

WUFA Retirement and Benefits Committee Meetings

Report by Ihor Stebelsky

Since the WURA Spring General Meeting, there were three meetings of the WUFA R&B Committee: (I) Friday, April 13; (II) Thursday, June 21; and (III) Friday, September 21, 2012. The main issues presented or discussed are summarized below. Ihor Stebelsky also attended a General WUFA Pension Plan Meeting, held on Tuesday, July 10, 2012 (see separate report).

(I) WUFA R&B Committee, Friday April 13, 2012, 10:30 a.m. at the Kerr House.

1. Business Arising

Letter to Financial Services Commission of Ontario – Sinha – Prof. Nancy Ursel (chair) indicated that one of the Ivy League universities have committees that oversee asset allocation (including endowments) and governance of the university pension plan, which has raised concerns here at Windsor because the same thing is happening and WUFA regards this as potentially a conflicting role. Prof. Ursel will draw up a letter for the R&B Committee to be sent to the OCUFA pension committee to seek their advice on how to proceed with this matter.

2. Outstanding Business

2.1 Termination of email service for deceased members and retirees – A form was developed by HR and WUFA circulated the copy. Many questions were raised when the form was received. Since the original request came from the retirees, WUFA Executive decided to allow the WURA JCC to take over this request and deal with Administration to resolve this issue.

2.2 EI Premium Reduction Program – Prof. Brown reported that WUFA has a court date May 3, 2012 to subpoena two individuals to an interview about the EI Premium Reduction Program. The individuals reside in New Brunswick where the federal EI program is administered.

2.3 HST Rebate to Retirees health care subsidy plan? (to replace existing GST rebate) – Mr. Puskas (Human Resources) said the subsidy is not expected

to be forthcoming due to the change from GST to HST. Mr. Puskas was asked if an official letter could be sent to WUFA from Administration about this change, inasmuch as this benefit is agreed upon under Collective Agreement.

2.4 Severance agreements with retiring members (OLRB compliant) – Prof. Brown reported the arbitration on this issue will be held May 22, 2012. The case concerns 6 individuals who were offered contract severance packages last June 2011 when they retired under “Voluntary Early Retirement” even though they were over the age of 65 (stipulation in the clause). In the interim, the Administration did not table any language concerning retirement severance during bargaining even though they could have done so.

3. Reports

3.1 D.2 Committee – report – Prof. Ursel reported on the D.2 Committee meeting of January 30, 2012. A teleconference was held with the actuary concerning the valuation of the pension plan. The assumptions were discussed; some of the more unusual ones were the assumption of 5% salary increase per year for plan members and 2.6% inflation for each year. The assumed discount rate is 4.95%, the lowest Prof. Ursel has seen in Ontario – the lower the discount rate, the higher the deficit. Another assumption was that investment managers cannot beat the market even though the BoG Investment Committee just hired an ‘Active Manager’ who is supposed to beat the market. The going concern deficit is \$45.4 M, up from \$23 M in 2008.

3.2 Board of Governors’ Pension Committee – reformulation – WUFA currently has two policy grievances against the University concerning their unilateral change to the Pension Committee structure, and the requirement for WUFA reps to sign the confidentiality and conflict of interest forms. An arbitration date has been set for May 17, 2012 concerning both policy grievances.

3.3 HR update on retiree healthcare – Mr. Puskas reported that there are no changes to the costs for Green Shield retiree healthcare from 2011/2012. A question was asked about the U.S. only option, and it was clarified that

a person would pay the prescription cost and submit receipts to the provider. The prescription can be filled in the USA or Canada, similar to out of country prescriptions or travel coverage.

Mr. Puskas also reported that \$85,199 were generated in the Plan this year to be shared amongst plan members; the premium subsidy will be \$14.34 per year of pensionable service to help offset the costs of healthcare premiums for retirees this year.

3.4 News from Executive – Brown:

3.4.1 The annual Retirees Dinner was changed from May to November 1, 2012 by a unilateral decision by President Wildeman, without consultation with WUFA.

3.4.2 Parking rates will go up 5% in the coming year: \$643 prime lot, \$618 regular lot and \$602 remote lot.

3.5 “Mid-Day” Information Sessions – Disability Trusts and the Hensen Trust

– Prof. Menezes, Faculty of Law, will speak on disability trusts and the Hensen Trust for the 12th Session of the ‘Mid-Day’ Information Series on Monday April 16, 2012 in the Oak Room, Vanier Hall.

