

ADRP NEWSLETTER

Volume 12, Number 2, April 2013

Association of Dalhousie Retirees and Pensioners

ANNUAL GENERAL MEETING
Election of Officers

Wednesday, 24 April 2013
1:30 Meet & Greet
2 – 3:30 AGM & Election of Officers

University Hall, MacDonald Building, Dalhousie University

Elevator available

Day parking tickets for ADRP members are available from the
Security Office, McCain Building

Membership fees for 2013 may be paid at the meeting.

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Keep in touch - if you change your email or postal addresses, please tell us so you continue to receive this newsletter! (email to <ADRP@dal.ca>).

From the Editor

This issue of the newsletter of the Association of Retirees and Pensioners of Dalhousie University presents a snapshot of the time, hard work and energy expended by a small number of retirees for the benefit of the whole. As you read it, I hope you will cogitate well on the issues described, the strategies taken, the outcomes achieved, and the work yet to be completed, as well as initiatives under consideration. I hope too that it will entice you to attend the Annual General Meeting on April 24 .

Someone once said, “democracy is determined by those who show up”. I hope many of you will do that if you can, that is, show up at the AGM. You will be giving visible support for those of us who have volunteered to serve on the ADRP Board and its Committees, as well as to thank those who are completing their terms. Come to the meeting and participate in the nomination/election process, and perhaps flex your leadership capacities by stepping up to a vacancy.

Several ‘torches’ are being passed this year, with a notable one being that of Randy Barkhouse who has served as ADRP President for the last three years. Randy’s stellar work ethic, analytical skills, people skills, prompt attention to detail and, as evidenced by the reports in this newsletter, his knowledge and involvement in all things ADRP will be a hard act to follow for sure, but it can be done.

The reports herein will give you a thumbnail view of the work done and in-progress of the Committees and Representatives. Paul Huber’s extensive and very educative report on the Pension Plan is worthy of more than one read, not only by we retirees, but by the soon-to-be retirees in the University. So please do share.,

And finally, Mike Bradfield’s opinion piece on the Forensic Audit and its perspective on what it all means, might serve as a reminder of how important it is to always pay attention to the details and be willing to speak up. Leadership demands that we do.

Denise Sommerfeld, Co-editor

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: Blanche Potter Creighton, Co-Editor; Denise Sommerfeld, Co-Editor;
Ex-officio: Randy Barkhouse, ADRP President.

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DRAFT AGENDA
ADRP ANNUAL GENERAL MEETING
2:00-3:30 pm on THURSDAY, April 24, 2013
University Hall, MacDonald Building

1. Call to Order and Adoption of the Agenda (BARKHOUSE)
2. Recognition of deceased members (BARKHOUSE)
3. Minutes of the General Meeting of December 12, 2012 (STUTTARD)
 - a. Approval
 - b. Matters arising
4. President's Report. (BARKHOUSE)
5. Treasurer's Report (SUTHERLAND)
 - a. Financial Statement
 - b. Proposed budget for 2013-2014
6. Appointment of Auditor
7. Reports from Standing Committees (discussion of these reports is greatly encouraged):
 - a. Benefits Committee. (TINDALL)
 - b. Communications Committee
 - i. Website (BARKHOUSE)
 - ii. Newsletter (POTTER-CREIGHTON)
 - iii. Caring and Sharing (SMILLIE)
 - c. Complaints & Advocacy
 - d. Membership Committee. (MOUNTEER)
8. Pension Advisory Committee. (HUBER)
9. Nominating Committee Report (BARKHOUSE) and Election of Board members for 2013-2014
10. Representatives' Reports
 - a. SCANS (Seniors' College Association of Nova Scotia) (WELCH)
 - b. CURAC (College and University Retirees Associations of Canada) (BARKHOUSE)
11. Any Other Business.
12. Adjournment.

Draft Minutes
 ADRP General Meeting
 2:00-3:30 pm on Wednesday, December 12, 2012
 University Hall, MacDonald Building

1. **Adoption of Agenda:**
 With about 45 members present, President Barkhouse called the meeting to order at 2:01 pm. By consensus the agenda was ADOPTED as circulated.
2. **Recognition of deceased members:**
 The Chair asked for a minute of silence to recognize the recent deaths of members: James Gray, Joyce Kennedy, Jeanette Perry, Ken Rozee, and Art Sedgewick.
3. **Minutes of the Annual General Meeting, April 26, 2012:** On motion (Laidlaw), the minutes were APPROVED as circulated.
4. **President's Report:**
 In addition to his written report carried in the November Newsletter (Vol. 11, No. 4, pp 8-9), President Barkhouse reminded members that the ADRP's monthly dues deduction had been implemented on April 1st and encouraged all members to register. He recalled that it had taken eight years of discussions, and the ADRP's first report to the Board of Governors' "Human Resources" committee in April 2012, before the Retirees Benefits Advisory Committee (RBAC) was finally established. The ADRP board had met with the current Chair of Dalhousie's Pension Advisory Committee to discuss the pension indexation problem.
5. **Treasurer's Report:**
 Dick Sutherland reviewed his interim financial statement against the 2012 budget (as published in the April 2012 AGM Newsletter), and explained that a slight shortfall in dues income had resulted because some members, who had opted for monthly dues deductions as of April, were paying only two-thirds of the annual dues for 2012. Also, mailing costs were higher than budgeted, because of notifications sent to all retirees regarding the ADRP's new dues-payment option. The contingency fund stood at about \$13,000, and the accumulated surplus was a similar amount.
 Bradfield MOVED: *That the Treasurer's report be accepted.* AGREED.
6. **Standing Committee Reports:**
 - A. **Benefits** – Further to his written report, printed in the November Newsletter, David Tindall paid tribute to the previous Chair, John Barry. He noted that the first meeting of the Retiree Benefits Advisory Committee (RBAC) had been held today. The Committee received a report on the performance of the Blue Cross plan and the premium rebate/holiday program. The plan seemed to be in good shape, and no premium changes were required. Kirk Shand (Mercer consultant) had given some preliminary figures for travel health insurance possibilities, including a \$20 family premium rate. The next RBAC meeting would be held in January.

