

**Board of Governors
PENSION & BENEFITS COMMITTEE
Friday 24 June 2022
9:30 a.m. to 12:00 noon**

This meeting will be held via Microsoft Teams
Non-members may arrange to join the open session of the electronic meeting
by contacting Diana Goncalves, d3goncalves@uwaterloo.ca

OPEN SESSION		ACTION
9:30	1. Approval of the 20 May 2022 Minutes (Open Session)* and Business Arising <ol style="list-style-type: none">a. Actuarial Valuation – 31 December 2021, Board-Approved for Filingb. Board Approval of Amendment No. 8 to the Pension Planc. Recommended Amendments to Policy 23 and 59, progressing through Faculty Relations Committee and Staff Relations Committee	Decision Information Information Information
	2. Execution Against the Work Plan* [Grivicic]	Information
	3. Update on Government Pension Plan Initiatives [Aon]	Information
9:40	4. Update on the Payroll Pension Plan* [Huber, Hadley]	Information
9:50	5. Pension Administration, Internal Supporting Resources* [Hornberger]	Decision
10:00	6. Benefits Utilization Report* [Kennedy]	Information
10:15	7. Draft Terms of Reference – Working Group to Review In-Vitro Fertilization Coverage* [Grivicic]	Discussion/ Decision
	8. Annual Review of Committee Terms of Reference* [Grivicic]	Discussion
	9. Other Business	

CONFIDENTIAL SESSION

10.	Approval of the 20 May 2022 Minutes (Confidential Session)+ and Business Arising	Discussion
11.	Memo re: Pension & Benefits Committee Insurance Coverage+ [Huber]	Information

Next Meeting: Friday 16 September 2022, 9:30 a.m. – 12:00 noon

*attached ** to be distributed + distributed separately

20 June 2022

Mike Grivicic
Associate University Secretary

Please convey regrets to Diana Goncalves at d3goncalves@uwaterloo.ca

Future Agenda Items

- a. Presentation re: the UPP – planned for Fall 2022
- b. Pension Contribution for Members on LTD
- c. Level of LTD coverage vs. practical requirements
- d. EFAP Report Data Requirements
- e. Communication Plan re: Handling of Member Questions/Feedback

University of Waterloo
Board of Governors
PENSION & BENEFITS COMMITTEE
Minutes of the 20 May 2022 Meeting
[in agenda order]

Present: Peter Barr (chair), Sara Cressman, Michelle Hollis, Melissa Graham, Mike Grivicic (secretary), Lily Hua, Dennis Huber, Ranjini Jha, James Rush, David Saunders, David Taylor,

Regrets: Terrence Birmingham, Tony Giovinazzo

Resources: Linda Byron, Sarah Hadley, Lee Hornberger, Joan Kennedy, Allan Shapira, Tim Weber-Kraljevski, Tyler Wendland

Guests: Clare Bermingham, Danial Cockayne, Andrew Geekie, Blaine Hertzberger (4,5), Trenny McGinnis, Franco Solimano

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

OPEN SESSION

1. APPROVAL OF THE 11 MARCH 2022 MINUTES (OPEN SESSION) AND BUSINESS ARISING

Hornberger corrected the minutes to indicate the committee approve indexing of the maximum insured salary for LTD. There was a motion to approve the minutes as amended. Saunders and Huber. Carried.

a. Transfer of LTD Insurer to Sun Life Completed on 1 May 2022. This item was received for information.

b. Responsible Investment Policy Approved at April BOG meeting. This item was received for information.

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. ANNUAL AUDIT OF THE PENSION PLAN FUND FINANCIAL STATEMENTS

Hadley provided an overview of the process of preparation of statements and audit by EY, observing that the content of the notes are highly prescribed and are prepared to meet FISRA requirements. Hertzberger indicated that the audit approach was consistent with the previous year, the financial statements report on pension assets, an unqualified opinion is provided on the statements, and that no evidence of fraud or illegal acts arose in the course of the audit. Members discussed how the investment custodian account operates, noted that certain terminology ought to be clarified, and noted that the expected addition of level 3 assets will add a new layer to the reporting. A motion was heard to approve the financial statements as presented. Jha and Huber. Carried.

5. PREVIOUS YEARS' FEES AND EXPENSES

This item was received for information.

6. PENSION RISK MANAGEMENT DASHBOARD, Q1 2022

Byron discussed: going concern funded position decreased from a surplus to a deficit of \$69.8 million over the quarter due to asset performance; the risk-free deficit decreased due to a decrease in risk-free liabilities from an increase in risk free rates; solvency position improved from \$4.9 million surplus to \$164.9 million surplus over the quarter primarily due to an increase in solvency rates. This item was received for information.

7. DRAFT ACTUARIAL VALUATION – 31 DECEMBER 2021

Byron provided an overview of the valuation, and Shapira highlighted the requirement to identify the PBGF exposure per regulations as well as underscoring the soundness of the funding strategy. Members noted minor text amendments which will be adjusted for the filing with the regulator. A motion was heard to recommend that the Board of Governors approve the filing of the valuation with the regulator, as amended. Huber and Jha. Carried.

8. UNIVERSITY OF WATERLOO PENSION PLAN FOR FACULTY AND STAFF, DRAFT AMENDMENT NO. 8

Byron provided an overview of the amendment, and Huber observed that this amendment can be expected to provide the plan with runway for several years. A motion was heard to recommend the amendment to the Board of Governors as presented. Taylor and Saunders. Carried.

9. CARBON DISCLOSURE REPORT

Hadley and Wendland spoke to the report, observing that the analysis focuses only on equities and that the reported figures for global carbon emissions are likely skewed downward due to the pandemic period. Members observed that the data points may vary in a noisy fashion from year to year, and that longer term trends need to be ascertained before taking definitive action based on the data. Members thanked Finance staff for their efforts in preparing the report and analysis.

10. RECOMMENDED AMENDMENTS TO POLICIES 23 AND 59

Hornberger provided an overview of the exhibit, including: activity of the working group; impact of the Bill 124 moderation period; assessment of legal considerations; decision of university administration to fully align administrative practice as of 1 June 2022, with policy amendments to be recommended; implementation will have a cost impact on some employees and so will be carried out on an optional basis for those currently on contracts; wider-scale communications on the changes are planned to occur following prospective approval of the amendments. The secretary confirmed that the formal authority for amendment to class “FS” policies resides jointly with the Faculty Relations Committee and the Staff Relations Committee. A motion was heard to recommend the two policy amendments as presented. Hua and Graham. Carried.

11. BENEFITS COVERAGE FOR IN VITRO FERTILIZATION

Hornberger provided an overview of the exhibit and recommended course of action, which would form a working group of the committee to conduct a thorough analysis of the current plan design as well as the financial implications and regulatory/contractual requirements of any potential changes. Guests expressed concerns at the apparent gap in benefits coverage, and members discussed: new source of funds would likely be required to extend the benefit as described in the exhibit; certain expenses for IVF are the same whether the treatment was received by a plan member directly or by a surrogate, though the determinant for existing coverage is whether the plan member is recipient of the treatment; a review of existing benefits offerings show the plan is outside from a legal standpoint; working group would need to consider the parameters impacting the activity of the Holistic Benefits Working Group; existing IVF coverage will transition to Green Shield with the rest of the health benefits; concerns expressed by the Gender and Sexual Diversity Alliance to the provost, who in turn indicated his intent for the Pension & Benefits Committee to consider the matter that is appropriately within its jurisdiction; those plan members without a uterus or those whose uterus cannot or will not be used are likely to be more in need of IVF coverage for surrogates. A motion was heard to direct that a terms of reference for a working group be developed and brought forward to the next meeting for consideration by the committee. Hua and Rush. Carried.

12. BOARD-APPROVED 2022-23 OPERATING BUDGET OVERVIEW

Rush provided an overview of the budget, noting key areas of focus and potential pressure points for the coming fiscal year. This item was received for information.

13. OTHER BUSINESS

a. Jha observed that Wilfrid Laurier University is examining joining the UPP, and Shapira indicated that an information primer on the UPP will come to the committee in Fall 2022.

b. Jha asked whether a process exists to consider exceptional cases within the framework of the SMART program. Hornberger indicated that plan members on prescriptions at the same of implementation were “grandparented” to keep those drugs, and that the program may either (i) include, (ii) include with substitutions or (iii) exclude. There is no process to consider exceptions outside of the SMART program, and it is yet to be determined how such a process is adjudicated via Green Shield.

NEXT MEETING

The next regular meeting is scheduled for Friday 24 June 2022, 9:30 a.m. – 12:00 noon.

Execution against Work Plan

Pension & Benefits Committee, Board of Governors, University of Waterloo

The below represents the annual responsibilities of the P&B Committee and has been prepared as an aid to planning only. The committee's activities are much broader, however, and include: legislative changes, plan changes and improvements; selection of managers and service providers; and requests from the UW community regarding pension and benefits plans.

Task	Frequency (Target month)	18 June 2021	10 Sept 2021	22 Oct 2021	19 Nov 2021	10 Dec 2021	14 Jan 2022	18 Feb 2022	11 Mar 2022	20 May 2022	24 June 2022
Approval of Actuarial Valuation Assumptions	Annual (Jan)						✓				
Investment Status of PPP	Annual (Feb)							✓			
Cost-of-living Increase for Pensioners	Annual (Feb)							✓			
Pensions for Deferred Members	Annual (Feb)							✓			
Salaries for Pension Purposes for Individuals on Long-term Disability	Annual (Feb)							✓			
Actuarial Valuations (RPP and PPP), with posting to website once approved	Annual (Mar)								✓		
Review of Contribution and Protocol Caps (RPP and PPP)	Annual (Mar)								✓		
Monitor sharing of current service cost between employee and university contributions	Annual (Mar)										
Benefits Plan Premium Renewals	Annual (Mar)								✓		
Indexing of Long-term Disability Plan Benefits and Maxima	Annual (Mar)								✓		
Annual Committee Self-Assessment	Annual (Mar)								✓		
Budget Overview	Annual (May)									✓	
Previous Years' Fees and Expenses	Annual (May)									✓	
Annual Audit of the Pension Plan Fund Financial Statements	Annual (May)									✓	

Task	Frequency	18 June 2021	10 Sept 2021	22 Oct 2021	19 Nov 2021	10 Dec 2021	14 Jan 2022	18 Feb 2022	11 Mar 2022	20 May 2022	24 June 2022
Benefits Utilization Report	Annual (June)	✓									✓
Annual review re: benefits added/removed from insured plans in the market	Annual (June)	✓									D
Review of Committee Terms of Reference	Annual (June)	✓									✓
Indexing of Plan Maxima – Health, Dental, Retiree Life Insurance	Annual (Nov)				✓						
Employee and Family Assistance Program – report on utilization	Annual (Nov)				✓						
Maximum pension limits and caps adjustments, based on average industrial wage increase (AIW)	Annual (Dec)					✓					
Total Fund Overview	Quarterly	✓	✓			✓					
Investment Manager Review	Semi-annually					✓					
Approval of the Statement of Investment Policies and Procedures (SIPP)	Annual					✓					
Annual Report to the Community	Annual							✓			
Actuarial Filing - Minimum every three years Secretariat to advise Aon and HR upon approval by BOG, to commence filing Most recent filings: 2017, 2018, 2020, 2021, 2022											

Report to the Pension & Benefits Committee

Update on the Payroll Pension Plan (PPP)

June 24, 2022

Background

As of January 1, 2022, employees participating in the registered pension plan (RPP) are accruing their pension benefits entirely from the RPP. The Payroll Pension Plan (PPP) is a supplementary plan for benefits accrued above the Income Tax Act limit and has a \$3400 benefit cap which is now lower than the benefit cap of the RPP and the Income Tax Act limit.

