University Pension Project due to report in the fall

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By Craig Leroux, Senior Communications Officer

The group of universities, faculty associations and staff unions participating in the University Pension Project (UPP) met again on June 22 to continue their work examining the feasibility of a new multi-employer, jointly sponsored pension plan (JSPP) for the university sector in Ontario.

At the meeting, participants reviewed potential options for the design of a new JSPP and discuss how to move forward with a number of issues still requiring agreement. If the project is successful, the new plan will have the advantage of a permanent exemption from actuarial valuations on the solvency basis.

“The UPP is at the stage where participants are working to get agreement on as many aspects of the potential plan design as possible, before reporting back to the government in the fall,” says Caroline Davis, Vice-Principal (Finance and Administration). “After that it will be up to individual universities to decide if they will participate in the next phase, which would be to build the new pension plan.”

Town Hall on the University Pension Project

University employees who are not represented by a bargaining unit were recently invited to attend a town hall session to receive an update on the progress towards a sector-specific JSPP. A video of the session is now available online.
Participation on the part of any university would be voluntary and would require the consent of plan members according to regulations that will be established by the government. At Queen's, bargaining units recently signed a pension co-operation agreement between them, aimed at pursuing a co-ordinated and proactive approach to long-term pension sustainability.

Individual pension benefits that have already been earned are guaranteed under law, so anyone moving to a new JSPP will keep what they have already earned. Pensions already in payment are also guaranteed never to be reduced.

In advance of the June 22 meeting, the UPP released a Q&A document to explain the process and the potential benefits of a new sector-wide JSPP.

“While obtaining exemption from the requirement for actuarial valuations on a solvency basis is one of the primary drivers behind the UPP process, a new sector-wide JSPP would have many other benefits for both employees and the universities involved,” says Vice-Principal Davis. “These include greater financial security and efficiency in plan management due to its larger size, shared governance between employees and employers, as well as portability.”

Queen's currently has a pension deficit of $285 million on a solvency basis, a hypothetical scenario that assumes Queen’s closes its doors and terminates the pension plan. Queen’s recently received stage two solvency relief and has opted to defer payments on the solvency deficit for three years, but then would have to pay down the entire balance over the following seven.

During the three-year deferral period, the university will build a reserve fund to offset the impact of the solvency payments that would begin in 2018 if the University Pension Project is not successful. In addition, the university is still required to make payments on the plan’s $175-million deficit calculated on a going concern basis (assumes the plan continues to operate).

The UPP is being led by the Council of Ontario Universities and the Ontario Confederation of University Faculty Associations, with the active participation of individual universities and bargaining units. The project has received funding.
from the Government of Ontario.

More information about the Queen's Pension Plan and the solvency issue can be found on the Human Resources website, or by contacting Bob Weisnagel, Director, Pension Services, by email or at ext. 74184. Further information about the University Pension Project is available here.

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