

ADRP NEWSLETTER

Volume 8, Number 2, July 2009

Association of Dalhousie Retirees and Pensioners

From the Editors: Ken Rozee - krozee@eastlink.ca
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Welcome to the July Summer Edition of the ADRP newsletter. Once again, pension and benefits are in the forefront, so we hope you will take the time to read the President's and Committee's reports.

We would also welcome more than welcome contributions from you to our Announcements and Updates section of the Newsletter. Just drop us an email at either of the addresses above.

Editorial Policy: The ADRP intends to publish the newsletter every three months. It is hoped the newsletter will serve the following purposes;

To provide pertinent information;

To provide a forum for the free exchange of views on issues relevant to our membership;

To serve as a documentary record of matters relating to the ADRP.

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 normally 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.

The Editorial Board: Ken Rozee, Blanche Potter Creighton
Ex-officio: J. Philip Welch, Randy Barkhouse

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Officers and Board of the Association for 2009:

Elected at the Annual General meeting on 23 April 2009

President - J. Philip Welch

Immediate Past President - Blanche Potter Creighton

1st Vice President - Ken Rozee

2nd Vice President - Toni Laidlaw

Secretary - Colin Stuttard

Treasurer - Dick Sutherland

Board Members: The Board consists of the officers and the following Members-at-Large

Randy Barkhouse

John Barry

Paul Huber

Andy Wainwright

Please note that Randy Barkhouse also serves as the ADRP Rep at the Pension Advisory Committee.

President's Report - June 2009

Your Pension - Stability and Prospects

You will remember from the April Newsletter that the grievance arbitration on the potential utilization of the surplus in the Retirees Trust Fund (RTF) has upheld the view of the DFA and the ADRP, that the RTF Trustees may exercise their discretion to allot some of this surplus to decrease any indexation short fall among retirees.

Unfortunately, the surplus in the RTF has evaporated in the economic downturn, so there will be no opportunity for the Trustees to exercise any discretion in favour of the retirees for (probably) the next 5 years.

The monies in the RTF are entirely adequate to safeguard the payments to current pensioners, but in order to provide any 'automatic' indexation (to cover the CPI of the present year) the RTF must generate a sufficient surplus to cover the ongoing costs of maintaining the current pension, plus a little extra for the CPI. (If the RTF does not generate enough to meet the ongoing costs in any year, the RTF has to make up that deficit - plus the ongoing costs of the next year - before 'automatic' indexation is permitted by the Plan rules.

It will be apparent to the reader that in order for just the CPI to be provided in any one year, the RTF has to perform just slightly better than the assumed return, set by the actuary, to guarantee the financial soundness of the RTF.

In past years, the Dalhousie Pension Funds did reasonably well in comparison to other similar pension funds, with overall returns in the top half or even the top 25% of such funds (according to a report quoted in the Dalhousie Board of Governors website 29 months ago).

We recognize that all pension funds have suffered from the current economic downturn, but, unfortunately, over the last two years, the Dalhousie Pension Funds have lost their previously good standing in relation to other pension funds, so that they now rank well below the average, or even in the bottom 25% of pension funds in their performance.

Thus, two months ago, the University Treasurer informed the Pension Advisory Committee that, "in comparison to other similar funds, the Dalhousie pension funds have been performing in the 3-4th quartile through 2007 and 2008".

Poor investment performance causes large implicit losses.

The Dalhousie Board of Governors appoints a set of Trustees for the Pension Trust, and a similar set for the Retirees' Trust. These trustees have total and direct legal responsibility for investing the trust funds. Under trust jurisprudence, they cannot delegate their responsibilities. They are responsible for identifying investment policies, determining asset allocation of the funds and choosing the money managers. In light of their performance over the last two years, we wonder whether the trustees are sufficiently and seriously committed to carrying out their investment obligation.

Our Association is powerless to effect change in the RTF, even though our members will suffer most from its shortcomings. No RTF trustee represents pensioners, no trustee reports to the Association. Individual pensioners receive only one report per year, long after fiscal year-end.