Responding to Randy Barkhouse, who asked whether there had been any discussion about discontinuing Blue Cross coverage for semi-private hospital rooms, given that such accommodation was rarely, if ever available or

prescribed, Tindall confirmed that discussions had included the possibility of substituting travel health coverage. He also confirmed, for Liz Lambie, that Dalplex fees for retirees had been discussed. Huber noted that the DFA-BoG collective agreement contained a provision for retirees' access to Dalplex, but the Administration ignored this.

Regarding pre-existing conditions affecting travel health coverage (raised by David Williams), Tindall thought that chronic conditions with stable medication might be accepted, and Mike Bradfield clarified that "stable" usually meant no consultation with a physician within six months of travel.

Dorothy Moore complained that physiotherapy and osteopathy were inadequately covered in the current Blue Cross plan; Frank Lovely added that home care coverage was also unacceptable, and Barkhouse said hearing aid coverage needed to be re-examined.

B. Communications Committee

- i. **Website** - Randy Barkhouse reported that the ADRP website (<http://www.adrp.dal.ca/index.html>) had been reorganized; for example, more CURAC information is included.
- ii. **Newsletter** – Co-editor Blanche Potter Creighton remarked that the editors had fulfilled their obligations. She paid tribute to Ken Rozee, whose death was a great loss, and thanked Denise Sommerfeld for stepping in as co-editor. They had received many positive comments, which they should share with all members. She reiterated her semi-annual plea for members to keep the ADRP apprised of any address changes.
- iii. **Caring and Sharing** – Carol Smillie reminded members that she depends on others to tell her of shut-in members or members who are ill or have died. She will then send a card or flowers, as appropriate.

C. Membership – Gweneth Mounter's written report was included in the November Newsletter.

7. **Report on the Pension Advisory Committee** – Paul Huber referred to the annual PAC report (for July 1, 2011 – June 30, 2012) released in November 2012, and commented on the indexation provisions in the Dalhousie Pension Plan. These comprise excess interest indexation and discretionary indexation. Poor investment returns in the past 3 years mean neither form of indexation will be provided to pensioners in 2013. The Plan requires a periodic review of indexation, and following a DFA motion in the PAC a review is expected to occur in the spring (2013). The RTF is fully funded and comprises about 36% of the combined PTF and RTF, but any changes to indexation will affect only current employees, not current retirees. Pension funds at other Canadian universities, except in Quebec, have similar difficulties pending increases in investment returns after a prolonged recession.

Huber responded to points raised by several members, and some speculative discussion ensued. Bradfield elicited applause with a suggestion on how to draw the incoming University President's attention to pensioners' concerns.

8. **Representatives' Reports:**

A. SCANS (Seniors' College Association of Nova Scotia) – Philip Welch (President of SCANS) gave a brief report: Membership was about 500, five years after the founding cohort of about 100 had joined in Halifax; the College was doing remarkably well; instructors were eager, giving courses in Mahone Bay, Liverpool, and Truro. Interest was surfacing at St.FXU, and new instructors were constantly sought. Special lectures on topics different from term courses had included “Problems of Aging” and “Climate Change”, and in April 2013 a talk on “End of Life Issues” was planned.

B. CURAC (College and University Retirees' Associations of Canada) – Paul Huber announced that he is a member of the CURAC board of directors. He highlighted the useful role that CURAC plays in sponsoring regional conferences and preparing briefs for government agencies, a recent example of which is John Stager's health care brief.

9. **Adjournment** – The meeting adjourned at 3:38 pm.

President's Report: Annual General Meeting - April, 2012

Randy Barkhouse

Well, that was a quick three years!

It hardly seems possible that three years have passed since my term as ADRP president began, and the time has now come to pass the torch. I can honestly state that serving on the executive has been far more interesting and enjoyable than anticipated. I urge all members to consider taking a position on the ADRP board at our upcoming AGM, not just to spice up the routine of retirement, but to gain insights you may never have expected.

With new leadership for ADRP and a new President for Dalhousie the coming year could be one of unusual opportunity to make gains for Dalhousie retirees. We remain hopeful of a continued rebound in our pension plan. Paul Huber's report on that provides a comprehensive background to our current situation, and possible developments over the next year in both asset returns and plan governance. The loss of purchasing power of our pensions is possibly the most common concern expressed by ADRP members.

Our benefits are another area where your ADRP representatives do useful work on behalf of members. David Tindall's report gives details of ongoing deliberations. Creation of the Retirees Benefits Advisory Committee may turn out to have been one of the most useful developments during my term as President, providing a continuing forum for discussion with University administration and our external consultant, Kirk Shand.

The issues of our newsletter may be the most obvious tangible benefit of ADRP membership providing regular updates on matters relevant to ADRP members. Blanche Potter-Creighton and Denise Sommerfeld do a great job of assembling submissions into

the final version. Remember to keep your e-mail address updated with ADRP in order not to miss any of the issues they circulate.

Several long-serving board members are stepping away at the upcoming AGM. We owe thanks to Toni Laidlaw for many years of service going back even earlier than the Laidlaw Committee of 2007 that released the initial "Indexation Report" in 2008. Wally Geldart has served fewer years, but has been an active participant in board deliberations during his term. Gweneth Munteer has faithfully acted as Membership chair, a year-round task full of detail, and relentless contact with members who may just have failed to note that turn of the calendar and the need to renew if they haven't made the choice to have dues deducted monthly from their Dalhousie pension.

Colin Stuttard has had the enviable task as Secretary of paying attention throughout our board meetings, recording the salient points from lengthy discussions, and then creating a set of minutes to remind board members what they said and decided a month or more ago. For a group of seniors that can be an especially important service. We are fortunate that Colin has agreed to stay with the board in another capacity as Gweneth's successor in the membership chair.

