

ADRP NEWSLETTER

Volume 9, Number 2, July 2010

Association of Dalhousie Retirees and Pensioners

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Index

Cover – Board Members and Committee Chairs	page 1
Index & “From the Editors”	page 2
President’s Message	page 3-4
Pension Report	page 4-5
Benefits Committee Report	page 5-8
Letter	page 7
CURAC Report	page 9-10
Announcements & Updates	page 11
In Memoriam	page 11
Editorial Policy, Contact Information	page 12

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Welcome to the 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 Committees’ reports.

We more than welcome contributions from you to our Announcements and Updates section of the newsletter. Just email us at either of the addresses above, or write us in care of the ADRP, Rm. 2831, Life Sciences Centre, Dalhousie University, Halifax, NS, B3H 4J1.

President's Message

When former Dean of Law Bill Charles, acting for the ADRP nominating committee called me a couple years back to ask if I would serve as webmaster, little did I suspect that it would lead to being President just a couple years later.

My second association Presidency, began in May with a burst of activity. In addition to multiple meetings on the pension plan and Blue Cross, and the first ARDP board meeting following our AGM, the annual national CURAC Conference of university retiree associations occurred in the first month. A few of those activities will be described in some detail in articles by others, but I do want to pass along some of my observations from CURAC at York University, May 17-19.

Dalhousie was a founding member of CURAC several years ago, and host of the first CURAC conference. That reflects ADRP being an early instance of a Canadian university retirees association, and the leadership of Tarun Ghose and others in founding and leading both ADRP and CURAC. That leadership has provided a good foundation from which ADRP can continue to work on behalf of its membership. Our immediate past-President Philip Welch, an unceasing worker on behalf of Dalhousie retirees, was our official delegate this year.

Pension plan deficits were a topic of general concern among those CURAC delegates who are members of defined benefit plans. The means by which this problem is being approached has wide variation among the members' institutions. Other presentations of interest included a forward look into health plans and retirement communities. A view south of the border into the operations of AROHE, The Association of Retirement Organizations in Higher Education, gave delegates much to ponder in the area of retiree-university connection. The 2011 CURAC conference in Regina has a big challenge to match the program delivered at York.

Back in Halifax at the May meeting of your ADRP board, new appointments were made to several of our committee chairs. The new slate is shown on page 1 of this Newsletter and is listed on our web site at <http://adrp.dal.ca>. Thanks to all our volunteers for the many hours they spend each month on their ADRP responsibilities.

One unusual activity for me as ADRP President was attending the launch of a new publication for N.S. seniors produced by the Legal Information Society of Nova Scotia (LISNS). This new guide is intended to help seniors avoid fraud and abuse. It covers financial matters extensively, health care, the new Personal Care Act which came into force April 1, and other topics such as dating and relationships that can become legal morasses for the unaware. The 80-page guide is being distributed free in hard copy, and will soon be available on the LISNS web site at <http://www.legalinfo.org/seniors/index.html>. I also attended one of the free workshops on the guide that gave a further appreciation of the importance of seniors knowing their legal rights, and procedures to obtain them.

The launch was helpful not only to improvement of my knowledge of these issues, but also as a networking opportunity with the heads of several other seniors' groups, several government officials, and elected representatives. One senses a rapidly increasing awareness of retirees' issues as our demographic grows within the general population.

As I reflect on the several challenges and opportunities for ADRP in the coming year, the importance of increasing our membership, and increasing our contacts with groups within and outside Dalhousie is obvious. For ADRP's executive and committees to adequately represent Dalhousie pensioners and retirees we must be able to communicate with them. Membership in ADRP provides a channel for that.

Our primary issues of a secure pension plan, and other retiree benefits, are ones that future Dalhousie pensioners, the current Dalhousie employees, will assume. There is no diversion of our interests and theirs. Close liaison with the Dalhousie employee groups is essential to keeping everyone aware of these mutual interests. Formalizing this liaison will be an objective for my term in office.

I mentioned at the start that ADRP was my second association presidency. The other is of an organization to preserve the 1-room rural schoolhouse which I attended over 50 years ago, and its 1850-1963 history. Its deferred maintenance needs, the first re-shingling this summer in 110 years, make me glad, given the magnitude of deferred maintenance at Canadian universities, that heading ADRP does not bring similar responsibilities.

Enjoy your summer.

Report on Pension Issues at Dalhousie – Paul Huber

No proposed changes to pension plan arrangements at Dalhousie threaten your basic pension. Under the Provincial pension benefits legislation, neither the University Administration nor the RTF Trustees have any discretionary authority to reduce pension entitlements of retirees. Furthermore, the Retirees' Trust Fund (RTF, from which your pension is paid) is likely to be close to fully funded at the end of this month (its fiscal year-end). At that point, an actuarial valuation must be carried out. You may have read about the \$100,000,000 deficit of the Dalhousie Pension Plan; however, this is concentrated almost completely in the Pension Trust Fund, which is currently only about 75% funded.