The RPP is a pension trust, a separate legal entity from the University, which is funded based on actuarial valuations and statutory requirements. Employees and the University jointly fund the current service costs and the University contributes any additional statutory funding. The University is currently making contributions in excess of the statutory minimum (additional contributions)¹.

The PPP was funded only by the University (no employee contributions) and is invested with TD Asset Management. The PPP funds are included in the University's financial statements as net assets.

Given that participating employees are now earning all pension benefits from the RPP, the University will direct a portion of the assets from the PPP investment account to the RPP over time. The transfers of amounts from the PPP investments to the RPP will fund a portion of the University's additional contributions to the RPP.

PPP Assets and Liabilities

As of April 30, 2022 (UW's fiscal year end):

- The market value of the PPP investment account was \$45.720m
- The liabilities of the PPP as determined by Aon were: \$21.918m
- Excess of the market value of the PPP investments over the PPP liabilities is: \$23.802m

The liabilities of the PPP represent the amount to be paid to retirees (or their beneficiaries) who retired with a portion of their total pension benefits coming from the PPP. These liabilities will fluctuate over time based on experience and for changes in the applicable discount rate used in the valuation; however, no further benefits will be earned from the PPP.

The University will move the excess of the market value of the PPP assets over the PPP liabilities to the RPP in approximately equal increments over the next 3 years (2022 – 2024, approximately \$8m per year); this will improve the matching of the PPP assets with its liabilities. An annual update will be provided to the Pension & Benefits Committee at its March meeting (coincident with the preliminary RPP/PPP valuations) for each of the next 3 years.

Dennis Huber
Sarah Hadley

¹ As per the actuarial valuation as of December 31, 2021, the University has committed to contribute 12.45% of pensionable earnings during the 3-year period to which this actuarial valuation applies; this results in University additional contributions of 2022 - \$13.8m, 2023 - \$15.0m, 2024 - \$15.6m.

Pension Administration

Internal Supporting Resources

Since inception of the pension plan, the University's Human Resources department has been responsible for the corresponding administration. Between 5% and 100% of the compensation payable to the incumbents of the following positions is funded by the pension plan which aligns with their dedication to pension administration activity:

- (i) Manager, Pension: 100%
- (ii) Pension Administrator: 100%
- (iii) Pension Analyst: 50%
- (iv) HR Financial Officer: 5%
- (v) Coop Student: 100%

The Pension & Benefits Committee has not discussed the internal resources dedicated to pension administration for more than a decade; however, the degree of activity has increased significantly since then.

Plan membership has increased by 61% over the last 15 years, 43% over the last 10 years, and 20% in the last 5 years, as illustrated in the following table:

Category	Membership by 5-Year Calendar Year Milestones			
	2006	2011	2016	2021
Active	3141	3518	4169	4905
Disabled /Suspended	90	105	94	105
Retired	1248	1432	1745	2176
Deferred	376	432	507	632
<i>Combined</i>	<i>4855</i>	<i>5487</i>	<i>6515</i>	<i>7818</i>

With the increased plan membership, there is a corresponding increase in the volume of pension administration activity. Based on the information below, volumes of transactions during the 2017-2021 5-year period represent a 41% increase over the 2012-2016 5-year period, and a 90% increase over the 2007-2011 5-year period.

Member Transactions	Transactions per 5-year Period		
	2007-2011	2012-2016	2017-2021
Terminations	509	706	1062
Retirements	479	675	897
Deaths	225	255	326
New Entrants	1322	1778	2345
Transfers In	<i>n/a</i>		123
Family Law Value	<i>(supported/performed by external vendor)</i>		56
<i>Combined</i>	<i>2535</i>	<i>3414</i>	<i>4809</i>

Pension & Benefits Committee
June 24, 2022

The above metrics do not include time intensive activity that surround these events (such as supporting beneficiaries with benefits processes during emotional events) or related requests such as producing transfer in proposals that in the end are not accepted. In addition, these metrics do not capture the level of support that the membership requires through inquiry management or the interactions with the custodian, CIBC Mellon.

The work effort required to support pension administration volumes is unsustainable for the existing complement of internal resources. To process benefit statements and provide payment of entitlements within the legislative time frames, dedicated specialists have been working in excess of a regular workweek on a continual basis. Specialists have not had capacity to support other client-focused, value-added services or enhancements to functionality, and the quality of services provided is not at the level of desired performance.

The pandemic has led to an influx in inquiries as well as requests for retirement planning assistance. In 2021, there was an increase of 24% and 56% in pensions put in pay (based on retirements and deferred members electing to collect pensions) in comparison with 2020 and 2019, respectively. Workforce data indicates that the incidence of retirements is not likely to decline in the future and the pressures in the talent market are anticipated to be further strains from a pension administration perspective.

The recommendation is for the pension plan to fund the compensation associated with the acquisition of two new Pension Administrators in order to sustain current and anticipated volumes of transactions and activity, support for members, and time to devote to other more client-focused, value-added services. In addition, the recommendation is to review internal resources again, within the next five years and in conjunction with the competitive bidding process that is required to support the pension administration system effective November 1, 2026.

Action Required: *Decision*

BENEFITS UTILIZATION REPORT

June 2022

Joan Kennedy, Manager, Benefits
Human Resources



Content

- Overview
 - External Arrangements
 - Cost Summary
 - Participation Levels (Canada Life)
- Life Insurance
- Long-Term Disability
- Plan changes May 1, 2021
- Healthcare Benefits

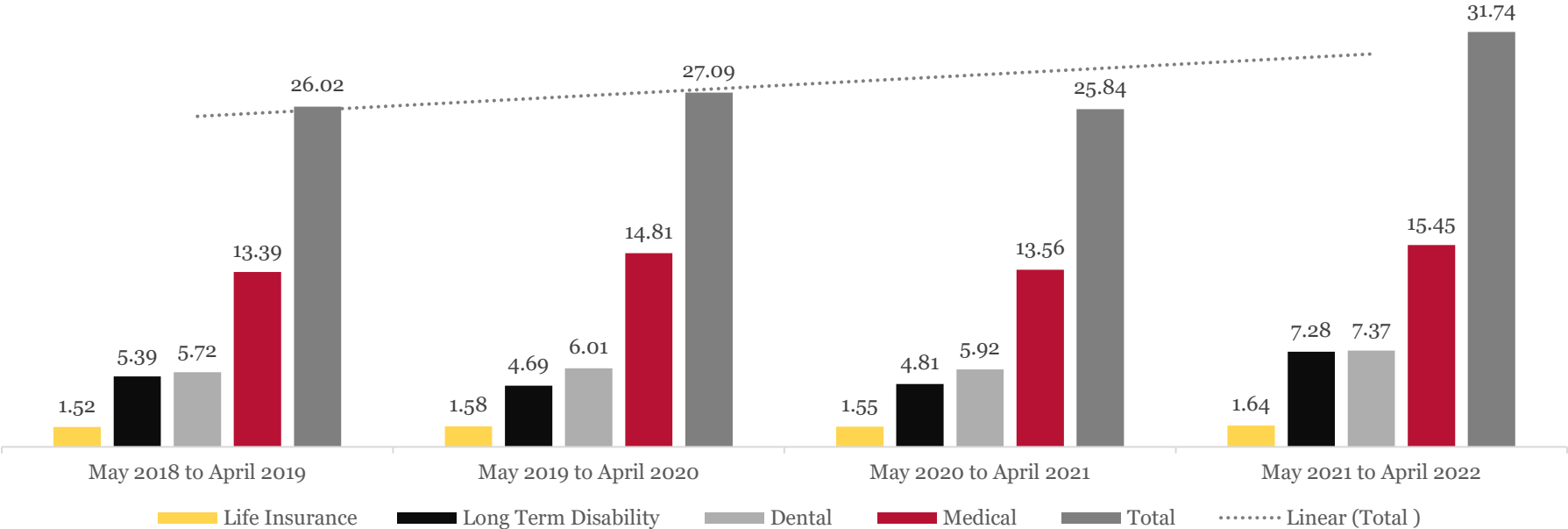
External Arrangements

Benefit	Vendor	Underwriting Arrangement
Life Insurance	Sun Life Financial	Experience-rated, Retention
Long Term Disability	Sun Life Financial (change from Canada Life May 1, 2022)	Experience-rated, Non-refund
Healthcare Benefits	Canada Life	Administrative Services Only (ASO) with large claims pooling (\$50,000 per individual per year)

Cost Summary

The cost of the benefits program was \$31.74 million in the 2021/22 fiscal year

Benefits Program - Cost Breakdown
(figures in millions)



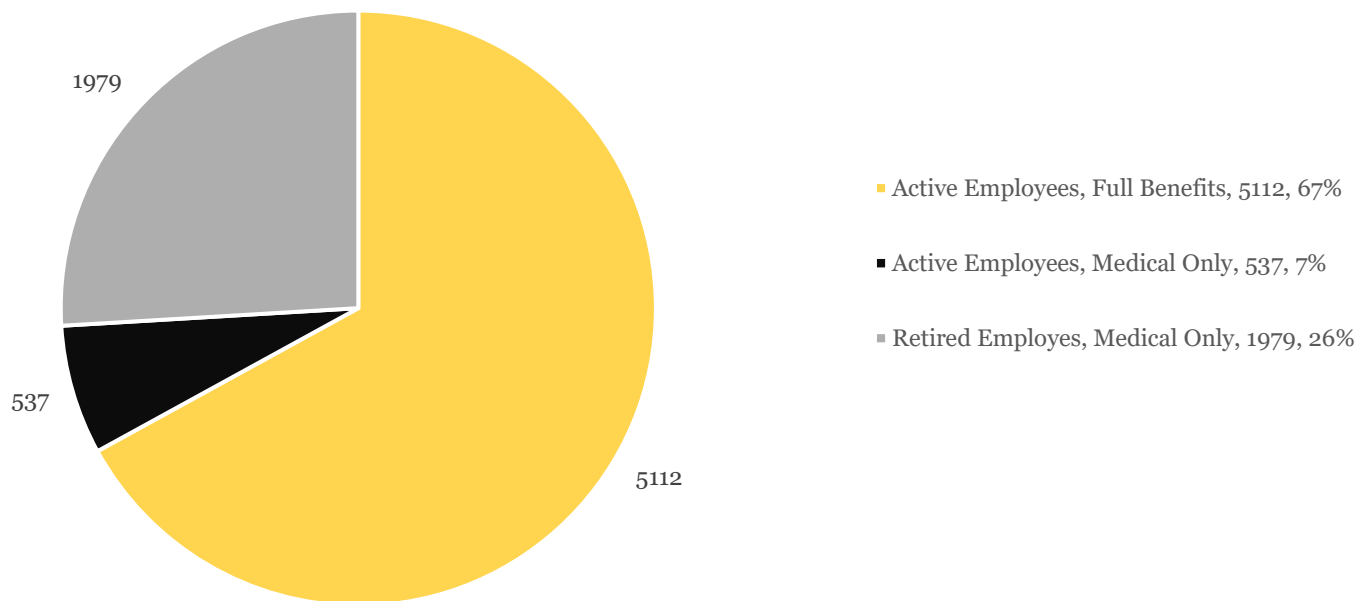
For the 2021/22 fiscal year, 49% of the overall cost pertains to medical benefits, followed by dental and long term disability at 23%, and life insurance at 5%



