

ASSOCIATION OF DALHOUSIE RETIREES AND PENSIONERS

THE NEWSLETTER

VOLUME 7, NUMBER 2, JUNE, 2008

Welcome to the second issue of our 2008 Newsletters. We expect to reach you again in September and December. Board members continue to meet once a month to discuss many items of interest to all ADRP members.

PRESIDENT'S REPORT – Philip Welch

Little has changed on the question of the shortfall in pension indexation. No one is talking, certainly not the University Administration, who continue to borrow retiree monies from the RTF surplus to help reduce the University's payments needed from the Operating Fund to pay down the deficit in the Employees' Pension Fund. Most retirees who retired prior to 2002 will continue to have to live with a 7% indexation shortfall in their pensions.

The recent downturn in the stock market has affected both University Pension Funds (Employees and Retirees), such that recent retirees may not be able to receive a full CPI indexation for the current year, based on the average RTF return over the last three years. Although the overall RTF surplus will essentially remain, the University's restriction on this surplus will also ensure that these recent retirees will have no chance whatever to make up any of this projected coming indexation shortfall.

Will the situation ever be resolved? I think the answer is yes, although the University Administration and their lawyer have succeeded in postponing any consideration of the DFA grievance hearing on the indexation shortfall restriction until January, 2009.

Meanwhile, keep those letters and e-mails of complaint and outrage flowing to the Senior Administration. Do not worry if you do not get an answer (this seems to be current Administration policy), the weight of paper and (eventually) public outrage and disenchantment will eventually prevail.

On this last note, your Board has appointed an ad hoc committee to review our strategy and tactics in response to the use of RTF surplus to further the financial needs and concerns of the University Administration, and, simultaneously, to deny any consideration of retirees' entitlement to address the shortfall in pension indexation. Suggestions as to possible actions may be sent to Toni Laidlaw, Chair of this Committee (toni.laidlaw@dal.ca). Some members have asked if we could provide them with a sample letter, outlining the principal points of dispute or contention, which they could use as a base for their own personal letter to the University Administration. Accordingly, we will try to meet this request and send a sample letter in the near future.

We continue to battle on your behalf for fair and equitable benefits from the Dalhousie Blue Cross Plan and I direct your attention to the Benefits Report on this plan, which I am sure you will find to be of interest.

On a different note, several members of the ADRP, including myself, attended the meeting of the Colleges and Universities Retirees Associations of Canada (CURAC), held at Concordia University in Montreal in May. As usual, this was a most interesting meeting and we will endeavor to include a summary of the high points of that meeting with this Newsletter. The thing which impressed me most was the obvious interest shown by the senior administration of the host University, as demonstrated by their desire to meet and greet the representatives of other retiree associations, and their generosity in the provision of facilities and food. I also found that a number of Universities, represented there by their retirees group, display great respect and interest in their own Retiree Association; thus some pay the costs of travel and accommodation for their representatives to attend the CURAC meeting, others provide a modest research fund to be accessed by members of their retiree group, others contribute to the office maintenance costs of their Retiree Association – and the list goes on !

On the broader pension front, there has been a recent development, of considerable potential interest, which I would like to bring to your attention. This is the establishment by the N.S. Govt., of a Pension Review Panel, charged to review pension benefit legislation in the Province to ensure that best practices are being followed and retirees are being protected. We felt that the ADRP had something to contribute to this panel, and we have just now contributed a detailed brief to them. The brief has been principally authored by Paul Huber, one of our Board members, who has put in an enormous amount of effort in the limited time available to generate an excellent brief, which we will also circulate to the N.S. Department of Seniors, and to key Dalhousie administrators involved in pensions. We would be pleased to make this brief available to any other interested parties.

The Seniors College of Nova Scotia (SCANS), which was initiated and founded by the ADRP in 2007, continues to grow and blossom with enthusiastic community support. Details of its activities, including the new course offerings projected for the fall of this year, can be found through the ADRP website, (<http://www.dal.ca.adrp>).

Finally, may I remind you that we are dependent on both your support and your participation in this organization. If you meet retirees known to you who have not joined the ADRP, or may not even be aware of our existence, tell them about our activities and encourage them to join. Numbers do count. We also welcome your suggestions as to subjects of interest which you would like to see presented by the ADRP. We also seek your ideas and suggestions as to the strategies and tactics which may help persuade the University Administration that the establishment and maintenance of a respectful, convivial relationship with retirees, is in the best interests of the University. We look forward to your comments.