On your behalf, I have written to Dr. Jim Spatz, Chair of the Board of Governors, on 19 June, (copy to President Traves) describing and expanding on these concerns, and hoping that he will find this investment situation as unsatisfactory as we do. The Board can ask the trustees for interim reports and keep itself informed on a relatively short-term basis. It can demand that trustees carry out their responsibilities conscientiously. It can question why poor investment policies stay in place long after their inadequacy should have become apparent. It can appoint, replace or add trustees. (To be clear, we are NOT suggesting the replacement of Stan Spavold, who has barely started his chairmanship of the RTF Trustees. We hope he will prove to be an agent of change.)

The Dalhousie Blue Cross Plan.

The university has now agreed that the over 65 retirees have generated a 'surplus' of \$520,000 from premiums over the past 5 years, over and above the cost of their extended health care benefits, or EHB.

BUT, the University has now developed a quite new attitude towards those 120 or so retirees who took on early retirement and were individually offered the opportunity to continue their membership in the Dalhousie Blue Cross Plan, with both drug care coverage (amounting to about 70% total Plan costs) and EHB provided (a) that they made this election at the time of retirement, and (b) that they agreed to pay the full cost of their continued membership in the Plan. The latter was defined as the total cost, paid earlier to Blue Cross on behalf of each member, including the 60% of the total premium previously contributed by Dalhousie. They were each told that with these provisos, their membership in the Dalhousie Blue Cross Plan would be continued with no change in benefits, except that the Travel coverage would not be available to them. The fact that the monies paid to Blue Cross by these persons were the same as that paid on behalf of similar continuing employees is further evidence that in their eyes - and the implicit intent of the University - was that this would **maintain their membership with full participation in the same group plan as their employed colleagues**. It is also fair to add that although the participation of these early retirees was voluntary, in many instances it was promoted and encouraged by the University Administration, and considered to be a small additional incentive to employees to take an early retirement package in those times when the University wished to encourage early retirement.

The University Administration now insists that this group, of about 120 early retirees, cannot be co-mingled with regular employees, but must be financially self-sustaining; also that the early retirees have generated a deficit in the Drug coverage portion of their Blue Cross claims, amounting to almost \$234,000 over 2003-2008. This is now designated to be 'a problem', which the Administration would like to see remedied. The 'remedy', which the administration seems to favour, seems to be to subtract the \$234,000, generated by the under 65 retirees, from the \$520,000 surplus generated by the excess EHB payments from the over 65 retirees.

Readers will not be surprised to learn we have refused to recognize the above as an acceptable 'remedy' for this 'problem'.

The situation is far from resolved, however we are concerned about the under 65 retirees, and also about current University staff members who may be considering early retirement.

I have written to all existing employee groups, to bring these uncertainties of Blue Cross costs, and status of early retirees, to their attention

It is the view of this Association that an Administration action such as I have described - to require a separate accounting for Dalhousie early retirees - would be totally unfair, improper, unethical, and frankly, opportunistic.

If the University Administration decides to embark on an action of this nature, we will publicly challenge it with every means at our disposal.

Finally, we have reiterated our view to the University Administration that the \$520,000 in excess premia, contributed by the group of retirees 65 and over, for their extended health care benefits, is rightly an entitlement to this group of retirees. We have requested that this amount be set aside as a fund to secure a premium holiday for these retirees.

J. Philip Welch
President, ADRP

PAC Report

"WHEN OTTO von Bismarck introduced the first pension for workers over 70 in 1889, the life expectancy of a Prussian was 45. In 1908, when (David) Lloyd George bullied through a payment of five shillings a week for poor men who had reached 70, Britons, especially poor ones, were lucky to survive much past 50. By 1935, when America set up its Social Security system, the official pension age was 65 - three years beyond the life span of the typical American. State-sponsored retirement was designed to be a brief sunset to life, for a few hardy souls."