Participation - Overall

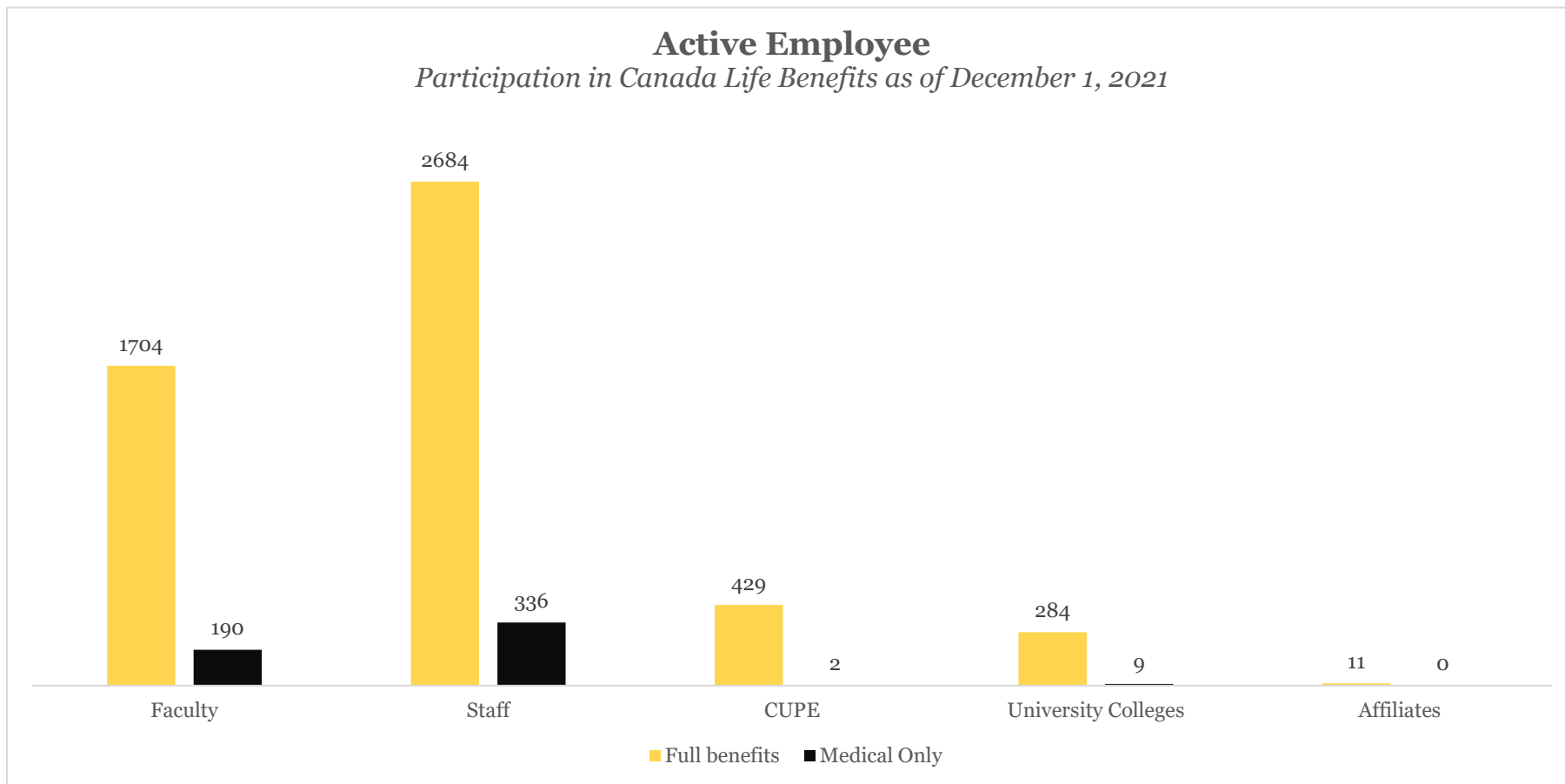
Of the 7,628 active and retired employees participating in the benefits provided by Canada Life, 33% have access to the medical benefit only

Active and Retired Employees
Participation in Canada Life Benefits as of December 31, 2021



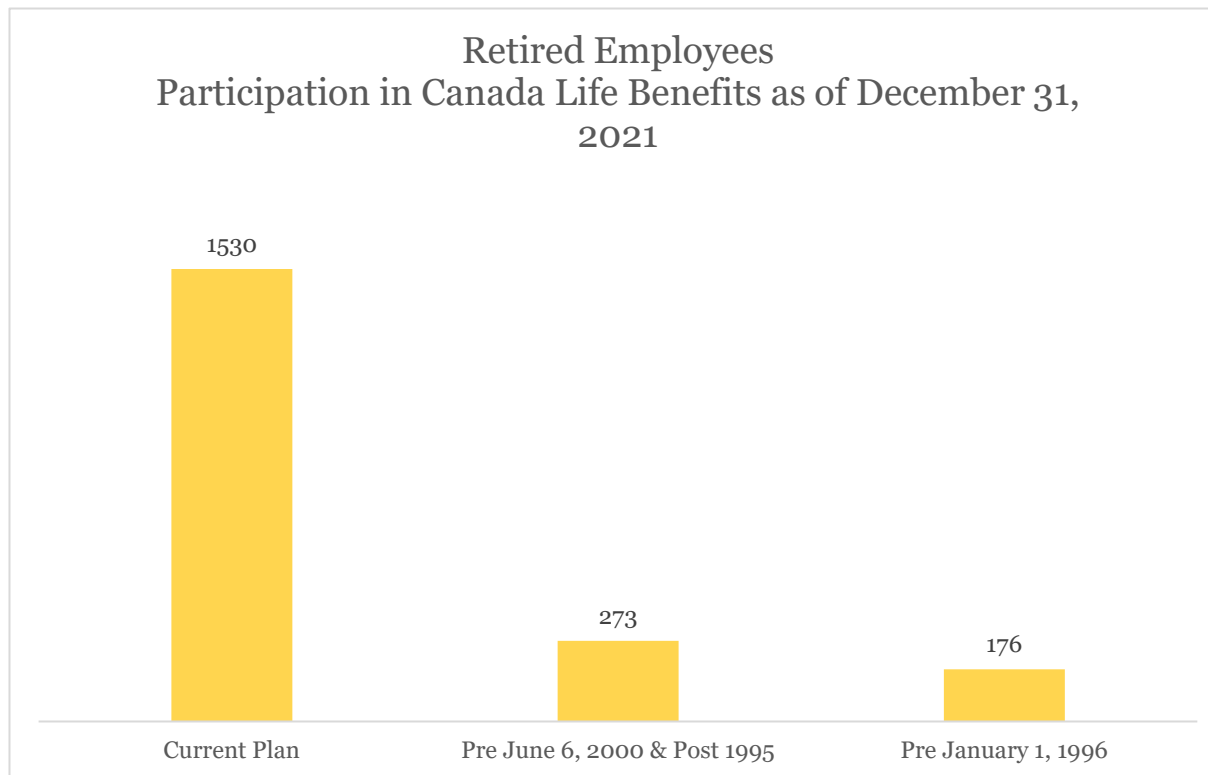
Participation - Active Employees

Of the 5,649 active employees participating in the benefits provided by Canada Life, 9.5% have access to medical only



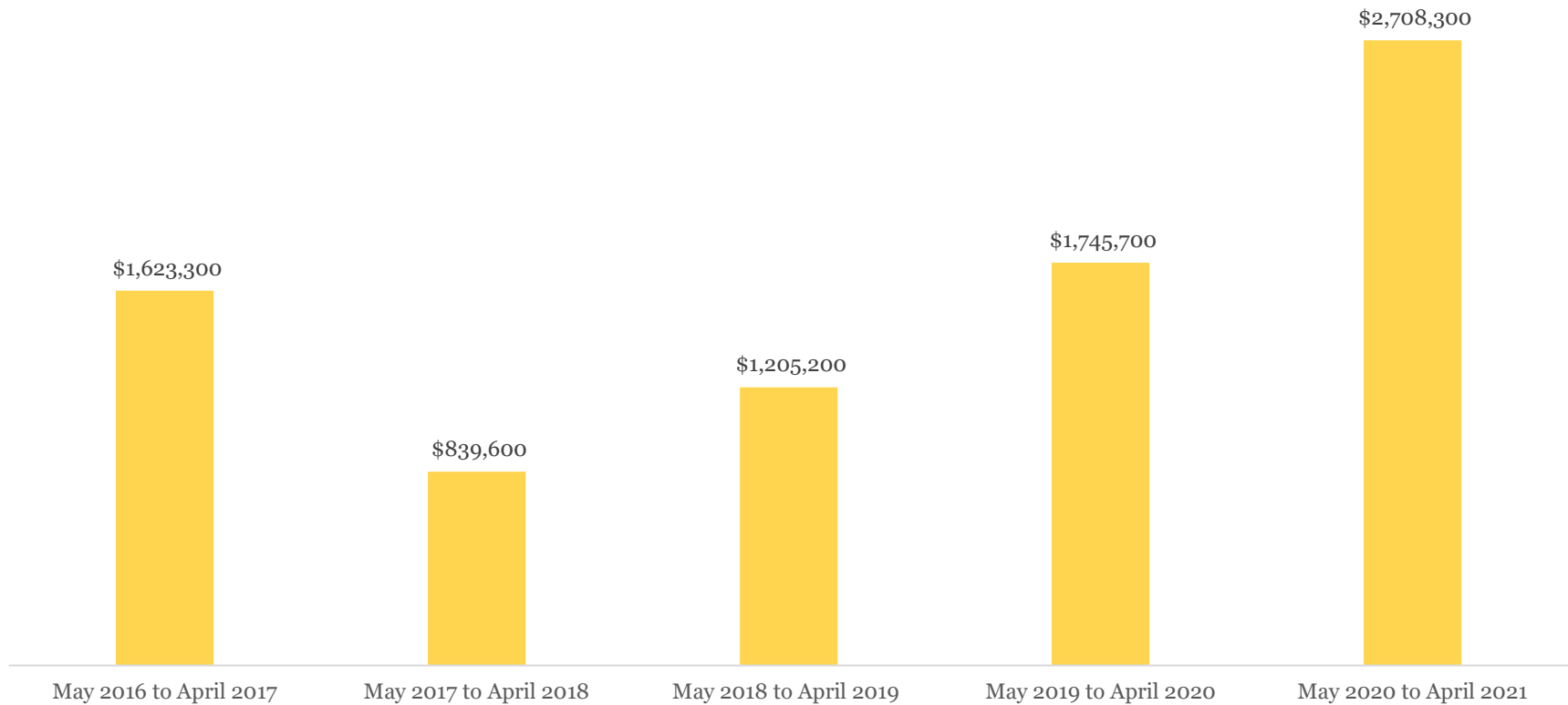
Participation - Retired Employees

Of the 1,979 retired employees participating in the medical benefit, 77% are enrolled in the current plan and 23% are enrolled in closed plans



