ADRP NEWSLETTER

Volume 9, Number 3, October 2010

Association of Dalhousie Retirees and Pensioners

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Welcome to the Fall Edition of the ADRP Newsletter. Pension and benefits remain int the forefront, so we hope you will take the time to read the President's and Committees' reports.

We 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

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: Randy Barkhouse

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President's Report – October 2010

-Randy Barkhouse

It's fall again, and just as the pace of activity has once again peaked back on campus at Dalhousie, so it has also resumed for your ADRP executive. Meetings and other forms of discussion on topics relevant to ADRP members have started to dot the calendar. After a summer spent in the 18th and 19th century, it's a change for me to be back in the 21st!

History often demonstrates that the more things change, the more they stay the same. For matters relevant to ADRP there has been a bit of both. The Dal Pension Plan, our Blue Cross service, relations with campus employee groups, and relations with other N.S. university retiree organizations each demonstrate one or the other aspects.

As Paul Huber reported in the July newsletter, the June meeting of the Pension Advisory Committee failed to effect any change in the pension plan, following several months of discussion at the ACOPS sub-committee (Ad-hoc Committee on Pension Sustainability). That discussion is about to resume as I outline in a separate report that, as PAC and ACOPS alternate, I have submitted in Paul's temporary absence.

Discussions on the Blue Cross overpayment surplus have also resumed, as others report in a separate article. Although there has been no overt progress I am a bit less pessimistic than others that resolution is not that far in the future. Another anticipated outcome of these overly prolonged discussions with Dal Human Resources (HR) is a new process for dealing with retiree issues. While I personally favor the model at UNB of a university standing committee on retiree relations, with both university and retiree appointees, it remains to be seen what form, if any, such a body might take. It is my sincere hope that by the time of our December general meeting genuine progress on the Blue Cross problem, and our general dialogue with the university, can be reported.

I am happy to report that formal liaison with campus employee groups has been initiated. I have had useful discussions with the executive of DPMG, and sessions with DFA and NSGEU are expected in the next few weeks. Where we are as retirees is where members of those groups will be, and their bargaining group leverage should assist resolution of present and future issues for ADRP. Thus regular liaison should be of mutual benefit.

On a wider scale your ADRP executive is embarking on discussions with retiree groups at St. Mary's and Acadia to consider formation of a province-wide body to represent university retirees in discussions with government. Dr. Tarun Ghose, founding president of ADRP, is spearheading this initiative. Retirees from other NS universities who do not have retiree organizations have also been invited. Health and pension issues are under active review by the provincial government and we believe university retirees have an important voice to add to those discussions.

Dalhousie retirees have much to offer to the university in many small and larger ways. It was very informative for me, along with other Dal retirees, to act as a judge at the 1st Annual Undergraduate Science Conference on Sept 25, where students gave presentations on their summer NSERC research projects. It is not often that our high achievers academically get to show their prowess, and this event provided an impressive display of that for the judges and other audience members.

Dalhousie Homecoming is upcoming Oct-21-23. For details see http://alumniandfriends.dal.ca/homecoming2010/index.php. Several department-level events and the Masterminds lecture on October 22nd may be of interest to ADRP members. I hope to see many of you there.

Pension Report – October 2010

-Randy Barkhouse

The Pension Advisory Committee (PAC) met Oct 8 in its first meeting since June 17. The primary topic of the meeting was an "actuarial projection" for the Dal Pension Plan to March 31, 2010. A full actuarial valuation is expected within a few weeks and PAC will meet Nov 19 to consider that and related matters.

In the past the triennial actuarial valuations have been done as of June 30 of the year in question. However due to the temporary decline in asset values April-June of this year it was determined that March 31 would be a preferred date as the plan deficits, and hence future deficit amortization payments, would be smaller amounts. Dalhousie has substantial deficits by both the going concern test, and the solvency test.

