



TO: Business Board

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DATE: February 24, 2003 for March 3, 2003

AGENDA ITEM: #7 (b)

ITEM IDENTIFICATION:

Pension benefit Improvements for administrative and unionized retirees.

JURISDICTIONAL INFORMATION:

Under its terms of reference, the Business Board is responsible for the approval of benefit programs and amendments thereto, except where such are the outcome of collective bargaining.

PREVIOUS ACTION TAKEN:

N/A

HIGHLIGHTS:

The benefit provisions of the Registered Pension Plan have traditionally been extended to all members of the Plan and to all retirees, regardless of staff category (with the exception of early retirement provisions, which vary by staff category). Arbitrator Teplitsky recently awarded members of UTFA augmentation of pension benefits, as of February 1, 2003, to provide for inflation protection of 100% of CPI to July 1, 2002. We propose to extend the augmentation to all non-UTFA retirees of the U of T and OISE RPPs.

UTFA, USWA and CUPE have also negotiated the additional lifetime pension resulting from a recalculation of the pension benefit using a rate of 1.3% on highest average salary up to the CPP maximum, instead of the 1% used in the original calculations. In accordance with the past practice of providing comparable benefits to all members of the plan, we propose to extend this improved benefit to members of the Confidential and Professional/Managerial Staff groups, and to those members of our skilled trades who are members of the U of T RPP.

FINANCIAL AND/OR PLANNING IMPLICATIONS:

The augmentation provision will increase liabilities under the RPP by \$3m. There are no current service costs associated with this improvement.

The cost of the lifetime pension improvement for those staff groups noted above has not been costed separately, but is included within the \$21m increase in liability for all non-faculty /librarians. There are no current service costs associated with this improvement.

RECOMMENDATION:

It is recommended that the Business Board approve:

THAT augmentation of pensions in payment as of February 1, 2003, of non-faculty retirees be provided for up to 100% of the increase in CPI to July 1, 2002.

THAT an additional lifetime pension be provided, as of July 1, 2002, to all retirees for whom this improvement has not been negotiated, such additional pension to be based upon a recalculation of benefits from 1% to 1.3% of highest average earnings up to the CPP maximum.