If your basic pension entitlement is not endangered, what about indexation? Here the situation is not encouraging. Our pension plan provides for two types of indexation: Current contractual indexation and catch-up indexation, the latter being at the discretion of the Trustees of the Retirees' Trust Fund. Contractual indexation generally depends on the three-year average RTF investment return in excess of a threshold of 5.05%, but whenever the past three-year average RTF return has fallen short of the threshold, the shortfall must first be made good.

Unfortunately, the dismal one-year return last year (negative 9%) will be included in the three-year average for two more years, so the shortfall in returns will likely rise until 2012, rather than be made good. My guess is that contractual indexation cannot be expected to resume before 2015, if then. With respect to discretionary catch-up indexation, some of the RTF Trustees are sympathetic toward our situation. Consequently, some modest catch-up of the current nearly 10% of missing indexation may result, provided the RTF enjoys good excess investment returns over the next year or two.

At our Annual General Meeting, a possible pension “deal” proposed by the Administration was mentioned. Since then, all employee groups consulted their members to get reactions. Subsequently negotiations ensued between the DFA and the Administration, which culminated in a confrontation between the two sides at a Pension Advisory Committee meeting June 17. Superficially similar proposals by each side were both voted down. The result is that any pension “deal” will be delayed at least until the autumn, when further discussions will likely occur.

Both sides proposed one-year arrangements, under which, effective July 2010, employees would pay up to 1.3% of salary more toward covering the projected cost of the Plan deficit. However, the DFA proposed to treat these additional contributions the same as existing contributions, while the Administration proposed to treat them less favourably. In addition, the DFA sought some modest improvements in pension governance that unions could explain to their members were non-monetary benefits which justified the higher level of contributions. Inasmuch as the Administration had earlier proposed – and then withdrawn – somewhat different improvements to governance, it is difficult to understand why agreement could not have been achieved. Perhaps the Administration miscalculated how much time would be required to negotiate; perhaps neither DFA nor Administration really wanted an agreement (for different reasons, of course); perhaps three years of unsuccessful negotiations without a collective agreement by one union played a crucial role; perhaps other factors were involved.

Two further key points: First, the Province has just advised the Administration that it expects by June 30 to give the Dalhousie Pension Plan a one-year exemption from the solvency requirements. This implies that a new actuarial valuation will be required as at June 2011, and the situation over the coming twelve months will repeat the past year. Second, long-term pension issues, such as achieving improved investment management, have not been discussed over the past several months in the Pension Advisory Committee or any of its sub-committees, as the short-term pension funding arrangements have taken precedence. We hope this will change soon, because retirees are currently the only group burdened by Dalhousie’s pension malaise.

ADRP Benefits Committee Report - John Barry

This report references to two principal issues of interest to Dalhousie Retirees who subscribe to Medavie Blue Cross coverage –

- 1) the recent reduction in premiums and the surplus developed by overpayment by the 65 and older retirees, and
- 2) the increase in monthly premiums for the early retirees.

By the end of April, retirees 65 and older saw a reduction in their monthly rates for Extended Health Benefits to a level that your Benefits Committee feels is justified. It took about a year and a half of numerous difficult meetings with the Administration and our Committee to reach this stage.

Coverage for the “Single” category which had been \$50.93 per month was reduced to \$21.92; “Family” coverage was reduced from \$118.57 to \$55.09 in April 2010.

The issue of a couple of decades of overpayment and the surplus of over a million dollars that it generated remains unresolved and those who have paid in the longest are those who have been the most disadvantaged.

We have regularly requested members to assist us in our efforts by backing us up with a letter to whomever they choose to inform of this injustice and we suggested the chair of the Board of Governors, the President, the VP in charge of fund raising and bequests and others in the Administration.

In February this year, meeting with Asst. VP Katherine Sheehan and Lee Crowell, we presented a proposal to remedy the million dollar surplus that had accumulated over the years. The proposal involved a formula to provide a premium holiday which would advantage the longest aggrieved contributors more so than more recent enrollees. No acceptance nor counter proposal has been received from the Administration since that time. Recently, a letter was sent to Ms. Sheehan seeking their response or another proposal.

A different issue is the case of early retirees who subscribe to Medavie BC coverage. Their coverage includes drug coverage and travel insurance as well as the same Extended Health Benefit that the over-65s are eligible to receive. In September of last year they saw their monthly premiums almost double. “Single” rates which had been \$52.17 in April 2009 grew to \$85.50 in September 2009, and “Family” rates went from \$144.37 to \$229.08 in the same interval.