Dick Sutherland has worked as ADRP treasurer for all of my term as President, carrying out the multiple banking duties, making deposits, renewing GICs, making disbursements, collecting receipts, preparing the annual budget, tracking performance against it, and having our auditor certify that all was done as it should have been. Thanks Dick. We were confident that sticking a \$ sign in front of a bunch of numbers would be no challenge for a retired mathematician.

The nominating committee continues its work to fill the vacancies that have opened on your ADRP board. Please give serious consideration to serving if you are contacted. It is very likely you will find the experience one from which you receive much more than you give.

Remember our upcoming Annual General Meeting on Wednesday, April 24, 1:30 pm, in University Hall. I look forward to seeing many of you there.

Treasurer's Report: Wm. Richard Sutherland

	<u>2012 Budget</u>	<u>2012 Actual</u>	<u>2013 Budget</u>
<u>REVENUE</u>			
Dues by Direct Payment	6000.00	2935.00	2000.00
Dues by Pension Deduct	0.00	2549.76	5500.00
BMO Account Interest	1.00	0.47	1.00
Dal HR Travel Grant	1200.00	1200.00	1000.00
TOTAL	7201.00	6685.23	8501.00
<u>EXPENDITURES</u>			
Bank Charges	5.00	0.00	0.00
Telephone	360.00	339.72	350.00
Postage	700.00	917.19	800.00
Office Costs	200.00	120.00	150.00
NS Registration Fee	30.00	28.59	30.00
CURAC Dues	125.00	159.50	200.00
Travel	2500.00	1850.71	2500.00
Membership Cmte	300.00	490.06	300.00
Communications Cmte	300.00	214.60	300.00
Complaints & Advocacy	0.00	0.00	0.00
Liaison Cmte	150.00	0.00	0.00
Benefits Cmte	250.00	0.00	0.00
Social Cmte	800.00	580.85	800.00
TOTAL	5720.00	4701.22	5430.00
<u>SURPLUS</u>			
To Contingency Fund	1250.00	1595.00	2000.00
To Accumulated Surplus	231.00	389.01	1071.00

<u>Balance Sheet as of 31</u>			
<u>December 2012</u>			
<u>ASSETS</u>		<u>LIABILITIES</u>	
BMO Account	6,362.83	Regional Account	786.02
GIC's with BMO	23,000.00	Contingency Fund	13,565.00
Dalhousie Account	237.56	Accumulated Surplus	15,250.37
SCANS Account	1.00		
TOTAL	29,601.39		29,601.39

SCANS Account		CURAC Regional Account	
Balance 31 Dec 2011	-12.84	Bal 31 Dec 2011	684.02
Total charges in 2012	-427.35	SMURA Jan 2012	102.00
Feb Invoice payment	146.90		
May Invoice payment	205.39		
Nov Invoice payment	86.90		
Balance 31 Dec 2012	-1.00	Balance 31 Dec 2012	786.02

Annual Report of the Benefits Committee (BenComm) April 2013
David Tindall, Chair

During the year we bade a sad farewell to two long-serving members: Shirley Dean and Carol Smillie, and more recently, Denise Sommerfeld. We thank them sincerely for their hard work and dedication and wish them well.

However, we are very fortunate that Carolyn Savoy, Larry Nestman and Peter Wallace have joined our ranks. Carolyn also spent an unfortunately brief stint as a founding member of RBAC before becoming ineligible to serve.

The most noteworthy event of this year's committee operations was the successful conclusion of the interminable negotiations with the BoG which have put control of retiree benefits (excluding pensions) in the hands of the Retiree Benefits Advisory Committee (RBAC) comprised of 3 nominees of the ADRP and two from the BoG. The Terms of reference are here: <http://retireesandpensioners.dal.ca/RefBenCom.pdf>

In what follows, the "Plan" refers to the Medical Benefits Plan, administered by Medavie Blue Cross (MBC), for retirees (and spouses) who are over-65. [Benefits for under-65 Retirees continue to be controlled by the Employee Benefits Committee (EBC)]

In October, Michael Bradfield, on behalf of BenComm, presented to the EBC the ADRP position that the Plan should be cross-experience rated with that of the active employees. This would result in a decrease in premiums for retirees and a small increase for active employees, which they would recoup once they retired.

Given that pension indexation seems unlikely in the foreseeable future, retirees are very interested in restraining their health care costs. Active employees, on the other hand, while also cost-conscious, can expect year-to-year raises on an on-going basis.

The EBC members seemed lukewarm to the proposal but said they would take it back to their respective principals. We have not heard anything further.

In December, the RBAC received a report on the financial state of the Plan. This resulted in a decision by RBAC to maintain the premiums at their present level for a further year, beginning April 1st.

Through RBAC, we continue to make progress towards adding a Travel Insurance component to the Plan, although this has not proceeded as quickly as we would have liked. The more we look into the details of coverage, the more we realise that we have to tread very carefully to ensure that we can get coverage which will work properly (e.g. not deny claims on false pretenses) and be a cost which members will support. In this context it is worth noting that all proposed plans require that all members of the Plan participate. Naturally we are concerned that there is broad support for this change, as it would not make sense to introduce it and then have many members withdraw.

We are also investigating whether we should drop semi-private hospital coverage from the Plan: It appears that it is rarely available in HRM and, if the attending physician recommends, it is provided at no cost to the patient. So we appear to be paying quite dearly for something which is of little benefit. One member even pointed out that it could have a very negative consequence: A relative had died in hospital as a result of being incapable of calling for help when there was no-one nearby. Perhaps this could have been avoided if there had been other patients around.

In very rough terms, it appears that semi-private costs the same amount as adding travel coverage (each about \$20 per month for "family" coverage) In order to gauge opinion, in the next few weeks, if you are a member of the over-65 Plan, look out for a short survey which will help us to measure interest in travel coverage and dropping Semi-Private Coverage.

As noted in the last (March 2013) BenComm Report, the "Pathological or physiological change" condition in the Extended Health Benefits section was not being applied correctly by MBC. That has now been corrected. If you have had a claim rejected, for example for the replacement of a knee brace, it might be worthwhile re-submitting the receipts.