Life Insurance

Total Paid Claims *5-year summary*



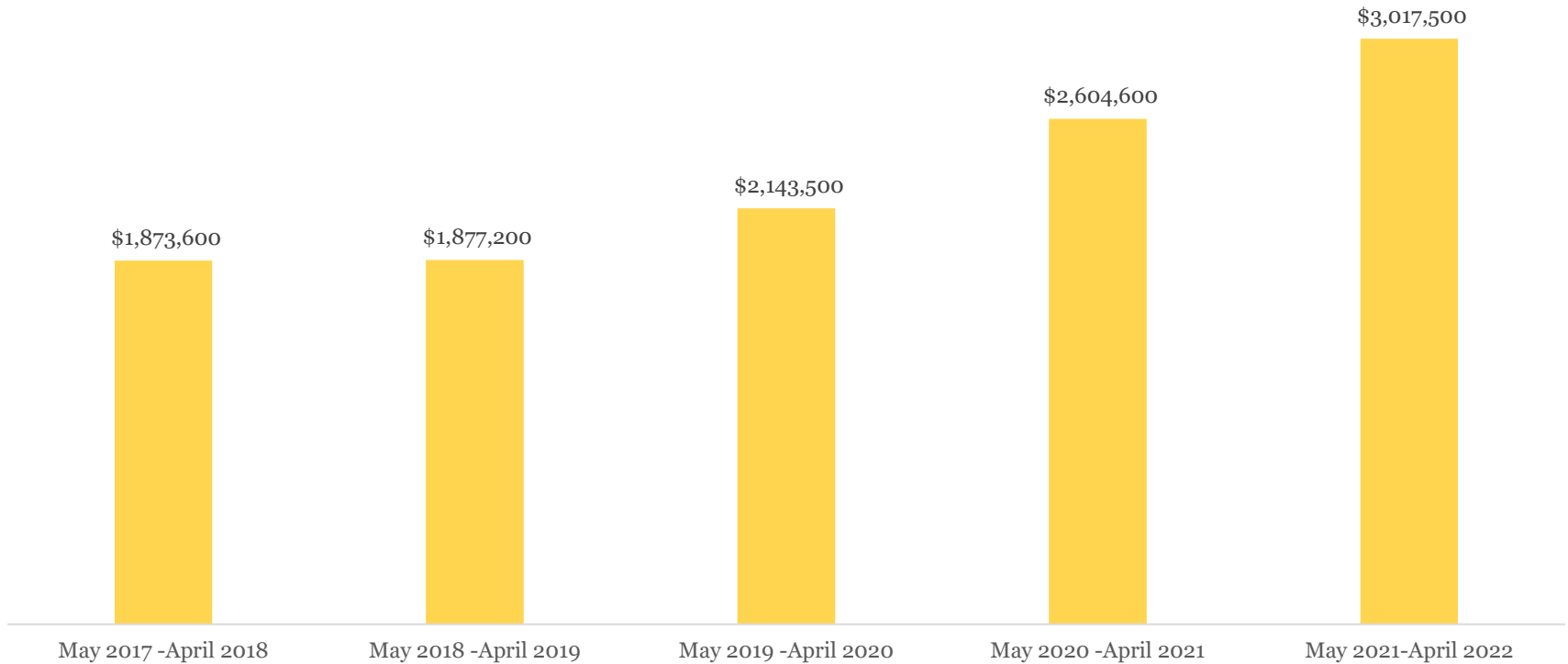
Note: University Colleges and Affiliates included in above data

Source (May 2020 to April 2021 data): ULIP, February 28, 2022



Long Term Disability

Paid LTD Claims *5-year summary*

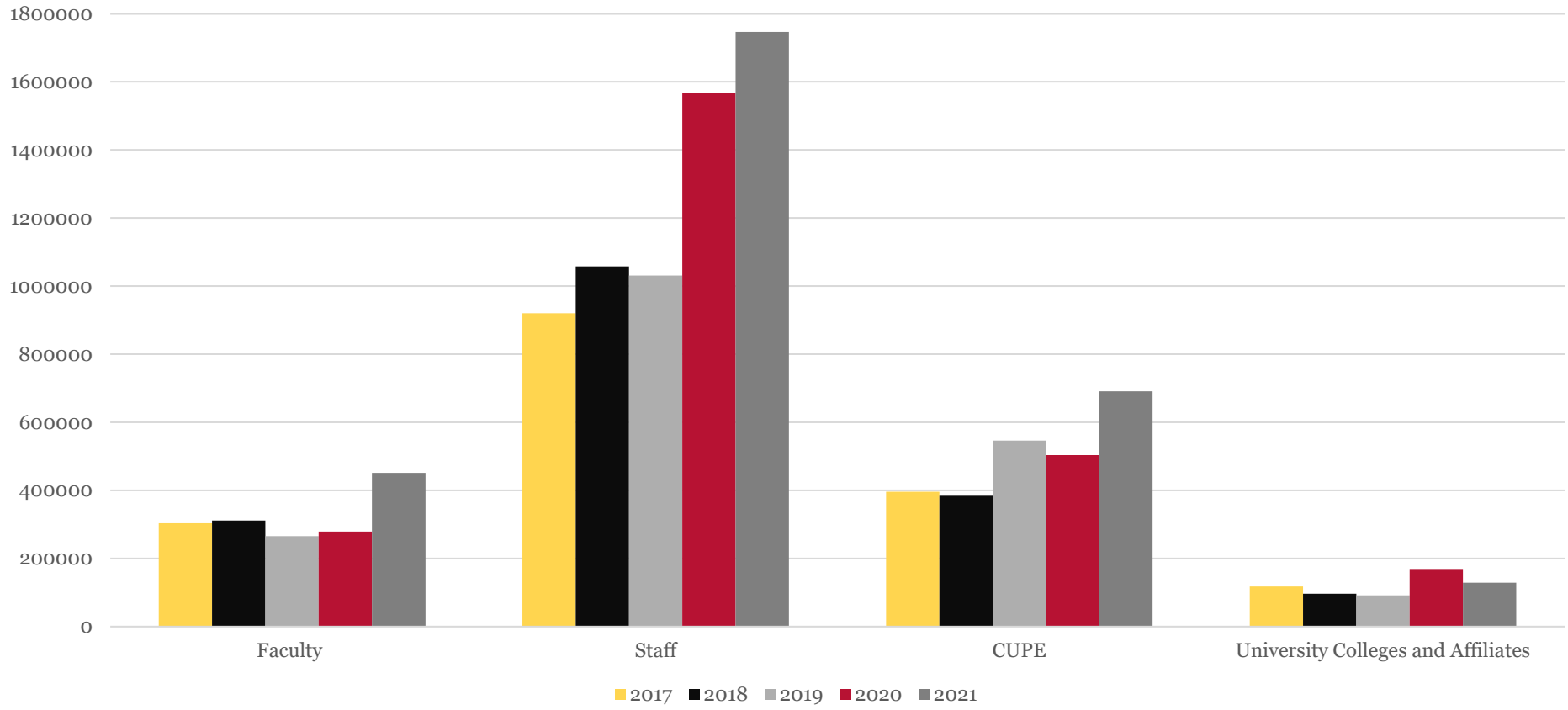


Note: University Colleges and Affiliates included in above data

Source (May 2021 to April 2022 data): Canada Life, June 6, 2022

Long Term Disability (cont.)

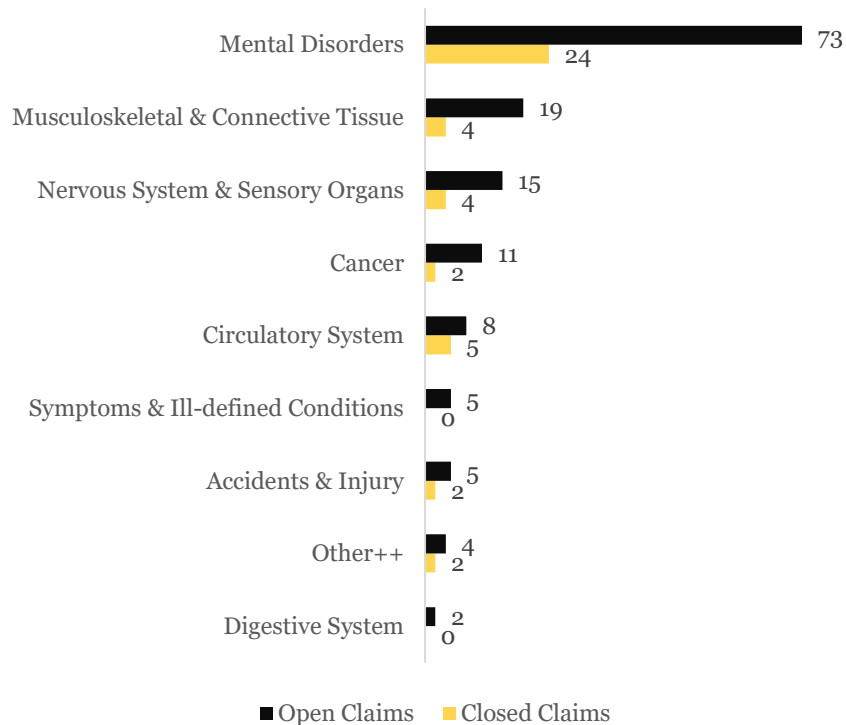
Paid LTD Claims by Employee Group
(Canada Life claims only)



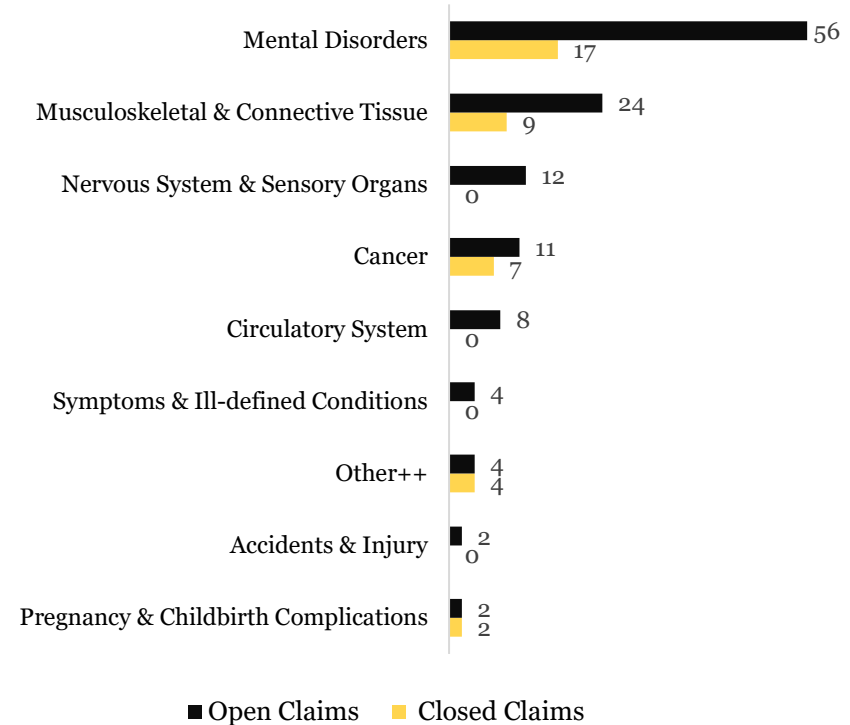
Long Term Disability (cont.)

