

## FASBU ARTICLE 7.4 (e)

### APPROVED MINUTES OF THE PENSION AND BENEFITS COMMITTEE (JANUARY 2015 – DECEMBER 2015)

Nipissing University

#### PENSION AND BENEFITS ADVISORY COMMITTEE MEETING MINUTES May 5, 2015

**Attendance:** Bob Keech, Chair  
Cheryl Sutton, Co-Chair  
Jane Barker, Senate Representative  
Chris Sarlo, Senate Representative  
Hilary Earl, Faculty Representative  
Mike Parr, Faculty Representative  
Casey Phillips, Administration Representative  
Jamie Graham, Administration Representative  
Pauline Teal, Support Staff Representative  
Stacie Thomson, Human Resources  
Carrie Duchesne, Recording Secretary

**Regrets:** TBD, Support Staff Representative

**Guests:** Jill Taylor-Smith, Eckler

#### Call to Order

Cheryl Sutton called the meeting to order at 10:03 a.m.

#### Review and Approval of Minutes from November 4, 2014

Moved by Hilary Earl and seconded by Pauline Teal that the minutes of the November 4, 2014, Pension and Benefits Advisory Committee meeting be accepted as presented.

#### Review of Action Items from November 4, 2014 Meeting

1. JSPP – Cheryl stated these discussions will be ongoing and will be a regular agenda item.
2. Guided Outcomes – This will be put on hold to discuss at a later date.
3. Report for balances over \$500,000 – Report was forwarded to committee on November 10<sup>th</sup>.

#### Presentation by Jill Taylor Smith:

Jill highlighted the following in regards to Member Engagement:

- Jill explained not much has changed in regards to member engagement. There are currently seven members who have over \$100,000 in GIC's. Hilary is concerned that seven employees are not getting a return on their money as they are ill informed about their investments. Chris noted that those employees may want their money in those funds if they are close to retirement. Jill suggested we send member communication out reminding members of the consequences of owning GIC's.
- Jill stated the plan continues to grow and most of the growth is in returns (contributions and withdrawals balanced each other out). Younger members tend to go into the target date funds. We are a little overweight in real estate, but the current real estate fund is doing well. GIC's make up a total of seven percent of the plan and we only need to worry if that total reaches 10%.
- Jill explained that we currently have 100 members with a balance below \$25,000 and over 100 members with a balance of over \$100,000.
- Jill explained as interest rates lower the cost to buy an annuity becomes more expensive.
- Jill stated that 70 unique users logged in each month in the second half of 2014, which is great. We have a very engaged staff in terms of members accessing the services. The most common activity was for investment mix change and inquiries. Jill explained that members use the internet much more than the telephone to access their accounts. A total of 60 calls were placed in the second half of 2014.

Jill highlighted the following in regards to the Standard Life / Manulife update:

- Jill stated that Manulife put in an offer to acquire Standard Life for the amount of \$4 billion dollars. The deal closed on January 30, 2015.
- Jill explained that the integration of the two businesses has begun. Senior management has been announced and mid-level staffing decisions have been made.
- Jill stated that the transition is expected to take 18 – 24 months. Manulife requires regulatory approvals to assume liability for Standard Life contracts. All contracts will remain in place and conditions will be honoured. Standard Life's funds will be available on Manulife's platform. Jill explained that 60% of the funds are common to both Manulife and Standard Life; therefore, they will merge into a single entity and poor performance funds may drop off.

Jill highlighted the following in regards to the Competitive Fee Review:

- Jill explained that Nipissing University approached Eckler in December 2013 and asked them to review fees as the Investment Management Fees being paid by members seemed high in comparison to plans of similar size. Standard Life proposed a reduction of 0.025% or 2.5 basis points. Manulife then announced in September 2014 that they were acquiring the Canadian operations; therefore, it was good timing to perform a fee review.

- Jill stated that Sunlife and Standard Life/Manulife had same pricing. Eckler recommends that Nipissing stay with Standard Life/Manulife as the fees are competitive with other small reduction options and servicing of the account remains unchanged.
- Jill suggested we evaluate the allocation to the Expense Recovery Account as it is possible to reduce allocation to the ERA, which would reduce IMF's charged to the members. The account generates \$50,000 per year and consulting charges are approximately \$20,000. Jill suggests that we decrease the allocation to 5 bps, which would cover consulting expenses and still allow for ad hoc projects. Cheryl agreed and we accept the savings.

- Jill explained that the next steps are to decide on a transition date to Manulife. Manulife's goal with the transition is to have no out-of-market asset transfer, GIA rate/term/maturity rate retained and one years' historical information is retained. The transition will take approximately 3 months once the decision is made. If we make the transition sooner than later we will receive customized service, which would allow for members to not have to make any changes to their accounts. An early transition would potentially require a change in funds. Manulife will create new user accounts for each member and then set up a user ID and new password. Hilary asked whether the site would look the same or not. Jill answered that everything will be set up on the Manulife account and eventually the Standard Life site would close.
- Jill explained that we can go ahead with lowering the fees (ERA) and make the transition date decision at a later date. Cheryl stated that she is comfortable with the reduction and will make a decision regarding transition date at the next meeting.