To learn a bit more about changing demographics, retirement age, and public and private pensions generally, read the remainder of the Economist article re-printed in the Chronicle-Herald's "The Nova Scotian" of June 28, from which the above quote was taken. If you want an update on matters of the Dalhousie Pension Plan and the recent deliberations of the Pension Advisory Committee(PAC) for which I am ADRP representative, then read on.

The most recent meeting of the PAC was held on June 26. Just prior to that meeting PAC members and others received a message from Lee Crowell of Pensions and Employee Benefits about a proposed new Pension Committee on Sustainability (PCS). It stated

"Over the past several months the University has been concerned that with the downturn in the financial markets and the recent review by the Nova Scotia Pension Review Panel, on pensions in Nova Scotia, that the current structure of the Dalhousie Pension Plan is undermining the financial viability of the University. Given the magnitude of this issue, the University will later this month, at the Pension Advisory Committee (PAC), request that it strike a sub-committee to look at the future design of the Dalhousie University Staff Pension Plan to outline the challenges we are facing. The sub-committee will be made up of two representatives from each participating employee group and representatives from the University Administration."

Note that the above message does not mention a pensioners' representative. After other representatives at the June 26 meeting indicated their support for pensioners to be included it was agreed that the ADRP will now have a member and an alternate as do all the employee groups.

V-P Burt did later in the PAC meeting indicate that matters of governance of the Dalhousie Plan are also of concern to the Board, which further strengthened my opinion of the need for ADRP membership. Pensioners have almost no input into pension plan governance in Nova Scotia, a fact most members of any pension plan find perplexing if they are aware of it. The "voice without vote" status that ADRP has on Dal's PAC is even in that minimal capacity an unusual inclusion, so for sure we definitely do not want less input into the Dal Pension Plan governance, whatever the Board/Administration may prefer. The Retiree Trust Fund (RTF) assets, which are our deferred wages and the earnings thereon, represent about 40% of the combined assets of the Dalhousie Pension Plan so why should all governance reside elsewhere?

The outcome of the PAC's deliberations on the PCS proposal was to set up ACOPS, the ad hoc Committee On Pension Sustainability. It will have a neutral chair, and will use Mr Robert Blais, an actuary from the Towers Perrin firm, as a resource when desired. Mr Blais was recently engaged by the Administration to analyze various scenarios related to Dalhousie's current pension plan and if need be to formulate a pension plan structure which is viable and affordable for all parties. Mr. Blais has met with all the employee groups and the University at least once, to provide him with input around the Dalhousie pension plan history, design and current issues. Decisions and proposals made by the ACOPS membership are to be by consensus.

To allay any concern ADRP members may have I do want to emphasize V-P Burt's statement that "**existing pensions would not be affected**". In matters of indexation it is not clear that such would always be true given flows to the RTF from the Pension Trust Fund (PTF) in which contributions and their earning accumulate, but time will tell all.

The ACOPS process is intended to be quite brisk, after a neutral chair is selected in early July by its membership. Given the upcoming mandatory actuarial evaluation date of no later than June 30, 2010, the Administration had indicated a goal of December 31, 2009 for its previously proposed Pension Committee on Sustainability to report. Whether ACOPS will be able to meet such a goal remains to be determined.

If markets recover substantially in the next 12 months, the immediate issue of a Dalhousie Pension Plan deficit may diminish or disappear, but recent history is not completely reassuring on the prospect. We do know as J P Morgan famously replied about 100 years ago when asked about market direction that "The Market Will Fluctuate."

On other pension matters PAC was informed of the performance of the Dalhousie Pension Plan assets for the year ended March 31, 2009. As might be expected given the financial market "meltdown" of 2008 there were declines. The RTF assets decreased 14.2%, and those of the PTF 17.5%. Given plan assumptions of increases in the 5-7.5% range a large actuarial deficit developed, although decreased somewhat by recent market improvements.

