

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 12 March 2021 Meeting
[in agenda order]

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

Consultant: Linda Byron, Allan Shapira

Resources: Sarah Hadley, Lee Hornberger

Guests: Rob Campbell, Sheryl Kennedy (2,3), Samantha Lou, Sue McGrath, Michelle St. Amour

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.

The committee exited confidential session.

2. UPDATE ON ACTIVITY – ADVISORY GROUP ON RESPONSIBLE INVESTMENT

Kennedy provided an overview of the advisory group, noting the group's mandate, activity to date, and aim to report back to the Board of Governors at the June 2021 meeting. As part of its process, the advisory group expects to consult with this committee at its May meeting.

3. REPORT FROM PENSION INVESTMENT COMMITTEE

Kennedy related some of the recent activity at the PIC: in progress to revise the asset-liability study that was completed a number of years ago; examining asset mix for pension investments, and may provide recommendations on this as the work progresses; focusing on risk-adjusted returns with an ESG lens; will be examining leading practices around ESG and responsible investment, and this may result in proposed revisions to investment policies; PIC has met with all investment managers and has reviewed criteria for selection/monitoring/exit from managers. Members discussed: prospective changes to the SIPP; University Pension Plan is still under development, and with no prospective move to such a plan it is important to focus on risk-adjusted returns; a change to investment philosophy might be forthcoming.

4. APPROVAL OF THE 11 FEBRUARY 2021 MINUTES (OPEN SESSION) AND BUSINESS ARISING

A motion was heard to approve the minutes as distributed. Bleaney and Huber. Carried.

5. EXECUTION AGAINST THE WORK PLAN

This item was received for information.

6. UPDATE ON GOVERNMENT PENSION PLAN INITIATIVES

No update provided at this meeting.

7. ACTUARIAL VALUATIONS (RPP AND PPP) AND REVIEW OF CONTRIBUTION AND PROTOCOL CAPS

Byron spoke to the valuation material distributed with the meeting agenda: valuation prepared based on assumptions approved earlier this year; second increase to pension contributions arising from the 2020 plan changes are slated to occur on 1 May of this year; rate of return for 2020 net of expenses and fees is comparable to other large public sector pension plans; discount rate reduced to 5.3% from 5.6%; detail on current service costs and salary assumptions. Members discussed: university current service cost is relatively static compared to 2020, while member current service cost has increased, and this occurred as anticipated from the 2020 plan changes; some gains seen due to retirement experience, though this could reverse in an upcoming year; solvency ratio of 87%, and going concern ratio of 95.1%, and this increases to 96.0% with alternate salary assumption. By consensus, member directed that the consultant prepare a submission for filing of this valuation with the regulator; this will be brought to an upcoming meeting.

8. OVERVIEW OF PENSION PLANS FOR THE U15 RESEARCH-INTENSIVE UNIVERSITIES

Shapira provided an overview. The chair indicated he will convey this to the board chair in response to their query.

9. BENEFITS PLAN PREMIUM RENEWALS

Hornberger provided detail on each of the renewal items, and members obtained clarification on technical details. A motion was heard to approve the continuance of the 20% subsidy for life insurance, while deploying the difference in dollar amount between the 20% and 30% subsidy into the claims fluctuation reserve. Huber and Bleaney. Carried. Members observed with consternation that Canada Life proposed a 97% increase to LTD premiums, and ascertained that with support from Aon that figure was negotiated to a 50% increase. Members discussed the LTD benefit: experience has increased in recent years, and the benefit provided is better than that of comparators; plan design changes could temper increases; coverage of COLA at 5% is noticeably above the recent COLA experience; fixed COLA values are preferred by insurance companies to lend stability to contracts; LTD benefit is 100% employee paid. A motion was heard to approve the 50% increase to LTD premiums, and to proceed with a process to examine market offerings to confirm plan design as well as the current insurer. Bleaney and Vetzal. Carried, with Birmingham and Huber abstaining. Regarding ASO fees and charges, Aon assisted in negotiating a decrease to pooling charges and there is plan to market ASO fees as part of the outcomes of the recent benefits plan changes. A motion was heard to approve ASO fees and charges as presented. Jha and Birmingham. Carried. Following a short review of the budget rates exhibit, a motion was heard to approve budget rates as presented. Huber and Saunders. Carried.

10. MAY 1, 2021 EXTENDED HEALTH PLAN AMENDMENT, IMPLEMENTATION UPDATE

Hornberger indicated that during the process of implementing the recent benefits plan changes it was discovered that some details on a small number of benefits changes will require confirmation by the committee. Members considered the question of whether the annual maximum for continuous glucose monitors should also apply to flash glucose monitors. A motion was heard to approve the applicability of \$4000 per year as a combined maximum for continuous glucose monitors and flash glucose monitors together. Bleaney and Jha. Carried. Members ascertained that in vitro fertilization is not necessarily a standard benefit and that the plan design specifics need to be confirmed in that regard. The costed plan design presented is the same design utilized as part of the recent benefits plan changes, and would incur no increment cost. A motion was heard to approve the plan design details for IVF coverage and process for scenarios as presented. Jha and Saunders. Carried. Related to the recent plan changes, members heard that the holistic benefits working group invited the director of the School of Optometry to a recent meeting to discuss potential partnership arrangements.

11. VISION CARE – EYE EXAMS

Hornberger spoke to the exhibit, which arises out of the recent FAUW salary settlement, and members clarified the impact on budget rates and that this change would cover members until 65 at which age a member is covered by the province. A motion was heard to recommend to the Board of Governors the addition of vision care to the employee benefits plan as described in the exhibit. Jha and Bleaney. Carried.

12. PENSION ADMINISTRATION SYSTEM: ARIEL, APS AGREEMENT WITH MORNEAU SHEPELL

Hornberger discussed: this item was explored at the confidential session in February 2021, and is brought to open session at this meeting to confirm the consensus agreement; HR is satisfied with the vendor, and a procurement process would be investigated on renewal. Members voiced that the online self-help tools should include one to provide a commuted value calculation, and Hornberger indicated that the vendor can be engaged on that potential addition.

13. UPDATE FROM WORKING GROUP ON DEFINITIONS IN POLICY 23, 59

No update provided at this meeting.

14. INVESTMENT UPDATE, Q4 2020

Huber provided a short overview, and one member inquired as to whether longer term reporting (e.g. 15 years) could be provided. This item was received for information.

15. ANNUAL COMMITTEE SELF-ASSESSMENT

The secretary noted that this process helps to regularly assess the functioning of the committee, and that forms will be circulated electronically following the meeting.

16. OTHER BUSINESS

There was no other business.

NEXT MEETING

The next regular meeting is scheduled for Friday 14 May 2021, 9:30 a.m. – 12:00 noon.

27 April 2021

Mike Grivicic
Associate University Secretary