

TO: All MUNFA Members

FROM: The MUNFA Executive Committee

DATE: January 25, 2018

SUBJECT: Update on Pension Negotiations

As MUNFA's Executive Committee has reported to the membership over the past year, the provincial government has instructed Memorial University to restructure its pension plan to create a Joint Sponsorship arrangement. Under the current arrangement, the government guarantees the plan. Joint Sponsorship would take the plan's current debt off of the Province's books and relieve government of the risk of any future shortfall in the plan, transferring half of that risk directly to active plan members and half to the employer, Memorial University.

This communiqué updates members on the state of play in the consequent negotiations.

Structure of the Negotiations:

In the autumn, MUNFA's Executive Committee appointed a team to represent Academic Staff Members (ASMs) at the negotiations:

- Ken Snelgrove (Chair, MUNFA Pension Committee)
- Robin Whitaker (President)
- George Jenner (Past President)
- Alison Coffin (Executive Officer).

Two other unions sit at the table alongside MUNFA across from the employer's representatives. These are the Newfoundland Association of Public Employees (NAPE), and the Canadian Union of Public Employees (CUPE), each of which represents multiple Locals at the University.

State of Play:

Memorial called the first formal meeting of negotiating teams on December 14. This meeting did not involve substantive negotiations, focusing instead on various formalities and arrangements for securing and sharing resources needed for meaningful discussions. Subsequently, MUNFA met with NAPE and CUPE representatives and agreed that the three unions will share legal counsel at the table, reflecting our shared interest in the negotiations. MUNFA has also retained separate counsel to advise us on issues of specific concern to our members.

As we move into negotiations, the biggest question for MUNFA lies with the University's proposal for dealing with the plan's current funding shortfall. Memorial's pension fund is in considerably better shape than were the Province's other public sector plans at the time they were restructured. However, it is carrying a substantial unfunded liability.

The exact size of that deficit was a major focus of discussions when the unions and the University met at the bargaining table again on January 16 and 17. Representatives of the unions and our shared legal counsel (Murray Gold) questioned and challenged the University and actuaries about the assumptions regarding plan members'

demographic and career characteristics, reasonable assessments of financial markets, and risk factors. We will be meeting again on February 1 to address issues raised.

The Province has so far insisted that it will provide no funds to offset this liability, stating that it expects the University to make the fund whole. Nothing that Memorial has proposed so far seems viable to MUNFA and its sister unions as a basis for putting the pension plan on a sound footing, which we see as a necessary precondition for taking on joint responsibility for the pension. Under the circumstances, MUNFA, NAPE and CUPE ended the last negotiating session by proposing that the University request a joint meeting of Memorial and its unions with the relevant government ministers, so that we can discuss the critical issues directly, with all the parties present.

Looking Ahead:

The MUNFA Executive takes very seriously its fiduciary responsibility to secure a sound and sustainable pension plan for our members. We will continue to examine all possible arrangements with the help of expert advice, with a view to finding the best outcome for MUNFA members, while working in solidarity with the other unions at the table. We are also studying the implications of the recent decision in the Newfoundland and Labrador Court of Appeal regarding the pension rights of former employees of the Wabush Mines under our province's Pensions Benefits Act (PBA). This ruling reinforces our belief that moving outside the PBA carries significant risks.

Finally, it is important to note that, while the unions are negotiating with the employer over the eventual shape of any restructured pension plan, most of Memorial's administrators, as MUN employees, are also plan members. As such, they have a direct interest in ensuring that these negotiations produce a viable pension structure, built on a solid financial foundation.

Stay tuned for updates.