

ASSOCIATION OF DALHOUSIE RETIREES AND PENSIONERS

THE NEWSLETTER

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Welcome to the last issue of the 2008 Newsletters. I, Emerson Moffitt and my great associate, Jan Scott, are sorry to tell you that we are resigning our positions as Editor and Associate Editor of the Newsletter, a position held by me for 5 years, and 3 years for Jan. It has been fun. We hope that editorial successors can begin soon.

We are trying to get this out to you early in the month to ensure all are aware of the **General Meeting on December 10th**. There will be a meet and greet at 1:30 with the meeting starting at 2:00. Dues for 2009 (\$20.00) will be accepted at this meeting. The meeting will be held in the Lord Dalhousie Room in the Henry Hicks Building, and will be followed by a social get together in the Earl of Dalhousie Pub, University Club.

Parking permits will be available to ADRP members through the Security Office in the McCain Arts and Social Sciences Building, 6135 University Avenue.

President's Report - Philip Welch

I have few major news items to report to you, subsequent to the September Newsletter.

The first session of the arbitration hearing on the DFA/ADRP grievance concerning the interpretation of "surplus" in the Dalhousie Pension Plan, as it relates to pension indexation has again been somewhat delayed, and is now scheduled to take place on the 15th of January. Regardless of the outcome, I do not anticipate any remediation of the pension indexation shortfall, indeed I anticipate that it will be magnified, as there will be little "automatic" indexation in January 2009, and since the CPI will be about 3%, the overall shortfall for some Dalhousie pensioners will become about 10%.

Thank you to those who responded to the questionnaire in the September Newsletter, regarding your actions and reactions with regard to the indexation shortfall. I encourage you most strongly to write, email, or otherwise contact the Dalhousie Administration to express your concerns. The most suitable

persons to contact would be Assistant Vice President Katherine Sheehan (494-1134, katherine.sheehan@dal.ca), Vice President Ken Burt (Finance) (494-3862, ken.burt@dal.ca), and/or Vice President Dykeman (External Relations) (494-3304, floyd.dykeman@dal.ca). Don't assume that because of the national and global economic downturn that nothing can be done. We can be reasonably sure that a significant surplus remains in the RTF, which we presently estimate to be \$10-12M . If the grievance is successful, this would be potentially available to Dalhousie pensioners suffering from an indexation shortfall. Of course, the RTF Trustees can still decide on their usual de facto loan of this money to the University Administration. (The University investments in the employee pension fund (PTF) will certainly have received a hit from the economic downturn, just like the Dalhousie pensioners.) The RTF Trustees would have to decide on their priorities for the disposition of the RTF surplus. According to the RTF Deed of Trust, their first and primary obligation should be towards Dalhousie pensioners.

On the question of Blue Cross benefits, this also continues to be an ongoing battle. My letter of protest about the inequitable premiums for retirees, and request for correction and redress, sent to the Chair of the University Benefits Committee (Ms. Carolyn Sisley) on the 24th of June, has still received no acknowledgement or response (see my report in September 2008 Newsletter and excerpts from that letter, sent out over 5 months ago, in the ADRP Benefits Report).

As you know, I wrote to the Chair of the Board of Governors Human Resources Committee, Ms. Nancy McCready-Williams; she responded, politely declining to meet for a discussion of this matter since she felt that the problem is an "operational issue", best dealt with by management. Ms. Sheehan agreed to meet with us for discussion of this issue on the 27th of November. John Barry, Chair of the ADRP Benefits Committee, and I, met with Ms Sheehan and Lee Crowell, Director of Pensions and Benefits. The meeting was encouraging, and the finding of inconsistent retiree premiums and benefits seemed to be accepted. After five months of stalemate, there may be some light at the end of the tunnel!

ADRP members may sometimes wonder if the problems experienced by the ADRP are also reflected in the experience of retiree groups of other universities. In this regard, I thought that members might be interested to read a report on the activities of the Retirees Association at Queen's University, published in the CURAC Newsletter earlier this year, which I will include as an appendix to this report, without further comment.

