

**UNIVERSITY OF WATERLOO**  
**BOARD OF GOVERNORS**  
**PENSION & BENEFITS COMMITTEE**  
**2022 Report to the Community**

This report provides an overview of issues addressed by the Pension & Benefits Committee for the calendar year. Further information on any of these topics may be obtained by contacting the Secretariat or by visiting the [committee webpage](#).

**A. The Committee and its Members**

The Pension & Benefits Committee is a standing committee of the Board of Governors (Board) responsible for overseeing the University's employee pension plans, health care and dental plans, sick leave benefits, long-term disability benefit, and life insurance benefit (Plans). The committee consists of representatives from the University's employee groups, administration, the Board, retirees, and affiliated and federated institutions of Waterloo. The committee meets on a monthly basis (except April, July and August); meetings are open to the University community and agendas and minutes are available on the [committee webpage](#). The committee monitors the health and oversees the administration of the Plans. Changes and improvements to the Plans are developed by the committee with support from staff and external consultants, and recommended to the Board for approval.

**B. Benefits**

1. **Benefits Plan Provider.** The provider for the Long-Term Disability (LTD), Extended Health, and Dental (EHD) benefits was reviewed through a Request for Proposal (RFP) process that commenced June 2021. In October 2021, the Pension & Benefits Committee approved engaging Sun Life Financial to insure the LTD benefit effective 1 May 2022, and Green Shield Canada (GSC) to administer the EHD benefits effective 1 January 2023. The implementation of Sun Life Financial occurred successfully as scheduled. The committee received regular reports on the implementation of GSC leading up to 1 January 2023 and made various decisions to address differences in administrative arrangements between the previous provider and GSC.
2. **In Vitro Fertilization (IVF) Working Group:** The committee formed a working group to conduct a fact-finding exercise regarding benefits coverage supporting plan members with family aspirations, and to examine the prospective implications to expand provision of coverage for reproductive procedures that extend beyond the current scope. The IVF Working Group provided the committee with a report of their findings. Based on the report and the legal advice sought by the University, the Committee decided to adopt an active watching brief to monitor for changes.
3. **Annual Work Plan Items.** In accordance with the annual work plan for the committee, the committee:
  - Approved the benefits plans premium renewals negotiated by Human Resources in conjunction with our consultants. The long-term disability premium (employee paid) decreased 30% with the transitioned to the new provider, Sun Life Financial, on 1 May 2022;
  - Received reports on the benefits plan utilization rates and associated costs; and
  - Provided oversight to a number of other items that occur automatically according to plan provisions e.g. indexation of long-term disability plan benefits and maxima.

**C. Pension Plans**

4. **31 December 2021 Actuarial Valuation and Filing.** An actuarial valuation report is required to be filed at least every three years; notwithstanding this, a valuation is completed on an annual basis for the purposes of assisting with planning and the University's budgeting. The most recent actuarial valuation was filed in 2021. The 31 December 2021 valuation was prepared largely using the same assumptions as the 1 January 2021 valuation, except for a slight change in timing of valuation from 1 January 2022 to 31 December 2021, and an increase to the discount rate from 5.30% to 5.50%.

As at 31 December 2021, the registered pension plan (Registered Plan) was in a surplus for both the going concern and solvency basis, at \$75 million and \$16.2 million respectively. The University continues to make additional contributions to the Registered Plan in order to achieve funding sustainability and lower contribution volatility. This valuation was filed with the regulator, and the full

actuarial report for the Registered Plan and Payroll Plan can be found on the committee's webpage: [31 December 2021 Actuarial Valuation Report](#).

5. **Pension Investment.** The committee receives quarterly reports from the Pension Investment Committee (PIC) on pension fund investments, meetings with investment managers and other activities of PIC. In 2022, following diligence by PIC, the committee made a recommendation to the Board re: appointing two new infrastructure investment managers based on both their long-term performance and their approach to environmental, social and governance factor integration in investment decisions. The Board approved these investment decisions in April 2022.

Following diligence by PIC and legal council, the committee made the recommendation to Board to approve the [Responsible Investment Policy \(RIP\)](#) to govern the registered pension plan and the endowment fund. The Board approved the RIP in April 2022. Following a recommendation from PIC, the committee amended the [Fund Implementation Procedures \(FIP\)](#). The committee also approved the [Funding Policy & Guideline for the Registered Pension Plan](#) to establish a formal framework to achieve the Plan's funding requirements subject to the provisions of the Plan Text and Applicable Laws.

6. **Pension Plan Amendment – Pension Cap:** The committee made the recommendation to Board to amend the pension plan text to raise the nominal pension cap from \$3400 per year of service to \$4000, effective 1 January 2023, allowing pensions to be earned up to the Income Tax Act limit, or \$4000 plus indexation. The Board approved this recommendation in June 2022.
7. **Education and Monitoring.** The committee receives regular reports from the consulting actuary on legislative and policy changes anticipated and in force that impact public sector pensions, as well as changes implemented by other public sector pension plans. The committee discusses implications for the University's pension plans and takes said information into account when making decisions on matters including plan design, funding and administration.
8. **Annual Work Plan Items.** In addition to the above, the committee:
- Reviewed and approved the audited pension fund financial statements for filing with FSCO. The statements show, among other things, that there are significant assets in the fund, the change in assets over the year and drivers for that change, amounts paid out of assets, and compliance with the SIPP;
  - Reviewed and approved cost of living increases to pensionable earnings of individuals on long-term disability for the purpose of calculating pension entitlements, and to eligible deferred pensions;
  - Received the annual report from Aon re: the contribution and protocol caps, including the impact of indexing or removing the caps on costs and liabilities, the number of individuals who would be impacted if the caps were not indexed, and the projected date on which the cap under the *Income Tax Act* will hit the hard cap in the pension plan, if the cap is not increased. The committee monitors these numbers annually in order to make decisions about how and when to increase the caps; and
  - Provided oversight to a number of other items that occur automatically according to plan provisions, e.g. annual indexation of pensions.

We would appreciate your feedback on this report. If you have any suggestions, for example, on content, timing or format, please send them to the [committee secretary](#).

3 March 2023