

SPECIAL PENSION ISSUE: January 2019

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PRESIDENT'S VOICE

The Ontario Government's View of JSPPs, and Two MOAs for QUFA Members' Consideration

QUFA Members will have the opportunity to vote in February on two memoranda of agreement (MOAs) with respect to pensions and a new collective agreement

By **Kayll Lake**
President, QUFA

First, I would like to review the Ontario government's view of jointly sponsored pension plans (JSPPs). In its fall economic statement, the Ontario government made this statement about "creating efficiencies in the pension sector":

The government is committed to improving the pension system for the university sector. A new JSPP is a means of obtaining efficiencies of scale, improved investment opportunities, and savings in plan administration. The new JSPP would allow universities to focus on their core mandate of providing high-quality education for students rather than diverting resources to managing their single-employer pension plans. Based on the shared

QUFA IMAGES

Hail to the Chiefs



Robert G. May

QUFA Co-Chief Negotiators Elizabeth Hanson and Rob Hickey address QUFA Members at the general meeting this past December.

risk structure between plan members and employers, it is expected that this newly established plan would be treated similarly to other broader public-sector, solvency-exempt JSPPs following a successful conversion and a request from the newly established university plan.¹

Key here is the "solvency-exempt" provision, a prerequisite for a healthy Queen's budget moving forward. This part of the economic statement is clear, and emphasizes the importance

of Queen's moving to the University Pension Plan (UPP) with the University of Toronto and the University of Guelph.

In the late summer of 2018, QUFA learned that its consent for the UPP would have to be given by mid-February of 2019. This necessitated a condensed round of bargaining between QUFA and Queen's administration in the fall of 2018. These negotiations ended successfully on 11 December 2018 and resulted in

two memoranda of agreement (MOAs):

- Memorandum of Agreement with Respect to All Matters Relating to the Negotiation of a Renewed Collective Agreement (“Renewal Agreement MOA”)² and
- Memorandum of Agreement with Respect to Pensions (“Pension MOA”).³

On 16 January 2019, QUFA council recommended that Members ratify these MOAs. You can find copies of them on the bargaining page of QUFA’s Web site.⁴

QUFA Members will have an opportunity to vote on these changes in February. See p. 3 of this issue of *QUFA Voices* for more information, and stay tuned to your e-mail for further updates and links.

Notes

¹<https://www.fin.gov.on.ca/fallstatem ent/2018/contents.html2>

²<https://www.qufa.ca/wp-content/uploads/2019/01/2019-01-14-Tentative-CA-w-Signed-MOAs.pdf>

³<https://www.qufa.ca/wp-content/uploads/2019/01/2018-12-11-Pension-MOA-Signed.pdf>

⁴<https://www.qufa.ca/bargaining/>

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PENSION NEWS

How Did We Get Here?

Background to Bargaining 2018-2019

**By Elizabeth Hanson
Co-Chief Negotiator, QUFA
Bargaining Team**

In December 2018, QUFA bargained a renewed collective agreement (CA) that QUFA executive and council are recommending to Members for ratification. The ratification vote for most QUFA Members will also be a vote on conversion of the Queen’s Pension Plan (QPP) to the new jointly sponsored University Pension Plan (UPP). (QUFA Members who are not QPP members will be asked to vote on ratification of a new CA alone.) This round of bargaining was both compressed and undertaken earlier than is normal because it was tied to the pension conversion process. This column explains how this situation came about and QUFA’s reasons for this unusual approach to bargaining.

Since 2015, QUFA, Queen’s University, the administrations and faculty associations of the University of Toronto and University of Guelph, and the United Steelworkers union (USW) have been engaged in designing a multi-employer, jointly sponsored pension plan (JSPP). The aim of this project is to provide a pension plan for university-sector employees that provides good pensions to employees without encumbering the operating

budgets of universities with pension costs in excess of the contributions needed to fund the plan on an actuarially sound basis.

Readers who were at Queen’s in 2011 will recall that in that bargaining round, when we came within hours of striking, the university sought and won increased pension contribution rates and other adjustments to address deficits in the QPP. Despite these adjustments, the QPP remains in deficit. As of 2017, there was a \$31-million going-concern deficit and a \$300-million solvency deficit. “Going concern” refers to the ongoing operation of a plan where the employer remains in business, and new employees make contributions while the pension plan supports retired members. “Solvency” refers to the liabilities of plan were the employer to fold so that there were no new employees making contributions.