With all good wishes for Christmas and the New Year.

Queens' Retirees Reach Partnership Agreement with University

Several months of discussion between working groups of the Retirees' Association of Queen's (RAQ) and the administration of Queen's University, led by Vice-Principal (Academic) Patrick Deane, culminated in November with the signing of a Statement of Intent by Vice-Principal Deane and RAQ President Arlene Aish. In the Statement, the University and RAQ pledge to continue working toward the establishment of "a centre to facilitate the continuing partnership of retirees in the academic life of the University. Such a centre will be open to all retired faculty and staff of Queen's."

This partnership is intended to foster and support the continued scholarly and creative lives of retirees, promote the continuing sense of membership in the "Queen's family" and, through its programs, benefit the University and the community. RAQ has already created a series of "Monday Morning Forum" lectures by distinguished speakers throughout the academic year. As well, we are undertaking an "Oral History of Queen's" project to capture the memories of retirees covering the period since the 1960s. Both of these activities have received sponsorship from the University. Retirees have also participated in reviewing and ranking scholarship applications, releasing working faculty from this pleasant but time-consuming task.

One objective of the partnership is to find activities that enhance the learning environment at Queen's. At a January open meeting on the quality of education, Vice-Principal Deane said, "Much thought has been given to how resources might be put back into the system to improve faculty/student contact. For example, discussions are under way with associations representing retired faculty on ways they might become involved with students."

In general terms, the objective of this initiative is to formalize the partnership between RAQ and Queen's in such activities as:

- * Organizing events that enhance the visibility of the university through lectures and workshops
- * Enhancing the learning environment of the university
- * Enhancing the national and international reputation of the university

* Other activities of mutual interest

The next step will be to set up administrative arrangements to enable the deepening and broadening of interactions between Queen's and its retirees.

We are seeking a new Editor and Associate Editor for the ADRP Newsletter. These are both important positions and any ADRP member who has had editorial or activities in their previous life, or significant related administrative experience, is encouraged to apply for one or other of these positions, or to suggest any other ADRP member who they feel might be interested making a contribution in this area of our activities. (We will contact any member whose name is suggested, and explore the possibilities directly with them).

Interesting Pension News - Paul Huber, Director at Large

The return of the Retirees' Trust Fund (RTF) in the 2007-2008 fiscal year was negative 2.13% after expenses. The three-year average return for the period July 2005 through June 2008 was therefore 5.48%. This is the number that determines automatic indexation in January 2009, which consequently is 5.48% minus 5.05%, which equals 0.43%. Inflation over the past year was about 3.0%, so retirees will now fall even further behind increases in the cost of living.

The return on the RTF during the first quarter of the current fiscal year was negative 6.4%. October yielded comparable results. So the RTF earned approximately negative 13 % over the first four months. The implications clearly are that any indexation in January 2010 is extremely unlikely and that the approximately \$50 million of surplus in the RTF (at market values) as of mid-2007 now has shrunk to about \$10 to \$15 million.

That is the bad news. The good news (yes, there is a wee bit!) is that the RTF trustees voted in favour of catch-up indexation in the -- token -- amount of 0.14% for those who first missed some indexation in 2002. This used half of the overall surplus in the Pension Fund as a whole as at the last Actuarial Valuation in June 2007, in accordance with the contested legal opinion of Mr. Hugh Wright of McInnis Cooper. (That legal opinion is the subject of an arbitration that will take place in mid-January between the Administration and the DFA.)

Incidentally, the returns in the Pension Trust Fund (PTF) have been about two percent per annum lower than in the RTF. The reason is the PTF holds a higher percentage of its assets in equities than the RTF. Consequently, the recent shrinkage of the assets of the PTF has been more than twice that of the RTF. Hence, as at November 2008, the Dalhousie pension plan overall (PTF and RTF together) is funded to less than 90%, measured under "going concern" valuation assumptions. Because interest rates have continued to fall, the Dalhousie Pension Plan also must have a solvency deficit, which has serious implications for the University's operating budget.

