

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 14 June 2019 Meeting
[in agenda order]

Present: Peter Barr (chair), Terrance Birmingham, Ted Bleaney, Mike Grivicic (secretary), Michael Herz, Dennis Huber, Ranjini Jha, David Kibble, Alan Macnaughton, David Saunders, Michael Steinmann, Mary Thompson

Absent: Kathy Bardswick*, Jim Rush*, Marilyn Thompson*
*regrets

Guest: Ken Vetzal

Consultant: Linda Byron, Allan Shapira

Administration: 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.

1. APPROVAL OF THE 17 MAY 2019 MINUTES (OPEN SESSION) AND BUSINESS ARISING

A motion was heard to approve the minutes. Kibble and Thompson. Carried. There was no business arising.

2. EXECUTION AGAINST THE WORK PLAN

This item was received for information.

3. UPDATE ON GOVERNMENT PENSION PLAN INITIATIVES

Shapira noted the introduction of Bill 124, and observed there are no clear provisions in the bill for implementing the province's announcement re: "double-dipping". He also observed that a national pharmacare program may prove to be an issue of interest in the upcoming federal election.

4. PRESENTATION – DISCUSSIONS OF WORKING GROUP ON PENSION FUNDING/DESIGN

Shapira provided a PowerPoint presentation, including: work was predicated on moving closer to an equal sharing of current service cost between the university and plan members, and providing a pension up to the limit of the *Income Tax Act (ITA)*; as caps rise, current service costs increase; proposal would move to two contribution levels; provision to index caps at a fraction of the inflation rate; adjustments to caps should coincide with valuation filings; proposal would result in increase in employee contributions while maintaining employer contributions at current levels. Members clarified and discussed: rebalancing of current service costs should occur whether plan members or the university are the greater contributor, and monitoring should be ongoing; the wholesale removal of caps isn't feasible at this time; total contributions are currently 20% of pensionable earnings, and question of whether this could be increased much more; funding ratios and pension benefit offerings would be in line with other comparable institutions; increasing pension contributions may be onerous when the province has announced separate limits to compensation increases in the sector; would be helpful to have more information on the cap change, in light of other plans being uncapped; contribution increases can help to improve health of the plan and deal with unanticipated changes e.g. changes to mortality tables. By consensus, members agreed that Aon should proceed with consideration of how these plans changes could be implemented, including consultations and education to include with potential communications to the community. Members are welcome to consult informally over the summer months within their own constituencies, and this discussion will continue into the fall term.

5. BENEFITS UTILIZATION REPORT

Hornberger provided an overview of the report's contents, noting that the university's plan only considers Health Canada approval for drugs. Macnaughton noted a recent development in British Columbia encouraging the use of "biosimilar" medications where possible.

6. WATERLOO ASO BENEFITS PLAN PROVISIONS, RELATIVE TO STANDARD GWL PLAN PROVISIONS

Hornberger clarified that biosimilar drugs require prior authorization. This report was received for information.

7. UPDATE RE: HOLISTIC BENEFITS WORKING GROUP

Byron provided an update: the content of the employee survey is largely set; examining costing of plans and potential new offerings; GWL presented to the group and spoke to areas to target for cost management.

8. AMENDMENT TO ANNUAL MEETING SCHEDULE OF PENSION & BENEFITS COMMITTEE

By consensus, members agreed with the proposal and directed the secretary to make the necessary changes.

9. OTHER BUSINESS

Members recognized this is the final meeting of Alan Macnaughton before his retirement, and thanked him for his service to the committee and to the University.

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

NEXT MEETING

The next meeting is scheduled for Friday 20 September 2019 from 9:30 a.m. – 12:00 noon in NH 3318.

12 September 2019

Mike Grivicic
Associate University Secretary