Pension deficits are the responsibility of the plan sponsor, i.e. Dalhousie, and not the employees or pensioners. Both deficits are in the Pension Trust Fund (PTF) to which the university and employees contribute. The Retirees Trust Fund from which pensions are paid (RTF) now comprises about 42% of Plan assets, and is in a surplus position under both tests. In fact that RTF surplus will save Dalhousie over $1.3 million annually.

The solvency deficit is the bigger problem due to the shorter time interval allowed by provincial regulations for it to be amortized. Normally that would be five years, but last year the N.S. government extened this requirement to ten years. Dalhousie has hoped that a complete exemption to this requirement would be granted, as the likelihood of Dalhousie ceasing operations is very small. Joint university-employee group representations were made in that respect.

Two developments over the summer seem to make a complete exemption less likely. First the Ontario government announced its extension of their usual five year amortization rule to ten years for the Ontario universities. Given the NS government often follows the Ontario lead in such matters, and since we already had this exemption, it seems less likely that any further grace will be granted. Moreover the one year deferral from July 1, 2010 for Dalhousie to commence the 10-year amortization was clarified as a compression of the 10-year period to nine years, which will increase the annual solvency deficit amortization payments if they do have to commence April 1, 2011.

The deficit amortization payments are of concern to the university and employee groups due to the drain such payments make on the operating budget. The concern to pensioners lies in other aspects of the Plan such as indexation. Of concern to all parties is the governance, asset management, and risk management of the Plan. It is to all these issues that PAC must turn subsequent to the November 19 PAC review of the actuarial report.

Investment returns on the PFT and RTF were both over 8% in the year ended June 30, but the very poor 2008/2009 year means 3-year returns are negative. The outlook for pension indexation within the next three years continues very doubtful. A more precise outlook from the actuarial valuation will be available at the ADRP December general meeting.

ADRP Benefits Committee - John Barry, Chair

The ADRP Benefits Committee has continued to be on hiatus over the summertime because there has been no business the Administration has been ready to consider. The long-standing Medavie Blue Cross overpayment has therefore gone unresolved .

Our new President, Randy Barkhouse has taken an active part in trying to move the issue along by engaging in correspondence with Asst. VP Katherine Sheehan and Lee Crowell. The most recent response as of the end of September was a message from Lee Crowell that indicates they're thinking of studying how retiree issues are handled at other universities.

On Sept 1 Katherine had written "…This item is on the top of our agenda. Lee has given considerable attention to this issue this summer and has reviewed the implications of your proposal as well as attempted to come up with other options. I anticipate you will be contacted next week to set up a meeting time for September." One feels for those with items of lesser priority. September comes to a halt tomorrow.

Four of us who sit on the Benefits Committee are also ADRP Board members. This news of a further stall has not been well received by the Board. This is specially annoying since in February we provided the Administration with the UNB framework that solved their similar Medavie overpayment situation!

Mike Bradfield who is not a Board member but who has been heavily involved in the previous two years of talks that he, Philip, and I have had with Katherine and Lee has allowed me to publish part of a message I've had from him.

Mike wrote: "I think we should tell the members that the belated signal that they will eventually get around to talking is not much consolation, given the lack of any response to our February "without prejudice" proposal and their witting or unwitting confusion of the issues. ".

The other matter that is slowly getting underway is the DFA grievance over changes arbitrarily made over a year ago to the terms of the Medavie coverage for the early retirees. This represents a contract breach and their premiums really grew compared to working employees!

Benefits Committee member and Board member Denise Sommerfeld spoke so well and passionately about the issue at our September Board meeting that I asked her to write an article on the matter for this edition of the Newsletter. I'm very pleased that she took on the request and her work follows and to complete this report, Philip Welch comments also on the whole issue.

I hope readers will take the time to comment on these issues either by mail to me at john.barry@dal.ca or even better, through letters to the editor. Chair…John Barry

Why is the Dalhousie University Administration Punishing Its Retirees?