4. New Business and Committee Concerns

4.1 Report from OCUFA Pension Committee – Ursel:

4.1.1 Several Ontario universities have filed for pension solvency relief.

4.1.2 Other provinces outside Ontario have agreed to drop the solvency requirements on universities because their lands and assets (buildings) are considered collateral that could be sold in order to cover the solvency deficits.

4.1.3 A chart showing updated pension contributions made by various Ontario university faculty and librarians to their pension plans was circulated.

4.2 General Discussion re: effect of Ontario budget – Eckler report

4.2.1 Seniors in Ontario who make a higher retirement income will have to pay more for prescription drugs. This may affect the uptake of the Green Shield prescription option for retiring members.

4.2.2 Ontario is looking at merging Ontario university pension plans.

4.2.3 It also indicated that Ontario is looking at merging pension investments for all University pension plans. Prof. Ursel circulated a chart showing the difference in the rate of return on the larger Ontario Teachers' Pension Plan versus the UW plan from 2001-2011.

4.3 Mortality Rate Table – At the recent D.2 meeting this topic arose, and the actuary reported that the standard mortality tables do not accurately reflect the lifespan of academics. The actuary stated there is a move to go to customized mortality tables for various worker groups. In the opinion of Profs. Ursel and Meng, a customized table would not be beneficial to Windsor's pension plan assumptions.

4.4 Changes to Old Age Security (OAS) for those 54 years of age and younger – Recently the federal government announced that those born after 1957 will have to wait an additional two years before they draw OAS (changing from age 65 to age 67). A question arose about WUFA members 54 years or younger who may be affected by this change.

(II) WUFA R&B Committee, Thursday, June 21, 2012, 2:00 p.m. at the Kerr House.

1. Business Arising:

1.1 Nancy Ursel (Chair) circulated her letter to OCUFA asking if there are any universities that have committees that oversee a combination of working capital monies, endowments and governance of the university pension plan. WUFA has concerns that the inclusion of "Working capital monies" in the mix as potentially a conflicting role. The draft was reviewed, and with some suggested amendments, was agreed to be sent to Donna Gray at OCUFA.

1.2 The Pre-Retirement seminar held Wednesday, May 2, 2012 in Moot Court, was attended by 70 members, and was deemed a success.

1.3 Johanna Foster (Leddy Library) will be retiring and will need to be replaced with another WUFA representative to the R&B Committee.

2. Outstanding Business:

2.1 **EI Premium Reduction Program** – Ms. Noble reported on behalf of Prof. Brown that the court hearing May 3, 2012 was successful to subpoena two federal employees with EI who were familiar with the University's EI Premium Reduction Program for an interview. The court also awarded the costs of the May 3, 2012 hearing to WUFA.

2.2 **HST Rebate to Retirees health care subsidy plan** (to replace existing GST rebate) – Mr. Puskas circulated a written response on this issue to the Committee. The legislation, it noted, restricts the University from claiming 67% GST rebates on Pension related expenses. Only 33% can be claimed on HST and **the rebate goes to the Pension Plan**. Mr. Puskas noted that the Finance Department of the University stated 'the mechanism for flowing these tax rebates is now inactive' and 'the University does not receive any rebate on behalf of the Pension Plan as it had in the past.' A question was posed about how much money the invoiced and deemed services' cost each year and what portion of these services are paid from the plan versus University fund.

2.3 **Severance agreement with retiring members** (OLRB compliant) – Ms. Noble detailed the WUFA proposal to the mediator. The administration did not agree with the mediated proposal. Now parties will go to arbitration to resolve the issue.

3. Reports:

3.1 **Seclon Software** – Mr. Puskas reported the annual year-end pension reports will be coming out in July/August.

3.2 **D.2 Committee reformulation/report** – Nancy Ursel (Chair) provided a written report from the last D.2 Committee meeting on May 24 2012. She noted that a letter from Human Resources was sent to all pension plan members after the meeting, alerting them of a delayed payment option which the University chose to use. A **Badger Newsletter** (Vol. 4, Issue 36) was written on this issue and sent out on June 21, helping members to understand what the delayed payment means for their pension. The next D.2 meeting will be scheduled in the third quarter.

3.3 Board of Governors' Pension Committee reformulation – Nancy Ursel reported that the arbitration was cancelled due to illness of arbitrator and is rescheduled for July 18, 2012. The BoG Investment committee was scheduled for May 2012 and again in October and December, the latter the same day as the Pension Managers meeting with pension plan members. The BoG Pension Committee convened on May 25, 2012, but the WUFA representatives, Erdal Gunay and Nancy Ursel, were asked to leave.