DALHOUSIE BLUE CROSS “BENEFITS” PLAN UPDATE – Philip Welch

We noted in the December 07 Newsletter that the provision in this Plan for some financial help with nursing home care had been quietly deleted, despite our protests, and, in the April 2008 Newsletter, that the benefits for the survivors of deceased retirees had also been quietly deleted. After informing the University Administration and protesting this latest deletion, we were told this was an “inadvertent error” which would be corrected. The latest word, on inquiry from the University Benefit Office, as of the date of this Newsletter, is that the error has now been corrected. A ‘new’ version of the information booklet for retirees has been prepared (dated March 2008) in which the section on Survivor Benefits reads “In the event of a retired employee’s death, health benefits for a surviving spouse may continue *in accordance with policy provisions* (our italics).” (No, we cannot tell you with certainty what this means.-My translation is “We are thinking about making some sort of provision for some sort of benefit for surviving spouses – but we haven’t done it yet.”) The University Benefits Office is not planning to issue an apology to Retirees for their earlier error any time soon.

The revised Retirees Information on the Dal Blue Cross scheme will not be distributed to Retiree Blue Cross members, but a copy will be sent to all retirees who ask the University Benefits Office for it.

We have carried out a preliminary review of this information circular on Blue Cross benefits, produced for retirees by the University Administration. This latter review probably will not proceed further, however, as the information booklet is such a jumbled mess as to be beyond any easy corrections. Some items of consequence for retiree Blue Cross members are not included in the booklet, some benefits which do not exist for retirees are included. Any retiree Blue Cross member who obtains and reads this booklet, with an eye to using some of its provisions, is advised to check with the University Benefits Office (494-1121) to verify that the benefits of interest to them actually exist and apply to them.

The ADRP has offered in the past to review the booklet for the University Administration, but the offer has been politely declined.

As stated in the April 2008 Newsletter, we are now reviewing the current Dalhousie Blue Cross contract and comparing it to its predecessor. This review is ongoing. We will keep you informed.

A number of members have asked if they should withdraw from the Dalhousie Blue Cross Plan; in the past we have given a cautious “no” to this inquiry. In light of our background investigation to date, our advice now to retirees is that you should certainly remain in the plan. The reason? We now have good reason to believe that the premium demanded from retirees is far too high for the benefits provided to them, though we cannot yet accurately assess the precise amount, or the length of time the premium has been in error.

In a parallel situation in a similar Blue Cross Plan at another Atlantic university, a reassessment of retirees premiums, about two years ago, showed that an excess premium had been collected. After due discussion and negotiation this reassessment resulted in an 18-month premium holiday for the existing retirees in the Plan, followed by a greatly reduced premium. Should this occur at Dalhousie, as we believe to be likely, retirees who leave the Dalhousie Plan now would likely be excluded from such a windfall correction. Stay tuned for further developments.

CURAC NATIONAL CONFERENCE: A BRIEF REPORT ON PENSION ISSUES – Paul Huber

Dalhousie retirees were prominent at the recent CURAC National Conference in Montreal. Two former ADRP Board members are currently President and Treasurer of CURAC: Tarun Ghose and Alasdair Sinclair, respectively. As ADRP's official representative and President, Philip Welch ably represented our interests. Paul Huber, a member of CURAC's pension committee, was also present to chair a double session on pension issues during the first morning of the two-day programme. Other highly interesting topics on the programme included "Aboriginal Education and Aboriginal Culture in Universities," "Mental Health of the Elderly," "The Living Conditions of the Elderly in Quebec," and "Elderlaw." Transcripts of these presentations should be posted on the CURAC web-site shortly.

This brief report deals only with the pension presentations and discussion. In the context of the current Nova Scotian review of pension legislation and the persistent allegations of a pension crisis by the business lobby, some illuminating observations emerged. Manuel Monteiro, a Toronto actuary who helped draft the Mercer brief to the Ontario Expert Commission, started by pointing out that the so-called "crisis" of defined benefit pensions was a global trend that was stronger in the United States and Great Britain than in Canada. Primarily, this is a private sector response to the desire of employers and shareholders to limit and reduce the volatility of both direct and indirect pension costs, and to regulatory uncertainty. He argued that retirees and employees should have a say in plan governance and investment policy in plans [such as ours] that involve risk-sharing.