About a year ago, the Administration altered the make up of the Medavie BC contract on its own, and with this alteration drastically changed the philosophy and modus operandi that the Blue Cross contract had operated under for all the previous years. The early retirees were evaluated as a group separate from the normal retirees. The result was that last September their monthly premiums grew from \$52.17 to \$85.50 for the “Single” rate and from \$144.37 to \$229.08 for a “Family” plan member.

In the case of our early-retiree members, since ADRP has no representation on the Employee Benefits Committee, unlike UNB for example, we are unable to make a case in that forum. As our protests and proposals have been ignored so far, the early retirees must rely on the DFA contesting this un-negotiated change to the Medavie BC contract that is a breach of the DFA's contract with the University. This is now being pursued by a DFA grievance, but we still have to settle the use of the surplus generated by retirees to compensate for years of excess premium rates. Your letters or protest to the Administration (copied to the ADRP) would support us in this effort.

The Benefits Committee has been joined by a new member, Denise Summerfeld, an early retiree. I'm pleased that she is willing to give us her assistance.

Currently, the Benefits Committee consists of Shirley Dean, Carol Smillie, Denise Summerfeld, Phillip Welch, Mike Bradfield (Secretary), and myself, John Barry. We are also receiving advice from our former members, Sheila Johnson and Ken Easterbrook, and our new ex-officio member President Randy Barkhouse.

Letter: In mid-May I was pleased to have a copy of a letter from one of the longer over-payers, Dr. Oskar Sykora, who retired from Dentistry in 1994. It was addressed to Lee Crowell, Director of Pensions and Employee Benefits. I was so taken by his letter that I sought and received his permission to reprint it in the Newsletter. He wrote it the day in April he saw his new "pay" stub.

Dear Sir:

I thank you for your letter of April 16, 2010 and the information provided. Today, I have received the end of the month deposit statement and noticed that only a new monthly payment for the Blue Cross is entered. It is \$55.09 but nowhere have I seen a refund on overpayment since the beginning of this year, which amounts to \$66.54. (The first 3 months I was asked to pay \$77.27 per month). Would you be so kind as to look into the matter?

Also I would like to bring to your attention that in 2009 I was asked to pay \$1,243.30; 2008 I was asked to pay \$1,349.22; 2007 I was asked to pay \$1,287.93, etc.

As such overpayments, possibly each in hundreds of dollars per annum, will be a considerable amount of money since my retirement in 1994, will you kindly inform me when I can receive the appropriate refund?

I was pleased with the statement that "we continue to value the input of Dalhousie Retirees ..." and since your letter ended with "If you require further assistance please contact us..." I took the liberty to write to (you) directly.

Awaiting your reply,

Sincerely yours,

Additional Note: Dr. Sykora recently received a call from a staff person at Employee Benefits informing him that his prior premiums had been “properly evaluated.”

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Report on the 2010 CURAC Conference and Annual Meeting

The above CURAC meeting was held this year at York University in Toronto, from the 18-20th of May, and I was pleased to attend as the official ADRP delegate and representative.

As usual, the Conference covered a wide range of issues; herewith are some of my personal highlights, with some comments.

Harry Arthurs, Commissioner of the Ontario Expert Commission on Pensions, one of the guest speakers, discussed the current problems with pensions, commenting on the design deficiencies in some plans, such as that of inadequate oversight, and drawing attention to the importance of retiree input.

Some of his advice for the future was to increase transparency, improve valuations, and improve Plan governance - commenting that those whose dollars are at stake should have some say in the Plan governance.

We also heard from Janette Brown, Executive Director of the Association of Retirement Organizations of Higher Education (AROHE), the sister organization to CURAC in the US. She provided us with a bird's eye view of the activities and accomplishments of that organization. It was obvious that AROHE is an organization with which CURAC has much in common, and from whose experience we can learn much.

As is usual at CURAC meetings, a good deal of information was provided regarding the retiree benefit arrangements at the host institution, York University. We learned that retiring faculty from York can elect to be designated as a Senior Scholar, and, in that capacity, (subject to availability), may have the use of an office, secretarial service, lab/studio space, computer time, and reimbursement of professional expenses. Faculty who retire at 65, are offered part-time teaching for the next five years for up to seven courses in the first year, dropping to three courses in the fifth year, at a rate of \$16,238 per course. A maximum grand total in the first post-retirement year of \$113,666. (The privations that our retired colleagues have to suffer in other institutions are always interesting!)

