

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 18 February 2022 Meeting
[in agenda order]

Present: Peter Barr, Sara Cressman, Tony Giovinazzo, Lily Hua, Dennis Huber, Ranjini Jha, David Saunders, David Taylor, Marilyn Thompson, Ken Vetzal, Rebecca Wickens (secretary)

Regrets: Terrence Birmingham, James Rush

Guests/Resources: Anata Alphonso, Linda Byron, Diana Goncalves, Sarah Hadley, Lee Hornberger, Joan Kennedy, Ally Knepper-Woods, Allan Shapira, Michelle St-Amour, Chelsea St-Hill

Organization of Meeting: Peter Barr took the chair, and Rebecca Wickens acted as secretary. The secretary advised that a quorum was present. The agenda was accepted as distributed.

OPEN SESSION

1. APPROVAL OF THE 14 JANUARY 2022 MINUTES (OPEN SESSION) AND BUSINESS ARISING

There was a motion to approve the minutes as distributed. Giovinazzo and Jha. Carried.

Future presentation on the University Pension Plan (UPP). Members indicated interest in the following: retirement trends across the university sector and other data collected by the UPP that could provide information on trends particular to the sector; investment strategies and approach to responsible investing; having the session jointly with the Pension Investment Committee. Members heard: the UPP is gathering feedback on its draft policies, which are posted online; they may be a source of sector data in the future, but not at this stage in their operations; the UPP team is giving presentations to Boards and groups of university administrators on the organization, administration and value proposition; given members' expressed interests, a presentation later in the year may be more feasible. Staff agreed to take this away and come back with a proposal to a later meeting. Aon offered to do a presentation on sector trends related to retirement, if the committee is interested.

2. EXECUTION AGAINST THE WORK PLAN

This item was received for information.

3. UPDATE ON GOVERNMENT PENSION PLAN INITIATIVES

There was nothing new to report under this item.

4. PENSION RISK MANAGEMENT DASHBOARD Q4

Byron took members through the dashboard, highlighting: the plan is in a surplus position on a going concern and solvency basis as of 31 December 2021; investment returns have had a positive impact; the risk-free deficit increased because of bond yields; the risk premium has increased; there are no compliance or funding issues. Aon noted that the scale for the funded status graph on p.7 needs to be changed – an updated chart will be provided. Discussion included: the transfer ratio – what is a good target (70-75%); the graphs on p. 13 – whether a wider range or different scale is necessary (Aon will consider and come back to the committee).

5. ANNUAL ADJUSTMENTS

COLA for Pensions in Pay. McGrath took members through the calculation of the cost of living adjustment, indicated that it is 3.40%, and reported the impact for pensions in pay as of 1 May 2022. Members received the report for information.

COLA for Deferred Pensions. McGrath reminded members of decision required and informing principles, and took members through the recommendation and its impact. There was a motion to apply the COLA to deferred pensions as outlined in the report, effective 1 May 2022. Jha and Huber. Carried.

Pensionable Earnings for Members on LTD. McGrath reminded members: pensionable earnings can be adjusted annually for members on long-term disability, subject to approval of the committee; the committee takes into account factors such as the COLA for pensions in pay and salary increases for active faculty and staff. Members

heard that salary increases for active employees are limited to 1% per annum. There was a motion to increase pensionable earnings for members on long-term disability by 1%, effective 1 May 2022. Giovinazzo and Huber. Carried.

6. INVESTMENT STATUS OF THE PAYROLL PENSION PLAN

Hadley reminded members of the nature of the payroll pension plan, and provided a break down of the asset mix and an update on the performance of the payroll pension plan assets for the year ended 31 December 2021. Members received the report for information.

7. ANNUAL REPORT TO THE COMMUNITY

Wickens spoke to the history behind the report, updates made from the 2020 report, and feedback already received regarding corrections to be made and timing. Discussion included: timing for the report and whether its publication should follow shortly after the presentation of the actuarial valuation results; the contents and whether they are useful to the community; whether the committee should look at alternative communication plans for significant and ongoing items of business. Members commented: some of the items simply report that the committee is fulfilling its workplan, while others are so technical in nature that few will be interested; it is helpful having all the major committee business summarized in one document for reference and the benefit of new committee members/interested community members; if we add a line requesting feedback on the bottom of the document, then the community members can tell us what they would like to see. The secretary agreed to update the document with the feedback provided.

NEXT MEETING

The next regular meeting is scheduled for Friday 11 March 2022, 9:30 a.m. – 12:00 noon.

19 February 2022

Rebecca M. Wickens
Associate University Secretary