

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 20 November 2020 Meeting
[in agenda order]

Present: Peter Barr, Terrence Birmingham, Ted Bleaney, Tony Giovinazzo, Mike Grivicic (secretary), Dennis Huber, Ranjini Jha, David Saunders, Michael Steinmann, Marilyn Thompson, Ken Vetzal

Regrets: Michael Herz, Jim Rush, Mary Thompson

Consultant: Linda Byron, Allan Shapira

Resources: Lee Hornberger, Sarah Hadley

Organization of Meeting: Peter Barr took the chair, and Mike Grivicic acted as secretary. The secretary advised that a quorum was present. The meeting was held via videoconference.

1. APPROVAL OF THE 16 OCTOBER 2020 MINUTES (OPEN SESSION) AND BUSINESS ARISING

Members noted one minor amendment. A motion was heard to approve the minutes as amended. Vetzal 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 observed that the YMPE is projected to rise ~5% in 2021, as a result of the pandemic and the resulting removal of lower paying jobs from the overall calculation of the average industrial wage (AIW). This will have an impact on pensions generally, increasing the ITA maximum pension and also impacting CPP premiums.

a. Changes in Commuted Value Standards Effective December 1, 2020. Byron provided a PowerPoint: assumptions have been modified for interest rates and pension commencement age, with some impacts on the plan; Morneau Shepell is updating the administration tools and option forms to ensure compliance; the January 1, 2021 solvency and wind-up calculations will reflect the changes, with liabilities expected to be modestly lower. Members discussed: should be no material impact for optional forms of pension; the changes were made based on the perspective that the current rate spread was seen as arbitrary. This item was received for information.

4. EXTENDED HEALTH AND DENTAL BENEFITS – INDEXATION OF MAXIMUM EFFECTIVE JANUARY 1, 2021

Hornberger provided an overview of the exhibit, and members discussed: process to adjust based on CPI is based on university practice; utilization of rounding for calculations; inflation calculation. A motion was heard to approve the indexations as presented in the exhibit. Giovinazzo and Bleaney. Carried.

5. PENSION RISK MANAGEMENT DASHBOARD - Q3 2020

Byron provided a PowerPoint presentation, noting changes to valuation calculations over the past quarter and observing the overall decline of interest rates in 2020 (with some upward movement more recently).

6. INVESTMENT FUND PERFORMANCE REPORTS FROM AON – Q3 2020

Huber provided an overview of the exhibit, indicating that regular reporting from the PIC will be forthcoming in the near term. Jha noted that investment managers are being examined/considered by the PIC.

7. UPDATE – HOLISTIC BENEFITS WORKING GROUP

Byron noted that the group is meeting regularly and that a recommendation may be ready for the December PB meeting.

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 Tuesday 15 December 2020, 9:30 a.m. – 12:00 noon.

10 December 2020

Mike Grivicic
Associate University Secretary