The deficit is more pronounced in the PTF which has frequently been in deficit since 2001. At one point in the mid-1990s the PTF had over an \$80 million surplus which funded the 1996 Pension Surplus Use Agreement (PSUA). The PSUA benefited the University by about \$34 million dollars to pay off accumulated university debt and to fund other expenditures. The RTF, from which our pensions are paid, has usually held a substantial surplus.

By comparison to RTF and PTF performance in the same 12-month period, the PAC was informed that the TSX decreased 32.7%, the Dow Jones 38%, and the EAFE 37%. The Dalhousie annual financial report posted in the Financial Services section on the Dalhousie web site has further details on pension plan performance, assets and liabilities.

A further matter reported to PAC was the effect on the Dalhousie Pension Plan of the removal of mandatory retirement. Assuming that some workers will continue after age 65, the result is projected to be mildly favorable. A person may work longer, but under fixed mortality

assumptions will likely then be drawing a pension for a shorter period, thus slightly reducing the net liability for the Pension Plan. Otto von Bismarck and David Lloyd George can rest assured on that briefer sunset for the few hardy souls who continue working beyond age 65 at Dalhousie U.

-Randy Barkhouse

Benefits Committee Report of 27 June, 2009.

The Benefits Committee has for the most part been involved finding a solution to the several decades of long-standing and continuing overpayment of our Medavie Blue Cross Extended Health Benefits premiums. We know from our committee as a whole that the recent raise to our rates created increased anger amongst many of us.

The ongoing meetings between AVP Katherine Sheehan, Lee Crowell and Wade Harding (Morneau-Sobeco plan consultant to Admin) and Mike Bradfield, Philip Welch and myself have made little progress in settling basic issues, other than agreement that there has been overpayment. This means the matter of overpayment is not been resolved and the unfairness continues with a 4% increment.

The issues which delay an agreement with university administration concern their definition of which group(s) of the three divisions that comprise the Medavie Blue Cross coverage is entitled to partake of the more than a half million dollar surplus generated by those in the plan aged 65 and over. This group, the bulk of ADRP membership, receives only a set of benefits described as "EHB - Extended Health Benefits". No drug coverage or travel insurance is offered.

The Admin's position is that this half-million surplus, developed over the past five years, should be applied against an almost quarter million dollar deficit incurred by the division of the MBC plan that is comprised of Dal retirees under the age of 65. The deficit incurred by the "under 65" retirees is based entirely on their usage of their drug benefit, not by their EHB coverage which is identical to that offered to the over-65's. (The third group of the plan are the current employees).

We don't think this is fair. To me it seems like a repeat of the raid on the RTF surplus.

Maybe this is the time to make mention that we are seeking another member to join the Benefits Committee. The meetings are gentle and the work can be rewarding. Please be in touch if you would like to give it a try.

I have taken a bit of time taking a look at a Dental Plan which is administered out of Victoria, BC. I have had replies from two trusted Dalhousians who are currently subscribers and who have had favourable experiences with this outfit, in one case, over the course of five years. I'll be happy to pass along what I know of it to any member requesting but this will not constitute an endorsement by ADRP. Caveat emptor must always be a guiding principle.

Finally, one request I've recently had from a ADRP member was for any info available from the membership as to the home and auto insurance coverage and claims dealings of Gray Power

Insurance who insures through Trafalgar Insurance. If you can help him out you can contact me and I'll put you both in touch.

John Barry, Chairperson, ADRP Benefits Committee.

john.barry@dal.ca

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Ad Hoc Pension Indexation Sub-Committee

This committee is on indefinite hold until such time that pension circumstances permit its reinstatement. We wish to thank Gil Winham, who will be leaving, for his contribution to the work of the committee.

Toni Laidlaw, Chair

ANNOUNCEMENTS AND UPDATES

Help Wanted:

Dear ADRP members -- at the June meeting of the ADRP Board, we agreed that approaches to the new provincial government to heed concerns of retirees of post-secondary institutions in Nova Scotia would receive greater attention if our pleadings were coming from a provincial organization.