Although drugs are not part of our Plan, RBAC's consultant, Kirk Shand, pointed out that some drugstores charge considerably less than the major chains. (E.g. Costco sells at wholesale and you do not have to be a member to use their pharmacy). In order to assist people to find lower cost drugs, MBC has a "Pharmacy Value Finder" which can be found at www.pharmacyvalue.ca Please try it out; I would be grateful for your impressions.

The current ADRP nominees to the RBAC are: Michael Bradfield (Secretary), Dianne Pothier and David Tindall (Chair).

From the BoG: Lee Crowell (Vice-Chair) and Darryl Warren with Kirk Shand (Mercer) as advisor.

BenComm Members:

Randy Barkhouse, John Barry, Michael Bradfield (Secretary), Larry Nestman, Dianne Pothier, Carolyn Savoy, David Tindall (Chair), Peter Wallace and Philip Welch.

We look forward to your suggestions and contributions!

Respectfully submitted,

David Tindall

Communications Report Blanche Potter-Creighton and Randy Barkhouse

Newsletter

We produce 3-4 issues of the ADRP newsletter each year with reports and articles of interest to the membership. We invite members to also submit articles.

The newsletter is circulated by e-mail, with a small number still printed and mailed to those without e-mail addresses. **If you change your e-mail address please send an e-mail to ADRP@dal.ca to alert us.** For each issue a few messages come back “No such mailbox” which means you miss out on ADRP news until we get an update.

Each issue of the ADRP Newsletter is also posted to the web site, and an archive of past issues is available there.

Web Site

The ADRP web site at <http://www.dal.ca> has a variety of information of use to members.

The list of current executive plus constitution and by-laws are posted there plus links to a variety of other relevant information sources including our national association, CURAC.

Articles and announcements with greater detail than can be published in the newsletter are also posted.

Membership applications are also available for download from the web site.

If you spot a bad link, or an error in material posted on the web site, please send a message to ADRP@dal.ca.

Membership Committee Report Gweneth Munteer

Our membership continues to grow. Many of our members are opting for the Payroll Deduction method of paying dues. Annual dues can be paid either way, but not both.

Remember, if you are paying dues by Payroll Deduction, there is no need to pay an annual membership fee by cheque.

As I will be unable to attend the April AGM meeting, our Secretary, Colin Stuttard, will be able to give you more precise numbers.

I am also, as my term is up, stepping down as Chair of the Membership Committee. There will be a new Chair appointed.

It has been a pleasure to work with you, the most valuable asset of the ADRP. Thank you so much for your support.

Also, the support and encouragement of my fellow board members, has been immeasurable.

Thank you
Gweneth Munteer

Report on Pension Issues to the ADRP AGM, 6 April 2013:
Paul B. Huber, ADRP Representative to the Pension Advisory
Committee

0. Introduction

Dalhousie's pension assets rose over the past nine months by about \$200 million (25%) and can be conservatively projected to reach a total of \$1 billion by the end of the current fiscal year (30 June). About 40% of these assets are held in the Retirees' Trust Fund [RTF] for the benefit of Dalhousie pensioners. The balance is held by the Pension Trust Fund [PTF]. Higher than normal levels of contributions and excellent investment returns are the main drivers of these felicitous results. Indeed, RTF investment returns over the nine months have been nearly 10% (which on an annualized basis equates to 13%). So much for a sketch of some key good news.

So many pension issues have arisen, been resurrected or euthanized over the past twelve months, that many ADRP members would likely fall asleep if I were to provide a complete account for each one. In my view, these issues fall into five categories:

- 1) administrative actions or mistakes,
- 2) results from collective bargaining,
- 3) legislative or regulatory changes (including some that are still pending),
- 4) actuarial matters, and
- 5) other issues

I will try in the next sections of this report to touch on each issue within each of these categories.

1.0 Administrative Actions or Mistakes

1.1 *New DC Pension Plan for Grant-paid [GP] Dalhousie employees*

Lee Crowell advised the PAC last fall that Dalhousie intended to require grant-holders to enroll their employees in a defined-contribution pension plan and to transfer existing GP employees into the new plan if they currently are enrolled members of the Dalhousie Pension Plan [DPP] as "associated employees." This administrative initiative may rectify two problems. First, many (most?) GP employees over past decades have earned no pension entitlements at all, because grant holders often failed to apply to granting agencies for the requisite funding. So people in this group will finally start building their pension assets. Second, some grant holders in recent years have experienced difficulty in funding their escalating employer contributions to the DPP. Now they will enter a new environment where pension contributions from their grants are stable.

1.2 *Type II Pensions*

A type II pension is a spousal pension option chosen by about 8% of pensioners at Dalhousie (including me, for example). Under this option, the monthly pension is reduced if either the Plan member or the spouse dies. (Under a type I pension, the reduction occurs only when the Plan member dies.) The actuarial offset to the Type II bilateral pension reduction later in retirement is a somewhat higher initial pension (compared to type I). The Dalhousie Administration failed to learn for many months of the death of one spouse under a type II pension, so an extended payback of the excessive pension payments that had occurred became necessary. Dalhousie proposed to eliminate type II pensions (which is the best option for many married retirees). We protested, pointing out that many countries (e.g., USA, Switzerland, Germany) pay pensions to residents of Canada, yet keep track of continuing eligibility by asking the annuitant annually: “Are you still alive?” Dalhousie should and could do the same. The Administration will keep type II pensions but keep track of eligibility, thus averting a similar problem again arising.

1.3 *Holdback of a Portion of Death Benefits*

A new Provincial regulation restricted the payout of lump-sum benefits from pension plans that had a severe solvency deficiency. Without checking with the Provincial Pension Superintendent, Dalhousie applied its interpretation of this regulation and held back 15% of the death benefit due from the DPP. When the ADRP was queried by the executor of one of the deceased, we made checks, determined that Dalhousie’s interpretation was wrong and pushed the Administration to correct not just the case in question but retroactively to fix all previous errors. Instead of grossly inconveniencing members of the DPP and their beneficiaries, and subsequently making a retroactive fix-up at considerable administrative cost, the Administration should strive to the right thing at the outset.