Pier 21, National Historic Site - Randy Barkhouse

On Oct 15 a small group of ADRP members took advantage of a special presentation and tour of the Pier 21 National Historic Site, as arranged and promoted to the membership by our Social Committee. It was a major treat.

The presentation was given by the Chair of the Pier 21 Foundation, Dr. Ruth Goldbloom. It isn't often that one is able to get a firsthand behind the scenes account of how such a major project came to be, and from Ruth Goldbloom the story was not just informative, but highly entertaining. The story of not only raising \$9 million to create the site, but also of engaging a host of volunteers to help operate it shows what can be done with a bit of serendipity, and a lot of hard work. You can also have fun, and experience a major piece of 20th century Canadian and world history doing it. A bit of advice from Ruth - whatever the scale of your project, raise funds for an endowment to ensure its continuation. You'll have to seek out Ruth for further advice on how to do that.

Although the focus of Pier 21 is on the immigration process from 1928 to 1971, it is the human stories of individuals who passed through that bring it to life. The depth of extreme emotion in many of these is difficult to convey. One hopes that Ruth has time to write a book on her personal experiences with past immigrants. Some will make you laugh. Others could bring you to tears. The interval for the writing may require a good many sets of green bananas to consecutively ripen, or a few thousand 3-minute eggs to be cooked, but will be worth all the time it takes. To fully understand the preceding sentence you had to be there for the lighter moments in her address.*

The second part of our visit, the tour, led by Pier 21 volunteer Mrs. Harold Cook, took us through a stream of marvelous displays. First we went back to the late 1920s, then through the Great Depression and immediate pre-war

years, through WWII when the facilities were largely for embarking and returning military and their brides, on to the bulge of post-war European immigration that deeply changed our national mix, and finally to the downturn in the 1960s when air travel replaced ocean liners as the dominant mode.

The many original artifacts and the reproduction of facilities brings one almost a first-person experience of being processed through Pier 21 during its years of operation. The story of Pier 21 is a big part of the story of modern Canada. The mandate of Pier 21, to bring you that story is superbly executed, a must see for anyone living in or visiting Halifax.

Take a tour of Pier 21 for \$6.50 and you will not be disappointed. A minor notable difference for those with Dalhousie experience is the ample parking space. You can be disappointed that you didn't get to Ruth's presentation on October 15 as arranged by the ADRP Social Committee. It was fantastic. A big bouquet to Blanche Potter and Sid Sodhi for their effort. Watch for word of their future events.

* Ruth used to joke that at her age she has stopped buying green bananas lest she not be granted the time for them to ripen. Now she is judged by requiring pre-payment at restaurants when ordering a 3 minute egg.

Pension Advisory Committee Report - Bob MacKay - Director at Large

Pension Simulator and Administration System Selection Process.

A new Pension Administration System and Simulator will go on line in February 2009. The objectives of the new system are:

1. To achieve a high degree of internal self-sufficiency in the day to day operation of pension administration.
2. To ensure accurate and timely responses to Plan members' requests.
3. To provide Dalhousie employees and retirees more effective communications and greater understanding of their pension benefits under the Dalhousie Plan. Retirees will have on line access to the Plan.

Deferral Amendments and Payments.

This is in regard to those former employees whose pensions were deferred. When they do retire, their pensions will be limited by Revenue Canada to less than they would have received under the old pension rules. In February 2008 the Superintendent of Pensions for Nova Scotia approved the payments, and the letter that was sent to these members. This information has been passed on to those members affected.

Actual Valuation at June 30, 2007.

The main purposes of the valuation were to compare the Pension Plan's actuarial assets and liabilities and recommend new contribution rates. The Actuary stressed that the assets are easily determined but the liabilities at any given time are an estimate.