Isabelle Clement, a Montreal actuary, asserted that pension legislation in Quebec was a decade or more ahead of the other provinces. There, committees of employees and pensioners are legally responsible for the administration of private pensions. They hire the plan actuary and control the investments. By law, such committees must act in the best interests of active and retired plan members. Furthermore, under Quebec's recent Bill 30, use of surplus assets for plan improvements from 2010 onwards must be "equitable" as between retired and active members. (Unclear terminology will likely be litigated, so consequences will manifest themselves later.)

Don Walcot, an investment consultant and former investment officer with the pension funds of Ontario Hydro and BCE, cautioned about expecting investment markets to deliver the sorts of returns that had prevailed in the two decades prior to the technology "meltdown" at the beginning of the millenium. John Meyer, chair of the retirees' group at the University of Windsor, questioned whether the pension plan sponsor (in most cases, the employer) should also act as the pension fund trustee. He also provided many practical suggestions for improving the governance of plans. Paul Huber presented the priorities CURAC had advanced in its October brief to the Ontario Expert Commission: namely, better investment performance, full indexation for retirees and the effective involvement of both pensioners and active plan members in pension governance. He went on to review the efforts of CAPSA [the Canadian Association of Pension Supervisory Authorities] to promote consistency and comprehensiveness across Canada in the regulation of pensions. His conclusion: results matter to retirees. They want pension promises to be met and possibly expanded over time; they do not want to be victimized by excessive, conflicting and unclear pension regulation.

Questions from the floor, and further discussion, revealed a wide variety of solutions to the problems of pensions across the country. Learning from experience elsewhere is a key benefit from participation in CURAC National Meeting.

TACTICS TO OVERCOME PENSION SHORTFALL SUB-COMMITTEE (TOPSS) – Toni Laidlaw

This ADRP Sub-Committee has been formed to consider potential actions or courses of action that the ADRP or its members might pursue that offer a reasonable prospect of overcoming the pension shortfall and improving the level of indexation of Dalhousie pensions. If you have any suggestions for this Committee, please put them in writing and e-mail them to tonilaidlaw@eastlink.ca or postal mail to: Toni Laidlaw, Chair TOPSS, 1559 LeMarchant St., Halifax, NS B3H 3R2.

PENSION ADVISORY COMMITTEE (PAC) MEETING – R. MacKay

Actuarial Valuation.

Due to the drop in interest rates over the last few years (5.8% in 2005 to 4.3% in 2007), the Actuary recommended a change in the long term assumed interest rate of the Plan from 7%, to 6.50%. This is a significant assumption in the going concern interest rate. Changing the long term assumed interest rate from 7% to 6.50% would move the total Plan, which includes the Pension Trust Fund (PTF) and the Retirees Trust Fund (RTF), from a surplus position of about +\$7 million to a deficit position of around -\$7 million.

Every 3 years the Plan valuation must be filed with the Superintendent of Pensions for Nova Scotia, although a valuation can be filed earlier. Sub-Pac has looked at the

possibilities of filing early and has recommended to PAC that the Valuation be filed as of June 30th 2007 with the CRA. This Valuation assumes a long term interest rate of 6.75% (rather than 7%) and PRIA of 4.55%. Under this Valuation, the RTF has a surplus of about \$39.9 million and the PTF a deficit of about \$39.7 million. This leaves a small surplus in the combined PTF and RTF.

PAC approved this recommendation.

Rule 10B

PAC approved changes to Rule 10B which deals with Mandatory Forms of Pension to a Member With a Spouse. The Rule is being clarified and brought in line with Provincial regulations, to address the possibilities of divorce and separation.

ADRP MEMBERSHIP – Blanche Creighton

Have you paid your 2008 ADRP Membership Dues? If you are not sure, please contact me at 902-454-5554, or tcreighton@eastlink.ca.

Emerson A. Moffitt
Editor

Jan Scott
Associate Editor

The Editorial Board, under the ultimate direction of the ADRP Board, takes responsibility for the contents of The Newsletter. Signed contributions will take the form of short articles and letters to the Editor. These will represent the opinions of the author and need not represent the views of the ADRP. Anonymous material will not be considered for publication. The Editorial Board retains the right to edit or reject contributed material and to elicit similar and opposing views surrounding any issue raised. You can reach us in the following manner: Editor – Dr. Emerson Moffitt, 902-429-0385; Jan Scott at janscott@primus.ca or our Office at 494-7174. To access our web-site go to <http://www.dal.ca.adrp>

IN MEMORIAM

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

Hilary Hambling – passed away on May 8, 2008, after a short illness. She is survived by her husband, Ivor, London, Ontario. She had been employed for 17 years in Administration at Dalhousie University, retiring in 2000.