

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 17 January 2020 Meeting
[in agenda order]

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

Absent: Michael Herz, Michael Steinmann
*regrets

Consultant: Linda Byron, 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 13 DECEMBER 2019 MINUTES (OPEN SESSION) AND BUSINESS ARISING
Rush noted his attendance, and Vetzal corrected the minutes item 5 to highlight matching between asset and liability durations. A motion was heard to approve the minutes as amended. Bleaney and Mary Thompson. Carried.

2. EXECUTION AGAINST THE WORK PLAN
This item was received for information.

3. UPDATE ON GOVERNMENT PENSION PLAN INITIATIVES
Shapira noted that the inaugural University Pension Plan board has been formed, and includes Kathy Bardswick, an alumna of Waterloo's Board of Governors and who previously served on this committee. It is anticipated that it will be some time before the UPP is fully operational, and options for investment management are being reviewed including IMCO or an in-house model.

4. RECOMMENDATION FOR CHANGES TO UW PENSION PLAN
Members noted the distribution of the formal plan amendment for potential submission to the pension regulator, which would be attached to the recommendation to the Board of Governors. Members discussed and clarified: the 0.7% of salaries that will be redirected into increasing the University's special payments cannot be directed to benefits, and there is no transferability of monies between pension funding and benefits funding; the aim of redirecting into special payments would be to shorten the time period to amortize the liability for which special payments are being made; history has shown that the University has voluntarily and proactively addressed issues related to the pension plan; the automatic provision to adjust plan caps exists alongside the committee's power to adjust caps at its discretion; Aon will bring forward a formal protocol on the revised caps regime to a future meeting to rationalize the protocols related to caps; would be helpful to bring an example of how the new cap arrangement will impact employees earning above the cap; the reason for setting the contributions rates above 2x YMPE at 1% higher than the next level down was to reflect the existence of the payroll pension plan, and this level will disappear with the new contribution rates proposed.

Members affirmed that any recommendation to the Board ought to display the level of due diligence undertaken by the committee in considering the recommendation, and clearly explain the rationale for changes in that regard. A motion was heard to recommend for approval the changes to contribution rates and caps, as described in the report and attachment distributed to members. Kibble and Mary Thompson. Carried unanimously. This recommendation is anticipated to be brought to the February 2020 meeting of the Board of Governors.

5. APPROVAL OF ACTUARIAL VALUATION ASSUMPTIONS
Byron provided an overview of the material distributed, and indicated that per the committee's direction the actuarial valuation will be brought to the March meeting, rather than the February/March approval process that has been typical in recent years. Members discussed: potential to file valuation with the regulator this year, if the valuation results prove this to be advantageous; table showing asset classes should show expected returns broken down by asset class; potential to migrate to mortality table for public sector employees at a future date, as this table

may better reflect the experience at Waterloo. By consensus, members approved the assumptions and an update to the material will come for the February meeting.

6. INVESTMENT STATUS OF PAYROLL PENSION PLAN

Hadley provided an overview of the report, and observed that the changes in the registered pension plan would be expected to subsume the payroll pension plan over time.

7. UPDATE RE: HOLISTIC BENEFITS WORKING GROUP

The working group has not met in the new year, and the upcoming meeting will include an update to the survey analysis to gauge trends where respondent report single vs. family coverage.

8. OTHER BUSINESS

There was no other business.

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

NEXT MEETING

The next meeting is scheduled for Friday 21 February 2020, 9:30 a.m. – 12:00 noon in NH 3318.

13 February 2020

Mike Grivicic
Associate University Secretary