

**University of Waterloo**  
**Board of Governors**  
**PENSION & BENEFITS COMMITTEE**  
**Minutes of the 20 March 2020 Meeting**  
**[in agenda order]**

**Present:** Peter Barr, Terrence Birmingham, Ted Bleaney, Mike Grivicic (secretary), Michael Herz, Dennis Huber, Ranjini Jha, David Kibble, Jim Rush, David Saunders, Michael Steinmann, Mary Thompson, Marilyn Thompson, Ken Vetzal

**Consultant:** Linda Byron, Allan Shapira

**Resources:** Sarah Hadley, Lee Hornberger

**Organization of Meeting:** Peter Barr took the chair, and Mike Grivicic acted as secretary. The secretary advised that a quorum was present. With the meeting being held entirely by teleconference, the chair provided some guidance to facilitate the consideration of the meeting's business. At the suggestion of the consultant and with agreement by consensus from members, item #6 was deferred to the next meeting.

**1. APPROVAL OF THE 21 FEBRUARY 2020 MINUTES (OPEN SESSION) AND BUSINESS ARISING**

Members agreed to amend the text of the motion in item #4 to strike the text after the word "provision", and observed that Aon will still bring forward draft revised pension plan text to the next meeting. A motion was heard to approve the minutes as amended. Saunders and Bleaney. Carried.

**a. Update re: Communication of RPP Changes to Members.** No discussion on this item.

**2. EXECUTION AGAINST THE WORK PLAN**

This item was received for information.

**3. UPDATE ON GOVERNMENT PENSION PLAN INITIATIVES**

Shapira observed that with the simultaneous drop in markets and interest rates, there have been discussions around the province potentially providing some form of systemic pension funding relief. A potential filing of the actuarial valuation based on the 1 January 2020 date could be advantageous.

**4. GROUP BENEFITS PROGRAM – ANNUAL RENEWAL**

Hornberger reviewed items (a)-(d) in order and provided an overview for each item.

**a. Life Insurance – Premium Rate.** The unrestricted deposit account (UDA) balance is projected to stand at \$1.83 million on 30 April 2020, and while the full amount could be withdrawn by the university, the funds have been accumulated through contributions from both the university and employees. In recent years, the UDA has been used to subsidize the premium required by Sun Life Financial. Members observed that the subsidy only applies to basic life coverage as the university does not carry a share of the results for optional life coverage. A motion was heard to approve option 2, to maintain the 20% subsidy to the premium rate from the UDA, as presented. Jha and Huber. Carried.

**b. Long Term Disability.** A two-year rate guarantee was negotiated last year. Since the benefit is fully paid for by employees, Aon analyzed whether a rate change would have been warranted if the two-year rate guarantee was not in place; based on their analysis a position of no change is appropriate based on the university's claims experience. The level of insured earnings is increased to \$182,971 effective 1 May 2020.

**c. Healthcare Benefits – ASO Fees/Charges.** A two-year expense level guarantee was negotiated last year for all fees and charges except for GMA and pooling; for the latter, Aon was able to negotiate a reduction of the pooling charge with Canada Life. A motion was heard to approve the ASO fees and charges effective 1 May 2020 as presented. Bleaney and Saunders. Carried.

**d. Healthcare Benefits – Budget Rates.** A motion was heard to approve the budget rates as presented. Huber and Kibble. Carried.

**5. ACTUARIAL VALUATION RESULTS (RPP AND PPP) AND REVIEW OF CONTRIBUTION AND PROTOCOL CALCULATIONS (RPP AND PPP)**

Byron discussed the valuation results: change to CPM2014Public mortality tables including improvements under Scale MI-2017, as well as changes to format of retirement assumptions; valuation results buoyed by \$228M investment gains in 2019; going concern surplus of \$72M before provision for adverse deviation (PfAD), and

going concern switches to a deficit of \$73.7M after PfAD; slight increase to special payments from 2021 onward; impact of changes to discount rate, PfAD, change to the hard dollar cap, and migration from age 64 retirement rate assumption to retirement rate table on slide 12; solvency ratio is 0.90, above the key 0.85 level in the regulator framework. Members discussed: time will be needed to manage the current pension funding climate, though there appears to be enough funding in the system to weather the situation; on slide 17, the member contributions exceed the university current service cost for the year 2022 by \$135,000 which reflects full implementation of the new contribution rates but does not reflect other university contributions; it is unlikely that if the university were to file this valuation that it would disqualify the plan from availing of potential provincial relief; the plan's investments are such that equities are currently approaching the lower end of the range as described in the SIPP. By consensus, members agreed to direct that Aon bring a valuation for recommendation to the Board of Governors to the next PB meeting.

**6. UNIVERSITY OF WATERLOO PENSION PLAN, SUGGESTED WORDING CHANGE TO ARTICLE 12 – TRANSFERS OF MONIES TO AND FROM PENSION FUND**

This item was deferred to the next meeting.

**7. OTHER BUSINESS**

**a. Annual Committee Self-Assessment.** Completed self-assessments can be sent to the secretary.

With no further business in open session, the committee proceeded into confidential session.

**NEXT MEETING**

The next meeting is scheduled for Friday 15 May 2020, 9:30 a.m. – 12:00 noon in NH 3318.

24 March 2020

Mike Grivicic  
Associate University Secretary