Jill provided a summary of investments:

- Jill explained that they continue to watch the SRI Canadian Equity Growth fund due to performance although there is no large concern at this time as they changed fund managers a year and a half ago and the performance is improving.
- Jill stated that the SLI funds will be monitored as they are waiting to see the impact of SLI's change in ownership. The SLI funds will transition to Manulife's asset managers.
- Jill stated that the Beutel Goodman Fixed Income fund was switched out in April due to continued poor performance.
- The Templeton and Trimark Global Equity Funds are currently on watch for performance reasons. Jill explained that they are comfortable maintaining the Templeton fund, but would like to see the Trimark fund replaced as it has been on watch since June 2012. The recommended short list is: MFS Global Growth Equity Fund (on Standard Life and Manulife platform), Pyramis Select Global Fund (only on Manulife platform) and the TD Low Volatility All World Equity Fund (only on Manulife's platform). Jill recommends that we replace Trimark with the Pyramis fund as the fund manager has done a good job creating a portfolio out of analysis recommendations. Jill explained that we should wait to make the fund change until we make the transition to Manulife as Pyramis is only available through Manulife. Cheryl agreed that we should wait until we transition to Manulife.

Jill highlighted the following in regards to the Ontario Retirement Pension Plan (ORPP):

- Jill explained that Bill 56 was introduced in December 2014. The province released a consultation paper in December 2014 which focused on three issues:
  - Definition of "Comparable Workplace Pension Plan" (proposed defining comparable as DB plans and target benefit multi-employer pension plans)
  - Correct minimum earnings threshold (proposed \$3,500 minimum) ◦ Addressing the needs of the self-employed
- Jill stated that the government was overwhelmed with responses. The issue is what qualifies as a "Comparable Workplace Pension Plan". Some want no exemptions and a large

number support exemptions for DC pension plans. They are hoping to see the final report before the end of the year which would allow employers one year to plan.

Jill highlighted the following in regards to the Federal/Ontario Budget and SIPPS:

- Jill explained that the TFSA contribution limit increased from \$5,500 to \$10,000. The contribution limit will no longer be indexed to inflation.
- Jill stated there has been a decrease in the minimum withdrawal rates from RRIFs by 20% and the Government is committed to PRPPs and to introducing legislation supporting Target Benefit Plans.
- Jill explained that the Ontario budget addressed issues relating to pensions, which included:
  - Establishing the ORPP Administration Corporation
  - The requirement for DC pension plans to complete an Investment Information Summary and increasing the threshold for filing unaudited financial statements from \$3 million to \$10 million.
  - Creating Pension Advisory Committees
  - Allowing variable payment from DC pension plans
- Jill stated that DC and DB pension plans are required to file their SIPPs with FSCO by February 29, 2016. The SIPPs must address how the Plan considers Environmental, Social and Governance factors when making investment decisions.

### **Other Business**

- Cheryl explained we should go ahead with the cost savings with Standard Life and get back together in September to discuss the transfer to Manulife. We will hold off with the fund change until we make the transition to Manulife.
- Cheryl stated the JSPP has been changed to the University Pension Plan. Cheryl has been to several meetings regarding the UPP and it was decided that smaller groups be created to make recommendations on the plan text. The next meeting is scheduled for May 22, 2015; therefore, there will be more information after that meeting.
- Cheryl explained that the renewal with Great West Life has been underway for the last 6 to 8 weeks. The original increase from GWL was 20% and we were able to negotiate the increase to 9.2%. Since we are displeased with the service that GWL has provided and the large increase in premiums we have decided to go to market in January. Cheryl explained that employees will not see an increase in premiums as we will be using RDA money to cover the increase. Hilary asked whether the 9.2% increase is due to LTD and STD experience. Cheryl answered that it does affect our rates although Stacie will be taking over the benefit portfolio so we can focus on trying to get employees back to work. Hilary stated that the service with GWL has not been good and Sunlife was superior. Jill stated that Sunlife loves the University market; therefore, they will be aggressive with pricing. Jane suggested we do a poll to employees to see if they would like to see any benefits added to our plan while we are going to tender. Mike asked what would happen to those on LTD

if we go to tender. Stacie answered they will continue to be on LTD through GWL. Cheryl explained that our plan is to become more involved in the accommodation process in order to have employees come back to work earlier. We haven't created a protocol in regards to return to work as other Universities have. Jane asked how many employees are currently on LTD. Cheryl answered 5 employees. Cheryl stated we are looking at best practices and re-structuring HR so we can have resources to look at that.

- Cheryl stated that the Standard Life Pension Audit will go to the Board on May 7<sup>th</sup> for Board approval. Stacie will email the statements to the committee members once they have been approved.

### **Adjournment**

Motion to adjourn the meeting at 11:49 am.