



D.2 RETIREMENT COMMITTEE 2022 ANNUAL REPORT

In accordance with Section D.5 of the WUFA Collective Agreement, the D.2 Retirement Committee has prepared its annual report for the calendar year 2022.

Section 1. Purpose of the D.2 Committee: **Administration of the Plan (Section 15.01)**

The administrator of the Plan shall be the University which shall be responsible for all matters relating to the administration of the Plan and may delegate the day-to-day operation of the Plan to a Retirement Committee.

Subject to the approval of the Board of Governors of the University, the Retirement Committee shall determine all questions arising in the administration of the Plan including the interpretation and application of the provisions of the Plan and shall make rulings concerning all questions relating to eligibility, service, earnings, contributions, benefits, and retirement dates of Members for the purpose of the Plan. Such decisions by the Retirement Committee shall be final and binding on all concerned where such decisions are consistent with the provisions of the Plan and of the Trust Agreement, subject wherever required to referral to the Board of Governors of the University.

WUFA Collective Agreement, Section D (Excerpts)

- D.2. The Chairperson of the Retirement Committee constituted in accordance with clause 15:02 and in fulfilling the committee's obligation in clause 15:01 of the said Plan shall call meetings of the Retirement Committee on at least a quarterly basis.

Section 2. Committee Composition

The Retirement Committee shall be comprised of the Vice-President, Finance and Operations, as Chair, two members to be appointed by the Board of Governors and two members to be appointed by the Faculty Association. Appointments to the Retirement Committee shall be for a term of two years.

2022-2023 Committee Members:

Gillian Heisz (Chair)
Ram Balachandar
Rachel McRae
Lydia Miljan
Bill Van Heyst

2022 Meeting Dates

March 15, 2022
June 27, 2022
September 9, 2022
November 2, 2022

Section 3. Overview of 2022 Meetings

March 15, 2022 Meeting:

- **Filing of July 1, 2021 Valuation** - the D.2 Retirement Committee passed a motion to approve the filing of the July 1, 2021 valuation. The following factors contributed to the early valuation: 1) favourable market conditions and changes in asset mix/returns; 2) recent volatility in the financial markets has created uncertainty over future contributions; and 3) provides contribution stability (predictable costs) for the pension plan members and University for the next three years.
- The next required valuation filing date is July 1, 2024.
- The Faculty Plan is in a surplus position, on both a going concern and solvency basis, eliminating the special payment requirement and providing stability from a budget perspective

June 27, 2022 Meeting:

- **Update on Pension Plan Text Project** – an opportunity exists to do a full Plan Text restatement to improve the University’s documentation and our relations with stakeholders. Plan Sponsors have a fiduciary duty to ensure as much as possible that the Plan text(s) reflect the current and approved Plan provisions.
- The Pension Committee of the Board of Governors will recommend the updated Text documents for approval by the Board of Governors. In terms of the D.2 Retirement Committee, the plan text drafts will be brought to the D.2 Retirement Committee for review and feedback prior to being finalized and presented to the Pension Committee.
- The Pension Plan Text project is expected to take 18 to 24 months to complete. Target date for full completion is May 2024.
- **Update on Mortality Assumptions and Annual Adjustments** – the D.2 Retirement Committee passed a motion to leave the Mortality Table until a new table is published and undertake a mandatory review of assumptions once a new table is implemented. This decision was based on the data presented by Mercer and their recommendation.
- **Update on Investment Returns** – Mercer provided an overview of the investment returns as of the Pension year-end date (June 30, 2022).

September 9, 2022 Meeting:

- **University Pension Plan (UPP)** – D.2 members welcomed executives from the UPP to present an introduction overview/ presentation of their organization.

November 2, 2022 Meeting:

- **University Pension Plan (UPP) - Debrief** – the D.2 Retirement Committee members discussed the September 9, 2022 presentation by UPP. Next steps would include establishing a small sub-committee to perform a thorough review. This sub-committee will be responsible for an analysis of whether or not this makes sense from all factors as well as weighing what is most important to least important for our pension members. This sub-small committee will have representation from faculty members and Administration.
- **July 1, 2022 Funded Position (Going Concern and Solvency)** – Mercer provided the following information to the D.2 Retirement Committee members:
 - Funded position deteriorated primarily due to investment returns below expectations
 - Partially offset by a decrease in liabilities resulting from a higher discount rate

- Going Concern Estimated Position: July 1, 2022 Funded Ratio 99.6% compared to July 1, 2021 at 105%
- Solvency: July 1, 2022 – 105% (all benefits) compared to July 1, 2021 at 124% (all benefits)
- Transfer Ratio: July 1, 2022 – 83% (all benefits) compared to July 1, 2021 at 84% (all benefits)
- **Pension Adjustments** – there is a Fund rate of return of -16.84% for the period ending June 30, 2022. Mortality assumptions used for setting the Money Purchase Pensions are out of date, resulting in downward adjustments, all else being equal.
- **Options on Mortality Assumptions** – Mercer provided the following information to the D.2 Retirement Committee members:
 - Results to the recent mortality study suggest an updated mortality assumption would be appropriate and that current assumptions do not reflect the longevity of the plan’s membership
 - There are three options to consider:
 1. Maintain status quo for now;
 2. Update Mortality Table for new pensioners only - new cohort of members retiring after a certain date (i.e., July 1, 2024); or
 3. Update Mortality Table and combine into single cohort (currently there are two cohorts). This will ensure every member is on the same footing/expectation using the updated Mortality Table
 - The Committee decided it will not take action at this time. The plan is to maintain status quo until a new Mortality Table is published (most likely 2024). At the moment, there are too many unknowns. Would prefer to see a year of better investment returns to implement the change.
 - Once the new Mortality Table is published, the Committee will have a discussion regarding options and timing.

Section 4. Priorities for 2023

In 2023, the Committee plans to include in its workplan key items including:

- Review of the plan’s estimated position as of July 1, 2023
- Oversee and support the work of the sub-committee in preparing the UPP opportunity white-paper

The Committee will also receive an update in 2023 with respect to the Investment Consultant RFP process which was approved by the Investment Committee of the Board of Governors in November 2022.

There are no planned changes to the membership for the calendar year of 2023.