Canada Life case management during 2021: 142 open claims and 43 closed claims

2021 LTD Claims Incidence by Diagnosis



2020 LTD Claims Incidence by Diagnosis

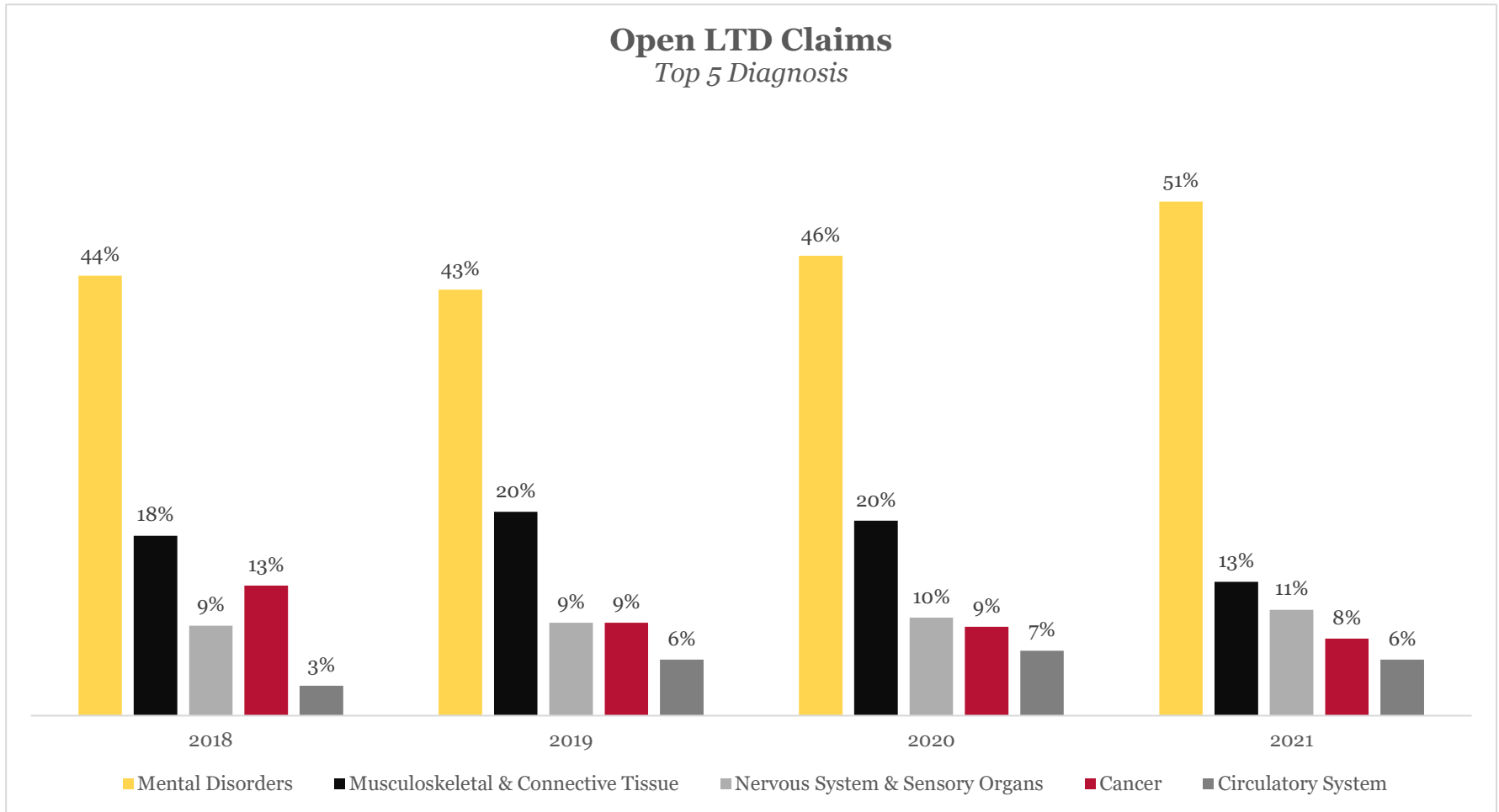


Note: Other ++ Some diagnosis categories may have been combined to ensure employee rights to confidentiality

Source: Canada Life, June 6, 2022

Long Term Disability (cont.)

Open LTD Claims
Top 5 Diagnosis



Plan changes May 1, 2021

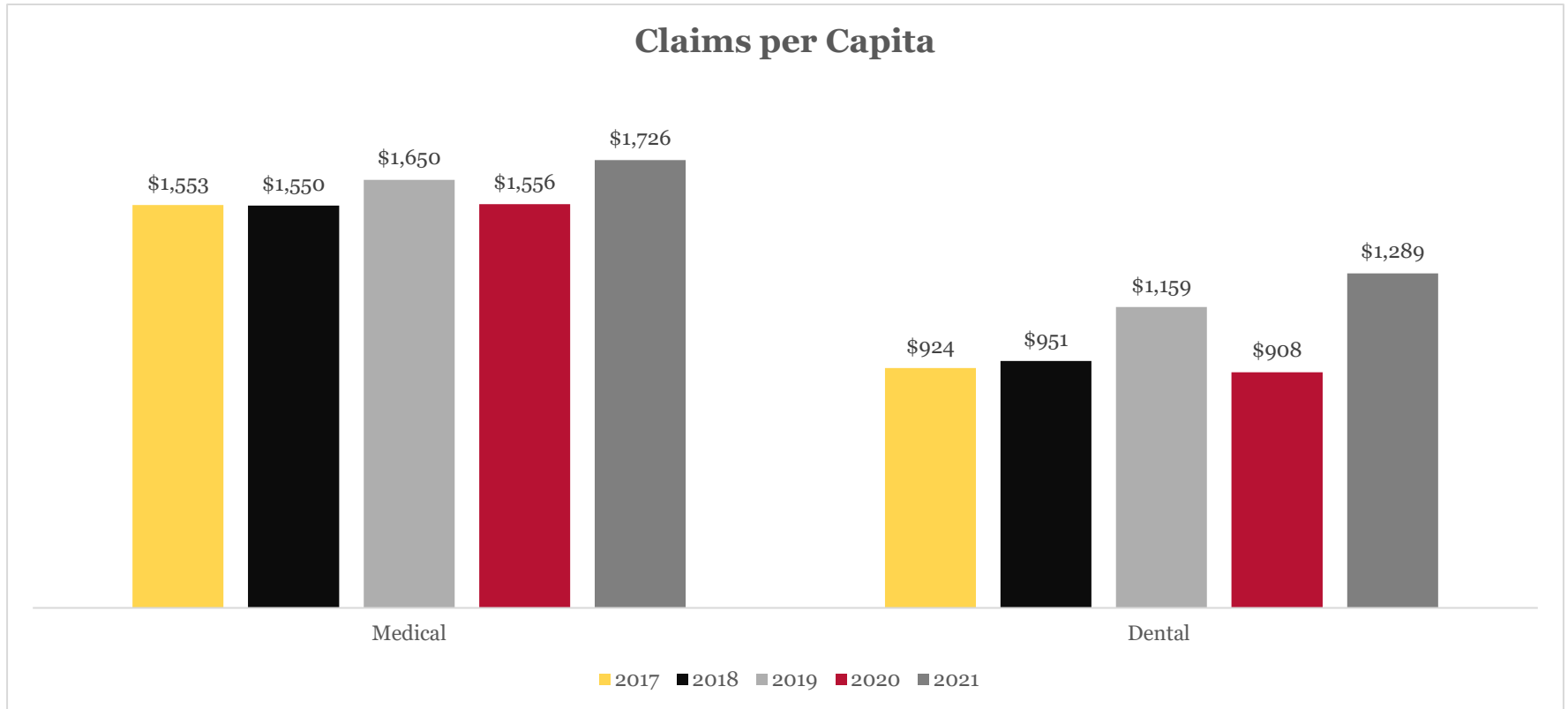
Coverage component	Changes effective May 1, 2021
Psychologist	<ul style="list-style-type: none"> • Annual maximum increase from \$743 per calendar year per participant to \$943 • Addition of Registered Social Worker and Psychotherapists as eligible practitioners • Removal of Doctor's referral requirement for all eligible practitioners within the category
Physiotherapist	<ul style="list-style-type: none"> • Addition of Athletic Therapists as eligible practitioners
Massage Therapist, Speech Therapist, Dietician	<ul style="list-style-type: none"> • Removal of Doctor's referral requirement
Out of Country	<ul style="list-style-type: none"> • Lifetime maximum increase from \$1,000,000 per lifetime per participant to \$5,000,000
Dependent Children	<ul style="list-style-type: none"> • Increase coverage for dependent children from up to age 23, to up to age 25 while they are attending school full-time

Plan changes May 1, 2021 (con't)

New coverage component	Description
Continuous Glucose Monitors (CGM) and Flash Glucose Monitors (FGM)	<ul style="list-style-type: none"> • 80% coinsurance to a maximum of \$4,000 per calendar year per participant (maximum applies to CGM and FGM on a combined basis) • Must be insulin dependent to qualify (Type I Diabetes)
In Vitro Fertilization	<ul style="list-style-type: none"> • 80% coinsurance to a maximum of \$30,000 per lifetime per participant • Limited to female-born members under 43 years of age • Provincial healthcare must be exhausted first
Vision: eye exams	<ul style="list-style-type: none"> • Maximum reimbursement level is \$85 per participant once every 24 months • Provided by a licensed ophthalmologist or optometrist
Prescription drugs: enhanced generic substitution	<ul style="list-style-type: none"> • Pays generic unless medical evidence is provided - “brand request form”
Health Case Management (HCM)	<ul style="list-style-type: none"> • Health Case Management provides an extra level of personalized support to employees with more complex conditions for 27 drugs used for 6 conditions • Plan member submits claim for prior authorization drug that is part of the HCM program and works with a case manager until member is established and drug is working effectively
Sustainable, Managed, And Reasonable Treatment (SMART) Plan	<ul style="list-style-type: none"> • A drug plan management process designed to address how drugs are added to drug plans • Canada Life applies a review process to compare new drugs to existing drugs and treatments