We are extremely limited in knowing what's going on in universities and colleges throughout the province. Save for linkages we have with Saint Mary's University Retirees' Association we're short of info for every institute from St. FX to College Ste.-Anne, from Acadia to Atlantic School of Theology, from University of Cape Breton to the beautiful new NSCC campus across the harbour and back to this side at NSCAD.

To this end, we want to canvass our membership and benefit from their extensive network of friends and colleagues, faculty and staff. We are requesting information on names, numbers or e-addresses of any who might be contacted to provide information as to who might be a contact to consider this option to unify the effort to be heard on matters such as pension governance. (and "other issues of common interest")

I've put my name forward to get this information effort underway. Please tell me of any contacts you would suggest I pursue or pass my e-mail or phone number along to the contact person you suggest.

We need help here. I hope y'all will give it some thought.

John Barry

902 228-2323

john.barry@dal.ca

Honorary Degree and Service Award:

Congratulations to ADRP member Dr. Robert Anderson who was bestowed with an Honorary Degree at the Dalhousie University Medical and Dentistry Convocation this past May. He was also the recipient of the Doctors Nova Scotia Service Award presented to him at their Annual General Meeting in June.

IN MEMORIAM

ADRP Honorary Member, Margaret Stoker

Margaret Stoker passed away peacefully on Saturday, July 4, 2009 at Northwood Centre in Halifax at the age of 102. A long-time employee of Dalhousie University, she with her late husband, James (who some of you might remember as the mace bearer at convocation services) lived and worked there until their retirement in the early seventies.

Margaret was an exemplary volunteer with a number of organizations including the Canadian Paraplegic Association, Camp Hill Hospital, Halifax Seniors Club and First Baptist Church. A decades-long breast cancer survivor, Margaret has left a legacy of living a full and adventurous life. An avid traveler she visited many countries and, in her later life on one of her many trips, she tried her hand at riding a camel. She remained physically very active into her nineties, skating at Dalplex during the winter, and swimming in the ocean at the family summer home during the summer. She loved to play bridge and crib and did so up until six months ago when her vision prevented her from doing so. Five years ago Margaret Stoker was made an honorary member of the ADRP in recognition of her years of service at Dalhousie, her volunteer work, and her support of the ADRP. A very kind and gentle lady, Margaret will be missed dearly by her family and numerous friends.

Ernest Sprott: 1919-2009

Ernest Sprott was a legendary figure in the Dalhousie community before and after his retirement from the Department of English in 1985. His intellectual prowess was evident in any exchanges with colleagues and students, and the combination of his diminutive stature and booming voice provided a memorable context for discussions with him, especially those centered on literary and wider cultural matters. For almost twenty-five years after his retirement Ernest remained a prominent person on the Dalhousie campus as he kept an office in the Killam Library, carried out his research in Early Modern Literature (most notably in Shakespearian studies), and attended many departmental and faculty talks. Not only did Ernest sit in regularly at Friday afternoon colloquia in the English department, but he also invariably asked thoughtful questions, often surprising much younger scholars with his octogenarian knowledge and insights. Ernest's intellectual interests were widespread, and he was just as likely to be at a talk on contemporary Canadian literature as one on Shakespeare or Marlowe. To put it in straightforward terms: Ernest showed up in ways many of us do not. When you spoke with him about books, films, politics, or a host of other matters, you had his full attention. He pulled no punches in offering his opinion, but that opinion was always provided in a generous, open manner that was anything but pedantic or self-centered.

Born in Hobart, Tasmania, Ernest arrived at Dalhousie in 1958 after completing a B.Div (1947) and M.A. (1952) from the University of Melbourne and a Ph.D. from Columbia University (1954). His first book, *Milton's Art of Prosody*, appeared in nine editions between

1953 and 1978. His *Suicide: the English debate from Donne to Hume* was published in 1961. What many people do not know is that Ernest also published a collection of poems in 1955, which partly explains his ongoing interest in creative writing and consistent attendance at readings by poets and novelists visiting Halifax.

