

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 20 September 2019 Meeting
[in agenda order]

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

Absent: Kathy Bardswick*, Michael Steinmann
*regrets

Consultant: 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.

1. APPROVAL OF THE 14 JUNE 2019 MINUTES (OPEN SESSION) AND BUSINESS ARISING

A motion was heard to approve the minutes. Mary Thompson and Huber. 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 new University Pension Plan (UPP) is forming their board and advertising for board chair; he also indicated that Aon has provided feedback on the “double dipping” provisions proposed by the province, highlighting potential complications that might arise from the mandatory start date at age 71. Members observed that the province’s proposal would specifically disadvantage those at Ontario universities, as qualified retired persons from outside Ontario could accept jobs disallowed to retirees from within the Ontario system.

4. RECOMMENDATION RE: DEPLOYMENT OF CASH IN REGISTERED PENSION PLAN

The secretary observed that the document title should indicate the report is directed to this committee, and a minor correction will be made following the meeting. Huber provided a short overview: plan investments are currently underweight Canadian equities vs. the SIPP benchmark portfolio; this recommendation comes from the Finance & Investment Committee; currently-approved Canadian equity managers. Members discussed: the timing of this recommendation aligns with the previously-expressed preference for in-person discussions where feasible; could embark on a process to approve passive instrument for investment; the Pension Investment Committee is expected to be populated and active in the near term. A motion was heard to approve the recommendation as presented. Kibble and Bleaney. Carried.

5. PENSION PLAN AMENDMENT NO. 5

Shapira described the amendment as technical in nature and arising from the previous year’s filing. A motion was heard to recommend the amendment to the Board of Governors for approval. Huber and Kibble. Carried.

6. PENSION RISK MANAGEMENT DASHBOARD AS OF 30 JUNE 2019

Shapira spoke to the material included with the agenda: funded ratio is 97.5% on a going concern basis; risk-free benchmarking shows that \$970 million of the plan’s funding is to be generated from risk assets; ongoing concern at persistently low nominal interest rates. Members discussed the emergence of negative interest rates for some European government bonds, and how the plan’s assets might be adjusted should this become more prevalent in the wider market.

7. CONTINUATION OF DISCUSSION – REPORT FROM THE WORKING GROUP ON PENSION FUNDING/DESIGN

Members continued the discussion from the previous meeting: in reaching out informally to employee constituency groups, there appears to be no groundswell of opposition to the changes under consideration; some concern at

prospect of increases to pension contributions in light of potential capping of wage increases by the province, and this is somewhat mitigated by the phase-in period that is recommended; overview of how previous similar campus consultations were carried out in 2012; open public meetings would be desirable, along with potentially also running focus groups in parallel; question of whether to include discussions of payroll plan caps in all consultations, or to provide specific sessions for those impacted; likely to also have questions with regard to the joint UPP at these consultations; messaging should accentuate that changes do not reduce the university's contribution, and that the increased funds from employees go directly to promoting the ongoing health of the plan; target recommendation to February 2020 Board meeting, with potential implementation for 1 May 2020 if approved. The secretary will forward the 2012 consultation material to Aon to assist in formulating material relevant for this process. The consultant will provide a draft presentation to the committee at the October meeting.

8. UPDATE RE: HOLISTIC BENEFITS WORKING GROUP

Hornberger provided a short history of the group's activity for the benefit of new members. Currently the working group is preparing to issue a survey to campus employees and also retirees, which will be available both electronically and in paper form for those without electronic access.

9. OTHER BUSINESS

a. Delisting of OHIP out-of-country coverage effective January 1, 2020. Hornberger noted that as of 1 January 2020 Ontario residents will no longer be eligible for up to \$400 per day of out-of-country hospital care. This is expected to add about \$20,000 to the university's expenses once it comes into effect. Communications to inform the community will be developed in the near term.

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

NEXT MEETING

The next meeting is scheduled for Friday 18 October 2019 from 9:30 a.m. – 12:00 noon in NH 3318.

10 October 2019

Mike Grivicic
Associate University Secretary