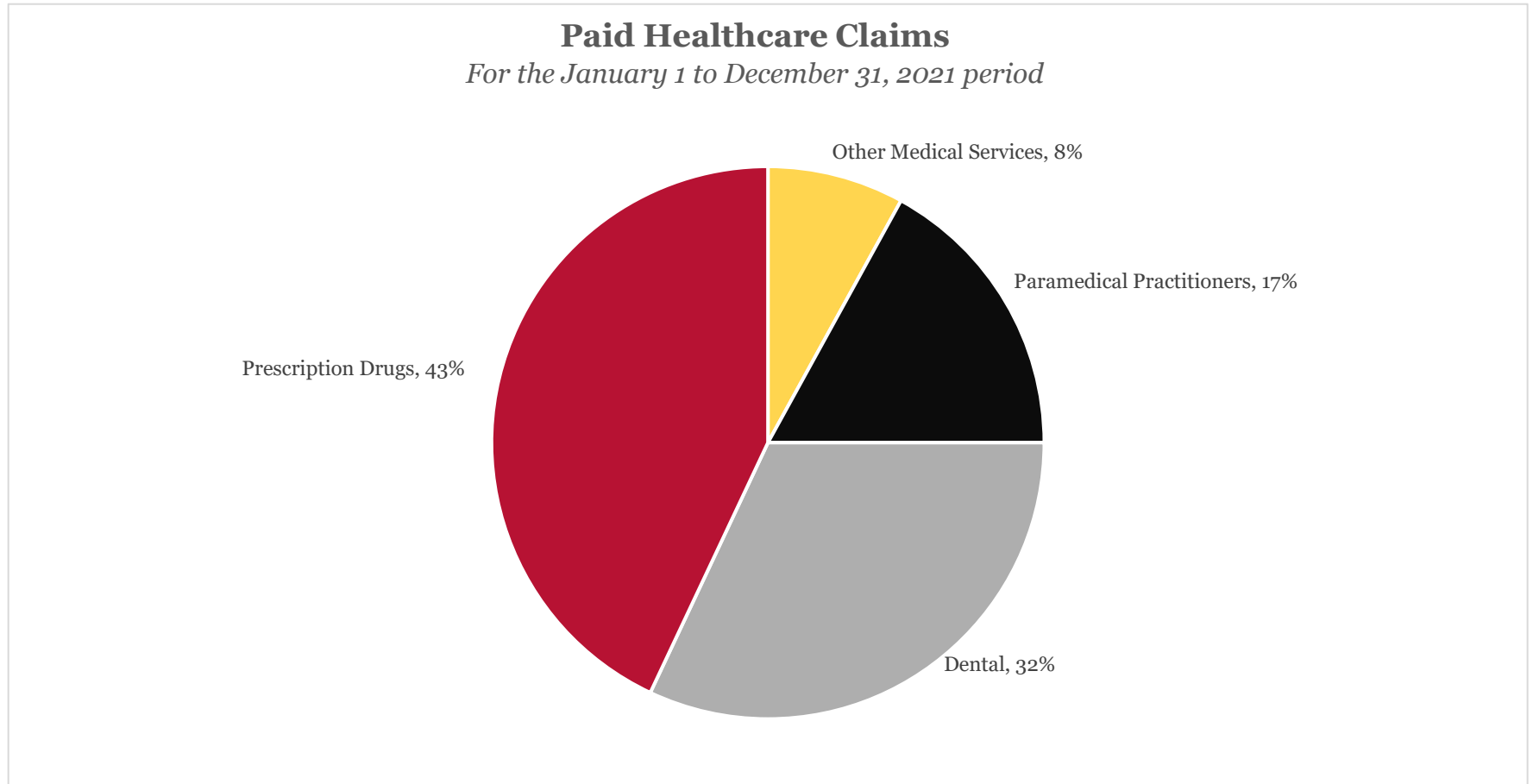
Healthcare benefits

On a per capita basis, 2021 claims have increased as claims were significantly lower in 2020 driven primarily by the COVID-19 pandemic.



Healthcare Benefits (cont.)

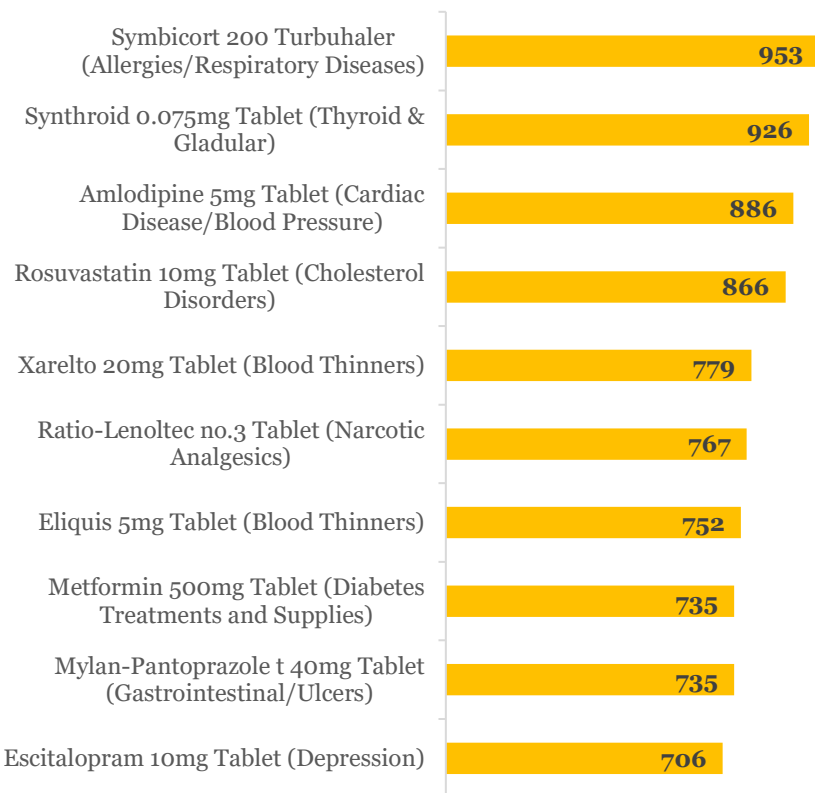
In 2021, healthcare claims amounted to \$19.1M with 296,222 occurrences which equates to an average reimbursement of \$65 per occurrence.



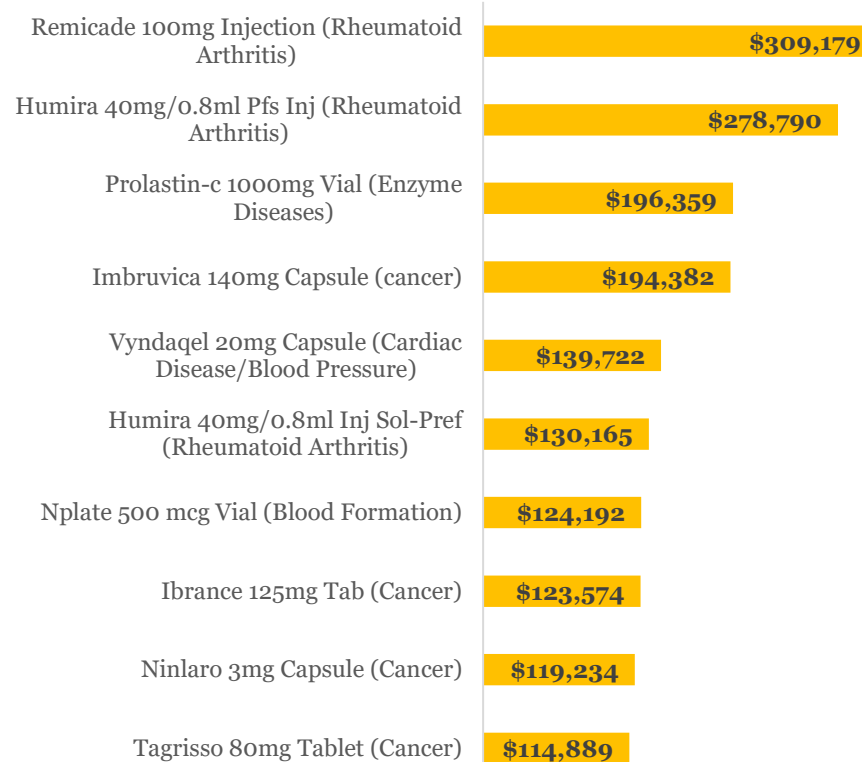
Prescription Drugs

Top 10 Prescription Drugs For May 2021 to April 2022 Period

By Number of DINs Covered



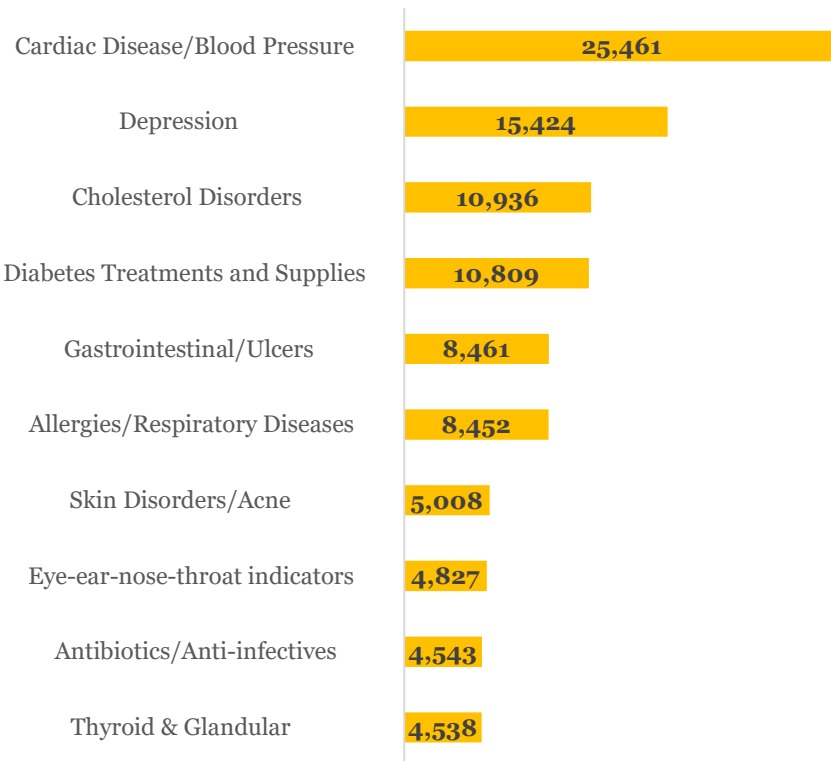
By Amount Paid



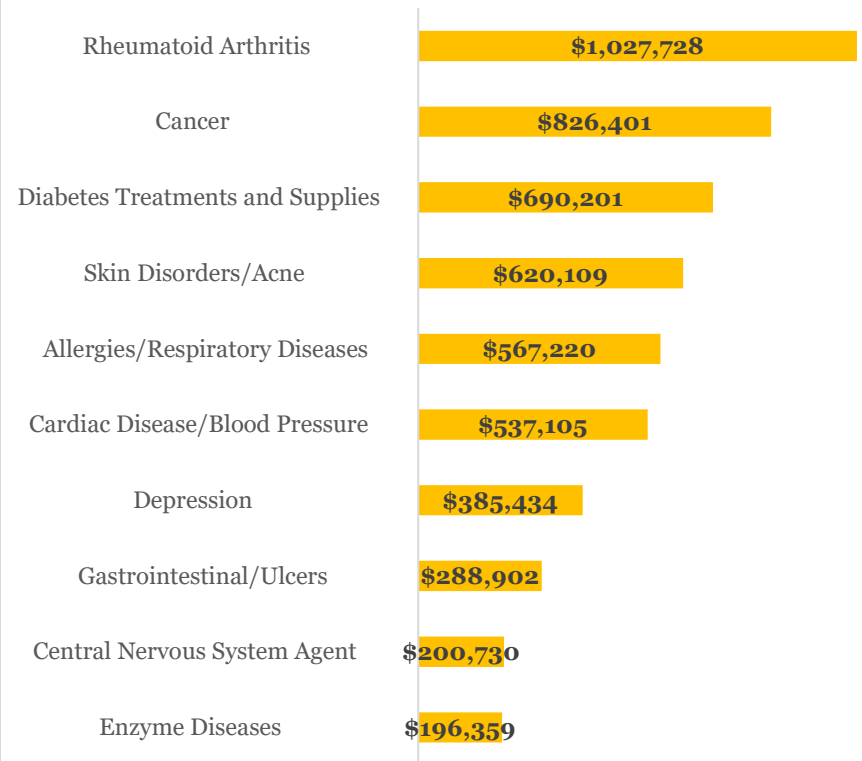
Prescription Drugs [cont.]