By all accounts, Ernest was a fair but demanding teacher. Randy Barkhouse, a former student and later Director of Academic Computing at Dalhousie University, recalls that "he presented a firm new standard in a teacher's expectations." Certainly students knew--as did everyone who came in contact with him--that Ernest was committed to literary studies. He took his classroom work seriously and expected the same from those who attended his lectures

In 1984 Ernest donated a 4000-volume collection of Australian literature and other twentieth century material to Dalhousie's Killam Library. It remains a valuable resource that enriches scholarly life at the university.

Several months before his death, Ernest gave his final public lecture in the McMechan Auditorium of the Killam Library. His subject was Shakespeare's 'Hall Plays' and his talk was delivered with his usual professional skill and in a lightly ironic tone that praised the Bard while emphasizing his very human traits as a playwright. It is worth noting that Ernest's audience on this night consisted of many of his former colleagues and students, more than a few of whom travelled some distance to pay tribute on the 50th anniversary of his arrival at Dalhousie.

If all the world is indeed a stage, as Shakespeare suggested, most of us play our many parts with varying degrees of success. But Ernest's undeniable presence and integrity in his roles as scholar, teacher, and intellectual companion will not soon be forgotten by those who knew and respected him.

Andy Wainwright

J.A. Wainwright is McCulloch Emeritus Professor in English at Dalhousie University.

The Death of Dr Ernest Sprott

When I read that Dr Ernest Sprott had died on May 20, 2009, it felt like reading that a well known and favorite landmark on the Dalhousie campus had been suddenly removed without notice. He was something that had always "been there" in my 45 years as a Dalhousian. When you saw him, you knew you were at Dalhousie.

I was fortunate to have Dr Sprott (although he emphasized a preference for "Mr" rather than Professor, Dr, or other salutations) for English 100 in the fall term of 1964. That was such a notable experience that I was motivated to attend his 50th anniversary lecture this past winter. He had begun at Dalhousie in 1958. My wife also had him for freshman English a few years after I had, so we both were keen to go. Unfortunately his voice wasn't up to par that night so I think we didn't get the full extent of what he had prepared on "The Hall Plays of William Shakespeare", but felt I had new "inside information" from hearing what he did say.

His basso-profouno voice is also a key bit of my freshman year memories. Dr. Sprott's short stature made it impossible to see him from beyond about row 2 in the level second floor A&A classroom at that first Sept/64 class session, so most students could not figure out the source of this booming voice that had begun speaking to an overflowing audience. We couldn't see any

loudspeakers on the wall, but still this sound filled the room. When by straining upwards from their seats to peer to the front of the room they identified the source, it led to paroxysms of suppressed giggles among many of the female students I recollect. How could such a large voice emanate from such a small individual?

From that odd beginning we all quickly developed an attitude that we were getting a quite different educational experience than ever previous. For the 100 or so students in that section, the majority fresh from high school, he presented a firm new standard in a teacher's expectations of his students, and of a teacher's delivery to his class. Most of us failed to measure up (I believe the high grade posted by the Registrar's Office at Christmas for our section was a smokin' 68), but I'll always have a deeper appreciation of T.S. Elliott's "The Waste Land", and of "Romeo and Juliet", from attending his lectures.

In the years from 1970-2006, in my professional capacity at Dalhousie in Academic Computing Services I, and many other ACS staff, were impressed that he, a very senior professor by then, and later as a retiree, made use of computer methods much more readily and extensively than many far younger colleagues. Computer text analysis and databases were of keen interest for him.

Physically he remained vigorous right up to this year, all the more impressive given a very serious mugging he suffered near the Dalhousie rink, back in the early '70s if my memory is correct.

Of course he was a regular in the Killam Library for most of the years from its opening in 1970, a notable duration, particularly in the most recent decade, and for me a very special element of Dalhousie is missing now that he is gone.

- Randy Barkhouse