



D.2 RETIREMENT COMMITTEE 2023 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 2023.

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.

2023 Committee Members:

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

2023 Meeting Dates

March 7, 2023
June 21, 2023
October 31, 2023
4th meeting not scheduled (Committee members agreed that there were no agenda items for a December 2023 meeting)

Section 3. Overview of 2023 Meetings

March 7, 2023 Meeting:

- ***Estimated Funded Position at January 1, 2023***

- **Going Concern**

- January 1, 2023 Funded Ratio – 99.8%; Surplus (Shortfall) – (\$1.4M).
 - The funding position deteriorated primarily due to investment returns below expectations; partially offset by a decrease in liabilities resulting from a higher discount rate.
 - The discount rate at last valuation was 5.4% per annum; based on a January 1, 2023 estimate, the discount rate is closer to 6.75% per annum; this also impacts money purchase indexing assumption.
 - Commuted Value rate for benefits assumed to be settled by lump sum payout has increased from 3.05% to 4.0%.

- **Solvency**

- January 1, 2023 Solvency Ratio – 125.0%; Surplus - \$35.9M.
 - Decrease in the funded positions primarily due to impact of investment returns, resulting in greater supplementary benefits paid and lower asset base.
 - A substantial increase in discount rates reduced the liability that would have otherwise been incurred.

- ***Canada Pension Plan (CPP) Enhancement***

- CPP enhancement began in 2019 and will be fully transitioned in 2024.
 - CPP Benefit – originally targeted 25% of earnings replacement for earnings up the Year’s Maximum Pensionable Earnings (YMPE); for 2023, this amount is \$66,600.
 - CPP Enhancement – to provide 33.3% earnings replacement up the new Year’s Additional Maximum Pensionable Earnings (YAMPE); for 2023, approximately \$75,900; YAMPE will be 7% higher than YMPE in 2024, and 14% higher than YMPE thereafter.
 - Minimum Guarantee Benefit in the Faculty Plan used to provide 1.35% up to YMPE and 2% above the YMPE, which met the 70% replacement ratio threshold across all earnings.
 - The Minimum Guarantee Benefit has been improved to provide 1.5% of earnings up to YMPE and 2.0% above, so the Faculty Plan’s formula is no longer fully integrated with CPP as it provides greater benefit for earnings below YMPE.
 - Wording in Faculty Plan does not immediately incorporate CPP enhancement changes.

- ***University Pension Plan (UPP) Next Steps***

- Dr. Gordon endorsed the University of Windsor’s Administration and WUFA exploring the UPP option with the establishment of a joint sub-committee.
 - For governance purposes, it was recommended that the sub-committee report to the D2 Retirement Committee.

June 21, 2023 Meeting:

- ***Plan Enrolment Update***

- Over the past year, the University began a long-term project to complete a full Plan Text restatement for both the Faculty and Employees’ Pension Plans. While both plans are being administered in accordance with current legislative and regulatory requirements, the Pension Plan Texts had not been amended to include these updates and changes.
 - During the review of the documentation, it was discovered that a small group of employees currently registered in the Employees’ Pension Plan are eligible to enter the Faculty Pension Plan based on meeting the Faculty Plan eligibility criteria for Sessional Lecturers and Sessional Instructors.

- Human Resources to contact the employees, explain the situation, options available, and next steps (if necessary).

- **Other Business**

- UPP Update

- The first meeting of the sub-committee is scheduled for July 21, 2023.
 - Administration representatives: Robert Aguirre, Philip Dutton, Gillian Heisz, and Vincent Yeung.
 - WUFA representatives: Ram Balachandar, Thomas Grondin, Anna Lanoszka, and Lydia Miljan.
 - WURA has requested a seat on this sub-committee.
 - The sub-committee will perform an analysis of the pros and cons of the UPP plan compared to the Faculty Plan.

October 31, 2023 Meeting:

- **Commuted Values**

- Mercer reviewed their three-page Commuted Values document with the Committee. The main objectives of this discussion: 1) provide the Committee members with a better understanding of commuted values; and 2) how it is calculated for the Faculty Plan members who might elect to transfer the commuted values from the Faculty Plan.

- **Estimated Funded Position of Faculty Plan**

- Going Concern

- July 1, 2023 Funded Ratio – 101.1%; Surplus (Shortfall) – \$6.6M.
 - Funded status developments: 1) funded position deteriorated primarily due to investment returns below expectations (increase in interest rates); and 2) partially offset by a decrease in liabilities resulting from a higher discount rate.
 - July 1, 2023 estimate uses same actuarial assumptions and methods as used for the July 1, 2021 actuarial valuation, with exception of the Going Concern discount rate and Commuted Value interest rates.

- Solvency

- July 1, 2023 Solvency Ratio – 146.0%; Surplus - \$60.3M.
 - Funded status developments: 1) decrease in the funded positions primarily due to impact of investment returns, resulting in greater supplementary benefits paid and lower asset base; and 2) substantial increase in discount rates reduced the liability that would have otherwise been incurred.
 - A substantial increase in discount rates reduced the liability that would have otherwise been incurred.

Mandatory valuation date is July 1, 2024. The Committee agreed that it might be advantageous to file the valuation early (July 1, 2023). An early filing will provide payment stability for another three years on current service and almost four years to avoid special payments.

- **UPP Update**

- The sub-committee has been meeting throughout 2023.
 - Currently conducting an analysis of the pros and cons of the UPP Plan versus the Faculty Plan.
 - The UPP Executive Team met in person with the sub-committee on October 27, 2023 to address any questions and/or concerns.
 - The UPP Executive Team has yet to provide answers to many questions.
 - Work may continue in 2024.

Section 4. Priorities for 2024

In 2024, the Committee plans to include in its workplan key items including:

- 1) Review of the plan's actuarial valuation as of July 1, 2023 and possible early filing
- 2) To continue to oversee and support the work of the sub-committee in preparing the UPP opportunity discussion paper
- 3) Review progress on the Pension Plan Text Amendments Project

Jody Fraser, AVP, Human Resources, will be replacing Rachel McRae as an Administration representative on the D.2 Retirement Committee in 2024.