Top 10 Therapeutic Classifications For the May 2021 to April 2022 Period

By Number of DINs Covered

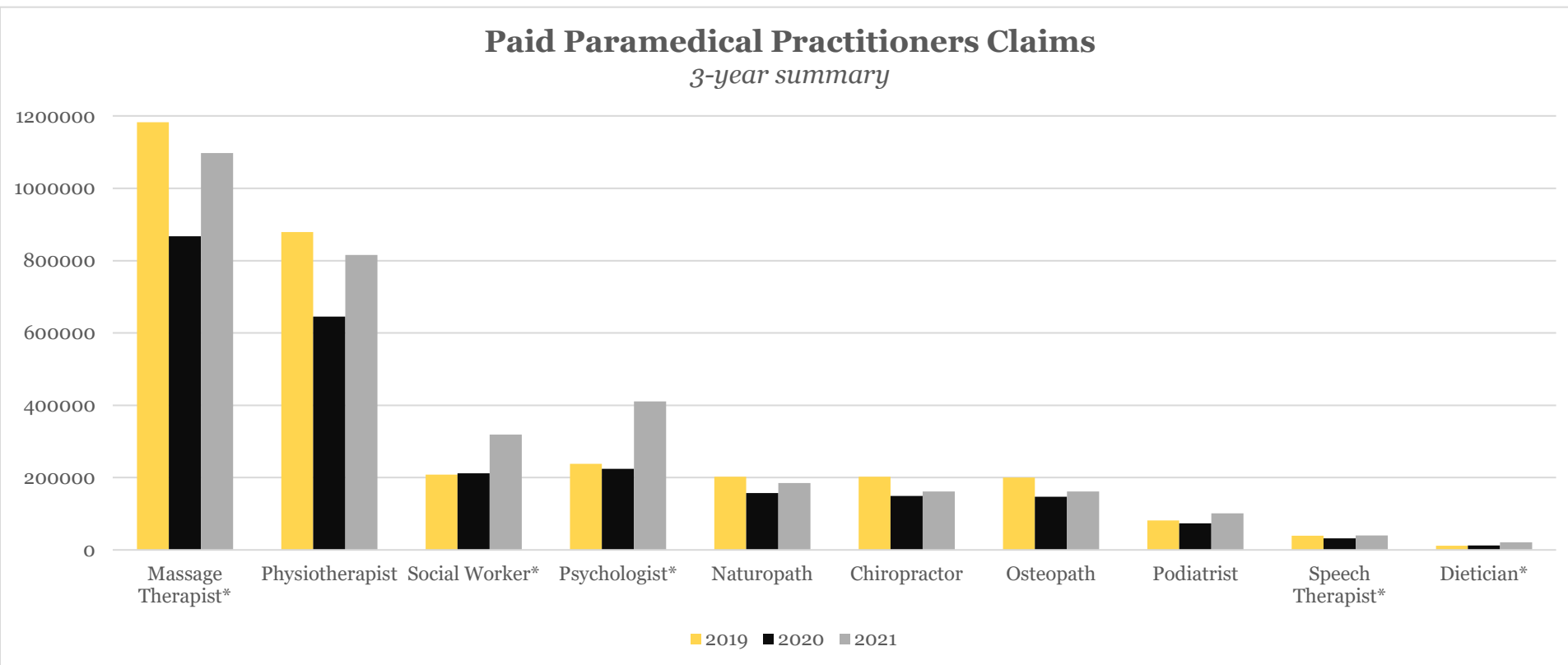


By Amount Paid



Paramedical Practitioners

In 2021 just over 3.2 million in paramedical claims were paid



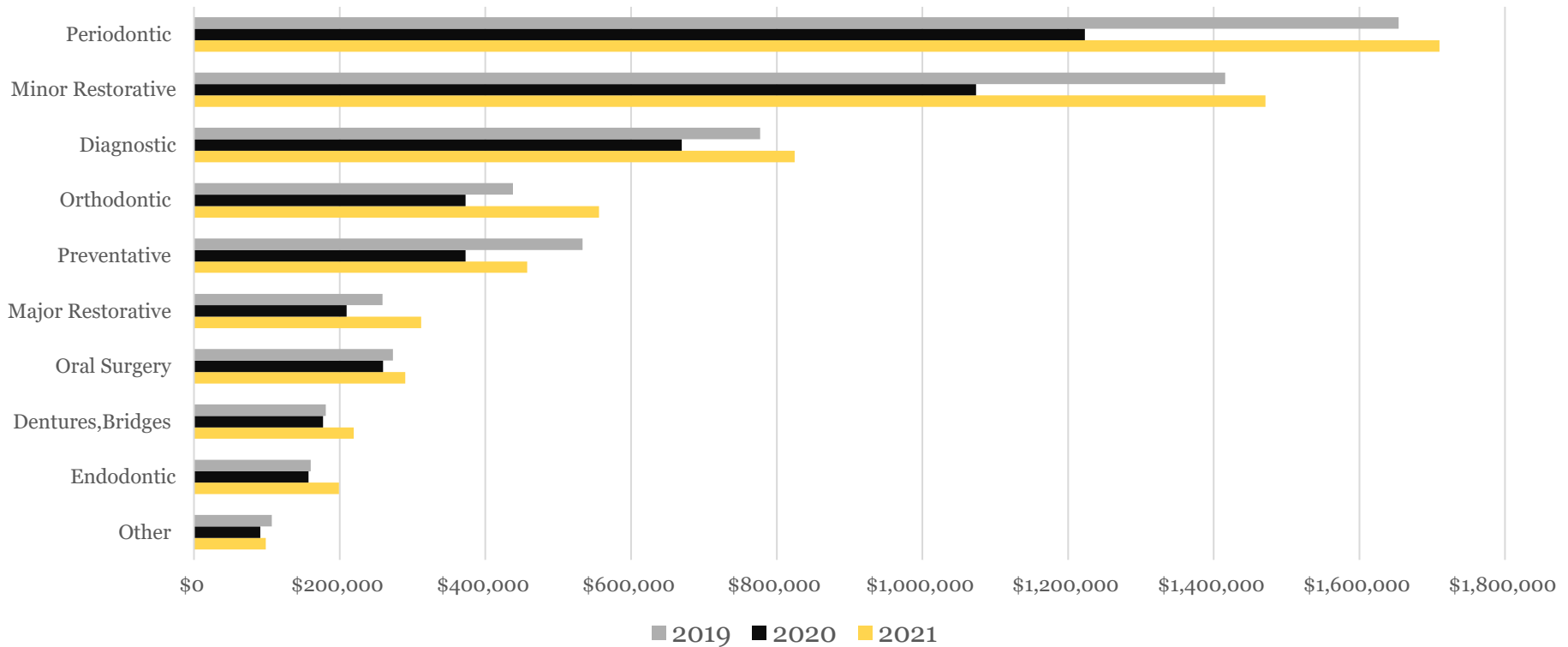
*Removal of Doctor's referral requirement May 1, 2021

Source: Canada Life, June 6, 2022

Dental

In 2021, dental claims amounted to \$6.14M with 73,023 occurrences which equates to an average reimbursement of \$84 per occurrence

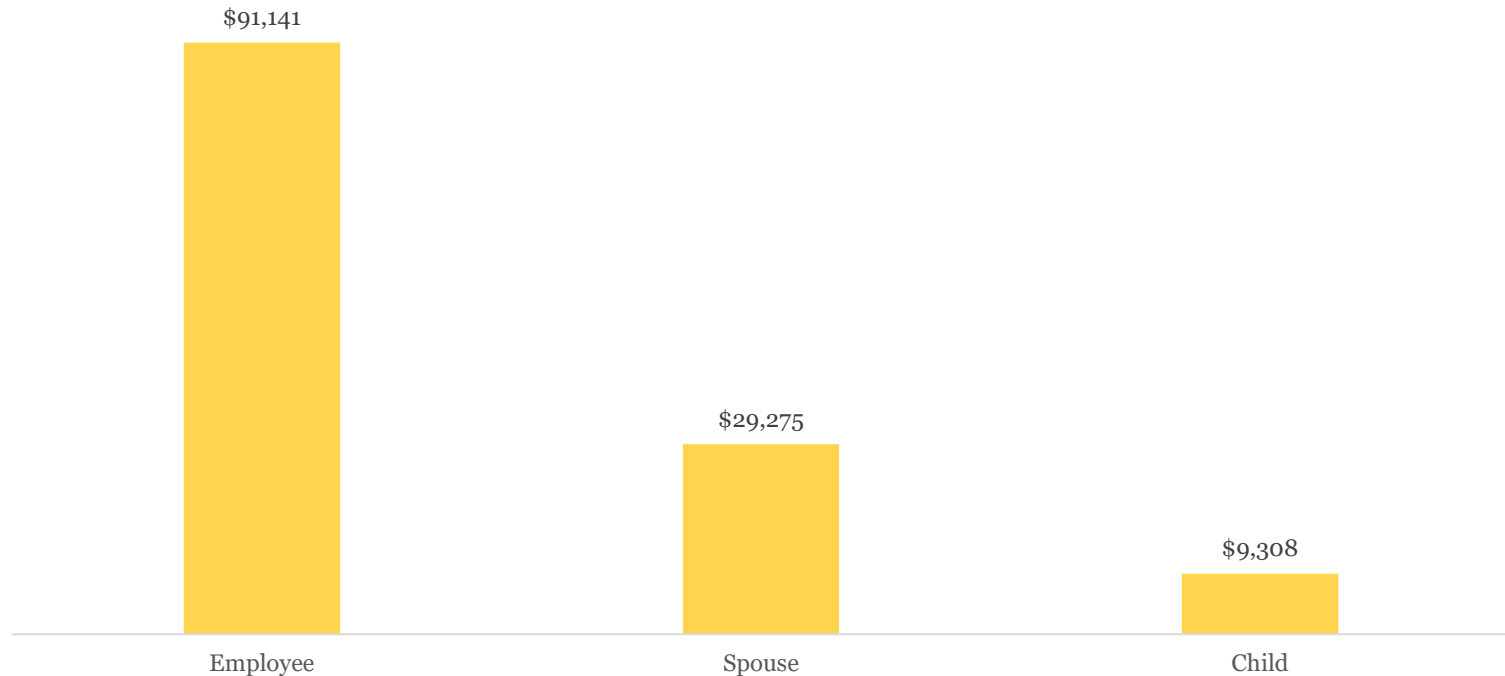
Breakdown of Paid Dental Claims
3-year summary



Vision

For the period May 1, 2021 to April 30, 2022 vision claims amounted to \$129,000 with 2,781 occurrences which equates to an average reimbursement of \$46 per occurrence

Breakdown of Paid Vision Claims *For the period May 1, 2021 to April 30, 2022*



UNIVERSITY OF
WATERLOO



Pension & Benefits Committee
Working Group to Review In-Vitro Fertilization Coverage

Terms of Reference

1. Mandate

To conduct a find-finding exercise regarding coverage offered under the benefits plan pertaining to in-vitro fertilization, and to examine the prospective implications (financial/regulatory/contractual requirements) to expand coverage to plan members without a uterus or to those whose uterus cannot or will not be utilized.

2. Timeline

The working group will provide a report to the Pension & Benefits Committee in Fall 2022.