3.4 News from Executive – (Brown): Ms. Noble reported that there are a large number of grievances and arbitrations before the Grievance Committee; there will be no grievance moratorium this summer, as per past practice.

3.5 "Mid-Day" Information Sessions – Report on the Disability Trusts and the Henses Trust session held Monday April 16, 2012 – a small but dedicated turnout made it worthwhile.

4. New Business:

4.1 OCUFA News Release May 30, 2012 – Advisor on Asset Consolidation in Broader Public Sector Plan appointed.

4.2 OCUFA Round Table Report – Nancy Ursel addressed the report that concerned pension proposals in the Ontario budget. The new Ontario Budget indicates the government expects three things: a) jointly sponsored plans which are defined benefit plans where employees share governance and responsibility for deficits and surpluses with employers; b) pooled investment management; and c) 50-50 sharing of pension costs between members and university administration within five years.

OCUFA has developed a response to the budget which will be shared with Ontario faculty associations for comment. Association presidents will be asked to attend a meeting in October to get support for the report. In the interim it will be mailed to the provincial government contact person by June 30. There will be a requirement to educate faculty association members about the provincial budget implications.

Although Finance Minister Dwight Duncan has indicated there will be no effect on retirees, there was some concern expressed at the Committee that merged pension plans could affect the minimum guarantee benefit portion of the University's existing plan.

Motion: That a Special General Meeting of members be convened to discuss the proposed and possible changes related to pension stemming from the Ontario Provincial Budget passed June 20, 2012. Interested retirees were welcome to attend.

(III) WUFA R&B Committee, Friday, September 21, 2012, 10:00 a.m. at the Kerr House.

1. Agenda & Minutes

2. Appointment of R&B Chair for 2012-2013.

Nancy Ursel was re-elected unanimously.

3. Business Arising:

3.1 **R&B Committee** members recruitment – Nancy Ursel reported that Ron Meng and Kevin Lee will join the R&B from WUFA.

3.2 **Letter to OCUFA** (Nancy Ursel) – The response from Donna Gray (appended with meeting package) was discussed. In her letter, Donna suggested thinking along the lines of three “what if” scenarios. In the pooling process, she wrote, the working capital investments will remain with the university and will not be pooled with the pension assets. WUFA should be part of the discussion in the segregation of the funds and the management of the pension plan. At present, she noted, only Guelph and Toronto have single oversight committees. There are combined committees at Waterloo and WLU. Most universities have separate committees for pension investments.

3.3 **Report on Special Membership** meeting July 10, 2012 – (Ursel) Nancy referred to *The Badger*, Volume 4, Issue 37 and 38, July 2012.

4. Outstanding Business:

4.1 EI Premium Reduction Program (Brian Brown) – In progress.

4.2 HST Rebate to Retiree healthcare subsidy plan (Mr. Puskas) – The retroactive application of \$20,000 will go to the Pension Plan, not the health care subsidy, as the latter is now not allowed.

4.3 Severance agreements with retiring members (Brown) – Arbitration is pending.

5. Regular Reports:

5.1 **Seclon Software** (Puskas) - Finalizing work.

5.2 **HR updates (Puskas)** – Tom Puskas summarized the MPP Indexing Rates that were quoted to us in our August 15, 2012 annual summaries from Rita LaCivita, Chief Human Resources Officer.

5.3 **Report from Executive (Brown)** – Brian Brown attended a meeting in Toronto on Wage Freeze. He reported that:

A) A freeze on all public sector workers is coming. PTR will be 0 until 2014. New executives will be capped at \$418,000

B) Mr. Murray emphasized the direction of i) more on-line courses, ii) 3-year degrees, iii) college/university transferability

5.4 D.2 Committee reformulation/report (Ursel/Gunay) – Nancy Ursel reported the meeting lacked agenda. She asked for a clarification of the HST Rebate.

5.5 Board of Governors' Pension Committee – reformulation:

A) Report on arbitration July 18, 2012 – (Brown) – In-camera discussion – Stalling on re-structuring and on confidentiality.

B) BoG Investment Committee (Ursel) – To meet on October 5, 2012.

C) BoG Pension Committee Updates (Gunay) – To meet November 7, 2012.

6. New Business

Items arising from Provincial Budget – WUFA discussion: When our pensions are to be pooled, we need to have something in place, have a bottom line, such as minimum guaranteed benefit with a COLA.