

TO: All MUNFA Members
FROM: The MUNFA Executive Committee
DATE: July 6, 3015
SUBJECT: MUN Pension Plan

In the last provincial budget, Memorial University was not provided with the funds (\$21M) to make a legislated/mandated special payment to the MUN Pension Plan. Similar special payments are also required for the Public Sector Pension Plan (PSPP) and the Newfoundland and Labrador Teachers' Association Pension Plan (NLTAPP). The special payment(s) are based on actuarial evaluations of the pension plan, and the need to maintain solvency on a "going concern" basis. Since 2005/06 the province has provided MUN with the funds to make these special payments to its plan (~\$129M in total).

According to MUN, the government indicated that it would be willing to grant a one-year deferral of the special payment, thus relieving MUN of the necessity to come up with the \$21M out of its operating budget, if a "study" of the pension plan was made. Implicit in the government's request for a study would be pension **reform** and bringing the MUN Pension Plan into alignment with the reforms that have been made to the PSPP and the NLTAPP.

Immediately following the release of the budget, a special meeting of the MUN Pension Committee was called to begin discussion on the deferral and the study, in preparation for a vote. Throughout the last several weeks MUNFA Executive representatives, committee representatives and staff met with CAUT pension experts, as well as, CUPE, NAPE and MUNPA representatives to discuss the proposed requests from the administration. Through these discussions we were able to come to a conclusion, in agreement and solidarity with the other unions, that was both reasonable for the whole university community and kept the interests of our members as a priority. In short, at the June 18, 2015 meeting of the MUN Pension Committee, we introduced two resolutions, one that allowed the university to request the one-year deferral and the other that stated the so-called "study" was unnecessary. Both resolutions (attached) passed unanimously.

Why did we agree with a one-year deferral of the payment? While we would prefer not to have a deferral, advice we received from pension experts indicated that our pension plan has been doing well and is currently about 85% funded. Given the recent return rates on our investments and that a new actuarial evaluation will be taking place at the end of this year, the consensus was that a deferral was reasonable.

Why did we not agree with the "study"? Our pension plan is in better shape than that of the PSPP and the NLTAPP. Again the consensus was that the reforms made to those plans would not be appropriate for our plan. All in all, the proposed study to our plan seems to be an issue of politics instead of financial need. If a study was to be carried out, not only is it unnecessary, it could cause our members to lose hard fought benefits.

Two motions: (1) Special Payment Deferral and (2) Pension Plan Study

(1) Special Payment Deferral:

WHEREAS the University is required by laws enacted by the Government of Newfoundland and Labrador (“the Government”) to make a Special Payment of \$20.9 million to the Memorial University Pension Plan (“the Plan”) in FY2015/16 and

WHEREAS the University has provided for the Special Payment to the Plan in its most recent budgetary submission to the Government and

WHEREAS the Government finds itself in a position of having to reduce the University’s budget and

WHEREAS the Government has asked the University to request of the Government that the University be permitted to defer its Special Payment to the Plan to accommodate the budgetary reduction and

WHEREAS the Plan remains in deficit in respect of its anticipated obligations and

WHEREAS the University Pensions Committee (“the Committee”) is mindful of its fundamental fiduciary responsibilities to members of the Plan and aware of the budgetary position in which Government finds itself and

WHEREAS the Committee is aware of the negative impact of budgetary reductions on students of the University and

WHEREAS the Committee has received advice from pension experts and carefully considered the advice received and the impact of deferring the Special Payment,

THEREFORE BE IT RESOLVED that the Committee recommends that University request of the Government that the University be permitted to defer the Special Payment to the Plan required in FY 2015/16 to FY 2016/17.

(2) Pension Plan Study:

WHEREAS the Government proposes a “Study” of the Plan be conducted and

WHEREAS the terms of reference of the Study remain undisclosed and

WHEREAS the Plan has been and will be subjected to periodic and on-going analyses, valuations, and reviews undertaken in the course of Plan operations and required as a matter of legislative compliance,

THEREFORE BE IT RESOLVED that the Committee recommends that the “Study” is unnecessary.