3. Membership

- 2-3 members of Pension & Benefits Committee
- Linda Byron, Scott Palmer (resources, Aon)
- Joan Kennedy (resource, Human Resources)
- Resource from Finance
- Resource from Green Shield Canada (future healthcare benefits provider as of 1 January 2023)
- Working group may draw support for legal questions from Legal & Immigration Services on an ad hoc basis
- Secretariat to provide logistical/secretarial support

4. General workplan

Activity	Responsible person(s)	Format
Examination of offerings at comparator institutions/employers, and particularly to review models where coverage is provided to plan members without a uterus or to those whose uterus cannot or will not be utilized	Aon / Green Shield	July-August, into Fall 2022
Examine scope to potentially expand benefits coverage to plan members without a uterus or to those whose uterus cannot or will not be utilized Consideration for: <ul style="list-style-type: none"> - Extension of coverage for plan members undertaking surrogacy - Ability to potentially abstract coverage for one or more currently identified eligible expenses - Legal basis for current plan design - Ability to offer such a benefit under current plan structure - Allowable funding sources/mechanisms - Potential limitations under Bill 124 - Potential limitations under applicable tax codes 	Aon / Green Shield / Staff	Information to be shared electronically, with ability to hold meetings via videoconference as germane
Review of prospective changes to allowable Medical Expense Tax Credits from the 2022 federal budget, and impact on feasibility of providing expansion to existing coverage	Aon / Green Shield	
Development of report to Pension & Benefits Committee (potentially to include recommendations)	Working group	Fall 2022

Pension & Benefits Committee – Resolution

1. MEMBERSHIP

The membership of this Committee shall be appointed by the Board of Governors and shall consist of the following voting members:

- The Vice-President, Academic & Provost
- The Vice-President, Administration & Finance
- Two members of the Board of Governors from among the seventeen (17) Board members appointed by the Lieutenant Governor-in-Council or elected by the Board from the community-at-large.
- Two members appointed on the recommendation of the President of the University of Waterloo.
- Three members of the regular faculty appointed on the recommendation of the President of the UW Faculty Association.
- Two members of the regular University Support Staff appointed on the recommendation of the President of the UW Staff Association.
- One member of the unionized staff appointed on the recommendation of the President of CUPE Local 793.
- One retiree who is receiving a University of Waterloo pension, appointed on the recommendation of the President of the UW Retirees Association.

In addition, a non-voting member representing the Colleges shall be appointed by the Board of Governors on the recommendation of the College Heads.

The normal term of office shall be three years, renewable once.

The Chair of the Committee shall be appointed from among the committee membership by the Board of Governors on the recommendation of the Governance Committee.

2. MEETINGS

The Committee normally meets monthly from September through June; additional meetings are called as required.

3. TERMS OF REFERENCE

The Committee shall have full power to administer employee pension and benefits plans approved by the Board, such power to include, but not limited to, the following:

- to make and enforce such rules and regulations as it shall deem necessary for the effective and efficient administration of the pension plan and to decide all questions concerning the pension plan, including who is eligible to participate
- to prepare accounts and records showing the detailed operation of the pension plan and to make an annual report to the Board of Governors
- to review the annual audit of the Pension Plan Fund Financial Statements
- to appoint a consulting actuary and to commission research on pension or benefits
- to recommend changes in pension and benefits plans to keep them current with respect to other universities and major employers, being mindful of the financial context in which the University operates
- to make policy decisions relevant to administration of benefits plans and to periodically adjust plans as required to comply with legislation, changes in medical fee schedules, changes in insurance premiums due to changing experience ratings or other causes, creation of new categories of employees and other such changes required to keep benefit plans current
- to recommend to the Board the appointment of custodians / trustees and fund managers
- to recommend to the Board for approval investment policy as described in the Statement of Investment Policies and Procedures

Note:

[1] The Finance & Investment Committee will assist, advise and review on matters related to the appointment of the custodians / trustees and fund managers and investment policy. When the Pension & Benefits Committee is selecting a fund manager, the Chairs of the Finance & Investment Committee and of the Pension & Benefits Committee consult and reach agreement on the selection process of the fund manager as well as the extent to which the Finance & Investment Committee will act as a resource to the Pension & Benefits Committee.

[2] The Human Resources Department has day-to-day responsibility for administering the benefits plans.

[3] The Board of Governors on 30 October 2018 approved the delegation of specific powers and responsibilities of the Pension & Benefits Committee to the Pension Investment Committee for the latter to be established as the operational locus of control for matters pertaining to the management of investment assets of the pension plan, as follows: (1) to review annually the Statement of Investments Policies and Procedures, and to recommend any amendments to the Board of Governors through the Pension & Benefits Committee; (2) to review and recommend the selection/termination of investment managers to the Pension & Benefits Committee for further recommendation to the Board of Governors; (3) to review and report on investment manager performance at least annually to the Finance Investment Committee and the Pension & Benefits Committee; (4) to approve asset mix changes and investment decisions within the list of approved investment managers where the cumulative transactions(s) represent less than 15% of the pension plans total assets at the beginning of the calendar year, and to make recommendations to the Pension and Benefits Committee on asset mix changes where the cumulative transaction(s) represent more than 15% of the pension plans' total assets at the beginning of the calendar year, for further recommendation to the Board of Governors;(5) to review reports from the Pension & Benefits Committee including but not limited to the annual valuation of the pension plan, investment-related risk/return assessments, and asset-liability studies.

4. GENERAL PROVISIONS

Members of the Committee may participate in the benefits under the pension plan provided they are otherwise eligible to do so. Except as otherwise provided by the Board of Governors of the University, no member of the Committee shall receive any compensation for services. No bond or other security shall be required of any member of the Committee in such capacity in any jurisdiction, except as expressly required by law.

In administering the pension plan neither the Committee, or any member thereof, nor the Board of Governors of the University, or any member thereof, nor the University, or any officer or employee thereof, shall be liable for any acts of omission or commission, except for his or its own individual, willful and intentional malfeasance or misfeasance. The University and its officers and directors, and each member of the Committee shall be entitled to rely conclusively on all tables, valuations, certificates, opinions and reports which shall be furnished by any actuary, accountant, trustee, counsel or other expert who shall be employed or engaged by the University or the Committee.

Whenever, in the administration of the pension plan, any action by the Committee or the University is required, such action shall be uniform in nature as applied to all persons similarly situated.

Approved by the Board of Governors, June 6, 2006.

Amended by the Board of Governors, April 1, 2008.

Amended by the Board of Governors, October 30, 2018.

Pension Investment Committee - Terms of Reference

The Pension Investment Committee (the "committee") is a subcommittee of the Finance & Investment Committee and Pension & Benefits Committee that oversees the investment of the assets of the University of Waterloo Pension Plan ("the Plan").

Mandate

The committee is mandated to oversee the investments of the Plan recognizing that (a) the Plan is funded through employee and employer contributions and (b) investment decisions are based on a full understanding of the underlying liabilities, within acceptable risk tolerances, while remaining mindful of liability matching requirements and optimization of fees.

The details of the mandate are as follows:

1. To review, at least annually, the Statement of Investment Policy and Procedures (SIPP) with input from the Finance & Investment Committee, and to recommend any amendments of the SIPP through the Pension & Benefits Committee to the Board of Governors
2. To review reports provided by the Pension & Benefits Committee including the annual valuation, investment-related risk/return assessments, and asset-liability studies and to advise the Pension & Benefits Committee on those reports
3. To meet annually with the investment managers that the Plan has retained
4. To make recommendations to the Board of Governors from time to time, through the Pension & Benefits Committee, on the selection and termination of investment managers or specific investments of the Plan
5. To review at each meeting the investment returns of the Plan assets, the performance of the investment managers, the profile of the Plan assets with respect to acceptable risk tolerances and asset allocation, and the profile of the Plan assets with respect to applicable liability matching requirements
6. To provide written reports quarterly to the Pension & Benefits Committee and to the Finance & Investment Committee outlining the Pension Investment Committee's activities, decisions, recommendations, future agenda items, and any other applicable information. The Chair will meet at least annually with the Pension & Benefits Committee and the Finance & Investment Committee. A summary report will be provided quarterly to the Board of Governors through the Pension & Benefits Committee and the Finance & Investment Committee
7. To approve asset mix changes and investment decisions in compliance with the SIPP amongst the approved investment vehicles where the cumulative annual transaction(s) represents less than 15% of the Plan's total assets at the beginning of the calendar year. This activity includes allocations to newly-approved managers, or existing approved managers. The committee may at its discretion place investment managers on watch based on criteria developed by the committee. Written reports of all such investment decisions shall be provided to the Pension & Benefits Committee, the Finance & Investment Committee and the Board of Governors
8. To consult with the Finance & Investment Committee prior to recommending investment decisions and/or asset mix changes to the Board of Governors through the Pension & Benefits Committee, where the cumulative transactions in that calendar year would result in exceeding 15% of the Plan(s) total assets
9. To convene a meeting with the Pension & Benefits Committee in the event of a significant market event or shift, to discuss issues such as: specifics of significant changes in the investment environment; desirable changes to asset mix; overall risk appetite; the quality of specific investments and/or performance of investment managers during the event or shift; and market opportunities that may be presented due to the event or shift
10. To advise and/or make recommendations to the Board of Governors and/or the Pension & Benefits Committee on any matter pertaining to the management of the assets of the Plan

Meetings

The committee normally will meet four times per year, approximately quarterly, from September to June. Additional meetings will be called as required. In person attendance at meetings is encouraged, however, members may attend meetings electronically when the university and members have appropriate alternate means at their disposal. Between meetings, at the direction of the chair, the secretary may facilitate voting on a motion or motions through email or another suitable platform, provided none of the members object on the grounds that further information or discussion is reasonably required in order to make a proper decision. Meetings are restricted to committee members and guests invited by the committee.

Membership

The three voting constituencies among members are as follows:

1. Three (3) voting members appointed from and by the Board of Governors, with pension risk management and/or investment expertise
2. Two voting members having pension risk management and/or investment expertise, drawn from the complement of regular faculty, staff, and retirees and appointed via consensus agreement by the presidents of Faculty Association of the University of Waterloo (FAUW), the University of Waterloo Staff Association (UWSA), Canadian Union of Public Employees Local 793 (CUPE), and the University of Waterloo Retirees Association (UWRA)
3. Two voting members to be drawn from the external community with expertise in pension risk and/or investment, appointed by the Governance Committee of the Board of Governors. The prospective members in this category will be recommended by the Pension & Benefits Committee to the Governance Committee, and the Pension & Benefits Committee would be responsible to prepare a master list of potential members for the Governance Committee and update it annually to ensure that the Governance Committee has a list of members with relevant expertise for the PIC.

The committee will include four non-voting members: two from university administration appointed by the university president, and two from the employee groups appointed via consensus of the presidents of CUPE, FAUW, UWSA, and UWRA. It is intended that all of CUPE, FAUW, UWSA and UWRA would be represented through the two voting plus two non-voting members.

At least three voting members shall have investment expertise and at least three voting members shall have experience in managing pension risk. The committee may engage experts from industry or academia if specific advice is required.

Appointments are for one (1) three-year term with the option to reappoint for one (1) additional three-year term. Members may be reappointed for two (2) additional three-year terms thereafter following a two-year break from the end of their most recent term.

Quorum

At least four voting members, with: at least two members appointed from the Board, one member from the employee/retiree constituency, and one member from the external community.

Chair

The chair of the Committee is appointed from among the committee membership by the Board of Governors, on the recommendation of the Governance Committee.

Voting

Where a question is to be decided with a formal vote, the result of the vote must have the support of at least one member from each of the three voting constituencies to validly carry the motion.

approved on 30 October 2018