

Pension Plan Update #2

U of W unions form common front to address pension issue

Representatives of AESES, IUOE, and UWFA, along with their legal representatives, held a joint meeting last week to develop a common strategy to address the U of W pension issue. The groups are opposed to the administration's unilateral attempt to address the issue by reducing pension benefits, increasing contributions, and altering the current early retirement provisions.

The unions have established three separate working groups. One group is charged with

Continued on page 2

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Supporting Education
Services (AESES)
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Fact-checking the administration FAQ sheet

The U of W administration has posted a FAQ regarding the pension solvency issue on its website. The campus unions have a number of concerns with the information on the website and will be addressing these issues over time. This week we want to draw attention to two statements, one having to do with the size of the pension deficit, the other having to do with the degree to which the administration has consulted with those who will be affected by its proposed changes to the pension plan.

How big is the deficit?

The administration FAQ states that "the Pension Plan has a \$15.1-million solvency deficiency according to a valuation performed as at December 31, 2004." That figure likely does not accurately represent the current deficit or the deficit that would exist in December 2007 when (in a worst-case scenario) the university would actually be required to begin to pay off the shortfall over a five year period. Given market conditions in the last two years we should expect a deficit considerably less

than \$15.1-million. The three university unions are working together with their actuaries to determine the actual size and impact of the pension deficit.

How much consultation has there been?

In its FAQ, the administration stated "The University has met frequently with representatives of Pension Plan stakeholders to discuss the proposed changes to the Plan. Several different consultations and formal meetings have taken place in the past month alone."

In reality the University of Winnipeg Pension Committee met twice in 2006, five times in 2005, three times in 2004, and twice in 2003. The issue of reducing benefits, increasing contributions, and altering the current early retirement provisions was presented at the October 26, 2006 Pension Committee meeting. Furthermore, in an August 15, 2005 letter to all U of W Pension Plan members and former members, the U of W Executive Director of Human

Continued on page 2

The administration and pension governance

The confusion created by the U of W Board of Regent's having fiduciary responsibility for the pension fund and the overall university has been underlined by its response to a recent Manitoba Pension Commission ruling.

In November 2006 the Manitoba Pension Commission issued an order to the University of Winnipeg requiring it to "develop and implement a written governance framework for The University of Winnipeg Pension plan within 120 days." In her decision, Debbie Lyon, the Manitoba Superintendent of Pensions, wrote, "while the University did not breach the legislation in relation to the contribution holiday, it is clear that the University is not exercising the care, diligence and skill prescribed by the Act in relation to certain aspects of the UW Plan's governance structure and processes." She noted that the U of W Board of Regents members often found themselves in a conflicted role since they had a responsibility for both the U of W operating budget and the pension plan.

Lyon's reasoning supports the position that has been taken by AESES, IUOE, and UWFA in calling on the administration to fulfill its agreement to establish a board of trustees.

The administration does not see it that way. It is appealing the Pension Commission ruling. One of the main arguments in its appeal is that it would be counterproductive for the U of W to file a governance plan, since "it is in the process of moving to a new trustee governance plan after a great deal of debate and consultation within the university community." This will be a difficult argument for the administration to make since, in the Court of Queen's Bench, the administration currently is opposing the AESES and UWFA request that it establish such a board of trustees.

U of W unions form common front

Continued from page 1

strategic issues, including relations with the administration and the provincial government. A second group is working with actuarial advisers to develop an independent analysis of the pension plan's valuation. A third group is tasked with membership communication. The Canadian Association of University Teachers is also sending a senior staff from Ottawa to assist the unions in addressing the pension issue.

AESES and UWFA continue to seek a court order that will require the administration to live up to its commitment to establish a pension plan board of trustees. (While the IUOE supports the legal action, given the small number of members that it has at the U of W, it has chosen not to launch its own court challenge at this time.)

The unions have informed the administration it should contact their legal advisers with any new proposals for addressing pension-funding issues.

Within the last week both AESES and UWFA also held well-attended membership meetings to brief members on the latest developments regarding the U of W pension fund.

Fact checking FAQ sheet

Continued from page 1

Resources Karn Sandy wrote "the provisions of the Pension Plan are not considered excessive [,] so recommending draconian changes to pension entitlements is not viewed as an acceptable approach."

We believe that the changes that are now being requested constitute draconian changes to the pension plan. We also wish to point out that the communication from the administration over the proposed changes have not taken the form of consultation, but have been essentially take-it-or-leave-it ultimatums.