The Actuary looks at the Plan in two distinct ways: as a long term going concern, and also as if the Plan was wound up (a so-called solvency valuation). Key assumptions for the going concern valuation include interest rates, projected salaries, retirement ages, terminations and mortality rates.

Due to the drop in interest rates over the last few years (5.8% in 2005 to 4.3% in 2007); the Actuary recommended a change in the long term assumed interest rate of 7%, to 6.50%. This is a significant assumption in the going concern interest rate. Changing the long term assumed interest rate from 7% to 6.50% would move the total Plan (i.e. PTF and RTF) from a surplus position of about +\$7 million to a deficit position of around -\$7 million. A drop in this assumed interest rate would imply that less money would be earned by the Plan, which could require over matching contributions from the employer.

PAC sent the valuation back to Sub-PAC for consideration and to look at various options. One option was to drop the interest rate from 7% to 6.75% (instead of 6.50%), which would leave a small surplus in the Plan. A second option would be to eliminate asset smoothing for the RTF - about \$11 million of surplus. After a review of the historical rates PAC agreed to the change in the actuarial assumption from 7% to 6.75%.

Every 3 years the Plan valuation must be filed with the Superintendent of Pensions for Nova Scotia, although a valuation can be filed earlier. Sub-Pac was asked to assess if it was to the Plan's advantage to file the valuation as at June 30, 2007, or wait till June 30, 2009. Given the bad performances of the financial markets, which were expected to produce poor pension results in mid-2008, Sub-Pac recommended the valuation be filed sooner so as not to be forced to submit a (possibly poor) valuation in 2009. At the June meeting PAC supported the filing of the June 30th, 2007 actuarial valuation. The next valuation under the Pension Benefits Act will be the 30th of June 2010.

Indexing

Pension indexing as of June 2008 has fallen behind by about 6.8%. The RTF Trust Fund. indexing is automatic if the average returns over the preceding three years, exceeds the post retirement interest rate set at 4.55% plus a cushion of 0.50%. Excess above this amount can then be applied to indexing, but only up to the maximum level of the increase in the consumer price index. Amounts above this cannot be carried over each year in order to catch up on lost indexing. Trustees of the Retiree's Trust Fund may, at their discretion, recommend "catch up" indexing if a surplus exists in the fund.

Rule 10B

PAC approved changes to Rule 10B which deals with Mandatory Forms of Pension to a Member with a Spouse. The Rule is being clarified and brought in line with Provincial regulations, to address the possibility of separation of Member and Spouse at the time the pension starts to be paid.

Relationship of the Actuary to PAC

The topic was review by PAC. The two main issues discussed were service expectations and the relationship of the Actuary to PAC. It was agreed that the actuary's service should be reviewed annually by PAC.

The Benefits Committee Report - John Barry, Chairperson and Member at Large

In June of 2008, soon after joining the ADRP Board, I joined the Benefits Committee consisting of Shirley Dean, Sheila Johnson and Ken Easterbrook.

At that time the Committee was in its final stages of investigating benefits and premiums of health insurance plans available to the public such as we see from time to time in print ads and television commercials. Along with this effort an investigation had been made of the plans and benefits at several Maritime universities. Before long, our committee came to the conclusion that we wanted to invest our efforts in bettering our Blue Cross coverage.

We also were interested in our current premiums for Blue Cross coverage. The concern that we have been overpaying on our premium rates for single and for family coverage compared to the rates we paid when we were employees came to the fore. How come we pay more premium for way less coverage - no drug or travel benefits. And how come our "Family" premium is more than double the "Single" rate when very few, if any, retirees have a

dependent child? We had no one in senior university administration plunking for us and no one on the Employee Benefits Committee to publicize this unfair treatment. This provided an impetus for us to focus our efforts to seek fairness from the university administration. This lack of respect is an area where aggravation has been growing as illustrated by the failure of the Chair of the Employee Benefits Committee, Ms. Carolyn Sisley to reply to queries about these matters that date from our President Welch's letter to her in June of this year.

