviewed annually. With the Plan having a solvency surplus, a review of utilization options was carried out, culminating in the issuance of an ad hoc indexation increase for pensioners.

Goal 2: Ensure the governance framework enables proactive and agile delivery to respond to industry changes and fiduciary obligations.

The Pension Board reviewed, identified, and secured resources to support its Strategic Plan. The recruitment process for Pension Board members was updated, and member turnover was backfilled. An annual self-assessment of the Pension Board was conducted to evaluate Board performance. Annual compliance, valuation and audit activities were completed to ensure regulatory compliance. The Board's governance manual was reviewed annually, and a Funding policy was implemented. The next 3-year Strategic Plan was developed.

Goal 3: Invest in administrative and financial services to meet the evolving needs of Plan members.

The Pension Board developed and refined reporting and implemented service standards for pension services. Research into pension services industry advancements was conducted, identifying potential opportunities that could better meet the needs of Plan members. A market search was performed, leading to the transition to a new custodian and a new third-party administrator. Provisions of pension services were monitored and managed, while feasible pension service efficiencies were investigated, developed, and implemented. The performance of service providers was evaluated annually.

Goal 4: Improve the Plan member experience.

The Pension Board conducted a baseline assessment to gauge Plan member engagement with available pension content. Efforts were made to enhance engagement through the redesign and improvement of content available on CORE and the external Pension website. Opportunities to increase transparency regarding Board governance and administration activities were explored, resulting in the Pension Board Annual Report being shared with all Plan members. Education opportunities for Plan members were reviewed, leading to the launch of a Pension Plan learning module for all employees. The change in third-party administrator led to longer call center hours for our Plan members, and the new Pension Portal is now accessible by retired and deferred members, who did not have access to the prior portal.

Goal 5: Invest in the development and education of Pension Board members.

The development of an education curriculum was initiated. New Pension Board members were onboarded, and annual self-assessments were completed to provide valuable feedback to the Board. Positive feedback was received on the orientation and learning initiatives, highlighting the effectiveness of these efforts.

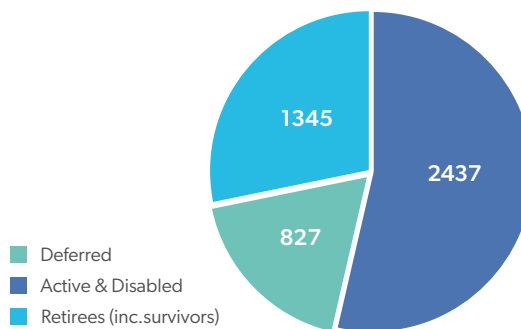
05

PLAN MEMBERS



Plan Membership

- Active membership in the Pension Plan increased to 2437 in 2024, a 1.0% increase from 2410 in 2023.
- The number of new entrants in the Plan saw a slight decrease from 391 in 2023 to 315 in 2024.
- The Plan saw 77 new retirements in 2024, compared to 61 new retirements in 2023.
- The average annual pension in pay remained steady at \$11.8K as of January 1, 2025.



Member Education

The objective of education and awareness initiatives is to increase members' understanding of their pension plan, assist in retirement readiness, and provide transparency on the financial stewardship of the Plan.

In 2024, a Pension Plan learning module was launched for all employees, offering an overview of the Plan. The employee Pension Booklet and Pension Plan FAQ were refreshed, and Plan information on the external CFMWS website was expanded. Additionally, Pension Plan content was made accessible on the online Pension Portal, providing Plan members with more information access points.

Member experience continues to be reviewed to fully utilize available tools and technology to push the bar forward on member education and retirement preparedness.

Member Communications

Legislated – Member communication includes annual member statements, pension options on termination/retirement, and notification of plan amendments.

Individual pension statements for 2024 were issued to 2,956 active and deferred plan members, and their spouses. Pension statements were issued to 1,319 retired members and their spouses. The statements were also made available on the Pension Portal for eligible members. Member statements include both personal pension information as well as information on the Plan's financial position.

Pension options were issued to 288 terminating or retiring members.

Unlegislated – The Pension Board Annual Report was published for all active members on CORE, and to pensioners and deferred members on CFMWS' website. This informed Plan members on the Plan's financial status and Board initiatives and activities.

Communication regarding the change in Pension Board and Pension Investment Committee Chairs was posted on CORE, and Plan members received communication advising them of the change in third-party administrator/record-keeper.

GLOSSARY

Definitions of key terms used throughout this report can be found online on CORE or at www.cfmws.ca/pension.

PENSION PORTAL

Eligible Plan members can access and update their Pension information, retrieve their annual pension statements and run pension estimates on the Pension Portal by visiting www.cfmws.ca/pensionportal.

