

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 17 February 2023 Meeting
[in agenda order]

Present: Peter Barr (chair), Sara Cressman, Melissa Graham, Mary Hardy, Lily Hua, William Povelofskie, Jacinda Reitsma, James Rush, David Saunders, David Taylor, Tim Weber-Kraljevski (secretary)

Regrets: Ranjini Jha, Michelle Hollis,

Resources/Guests: Anata Alphonso, Linda Byron, Sarah Hadley, Patti Hancock, Lee Hornberger, Sue McGrath, Allan Shapira, Michelle St-Amour, Tyler Wendland, Teresa Fortney

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

OPEN SESSION

The chair welcomed and introduced Teresa Fortney, incoming chair to the Committee starting 1 May 2023.

1. APPROVAL OF THE 20 JANUARY 2023 MINUTES (OPEN SESSION) AND BUSINESS ARISING

There was a motion to approve the minutes. Jha and Saunders. Carried.

GCS Update. Hornberger provided an updated that HR continues to manage the transition to Green Shield Canada (GSC) as a project in order to support members with the change. Hornberger informed members that in order to address the differences identified by some members between GSC and the prior coverage through Canada Life (CL), which weren't identified through the transition analysis, HR is working with GSC to ensure coverage is the same as with CL and has identified communications are needed to support understanding for claims submission and other issues. Hornberger also provided metrics from GSC and indicated that a reminder has gone out in the Daily Bulletin about the 28 February 2023 deadline for pre 2023 claims to be submitted to CL. Following an inquiry, Hornberger committed to investigating if the averaged 5.5 minutes for each call to GSC, provided in the GSC metrics, included the wait time to speak to a GSC representative. Members discussed concerns with GSC's compounding coverage. Following an inquiry, members heard that raw powders are not regulated by Health Canada and do not undergo the rigorous testing like drugs that have a DIN or natural health products that have an NPN, and since they don't undergo review by Health Canada, powders do not have a Health Canada approved indication for use. Members were reminded that the Committee does not discuss individual cases and that individuals' benefits requests should be directed through HR. Reitsma and Hornberger will investigate concerns around with compounding coverage, will consult with Aon and an expert from the School of Pharmacy, and will bring a recommendation back to the Committee. Members expressed concerns for those individuals who rely on compounding. The committee decided that the 30 April 2023 expiry date for the one-time exception process relative to expenses classified as compounds approved by the Committee at the 9 December 2022 meeting would be extended as the recommendation is prepared.

CBRE: The chair reported that the Board of Governors approved the Coldwell Banker Richard Ellis (CBRE) Group to provide an open-ended real estate fund (CBRE Global Alpha) for the Registered Pension Plan (RPP), the university endowment fund, and the IQC trust fund, and that Finance has received the onboarding package from CBRE.

In-Vitro Fertilization Coverage. Hornberger informed members that GSC is aiming to have an update on how they will be addressing the new legislation by the end of Q1, and that she will report back at the April 2023 meeting. The Committee also heard that the CRA has now updated their website with the new legislation.

2. EXECUTION AGAINST THE WORK PLAN

This item was received for information.

3. PENSION RISK MANAGEMENT DASHBOARD, Q4 2022

Byron provided an overview of the material provided, highlighting: the going concern decreased due to an increase in the discount rate and higher than expected asset performance; the improved funded status does not reflect the higher-than-expected indexation adjustment to be granted at 1 May 2023; the risk-free deficit increased due to an increase in expected inflation that was partially offset by an increase in risk free rates (nominal) and strong asset returns; the solvency surplus increased due to the plan's asset performance and an increase in the risk-free rates; and the total fund had a rate of return after all fees of 4.7% for Q4. Members discussed the volatility from recent years and the recent return to pre-pandemic performance, as well as how the Plan is comparing with the sector in terms of funded status.

4. INVESTMENTS UPDATE, Q4 2022

Reitsma presented an overview of the material. Following an inquiry, members heard an overview of the Pension Investment Committee's mandate and an update on their recent meeting.

5. ANNUAL ADJUSTMENTS

COLA for Pensions in Pay. McGrath took members through the calculation of the cost of living adjustment, indicated that it is 6.80%, and informed members the plan text stipulates if the 100% COLA factor exceeds 5% in any year, it may be reduced to the extent deemed necessary by the Pension Committee on the advice of the Actuary, to 5% (not lower), and a corresponding 3.75% limit applies to the 75% COLA factor. Members discussed the funded status; the financial impact of increased COLA; the ability for catch-up increases in the following year; and the impact of inflation on pensioners. There was a motion to cap the COLA for pension benefits earned up to December 31, 2013 at 5%, and to increase the COLA for pension benefits earned on and after January 1, 2014 to 5%, effective 1 May 2023. Hardy and Hua. Carried.

COLA for Deferred Pensions. McGrath reminded members that they COLA adjustment for deferred pensions requires the amount of COLA increase be determined by the Pension & Benefits Committee each year, and presented the guiding principles for making a change. McGrath also highlighted a data error in the previous report and a typo on the second table. Members discussed how the decision has been made historically and the potential financial impact. There was a motion to apply 5% COLA to deferred pensions as outlined in the report, effective 1 May 2023. Hardy and Saunders. Carried.

Pensionable Earnings for Members on LTD. McGrath reminded members that pensionable earnings can be adjusted annually for members on long-term disability, subject to approval of the Committee, and that the Committee should take into account factors such as the COLA for pensions in pay and salary increases for active faculty and staff. Members discussed the current status of Bill 124 and the salary increases for active employees. There was a motion to increase pensionable earnings for members on long-term disability by 1%, effective 1 May 2023, subject to review if there are changes to the salary increases for active employees. Hardy and Taylor. Carried.

6. ANNUAL REPORT TO THE COMMUNITY

Weber-Kraljeviski presented the draft report. Members requested: the correction of two typos; under B.3. correcting "annual indexation of pensionable earnings for employees on long term disability" with "indexation of long-term disability plan benefits and maxima"; and under C.4. adding clarity for the rationale for the University continuing to make additional contributions to the Plan. The secretary agreed to update the document with the requested changes.

7. OTHER BUSINESS

There was no other business.

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

NEXT MEETING

The next regular meeting is scheduled for Friday, 10 March 2023, 9:30 a.m. – 12:00 noon.

27 February 2023

Tim Weber-Kraljevski
Associate University Secretary