By Denise Sommerfeld

As with any insurance, one has Blue Cross "just in case" accident or illness should occur and when it doesn't, well that's good luck or good management. On retirement I chose to continue as a participant in this benefit plan "just in case", understanding that the plan would be managed as it always had been, that is, without targeting any specific group for special increases in rates, least of all seniors on a fixed income.

I retired early from Dalhousie University as of 31 December 2007. As an early retiree I was offered and accepted the opportunity to continue subscription to the Major Medical and Dental Benefit Plans in which I had participated since 1977, until age 65 years with the proviso that I pay the full amount of the premium (i.e. no contribution by Dalhousie) required for most active Dalhousie University faculty and staff, with continuation of the same benefits on the same basis as active faculty and staff**. [1**] The premium for family rate in January 2008 was: Major Medical Plan $139.91 and Dental Plan $111.86

In a memorandum of 29 July 2009 to Members of the "Dalhousie Retiree Health Plan", Lee Crowell, Director of Pension & Employee Benefits, stated *that* ***"…While benefits currently offered are the same as those offered to active employees, the retiree plan is entirely independent of the health and dental plans in place for active employees. Rates for the retiree plan are solely based on the claims experience of participating retirees"*** **[2].** This new language about segregating retirees to pay for their claims costs separate from being a part of the entire employee group had not been indicated in any of the documents provided by Human Resources on my retirement. I could recall no previous occasion when as an active employee there was anything other than single or family groupings regarding Blue Cross premiums. For example, there was no segregation due to number of children in a family, or to the number family members with acute or chronic diseases (e.g., asthma, diabetes, cancer). (edit. Why then this discrimination due to retirement!..age?)

In that same memorandum, it was stated that henceforth there were to be two designated groups of retirees, the "regular" group (over 65) and the "early retirees" group (under 65) members. It was stated that ***"…Following an examination of the claims experience of both regular and early retirees it was determined that the rates for retirees need to be adjusted to reflect experience and coverage"*** **[3]**, though no specific data were provided in the memorandum to substantiate the claim for any adjustment nor of any consultation regarding same with any employee or retiree groups. Family rates for early retirees were increased from $144.37 /mo. to $229.08/mo., a **58% increase**.

This was the first time that I could recall that any particular group within the Dalhousie system had been targeted for special treatment, and in this case it appeared that the reason was age-related and applicable to retirees on fixed income.

In a memorandum from Mr. Crowell to Dalhousie University Pensioners of <u>5 March 2010</u> regarding the <u>Medavie Blue Cross Dental Plan</u>, it was stated that " ***for those members of the Retirees Dental Plan [***NB: for the those in the <u>under 65</u> group only given that this benefit is not available to the over 65 group***] the experience of this plan has deteriorated significantly and so based on the past year's experience these rates will increase by 23.5%***", thus increasing the monthly family rate from $116.67 to $144.09. Again no specific substantiation for this increase to this target group was provided nor was there any comparison data provided for other possible sub-groups within active employees, for example, regular employees in the same age group (60-65 years) as the early retirees. **[4]**

In a memorandum to Dalhousie University Retirees & Pensioners of <u>16 April 2010</u>, Mr. Crowell described a rationale for the division of the retirees group into the over-65 group and the under-65 group, that "…***it was determined that rates needed to be re-aligned to reflect the utilization of each sub-group"***, specifically as regards the over-65 group who have paid for benefits for years that they would never qualify to receive, ie drugs and travel. This was an appropriate and long-overdue acknowledgment and the ADRP continues to demand recognition and compensation for the overpayments made by the over 65 retirees. **[5]**

Mr. Crowell also noted that… "***While overall the Retiree Plan has produced a modest surplus, the drug component of this plan is increasing at a substantial rate (28.7% in the last fiscal year). Any surplus in this plan will be used as a means to minimize future increases. It is expected that high utilization of the drug plan and the increasing cost of pharmaceuticals will result in continued upward cost pressure for the sub-group under age 65***". **[6]** Clearly the under-65 group of retirees was being targeted again in that it was being considered a 'stand alone' group versus part of the larger Dalhousie community as had been the practice. Again there appears to have been no visible consultation regarding the imposition of these radical changes to the plan.