1.4 *Interactive On-line Pension Information System [O-IPIS]*

This system was first proposed several years ago by your representative to the PAC. Feedback to the introduction of the “pension projection tool” in late 2010 has been very positive and considerable administration savings have resulted from the implementation of O-IPIS. However, a number of improvements to the basic system that had initially been considered have been indefinitely postponed, ostensibly because of the cost of about \$40,000 and the lack of staff to oversee the process.

1.5 *Ex-Gratia Payments to Pre-1982 Retirees*

In 1982, 117 individual Dalhousie retirees whose initial pensions never had been incremented for inflation started to receive token indexation. As of December 2012, only eight remain, with an average age of over 95 years. They collectively should have received \$38,000 from the University’s operating budget in January 2013.

2.0 **Impacts of Collective Bargaining on the DPP**

Collective bargaining resulted in one significant -- and obvious -- amendment to the DPP. In addition there were two obscure and uncertain effects.

2.1 *Member Supplementary Contributions of 2.0% of Salary*

All unions agreed for their members to contribute 2.0% more of monthly salary to the DPP. In exchange, the Board of Governors agreed to increase employees' salaries an extra 2.0%. You might think that these supplementary contributions simply shift two percentage points of the total contributed directly to the DPP by the Board onto an indirect route: initially to employees and then to the DPP, so the end effect is simply eyewash for the public, who perceive that employees are now paying more for their pensions, which is thought to be **a good thing!**) But employees now will generally receive a two percent larger pension, so analysis of this change is more complicated than it appears at first glance.

2.2 *Joint Committee*

The collective bargaining process resulted in a Letter of Understanding that committed the "Stakeholders" -- possibly including the ADRP -- to set up an "*ad hoc* Joint Committee" (a structure much beloved by V-P. Ken Burt) to "investigate improvements to the governance and structure" of the DPP. Supposedly this committee would start working urgently a year ago. A month ago the urgency had not abated. Yet committee members have yet to be appointed (although they will almost certainly duplicate the membership of PAC). Moreover, members of the bargaining teams on both employer and employee sides of the table have indicated they expect such a committee -- if ever established -- to reach no agreements and to accomplish nothing.

So why was the Letter of Understanding entered into? To save face? To convince the Provincial Department of Labour that Dalhousie was serious about pension reform? To pull wool over Mr. Bill Black's eyes? To conceal the basic disagreement between Dalhousie's employees and Administration regarding most pension issues? While you speculate over this matter, I suggest that nothing will happen for the next five or six months because the new President of Dalhousie might wish to influence events. In the next round of collective bargaining, this committee will quickly get some Viagra, but still will fail to perform.

2.3 *Requiem for a Jointly Sponsored Pension Plan*

Vast amounts of administrative energy and time (@ \$150 per hour ?), employee time, retiree time and consulting input have been wasted chasing this will o' wisp over the past four years because some folks in the Administration thought such changes would enable them to retake full control of the DPP while pretending to be only one of several stakeholders. Some observers believe that direct expenditure on consultants alone were half a million dollars. If so, that would represent quite a sum for a supposedly strapped institution to throw down the drain.

The ADRP is not opposed to the concept of joint sponsorship in principle. But we will firmly resist any new arrangement that would weaken further our ability to get timely information, prevent adverse changes to the RTF and DPP rules, put our pension entitlements at risk, or exclude us from deliberations that have the potential to affect Dalhousie retirees negatively.

3.0 **Legislative Or Regulatory Changes -- Finalized or Still Pending**

3.1 *Solvency Exemption for Dalhousie*

The Dexter Government promised Dalhousie a solvency exemption in mid-March 2012. Nothing happened for many months to fulfill this promise, and apprehensions began to rise, like gases from a nearly dormant volcano. Then, in December 2012, new regulations were put in place that provided a partial exemption. Finally!

3.2 *Annual Actuarial Valuations*

Any pension plan in the Province that has a solvency deficiency greater than 15% (even if exempt from having to make additional contributions to reduce that deficiency as Dalhousie is) must file actuarial valuations annually. Although this is disadvantageous for the University, it is favourable for pensioners, because catch-up indexation depends on the surplus in the latest actuarial valuation, so will get considered every year.

3.3 *Actuarial Asset Smoothing about to be Disallowed*

For two decades, the market values of pension fund assets have not been used in actuarial valuations at Dalhousie; instead asset values were smoothed by various different formulae at the Administration's request, apparently in the mistaken belief that fluctuations in asset values (and hence in contribution rates) would thereby be reduced. The actual effect differed: fluctuations in values were recognized only with a delay. And the actuarial valuations became more opaque for almost everyone except the actuaries. Regulations to prohibit smoothing have been drafted by the Province but not yet implemented.

4.0 **Actuarial Matters**

4.1 *Timing of the Next Valuation*

The last actuarial valuation at Dalhousie took place as of 31 March 2010, so the three-year rule requires that the next next be scheduled as of 31 March 2013. This date can't flex, but from the viewpoint of DPP asset values is serendipitous. As of 31 March 2014 or earlier, valuation will again be required. Results will become known four to six months after the date to which they relate; and must be submitted to the Superintendent of Pensions within 12 months after that date.

4.2 *Actuarial Assumptions*

The job of actuaries is conservatively to project the future. To do this they must make assumptions. A discussion about these took place in PAC at our last meeting in late March. For retirees, the only important assumption that will change for the current valuation regards mortality, and here the impact will likely be insignificant.

4.3 *A Back of the Envelope Preview of the Actuarial Valuation*

Data regarding the precise amount of RTF assets as of 31 March 2013 is not yet available. Nor does anyone yet have complete liability information as of that date. However, we do know that the Actuary pegged the RTF surplus last 30

June at about \$11 million. Probably the increase in this surplus to 31 March 2013, measured at market values) would be about \$20 million, but given the as yet unknown amount of smoothing that will (still) be applied, we can estimate the RTF surplus in the actuarial valuation as at March end to be roughly \$20 million. Of that amount, half will be available for catch-up indexation as of next January. Precise calculations of the costs of full catch up do not exist, but are likely approximately \$35 million. Hence, the Trustees may decide to grant catch-up indexation next fall that will eliminate about a quarter of the 17% of indexation to CPI that remains outstanding.