In 2012, the Ontario government imposed special solvency payments on the university sector, it is generally thought, for the purpose of driving the single-employer pension plans of the university sector into JSPPs. JSPPs, as multi-employer plans, have presumptive greater stability and therefore are not required to make solvency payments. The imposition of these payments is rightly characterized as “political,” insofar as the likelihood of Ontario’s public universities’ folding is remote. Nevertheless, the government was

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QUFA Voices publishes QUFA-related news and information for QUFA Members and provides QUFA Members with a forum to express their QUFA-related ideas and opinions. We want to hear from you! Please send your QUFA-related story ideas, news items, opinion pieces, letters to the editor, photographs, and other submissions to the editor.

QUFA Voices is edited by Robert G. May. He can be reached at mayr@queensu.ca.

pursuing a policy objective that was arguably more legitimate than simple cost-cutting, which was to force a restructuring that would limit the exposure of university operating budgets to pension deficits resulting from extreme market events such as the crash of 2008.

The 2012 imposition of solvency payments, which were to begin in 2015 although they were then dangled like the sword of Damocles for a few more years, powerfully concentrated the minds of university administrations in some unfortunate ways. Most notably, the administrations of several universities, including Queen's, began expressing interest in merging their single-employer pension plans with the JSPP for the college system, the Colleges of Applied Arts and Technology (CAAT) plan, which in QUFA's view (and that of other faculty associations) offered poor benefits for excessive contribution rates. This unattractive prospect in turn concentrated the minds at the Ontario Confederation of University Faculty Associations (OCUFA) to consider the possibility of building a new, sector-wide JSPP that would be designed for the career paths and income levels of university faculty. In 2014, the Ministry of Training, Colleges and Universities gave the nod to OCUFA, the Council of Ontario Universities (COU)—which represents university administrations—and a number of public-sector unions including the USW, to begin exploration of the development of a sector-wide JSPP. The number of participants with different interests to be reconciled proved unwieldy, so in 2017 several universities withdrew in order to simplify the building process, with the prospect of joining once the plan was built.

The unions—the three faculty associations and USW—have been as committed to this project as the university administrations, though representing different interests.

QUFA's commitment has been both pragmatic and principled.

QUFA's pragmatic motives include the recognition that in imposing the special solvency payments, the government has the means to inflict real pain on universities, who in turn can pass it on to our Members. One form the pain could take is a merger with the inferior CAAT plan. QUFA has veto over changes to the QPP in our CA, but that means is that the university can't change the plan until the CA is open. Then they could lock us out for an entire summer until we "consented" to such a merger. Another form of pain comes from solvency payments, which the university has actually had to begin paying this year, and which remove money from the operating budget. Right now, at Queen's, we are looking at a 6% tax on units, which translates pretty directly into worsening working conditions for our Members.

QUFA's principled motives include the recognition that the QPP has indeed had a fairly prolonged going-concern deficit, and this deficit amounts to an intergenerational debt transfer, a requirement that at some point future employees will have to pay for benefits that we will be enjoying as retirees but didn't pay for. It behoves us to fix that. Moreover, a JSPP is actually a *better* pension solution for QUFA Members, since its multi-employer character increases its security from the machinations of the provincial government, while its joint sponsorship gives employees control over decisions about the plan. Under a JSPP, if the plan goes into surplus, employers cannot take a pension holiday; surplus must stay within the plan. Thus, there is no possibility of a cycle in which surplus leads to a pension holiday, which leads to a deficit that then leads to increased contributions or diminished benefits. In short, because of both their scale and their jointly sponsored character, JSPPs are less vulnerable to either

ON THE WEB
Online Ratification of the Pension and Renewal Agreements

All QUFA Members will be asked to vote on whether to adopt the changes to the collective agreement negotiated in the renewal agreement

from Sat. 9 Feb. 2019, 12.00 noon to Fri. 15 Feb. 2019, 12.00 noon.

QUFA Members who are contributing to the Queen's Pension Plan (QPP) will also be asked to agree to convert the pension to the University Pension Plan (UPP) on the same ballot.

Please see p. 6 of this issue of *QUFA Voices* for full details on where you can find information about the new contract, the pension, and ratification.

Please note that the vote will be electronic, and you will receive an e-mail ballot on **9 February 2019**. Please check your junk and clutter folders if you don't receive it, and then contact ep43@queensu.ca for assistance.

provincial or local political-climate changes.

