QPP – UPP Update
SGM  Spring 2018
Going concern deficit (Dec 2017)
- $\sim 32$ million
- deficits amortized and paid by Queen’s

Solvency deficit (Dec 2017)
- $\sim 300$ million
- payments to amortize it are necessary in 2018
- $\sim 25$ 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/
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.
March to June 2019
Consent process

Application to the Superintendent for consent for conversion by end of December 2019

Transfer of assets from QPP to UPP 120 days after the Superintendent’s consent
Pension Benefits Act timelines and asking union members for consent (Internal process)

- QUFA determines member position on several hybrid transition issues, as well as how QUFA will determine member support for consent.
- Plan Sponsor (Queen’s) sends notices and forms.
- QUFA determines the level of member support for consent.
- QUFA submits a consent form to Queen’s or it does not.

90 days