Six months without a reply is not conducive to calming some members who are becoming angrier about the cloak of invisibility that envelops us (as Philip described it while crediting JK Rowling for the metaphor) when applied to our dealings with senior university administration. Here are excerpts from the letter that went out five months ago.

"In early 2006, major changes were instituted in the Dalhousie Blue Cross Plan, especially with regard to drug coverage. According to the University's own figures, about 125 retirees are included in the drug plan, as they are still below age 65. Representatives of Blue Cross were scheduled to meet with all employee groups to explain these changes. The ADRP asked to be included to host one of these presentations by Blue Cross representatives. Unfortunately, the University Administration forgot this request by the ADRP, and thus ADRP members were left out from these presentations."

"Next, also in 2006, the ADRP drew attention to the fact that although there had been provision included in the Blue Cross Plan contract for over a decade for some financial assistance with the costs of nursing-home care -a provision regularly promoted to incipient retirees by ADRP representatives at University-sponsored workshops-this provision did not appear on the University information sheets for retirees. An ADRP request for the inclusion of this benefit in the retirees' Blue Cross information sheets resulted in initial refusal, followed by much debate and discussion, and the eventual removal of this provision from the Blue Cross contract, removal which was subsequently endorsed by your Committee. The University Administration has refused to inform Plan members or retirees of the removal of this provision."

"Subsequently, also in 2006, I wrote to Mr. Michael Roughneen, who was then interim Chair of the EBC, protesting this deletion, critiquing the benefit consultant's analysis, and questioning the supposed supporting data. This letter, which we know to have been received, was never either acknowledged or answered."

"Next, in 2007, the ADRP offered to work with the Administration to revise the retirees' Blue Cross information booklet; the offer was politely declined."

"Next, late in 2007, the ADRP reviewed the retirees' Blue Cross information booklet and

discovered that the continuation of Blue Cross coverage for spousal survivors of deceased retiree Blue Cross members had been quietly deleted. We requested a copy of the current Blue Cross contract; this was obtained some months later, and we discovered that this coverage had also been deleted from the contract. The Administration, when informed of this deletion, claimed this to be simply "a mistake in the wording". A somewhat unclear correction of this mistake was put into the retirees' Blue Cross information booklet of March 2008-but as of the date of this letter, the legal contract has NOT been changed and still contains NO provision for this potential continuance of coverage."

"The ADRP Benefits Committee has subsequently reviewed this most recent version of the Blue Cross information booklet for retirees. This latest version still contains many mistakes and inconsistencies, so numerous that they do not lend themselves to simple correction."

"Finally, we have reviewed the premiums currently demanded by the University from retiree Blue Cross members. The findings are positively alarming, and clearly indicate that the retirees' premiums are far too high. The discrepancy and discrimination against retirees is best illustrated by a simple example.

Monthly family premium paid on behalf of regular employees* \$128.88

Monthly family premium paid by retirees \$113.79

*This includes the portion of the premium paid by the University on behalf of regular employees.

Anyone looking at these figures who has a passing acquaintance with Canadian Health Care plans and who knows that only the employees' Blue Cross Plan contains drug prescription coverage, would immediately realize that the difference in these premiums is ludicrously small.

The prescription drug program in the Dalhousie Blue Cross Plan accounts for almost 70% of the Plan expenditures. (Travel benefits, accounting for 4.6% of the Plan costs, are also not included in the Dalhousie Blue Cross Plan for retirees 65 or over.) The Plan components which are covered for the over- 65 retiree members are the extended health benefits, vision benefits and hospital benefits. Expenditures for these three components amount to 27.5% of the total Plan costs. **It would therefore be expected that the over- 65 retiree Blue Cross Family Plan members should be paying 27.5% of the premium contributed to Blue Cross on behalf of Family Plan regular employees.** In fact, the retirees are paying 88.3% of the total monthly family premium for regular employees.

