

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 20 May 2022 Meeting
[in agenda order]

Present: Peter Barr (chair), Sara Cressman, Michelle Hollis, Melissa Graham, Mike Grivicic (secretary), Lily Hua, Dennis Huber, Ranjini Jha, James Rush, David Saunders, David Taylor,

Regrets: Terrence Birmingham, Tony Giovinazzo

Resources: Linda Byron, Sarah Hadley, Lee Hornberger, Joan Kennedy, Allan Shapira, Tim Weber-Kraljevski, Tyler Wendland

Guests: Clare Bermingham, Danial Cockayne, Andrew Geekie, Blaine Hertzberger (4,5), Trenny McGinnis, Franco Solimano

Organization of Meeting: Peter Barr took the chair, and Mike Grivicic acted as secretary. The secretary advised that a quorum was present. The agenda was accepted as distributed.

OPEN SESSION

1. APPROVAL OF THE 11 MARCH 2022 MINUTES (OPEN SESSION) AND BUSINESS ARISING

Hornberger corrected the minutes to indicate the committee approve indexing of the maximum insured salary for LTD. There was a motion to approve the minutes as amended. Saunders and Huber. Carried.

a. Transfer of LTD Insurer to Sun Life Completed on 1 May 2022. This item was received for information.

b. Responsible Investment Policy Approved at April BOG meeting. This item was received for information.

2. EXECUTION AGAINST THE WORK PLAN

This item was received for information.

3. UPDATE ON GOVERNMENT PENSION PLAN INITIATIVES

There was nothing new to report under this item.

4. ANNUAL AUDIT OF THE PENSION PLAN FUND FINANCIAL STATEMENTS

Hadley provided an overview of the process of preparation of statements and audit by EY, observing that the content of the notes are highly prescribed and are prepared to meet FISRA requirements. Hertzberger indicated that the audit approach was consistent with the previous year, the financial statements report on pension assets, an unqualified opinion is provided on the statements, and that no evidence of fraud or illegal acts arose in the course of the audit. Members discussed how the investment custodian account operates, noted that certain terminology ought to be clarified, and noted that the expected addition of level 3 assets will add a new layer to the reporting. A motion was heard to approve the financial statements as presented. Jha and Huber. Carried.

5. PREVIOUS YEARS' FEES AND EXPENSES

This item was received for information.

6. PENSION RISK MANAGEMENT DASHBOARD, Q1 2022

Byron discussed: going concern funded position decreased from a surplus to a deficit of \$69.8 million over the quarter due to asset performance; the risk-free deficit decreased due to a decrease in risk-free liabilities from an increase in risk free rates; solvency position improved from \$4.9 million surplus to \$164.9 million surplus over the quarter primarily due to an increase in solvency rates. This item was received for information.

7. DRAFT ACTUARIAL VALUATION – 31 DECEMBER 2021

Byron provided an overview of the valuation, and Shapira highlighted the requirement to identify the PBGF exposure per regulations as well as underscoring the soundness of the funding strategy. Members noted minor text amendments which will be adjusted for the filing with the regulator. A motion was heard to recommend that the Board of Governors approve the filing of the valuation with the regulator, as amended. Huber and Jha. Carried.

8. UNIVERSITY OF WATERLOO PENSION PLAN FOR FACULTY AND STAFF, DRAFT AMENDMENT NO. 8

Byron provided an overview of the amendment, and Huber observed that this amendment can be expected to provide the plan with runway for several years. A motion was heard to recommend the amendment to the Board of Governors as presented. Taylor and Saunders. Carried.

9. CARBON DISCLOSURE REPORT

Hadley and Wendland spoke to the report, observing that the analysis focuses only on equities and that the reported figures for global carbon emissions are likely skewed downward due to the pandemic period. Members observed that the data points may vary in a noisy fashion from year to year, and that longer term trends need to be ascertained before taking definitive action based on the data. Members thanked Finance staff for their efforts in preparing the report and analysis.

10. RECOMMENDED AMENDMENTS TO POLICIES 23 AND 59

Hornberger provided an overview of the exhibit, including: activity of the working group; impact of the Bill 124 moderation period; assessment of legal considerations; decision of university administration to fully align administrative practice as of 1 June 2022, with policy amendments to be recommended; implementation will have a cost impact on some employees and so will be carried out on an optional basis for those currently on contracts; wider-scale communications on the changes are planned to occur following prospective approval of the amendments. The secretary confirmed that the formal authority for amendment to class “FS” policies resides jointly with the Faculty Relations Committee and the Staff Relations Committee. A motion was heard to recommend the two policy amendments as presented. Hua and Graham. Carried.

11. BENEFITS COVERAGE FOR IN VITRO FERTILIZATION

Hornberger provided an overview of the exhibit and recommended course of action, which would form a working group of the committee to conduct a thorough analysis of the current plan design as well as the financial implications and regulatory/contractual requirements of any potential changes. Guests expressed concerns at the apparent gap in benefits coverage, and members discussed: new source of funds would likely be required to extend the benefit as described in the exhibit; certain expenses for IVF are the same whether the treatment was received by a plan member directly or by a surrogate, though the determinant for existing coverage is whether the plan member is recipient of the treatment; a review of existing benefits offerings show the plan is outside from a legal standpoint; working group would need to consider the parameters impacting the activity of the Holistic Benefits Working Group; existing IVF coverage will transition to Green Shield with the rest of the health benefits; concerns expressed by the Gender and Sexual Diversity Alliance to the provost, who in turn indicated his intent for the Pension & Benefits Committee to consider the matter that is appropriately within its jurisdiction; those plan members without a uterus or those whose uterus cannot or will not be used are likely to be more in need of IVF coverage for surrogates. A motion was heard to direct that a terms of reference for a working group be developed and brought forward to the next meeting for consideration by the committee. Hua and Rush. Carried.

12. BOARD-APPROVED 2022-23 OPERATING BUDGET OVERVIEW

Rush provided an overview of the budget, noting key areas of focus and potential pressure points for the coming fiscal year. This item was received for information.

13. OTHER BUSINESS

a. Jha observed that Wilfrid Laurier University is examining joining the UPP, and Shapira indicated that an information primer on the UPP will come to the committee in Fall 2022.

b. Jha asked whether a process exists to consider exceptional cases within the framework of the SMART program. Hornberger indicated that plan members on prescriptions at the same of implementation were “grandparented” to keep those drugs, and that the program may either (i) include, (ii) include with substitutions or (iii) exclude. There is no process to consider exceptions outside of the SMART program, and it is yet to be determined how such a process is adjudicated via Green Shield.

NEXT MEETING

The next regular meeting is scheduled for Friday 24 June 2022, 9:30 a.m. – 12:00 noon.