

QPP – UPP Update
SGM Spring 2018

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April 2018

Going concern deficit (Dec 2017)

- \$~ 32 million
- deficits amortized and paid by Queen's

Solvency deficit (Dec 2017)

- \$~ 300 million
- payments to amortize it are necessary in 2018
- \$~25 million per year set aside as contingency
- New government regulations proposed for solvency deficits may change the amounts
- New reserve requirements will increase the cost

Queen's Pension Plan

- Hybrid with defined benefit floor (1.4, 1.8 % accrual) and money purchase component
- Liability (risk) and governance are sole responsibility of the Sponsor – Queen's

University Sector Jointly Sponsored Pension Plan

- Defined benefit (1.6, 2 % accrual)
- Liability (risk) and governance are joint responsibility of Employees and Employer.
- can avoid paying solvency deficits
- Less volatility and risk for pensions

Where do we stand today?

- OCUFA and COU are no longer directly involved.
- Toronto, Guelph and Queen's took the initiative to lead. This push started with the Administration side and initially involved all unions on campus.
- Negotiations are on-going between UTFA, UGFA, QUFA, USW and the Administrations at the three universities.
- Any university will be able to join the plan once the plan is started (mid 2020?)

Most elements of a design have been agreed upon

Going forward

- Cost 20% of salary mass
- Benefits ~19.3% (leaves an initial buffer)
- Accrual rate 1.6%, 2% per year Defined Benefit
- Early retirement age 62 and factor 80 going forward
- Governance: 50:50 Labour:Administration
- Accrued benefits within the QPP will be replicated within the new design.

Funding at inception and Pensions after conversion

- The plan would be 100% funded at inception, existing liabilities for past service are guaranteed, and costs would reside with the three individual employers
- Post-inception all accrued benefits protected
- Pension cheques would be based on two components:
 - one based on accrued benefits from within the QPP for pre-inception service
 - one from the new plan post-inception
 - the balance will shift over time

Where to?

- A joint communications committee has started an educational program to inform members about the process going forward.
- The QUFA website will keep you informed
<https://qufa.ca/member-services/pension-information/>
 - This pptx and a much longer one with more detail will be available on the QUFA site shortly.
- A joint website is established for the three universities, UniversityPension.ca
<http://www.universitypension.ca/>

Education and consent timelines

- When the plan is finished a request to transition the existing plan into the new one will be made by the administrations of the three universities.
- The transition depends upon consent by the plan members and is carefully government regulated.
- The education and consent process will probably take until early 2019
- New plan to start perhaps by mid 2020.

Possible timeline to conversion



Pension Benefits Act timelines and asking union members for consent (Internal process)