It is also important to note that all the above provisions arise from the York University Faculty Association Collective Agreement, placed there by YUFA for the benefit of their future retirees—and also, they believe, to the benefit of currently employed faculty, and of the University.

We learned that the Pension Fund at York University is managed by 16 trustees, *a majority of whom are nominated by employee groups* (my italics) of the University. York has an interesting “hybrid” pension plan with both a Defined Benefit and a Defined Contribution alternative components. Retirees can choose to take their monies from the

plan, *at the time of retirement*, (my italics) and can take the greater of either the calculated defined benefit or the defined contribution monies available.

A medley of retirement-related information was provided by representatives of other University Retiree organizations, providing comparisons with similar known information from Dalhousie. Thus, Tom Poiker, from Simon Fraser University, told us that the pension plan fund at that university lost 19% in 2008, but regained 14% in 2009. (At Dalhousie, the Pension Trust Fund lost 9% in 12 months ending June 30, 2008, and 13% in the 12 months ending June 30, 2009, according to the annual reports.)

Overall, we learned at the conference that university pension plans are generally under threat from university administrations searching for “sustainability”, especially in those institutions in which the trustees of the funds have underperformed in their responsibilities to the beneficiaries.

The usual recommendations to achieve sustainability, provided by consulting ‘experts’ to private pension plan administrations are to reduce or eliminate the risk to the employer, change to a defined contribution plan, and to reduce or eliminate indexation and any other post-retirement benefits.

Those who doubt that such attitudes would be present in Canadian Universities, are advised to read the report to CURAC (on their website) written by the Chair of the CURAC Pension Committee, Paul Huber (Dalhousie) who reported on his attendance at a meeting of the Canadian Association of University Business Officers (CAUBO) on the topic of pension sustainability.

The CURAC conference was not solely focused on pension and benefits. A notable contribution to non-financial benefit issues was made by Judy Hall, an Emerita Professor at UBC (also a colleague and personal friend of this writer). In an inspiring address, she made many excellent points, too many to detail here. Broadly speaking, she drew attention to the number of post-retirement years now potentially available to most retirees, and provided the recipe that we will stay healthier by being active, engaged, and contributing. She recommended that we not waste the “human capital” of talent, expertise, and wisdom, represented in senior academicians. (A message yet to be learned by some university administrations.) She provided lengthy and detailed “to do” lists for retirees to consider in their various life activities—well worth a read on the CURAC website (www.curac.ca).

All in all, an excellent conference!

J. Philip Welch
Immediate Past President, ADRP

Announcements and Updates

Dalhousie Health Mentors Program: Recruiting Health Mentors

Do you have a chronic condition or a disability? Would you like to contribute to the learning experience of health professional students? The Dalhousie health mentors program would like to speak with you.

The Dalhousie health mentors program provides an innovative, collaborative approach for health professional students to learn about patient/client-centred care, inter-professional teamwork and chronic conditions and disabilities. The program, sponsored by the Faculties of Medicine, Dentistry, Health Professions, Science, and Computer Science, gets underway in September 2010. We are seeking volunteer health Mentors, adults with a chronic condition and/or disability, willing to share their experience of living with their condition and navigating the healthcare system with a small team of students. The time commitment is three to four meetings with the student team per year. For information, contact Susan Nasser, Coordinator, at 902 494-1853, or snasser@dal.ca

ADRP Membership – Have you paid your 2010 dues? If you have not sent them in or cannot remember if you have sent them in, contact Gweneth Munteer, Membership Chair, 45 Coles Rd., Lower Sackville, NS B4C 1T9, or phone the ADRP Office 902 494-7174 and leave a message.

In Memoriam

It is with sadness that we announce the death of the following ADRP members:

Ballem, Henry Charles “Charlie” – Retired Professor, Health and Human Performance at Dalhousie, died peacefully on June 15, 2010, in Parkstone Enhanced Care. Our condolences to his wife Joyce and family.

Clark, Margaret – Dartmouth. Margaret worked as an Administrative Assistant in the Faculty of Medicine, retiring in 1985. Our condolences to her family.

Coates, John Jeffrey CD – Passed away in May. Upon retirement from the Royal Canadian Navy in 1964, John was employed by Dalhousie University in the Biology Department for 13 years. Our condolences to his sister and children.

Gatien, Mary Josepha – Passed away February 26 in Halifax. At the time of her retirement from Dalhousie Mary was the Executive Assistant to the Dean of Student Services. Our condolences to her sisters and children.

Parks, Malcolm Gordon, Petite Riviere, passed away March 13 in South Shore Regional Hospital. Malcolm joined the Department of English of Dalhousie University in 1956 and served as professor of English literature until his retirement in 1989. Our condolences to his wife Doris and his son and daughters.

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.

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