For all these reasons, QUFA has been convinced that if our responsibility is to ensure future pension benefits for our Members, or to make the point more sharply, if we want to guarantee that the "old-economy" good of a stable and ample defined-benefit pension is going to be available for future generations of academic staff, then building the UPP is the right course.

This process had begun when QUFA bargained its current CA in 2015. As

AT A GLANCE

Basic Features of the QPP and the UPP

This handy table compares some of the major features of the Queen's Pension Plan (QPP) vs the University Pension Plan (UPP)

By Leslie Jermyn

Executive Director, QUFA

	Queen's Pension Plan (QPP)	University Pension Plan (UPP)
Plan design	hybrid	defined benefit, multi-employer
Governance (sponsor)	employer	employer and employees 50-50
Accrual below / above YMPE¹	1.4% / 1.8%	1.6% / 2.0%
Employee contribution	7% / 9%	9.2% / 11.5%
Employer contribution	6% / 7.5%	9.2% / 11.5%
Normal retirement date	1 July of the year after your 65th birthday	month of your 65th birthday
Unreduced pension with early retirement	none	age 60, 80 factor (after 20 years of service)
Normal form of pension with spouse	10 years with spousal 60%	10 years with spousal 50%
Pension indexation	conditional on investment returns >6%	funded conditional, 75% of CPI ²

Other changes

Taking pension without retiring	allowed	prohibited by government
Commutated value	anytime up to 71 years old	phased-in restriction if over 55 years old

¹YMPE refers to the yearly maximum pensionable earnings for the Canada Pension Plan (\$57,400). It will increase by 14% in 2025.

²CPI refers to the Consumer Price Index. Indexing is conditional on the capacity of the plan to pay and is calculated on the CPI.

part of the round of bargaining, we signed a letter of agreement (LOA) that agreed that we would continue to participate in the development of the UPP, and if that process succeeded in developing a plan that we could recommend to our Members, that consent would be bargained. QUFA insisted on this last provision because it meant that our consent to what was sure to be a more expensive plan would come at the price to the university of some offsets for our Members.

The UPP was more-or-less built by October of this year, and a schedule for the consent process established. For reasons having to do with the next stages of regulatory oversight, the participating universities need the consent voting to be concluded by mid-February, a fact that was only disclosed earlier this fall. This development meant that QUFA also had to accelerate its normal bargaining schedule because the university's need to obtain our consent to pension conversion gave

us real leverage at the bargaining table to get both conversion offsets and a reasonable renewed CA. In addition, we were in the range that our 2015 LOA had specified for linking pension conversion to normal bargaining. Thus, we decided that we needed to "speed bargain," focusing on pension conversion offsets and the monetary elements of a renewed agreement, and limiting normative proposals to a very short list of matters that were already under discussion by the parties. These matters could be dealt with via memoranda of agreement to amend the language of the CA in the new year, rather than by haggling over the language changes themselves, as we usually do in bargaining. We were comfortable limiting bargaining in this way because the 2015 round had been a very deep dive into the normative language that makes up the bulk of the CA.

We successfully concluded bargaining in December, and the results were presented to Members at the fall

general meeting. The deal we got is contingent on QUFA's consent to the merger of the QPP with UPP. All the terms of the new agreement are contingent upon QUFA's consenting to merge the QPP with the UPP. While QUFA has the authority under the Pension Benefits Act to consent on behalf of all its Members, we have agreed that our consent will be determined by our Members. Thus, for most of our Members (all those who are also contributing to QPP), the ratification vote will also be a vote on whether QUFA should consent to the conversion.

Elizabeth Hanson can be reached at hansone@queensu.ca.

For a fuller account of the voting and its relation to ratification, please see p. 3 of this issue of QUFA Voices. For a comparison of benefits under the QPP and those under the JSPP with the offsets QUFA has bargained, please see the table above.

ANNOUNCEMENT Benefit Deadlines

The deadline for submitting an application for childcare expenses is **1 February 2019**. More information and the application form can be found on the Human Resources Web site:

<http://www.queensu.ca/humanresources/wellness-accessibility/employee-benefits/childcare-support-plan>

The deadline for submitting an application for QUFA tuition support is **28 February 2019**. More information and the application form can be found on the Human Resources Web site:

<http://www.queensu.ca/humanresources/wellness-accessibility/employee-benefits/tuition-support-plan>

ANNOUNCEMENT QUFA Collective Agreement and Pension Unit Visits

QUFA representatives are available to visit your unit

from 21 January 2019
to 8 February 2019

to discuss changes to the collective agreement and the pension in advance of the ratification vote on **9-15 February 2019**.