I have not attempted to make calculations for the premiums paid by single

regular employees, in comparison with premiums paid by single retirees, however these are also patently out of line, **since the over-65 single retiree, with no prescription drug coverage, and no travel coverage**, pays a higher premium than is contributed for a regular single employee who has both drug coverage and travel coverage."

Only today, November 27th, has an opening presented itself via a meeting with Asst VP (Human Resources) Katherine Sheehan. She along with Lee Crowell (Benefits Manager), ADRP President Philip Welch and I spent an hour in discussion at her office. For the first time the issue of the Blue Cross premium situation had a preliminary hearing with someone who can have a role in its solution. I hope this linkage will continue as Sheehan seemed to be favourable to meet with us in future with some regularity.

On a personal note, I enjoy my work with the Committee very much. There is one hardship though that I find difficult to surmount. It is that as well as chairing the Committee I am required to act as Committee Secretary only because of the four of us either because of the unfairness of aging finger joints or because our mothers didn't force us to learn typing when we were kids, I'm the only one available to do the minutes. Thanks momma. This means neither of these two tasks gets a fair shake at our almost monthly meetings. So my plea goes out to the membership for one of you to come join us four and assume the prestige that accompanies being Secretary of the ADRP Benefits Committee. You can reach me at <mailto:john.barry@dal.ca>.

Seniors' College of Nova Scotia - Ken Rozee, First Vice-President

The Seniors' College of Nova Scotia (SCANS) has completed a most successful fall term. The SCANS membership has increased from around 100 to over 200 and the response to the 8 courses offered has been very enthusiastic with 5 of the courses being fully subscribed. Plans are completed for the winter and spring term courses and we look forward to an equally satisfactory and enjoyable experience. On the basis of our success, application has been made to a Nova Scotia Seniors' program for funds to consider the prospect of extending the SCANS program outside HRM and we will have more information on this subject as we proceed. Those wishing to join the college, which includes admission to all the course offerings for 2009, may do so by contacting Blanche Potter-Creighton at 454-5554 or by Email tcreighton@eastlink.ca

And finally, we wish you all a joyous and happy holiday and New Year.

Emerson A. Moffitt
Editor

Jan Scott
Associate Editor

The Editorial Board, under the ultimate direction of the ADRP Board, takes responsibility for the contents of The Newsletter. Signed contributions will take the form of short articles and letters to the Editor. These will represent the opinions of the author and need not represent the views of the ADRP. Anonymous material will not be considered for publication. The Editorial Board retains the right to edit or reject contributed material and to elicit similar and opposing views surrounding any issue raised. To reach the ADRP in regard to the Newsletter, please contact our office at 902-494-7174. To access our web-site go to <http://adrp.dal.ca>

IN MEMORIAM

We cannot escape our mortality and, on occasion, some of our members leave us during the days which have elapsed since the last Newsletter. Some readers will have read of the passing of old friends and colleagues, however, we also endeavour to honour their contributions and achievements in our Newsletter, and our thoughts and sympathies go out to the families and friends that they left.

Rowland Smith died suddenly of a heart attack on October 20, 2008. He was Professor of English and Dean of the Faculty of Humanities at the University of Calgary. He had previously been Vice-President, Academic at Wilfrid Laurier University in Waterloo, Ontario, and Dean of the Faculty of Arts and Social Sciences, and McCulloch Professor in English at Dalhousie University in Halifax. He is survived by his wife Ann and his children Russell and Belinda.

Kathleen Stewart passed away in her home in Halifax on October 21, 2008. She was the wife of the late Dr. Chester B. Stewart and is survived by her daughters Joan and Moira and their families. Upon the death of her husband in 1999, she became a member of the ADRP and was a faithful member up until the time of her death.

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