5. Other Issues - Indexation

It will scarcely have escaped the notice of most retirees that their pensions have not kept pace with increases in the cost of living over the past decade. In fact, those whose pensions started in 2002 or earlier have lost about a sixth of their purchasing power, with most of the shortfall coming in the last five years. Two questions arise: Why did this happen? And what, if anything, can be done about it? I deal next with these questions.

5.1 *Why has Indexation been Absent*

At Dalhousie, we have a system called “excess-interest indexation,” which increases pension payments contingent on the investment performance of the fund in excess of a threshold. To make shortfalls in contractual indexation good, we also have *ad hoc* catch-up indexation, which is contingent on the existence of a going-concern surplus in the RTF in the most recent actuarial valuation. Other major indexation arrangements are formulaic (which increments pension payments according to a formula) and *ad hoc* (which raises payments according to the whims of the pension plan sponsor). A fourth non-system also exists, which might loosely be labeled, “Let the Eastern Bastards Freeze,” under which no increases in pensions are contemplated or implemented. Before 1982, Dalhousie most retirees enjoyed (?) a version of this fourth system.

So the simple answer to the first question is that investment returns over the past decade were inadequate to provide indexation. But this, in turn raises a further question: why were investment returns in the Dalhousie RTF inadequate? Once again, there is a simple, if grossly misleading answer. Markets were bad. But, intriguingly, over the decade up to the end of 2010 Dalhousie’s investment performance was worse than roughly 75% of the other universities in Canada. Of course, some -- notably the University of Toronto -- managed to underperform Dalhousie significantly, a fact that Dalhousie’s Vice-President - Financial & Administrative trumpets whenever muted criticism is mooted. It is true that a handful of other universities have defined contribution pension plans, and others hybrid pension plans, so face slightly different investment challenges. And other universities are larger or smaller than Dalhousie. At the same time, it is not unfair to point out that the mismanagement of Dalhousie’s investments was accompanied by dramatic increases in the salaries of those senior executives directly responsible. Recently, a former ADRP president suggested that whenever our pensions were less than fully indexed, these executive salaries should rise by no more than our pensions.

But what about catch-up indexation? At various points of time over the last decade, going-concern surpluses (without smoothing) would have made modest amounts of catch-up indexation possible, but the RTF trustees did not properly understand their obligations toward the beneficiaries of the Trust. Bryan Mason, then a Trustee, arranged in late 2004 for a legal opinion by Hugh Wright that asserted that the words in Rule 9(f) did not mean what they appeared to mean (and what had earlier been accepted by the Administration and employees as their meaning) but instead required a surplus to prevail in the entire DPP before catch-up indexation could be considered. I was an RTF Trustee at that time and protested vigorously. Convinced that Hugh Wright's legal opinions were nonsense, I put a motion to the RTF Trustees a year later proposing to seek an independent legal opinion on the issue that the *ex parte* opinion of Mr. Wright had created. Two other Trustees supported this idea, but the motion was rejected by the majority of trustees. In early 2009, arbitration decided (without presentation of evidence by the lawyer for the unions) that Hugh Wright's opinion was wrong, so it was thrown out. Dalhousie's Administration had difficulty with this decision and was unwilling to report it to retirees for over two years. The RTF Trustees did provide 0.14% catch-up indexation four years ago, but rejected token catch-up indexation two years ago, according to Mr. Ken Burt, "because of, among other things, the solvency deficit."

5.2 *What can be done about Missing Indexation*

Rule 9(g) of the Dalhousie Pension Plan provides that, "the basis and methods . . . for the provision of indexing of pensions shall be reviewed by the Actuary and the Advisory Committee . . . periodically. At my initiative, a motion was put before the PAC last December that such a review be conducted. Mr. Burt vigorously spoke in opposition, but the motion passed by two votes, given support by an external board appointee . This review will likely take place at the end of the summer, once the actuarial valuation has been received and discussed. In the past, I have put forward proposals to reduce the extent to which catch-up indexation can be held hostage by the RTF Trustees, so I shall update the most recent proposal and try again.

Of course it is also possible to change the structure of indexation at Dalhousie to a different, possibly formulaic, system. Would this be better than existing arrangements for new retirees? Possibly, but it might equally be worse. Would it be better for existing retirees? There should be no illusions on this issue. Our pensions were fully funded when we retired. So we cannot reasonably expect for them to be increased under a new indexation scheme -- which would likely apply only to those who retire in the future, i.e., currently active employees of Dalhousie.

Is there no hope? The ADRP needs to agitate actively (if somewhat gerontologically) to gain significant control over the investments of the RTF. Only if investment results improve can we expect to get a reasonable level of indexation in the future.

Report of the ADRP Nominating Committee (as of April 9, 2013)

Nominations are presented **IN BOLD** as follows:

<u>OFFICE</u>	<u>NAME</u>	<u>PHONE</u>	<u>EMAIL</u>	<u>PAST POSITION</u>
<u>President</u>	<u>Carolyn Savoy</u>	<u>422-7139</u>	<u>carolyn.savoy@dal.ca</u>	<u>Professor of Health and Human Performance</u>
<u>Immediate Past President</u>	<u>Randy Barkhouse</u>	<u>434-8291</u>	<u>randy.barkhouse@dal.ca</u>	<u>Director of Academic Computing Services</u>
<u>1st Vice President</u>	<u>Vacancy</u>			
<u>2nd Vice President</u>	<u>John Barry</u>	<u>228-2323</u>	<u>john.barry@dal.ca</u>	<u>Technologist, Television Services</u>
<u>3rd Vice President</u>	<u>Larry Nestman</u>		<u>lnestman@eastlink.ca</u>	<u>Professor, Health Services Administration</u>
<u>Secretary</u>	<u>Vacancy</u>			
<u>Treasurer</u>	<u>Vacancy</u>			
<u>ADRP Members-at-Large</u>				
	<u>Paul Huber</u>	<u>477-9802</u>	<u>paul.huber@dal.ca</u>	<u>Professor of Economics</u>
	<u>Denise Sommerfeld</u>	<u>431-5419</u>	<u>denise.sommerfeld@dal.ca</u>	<u>Professor of Nursing, Past Secretary of Senate</u>
	<u>Vacancy</u>			
	<u>Vacancy</u>			
<u>Committee Chairs</u>				
<u>COMMITTEE</u>	<u>NAME</u>	<u>PHONE</u>	<u>EMAIL</u>	<u>PAST POSITION</u>
<u>Benefits</u>	<u>David Tindall</u>	<u>455-7456</u>	<u>david.tindall@dal.ca</u>	<u>Professor of Physics</u>
<u>Communication</u>	<u>Blanche Potter-Creighton</u>	<u>454-5554</u>	<u>tcreighton@eastlink.ca</u>	<u>Business Manager, Theatre Dept</u>
<u>Membership</u>	<u>Colin Stuttard</u>	<u>429-0252</u>	<u>colin.stuttard@dal.ca</u>	<u>Professor Microbiology & Immunology</u>

All the above have agreed to serve in the capacities indicated. Respectfully submitted on behalf of the **Nominating Committee: Randy Barkhouse, Chair; Michael Bradfield; J. Philip Welch**

CURAC Representative's Report: Randy Barkhouse

ADRP is a member association of the College and University Reiree Associations of Canada (CURAC). Each member association pays \$.50 per member annually as dues. What do we get for the money?

While 1-2 members will get to attend the annual national meeting, or serve on the national executive and committees (ADRP has been notable for supporting CURAC in that regard providing national president, national treasurer and multiple committee members), the major benefit for the average member is the CURAC newsletter published quarterly.

The most recent Spring 2013 issue suggests to me that it is good value for the money. CURAC provides insight not only into the activities of a few dozen member associations in Canada, but also by affiliation with AROHE (the U.S. Association of Retirement Organizations in Higher Education) into that of hundreds such in the USA. The report in the Spring issue of the most recent AROHE national conference revealed that the concerns of retirees are very similar across most institutions of higher education.

This comment from one of the sessions matches many received from ADRP members, whether at a board meeting, a general meeting, or in an e-mail.

“David Perlmutter (U. Iowa) Retirement in Academics. His main point was that there is a lack of discussion about the intellectual transitions of retirement, and that even phased retirement does not prevent the feeling of having fallen off a cliff, due to the sudden loss of community. Some of his ideas for Emeriti: Mentor new administrators. Who knows better how the university works? Coach others on whether to retire or not; help with the intellectual transition, showing them how they can still use their intellects. Be more assertive. Ask why we don't have someone who connects with us. Organize to have one voice. When called for university fund raising, bring up the question: How are Emeriti treated? How can you have a great university without generations of great professors? And from another speaker's presentation this important point: “What do alumni remember when they reach into their pockets but a favourite professor? “

The Spring issue of the CURAC newsletter has reports from Memorial's MUNPA, York's YURA, Carleton's CURA, and UBC's UBCAPE, all with ideas and experiences that could be useful to us in ADRP.

It also has a focus on pension fund management, a topic near and dear to just about every ADRP member in my experience. The three articles on this are lead by one from our own Paul Huber, focusing on an issue of concern to members associations in Ontario, pooling of pension assets for investing. Another is from David Wiesel of UNBREA on the new pension regime in New Brunswick, and the third from Ian Skaith of OCRA on the challenge of pension fund management.

Each new edition of the CURAC newsletter is linked directly to the ADRP main page

(<http://adrp.dal.ca>), and the full archive of past editions is available on the CURAC site (<http://www.curac.ca>) which is available through the Links section of the ADRP web site.

The next CURAC national conference is being hosted by MUNPA at Memorial University in mid-June. ADRP will have 1-2 delegates attending the event, one which will be of considerable utility for guiding ADRP as we go forward.

Seniors College Association of Nova Scotia (SCANS): Philip Welch

The Seniors College Association of Nova Scotia (SCANS), founded by a small task force established by the ADRP in 2007, continues to grow and flourish. Membership continues to increase; Spring of 2011 - 311 members; Spring of 2012 - 419 members; Spring of 2013 -- well over 500 members. We continue to attract impressive lecturers.

Last year we reported new Chapters in Truro and Mahone Bay. This year we added a new Chapter in Liverpool; later this year we hope there will be a Chapter formed in Chester. The Marigold Centre in Truro approached SCANS and asked to collaborate with us to offer some of our courses in their facility. These are now in place.

SCANS awarded its first Life Membership to Bob Anderson, retired Professor of Cardiology, Dalhousie, for his extraordinary work as Chair of the Curriculum Committee.

We are sad to report the unexpected demise of our Past President Dr. Ken Rozee, who was also an ADRP member. A series of Special Lectures has been named in his memory. Attendance at these lectures is free to ADRP members.

This Spring semester, we are offering 17 courses (two-hour weekly lectures over 6-8 weeks): 7 in HRM, 4 in Truro, 2 in Liverpool, 3 in Mahone Bay and 1 in Chester.

Our annual membership fee remains at \$135 for as many courses as desired, (seats permitting). More details are available on our website, www.theSCANS.ca

Philip Welch,
Immediate Past President of SCANS

OPINION PAGE

THE BARE FACTS : The DFA Forensic Audit and The Emperor's Old Clothes Michael Bradfield

The DFA has exposed a \$95 million diversion of funds from Dalhousie's Operating budget (and almost a quarter billion from all budget envelopes), primarily to fund new buildings. This despite a Board of Governors decision in the early '90s that no construction could begin until a building was fully funded (pledges in hand).

Should we be surprised at the siphoning off of funds? Not really, as we have had occasional glimpses of this.