At the end of that 16 April 2010 memorandum, Mr. Crowell stated that ***"…We want to assure you that we continue to value the input of Dalhousie Retirees and their commitment to the University and we will continue to work towards offering these plans on an affordable basis. Our goal is to provide a basic level of health and dental care at as reasonable a rate as possible***." **[7]** While the good intention implied is appreciated, I am perplexed as to why Dalhousie seems to be targeting a senior age-group on essentially a fixed pension income (no indexing in recent past or foreseeable future) on bases that are quite divergent from previous practices and which seem to be based on vague and/or hypothetical generalizations regarding actual or possible costs.

Dalhousie retirees generally consider themselves to be an on-going part of the Dalhousie community, given their significant contributions and support to it both before retirement and after. One cannot but feel that there is a not-so-subtle push for early retirees not to be a part of this Dalhousie benefit to which they have contributed as part of the larger whole for many years. What will this change in practice portend in future for active staff, given the need for fiscal restraints within the University? **[8]**

This process of targeting the under 65 retirees has occurred contrary to the Dalhousie Faculty Association's (DFA) Collective Agreement, and the DFA in consultation with the ADRP, has commenced the grievance process on the matter.

Denise Sommerfeld 25 September 2010

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Supporting references and additional commentary provided by J Philip Welch

[1]
Intending early retirees were invited to "apply for continuation of benefits" in the "Dalhousie University Staff Pension Plan".—NOT in some new and separate plan—and could only qualify with a minimum of ten years service at Dalhousie, and "five years in the respective plan".
[2]
All retirees in the Dalhousie Blue Cross Plan have been in the same plan since the inception of the Plan, until May 2008, when the <u>Administration ordered</u> its benefit consultant in Morneau Sobeco to cut all retirees adrift from the Dalhousie Blue Cross Staff Plan.
[3]
The Administration was informed by their benefit consultant that the number of individuals in the two groups of 'early' and 'regular' retirees were too small, and the available data too inadequate to properly determine an appropriate premium.
[4]

Requests by the ADRP for a financial comparison with the Blue Cross premiums and benefits for the 60-65 year group of regular employees has been denied, on grounds of "non-relevance".

[5]

The grossly excessive Blue Cross premiums for regular retirees was first brought to the attention of the Administration, in writing, in June 2008. It was studiously ignored for six months until it was forced to their attention after an appeal to the Chair of the Board of Governors Human Resources Committee.

Why did the Administration eventually reduce dramatically the premium for the regular retirees in April 2010? Probably because they got wind of the fact that the ADRP were planning an age-discrimination suit against Dalhousie, via the Nova Scotia Human Rights Commission, which Dalhousie could not have successfully defended.

[6]This statement deliberately co-mingles and confuses the situation between the regular retirees and the early retirees. Regular retirees have generated an annual surplus of premiums over benefit costs amounting to approximately $70-80,000 per year (University Administration estimates) for many years. This was essentially an indirect supplement to Dalhousie University, since it reduced the dollar contribution required by the University to contribute 60% of the cost to the Blue Cross Plan. The University benefits consultant has claimed to be aware of this overage for many years, but it seems he never thought it necessary to bring it to the attention of the Employee Benefits Committee. The estimated increase in the Blue Cross premiums now claimed by the Administration from the early retirees is of the same order of magnitude. Is this a coincidence? It must be recognized that Dalhousie is struggling as hard as possible to increase income and to contain costs, provided that anything which draws attention to the poor performance of its appointed trustees with its investments, and with the two pension funds (PTF and RTF), can be avoided.

[7]

This is best translated as "we value the dollar contributions from the regular retirees to reduce the University's costs for the Blue Cross Plan in the past, and we are now happy to value the extra dollar input which we are claiming from the early retirees to help reduce our subsidization of the Plan" in the future.

