

**TO:** All MUNFA Members

**FROM:** The MUNFA Executive Committee

**DATE:** February 21, 2019

**SUBJECT:** **Progress on the Joint Sponsorship of the MUN Pension Plan**

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There is growing concern among union representatives on the Joint Sponsorship Pension Committee regarding the timelines for implementation of the Pension Reform Agreement. Having already missed key deadlines in that agreement, the future health of our pension plan and the financial security of members' retirements are becoming increasingly uncertain.

Last summer a Pension Reform Agreement was ratified between the three campus unions (MUNFA, NAPE and CUPE) and the University. Last fall, we [communicated](#) that the four parties had agreed to assume joint responsibility for future pension obligations. Key to the agreement was a commitment from the University to pay the unfunded liability of the existing plan prior to Joint Sponsorship. A second requirement was that talks begin with Government of Newfoundland and Labrador to amend the MUN Pension Act to permit Joint Sponsorship. Unfortunately, no progress has been made on these issues since last summer and no future meetings have been scheduled.

Our Pension Reform Agreement had contemplated that meetings with Government on details of the legislative changes would have occurred during the fall of 2018. In fact, the Reform Agreement contemplated that the Joint Sponsors would assume responsibility for gains/losses within the pension fund as of December 31, 2018. This date has now passed.

We have repeatedly enquired with the administration as to the status of continued negotiations. Without knowing details on how the estimated \$164M unfunded liability was to be financed, MUNFA and the other unions were reluctant to move forward. We understand the University hopes to secure financing for this liability either: i) through direct Government borrowing or ii) obtaining Government's permission allowing the University to borrow on its own. The University has informed campus unions that they have not been able to arrange meaningful meetings with Government on these matters.

Where does this leave us? The Memorial Pension Plan remains functional and is governed by the MUN Pensions Act and the Pensions Benefit Act (PBA). The schedule of Special Payments, required under the PBA to eliminate unfunded liabilities, is still in force. A 15-year Special Payment schedule had been deferred for 2015/16 (\$23.5M) and 2016/17 (\$27.5M). More recently we understand that the University is seeking a third Special Payment deferment for 2017/18 (\$28.6M). However, unlike previous deferments, the University seems to be moving forward unilaterally without seeking the advice of the University wide Pensions Committee.

Time lost since last summer leaves plan members in a limbo between Joint Sponsorship and the existing MUN Pension arrangement. Provisions in the Joint Sponsorship Reform Agreement impose limits on the ability of the University to unilaterally change the plan prior to Joint Sponsorship. However, another Special Payment, due March 2019, will likely be missed, bringing the total number of deferred payments to four (well in excess of \$100M in total). This money is not being managed in the plan to provide pension incomes and puts our plan at increased risk. While these risks technically belong to the University, it is cold comfort to plan members that legislative obligations under the PBA continue to be pushed into the future jointly by our Government and our Employer. Deferring going-concern Special Payments obligation is virtually unheard of in the Canadian context.

A plan to move forward is required. MUNFA and the other campus unions have demonstrated that they are willing to share future risks to help ensure secure pension incomes. But, we cannot act alone. Government and the University must fund the plan deficit to allow Joint Sponsorships to begin.

At a February 15, 2019 meeting of the University wide Pensions Committee, the membership endorsed a motion to the Board of Regents requesting that Government move forward with pension reform at Memorial. More importantly, though, it is of utmost importance that Memorial's pension plan be removed from its existing limbo. We must either move forward with Joint Sponsorship or continue with Board of Regents Sponsorship. Either way, the unfunded liability must be addressed and the plan managed to provide future pension incomes. Continued delay only acts to grow the size of the deficit problem.

As we search for a new University President and elect a new Provincial Government, we should speak up individually and collectively to insist that our leaders pay attention to their obligations. We should ask what is happening with our pension plan whenever a new spending scheme at MUN is being contemplated, and we should insist that efforts be made today to improve our plan's funded status. Workplace pensions across the country are under continued attack. We need to speak up to preserve ours and, in so doing, show that all Canadians deserve a secure retirement income. Accepting anything less than our legislated pensions ultimately hurts everyone.