If you are interested in having QUFA visit your unit, please have your unit administrator contact Elizabeth Polnicky (ep43@queensu.ca) to arrange a time or to see if a visit has already been planned.

QUFA VOICES
Voice Your Views!

If you have an opinion about anything you read in *QUFA Voices*, send us a letter to the editor!

mayr@queensu.ca



QUFA VOICES
Spread the Word!

QUFA invites you to print out and post this issue of *QUFA Voices* in a visible place in your department or unit. Thank-you!




You Are Invited!

Join fellow QUFA Members at Pension-Themed Information Sessions and Quaff with QUFA Events

Mon. 21 Jan. 2019 3.00 p.m.	Pension Info Session for Late-Career Members	Grant Hall
Thurs. 24 Jan. 2019 3.00 p.m. – 4.30 p.m.	Quaff with QUFA and Talk Pensions	University Club
Tues. 29 Jan. 2019 3.00 p.m.	Pension Info Session for Mid-Career Members	Grant Hall
Wed. 30 Jan. 2019 3.00 p.m.	Pension Info Session for Early-Career Members	Grant Hall
Thurs. 31 Jan. 2019 3.00 p.m. – 4.30 p.m.	Quaff with QUFA and Talk Pensions	University Club
Mon. 4 Feb. 2019 3.00 p.m.	Pension Info Session for All Members	Grant Hall
Thurs. 7 Feb. 2019 3.00 p.m. – 4.30 p.m.	Quaff with QUFA and Talk Pensions	University Club
9-15 Feb. 2019	Ratification Vote	online

ON THE WEB

Where to Find Pension and Collective Agreement Information

As the ratification vote period approaches, QUFA Members can find information online about pension changes and the proposed new collective agreement

In the lead-up to the online ratification vote on **9-15 February 2019**, you may want to take some time to find out more about the proposed changes to your pension and the collective agreement between Queen's University and the Queen's University Faculty Association, so you can make the right choice when you vote. This page summarizes the sources of information that are available, so you can find what you are looking for quickly and easily.

Tentative Collective Agreement



QUFA Bargaining Web page (<https://www.qufa.ca/bargaining/>): All *QUFA Bargaining Alert!* publications, including a final summary that details what QUFA agreed to, can be found on the bargaining page of the QUFA Web site (under the "Bargaining Alerts" tab). The full memoranda of agreement are also available at the top of the bargaining page, and you can watch a presentation by the chief negotiators explaining all the changes (under the "Events" tab, click on "12 December: QUFA Fall General Meeting Webcast").

Pension Conversion

There are multiple sources of information about the plan QUFA recommends that Members vote to join (the University Pension Plan (UPP)) and about how it compares to the current plan (the Queen's Pension Plan (QPP)).



QUFA Pension Web page (<https://www.qufa.ca/member-services/pension-information/>): QUFA has created a number of sources of information for you, which can be found on our pension Web page. Of note are the tabs for "Pension Information Sheets" and "Background Documents." The background documents are the signed agreements and policies governing pension conversion and ratification. The pension information sheets explore key issues such as governance of the new pension, changes to special features and options around pensions, an explanation of the ratification process, a comparison of the two plans in greater detail, and other topics that will help you decide on 9-15 February 2019.



University Pension Plan Web site (<http://www.universitypension.ca/>): For information about the new plan, including joint communications and agreements that the plan sponsors (including QUFA) have signed, please visit the University Pension Plan Web site and register for updates.



Queen's University Human Resources Web site (<http://www.queensu.ca/humanresources/total-compensation/pension-services/>): For full details about the existing QPP, please visit the Queen's University Human Resources Web site. Of particular note is the "Pension Self-Service" feature, which allows you to estimate your future QPP pension using assumptions you plug in about future increases to your salary, service, and future investment returns.



University of Toronto Faculty Association Web site (<https://www.utfa.org/>): The University of Toronto Faculty Association is also participating in creating the UPP, and they have a number of helpful newsletters and other resources on their Web site.



QUFA Events Web page (<https://www.qufa.ca/events/>): We're looking forward to meeting and talking with you about pension and collective agreement questions and concerns. This issue of *QUFA Voices* has a list of all the events we have planned (p. 5), and you can also find those events on the events page of the QUFA Web site. Mark your calendar and join us live or via Webcast! If you miss a meeting, we will be posting recordings a day or so after the meeting.