[8]

Clearly, it is a threat and deterrent to those contemplating early retirement. Will the next move of the Administration be to save a few dollars by reducing its Blue Cross subsidy for employees? Or perhaps to delete, or diminish, some of the already meagre Blue Cross benefits. The Dalhousie University Administration has attempted previously to change the interpretation of "surplus" in the Dalhousie Pension Plan, in order to deny retirees access to possible indexation. The Administration lost that battle. They are now acting to increase the premiums of early retirees to the Blue Cross Plan, ignoring the contrary provisions of the DFA Collective Agreement. Where will the University Administration make its next attempt to change, ignore, or reinterpret some element of a University document pertaining to its employees?

[9]
It is clear that the term "Dalhousie retiree" is a pejorative designation when used by the Dalhousie Administration. In addition to all the punitive efforts outlined here, it is interesting to consider the situation of retirees from the University of King's College, and from the Atlantic School of Theology. These include both regular and early retirees and employees of both institutions are subgroups under the umbrella of Dalhousie Staff Blue Cross Plan. None of these retirees have experienced any change in their premiums, either up or down, similar to those experienced by Dalhousie retirees. On what basis is this discrimination made? We will be in touch with the regular retirees of both these institutions to suggest their consideration of an age-discrimination suit against Dalhousie on account of their inequitably high Blue Cross premiums.

J. Philip Welch welchjp@eastlink.ca

Announcements and Updates

CURAC Newsletter – George Brandie has forwarded the Autumn 2010 newsletter to member associations. The issue is linked on the CURAC newsletter page at http://www.curac.ca/?page_id=445, although not yet from the CURAC site main page at http://www.curac.ca. It is also linked from the ADRP web site main page at http://adrp.dal.ca . I counted at least three references in the keynote article to services rendered to CURAC by members of ADRP. ADRP has been :punching above its weight: at the national level. This edition is bilingual, and has extensive coverage of the 2010 annual conference at York. – Randy Barkhouse

ADRP Membership – There are still some members that have not paid their 2010 dues. If you have not sent them in or cannot remember if you have sent them in, please contact Gweneth Mounteer, Membership Chair, 45 Coles Rd., Lower Sackville, NS B4C 1T9, or phone the ADRP office 902 494-7174 and leave a message.

Saint Mary's University Retirees Association – ADRP has received an invitation to its membership from S. M.U. Retirees Association to attend a talk by Michael Devenney, President of Bluteau Devenney and Company Inc. on 'Using Analytics to Make the Best Retiree Decisions" on October 20, 2010 at 7pm in the Sobey Building , Rm. 415, Saint Mary's University, Halifax.

December's General Meeting – The date and time of the ADRP's General Meeting will be posted on our web site within the next week - http://adrp.dal.ca

In Memoriam

It is with sadness that we announce the death of the following ADRP members. Our sincere condolences to their families.

Adams, Frances – Wilmot, NS passed away peacefully in August at the age of 84. She had been a secretary in the Music and then the Engineering Departments at Dalhousie, retiring in 1992. Memorial Service was held in Montreal.

Moriarty, Kevin J.M. PhD – Halifax, NS at the age of 70. Dr. Moriarty taught in the Department of Mathematics and Statistics at Dalhousie with a cross-appointment in Physics, retiring in 2005. He was a prolific researcher, authoring or co-authoring more than 260 academic papers on theoretical physics. He was also a visiting scientist at leading institutes in Europe, North America and Israel. A funeral mass was held on Sept. 15 in the chapel at St. Vincent's Nursing Home.

Horrocks, Norman – OC, PhD, FCILIP – Professor Emeritus, School of Information Management, Dalhousie University, passed away October 14 at the age of 82. He was the recipient of many awards in recognition of his lifetime devotion to library and information science including being named an Officer of the Order of Canada and receiving the International Kaula Gold Medal. He was the only person to have been elected to Honorary membership in the three national library association - Canadian, British and American. Norman also served as Secretary on the ADRP Board of Directors for a term of three years.