Should we be surprised by the amount of money diverted? Yes; maybe. Disappointed? Definitely.

The Evidence

A small example: When the Dalhousie Administration decided to temporarily open Gerard Hall, the former nurses' residence of the old Halifax Infirmary, it wrote off the almost \$500,000 in furniture as an operating expense, on the basis that the Hall would be used for only one year. The Committee questioning the accounting was assured that, should Gerard Hall be used longer, the expense would be transferred to the Capital account. However, even though the Hall has been used continuously since, the VP Finance refused to make the adjustment – and the Board sat on its hands.

A larger example: When the Computer Science building was going through its approval process, the Board's Buildings and Grounds Committee was assured that it met the requirement that it be fully funded, by including the \$1 million per year, for 7 years, from the Province previously negotiated by NS Tech for off-campus space. But this stream of revenue was not "discounted" to reflect that money in the future is not worth the same as money now. Nonetheless, the Committee recommended that construction begin, knowing the building was underfunded by as much as \$2 million and therefore violating a Board rule.

The Amounts

But these examples are small compared to the diversion of funds found by the DFA audit, so are the DFA findings surprising? Not when you consider another example.

In 2002, the Senate Academic Priorities and Budgeting Committee (SAPBC) was given its annual budget briefing by the VP Finance. When asked where the funds from the Canada Research Chairs showed up in the budget, the issue was brushed aside by "It's just a flow through item. The money comes in and is immediately applied to salaries, so there is no net effect on the budget". Not good accounting practice but the kind of brushoff the committee was often given.

However, the truth was worse than expected. The initial suspicion was that the budget was not showing the savings from Canada Research Chairs which covered the salaries of senior faculty appointed internally, who were to be replaced with junior faculty, but this often was done more than a year after the University received the funding. In addition, we discovered that the Administration was applying an overhead charge (permitted in the programme) and not showing where those funds were being used. More digging led to an estimate of over \$11 million in revenues not reported. Eventually, in the middle of the faculty strike, some answers were supplied and the Administration was ONLY hiding about \$8.5 million for that year. So maybe we should not be surprised by the DFA findings.

Was It Above Board?

As knowledge is power, Administrators tend to prefer not to share information with the rest of us, but what about the Board? Were they "in the know", or were they, too, mushrooms – kept in the dark and fed manure?

How many Board members knew, and how many chose not to ask, about the large diversions from the Operating to the Capital budget? Were they content to push unions into the corner, cut faculty and staff, let class sizes climb, and hope that technological

changes would “handle the pressure”? Did they feel their fiduciary responsibility was simply to ensure that the Financial Statements were duly audited and leave the operating details to the Senior Administrators? Or maybe they felt that the senior administrators were being paid so much, they must know what they are doing. (If so, why do we need a Board?) Or did they feel they had no responsibility to the people who work at Dalhousie or study for a degree here because being on the Board of Governors was simply a requisite for their corporate or political ambitions?

Why Should It Matter To Retirees?

Retirees of Dalhousie University don't just walk into the sunset to play bridge or go bowling. Many continue to share their interests and expertise with former department colleagues, usually *gratis*, and support the University either through informal public relations in their on-going business and practice opportunities and travel, through donations to External Relations, and through informal mentoring of previous students as they develop their own careers.

| Are we, should we, be concerned about money and how it is spent? Yes indeed. We spent many years toiling away to enable the University to become a premier institution. Yet there has been no pension indexation in recent years, nor will there likely be in the foreseeable future because of pension fund deficits. What does it say about the Dalhousie Administration's priorities when so much money is diverted but the past and current employees are expected to pay for the pension fund deficit

IN MEMORIAM

We regret to announce the passing of one of our ADRP members. Our condolences go out to her family and friends.

Horrocks, Mona June Dr. in Toronto on March 18, 2013 in her 80th year. She had been an Associate Professor in the School of Nursing and a member of the Faculty of Graduate Studies at Dalhousie University. She served as the Director of the School of Nursing's Graduate Program for several years.

Association of Dalhousie Retirees and Pensioners



Room 2831 Life Sciences Centre
 Dalhousie University
 PO BOX 15000
 Halifax, Nova Scotia
 B3H 4R2
 Telephone: (902) 494-7174
 Fax: (902) 494-8341
 E-Mail: adrp@dal.ca

Membership Application for Payment by Pension Deduction

Employee Number (from your pension stub): B _____

Name _____

Address _____

Postal Code _____

Phone Number: _____ Fax Number: _____

E-mail: _____

Date of Retirement: _____

Dalhousie Department: _____

I request that ADRP monthly dues (\$1.66) be deducted from my pension starting (month and year) _____, and continuing until I inform you otherwise in writing.

 (Signature)

Please return this form to:

Payroll Office
 Room 152, Henry Hicks Academic Administration Building
 Dalhousie University
 PO BOX 15000
 Halifax, N.S. B3H 4R2

The information you provide to us will be used for our records and to allow us to contact you or distribute to you information. Information that identifies you will not be shared with any other organization.

Association of Dalhousie Retirees and Pensioners (ADRP)

Membership

Open to all Retirees from the University staff, Non-Academic and Academic. Associate membership is available to those within 5 years of retirement.

Mission

To facilitate and promote the dissemination of information of interest to Dalhousie Retirees; and

To enhance and promote the sense of continuing membership in the Dalhousie Retirees' family.

Formal Objectives

To represent the interests of retirees from Dalhousie University, their spouses and beneficiaries;

To further the understanding of the retirement pension and benefits;

To cooperate with other groups that have similar objectives; and

To provide a conduit for information, when necessary, between the university and retirees.

Informal Objectives

To promote social interaction among its members;

To investigate and negotiate group benefits that a significant number of members may desire;

To provide information to its members about general and specific retirement issues; and

To pursue other issues as the membership directs.

For Further Information

Visit us at our Web Site: <http://adrp.dal.ca> or phone us at (902) 494-7174. Our E-mail is adrp@dal.ca . Our office is in the basement of the Life Sciences Centre, Room 2831.