



University of Toronto

OFFICE OF THE VICE-PRESIDENT - HUMAN RESOURCES

To: Business Board

From: Angela Hildyard

Date: February 23, 2003

Re: **Retiree Pension Improvements for Non-Faculty members**

The benefit provisions of the University's pension plan have essentially been the same for all staff groups, the key exception being early retirement provisions, which differ between faculty and non-faculty. In past years, improvements have usually been negotiated by UTFA and then extended to other staff groups.

The Teplitzky arbitration award granted an ad-hoc increase ("augmentation") to pensions of Faculty and Librarians in payment as of February 1, 2003. The augmentation tops up the inflation protection under the Pension Plan provided through the regular indexation provision and previous augmentations to 100% of the increase in the *Consumer Price Index* up to July 1, 2002. The augmentation percentages as of February 1, 2003 are as follows:

Year of Retirement	Augmentation Percentage
1999 and earlier	1.60%
2000	0.96%
2001	0.18%

The above augmentation percentages apply to pension benefits payable under the registered pension plan and the SRA.

For Faculty and Librarian pensioners, the increase in liabilities resulting from the above augmentation is approximately \$9 million.

In accordance with past practice, **I recommend that the above augmentation be extended to all pensioners under the Pension Plan.** The additional increase in liabilities for extending the augmentation to all other pensioners as of February 1, 2003 will be approximately \$3 million. Since this is an improvement for retirees, there is no increase to current service costs.

The Telpitsky arbitration award also granted the additional lifetime pension for Faculty and Librarian pensioners who retired up to and including June 30, 1996. The additional pension, which starts retroactive to July 1, 2002, is generated by recalculating the pension for the eligible pensioners using a benefit rate of 1.3% on highest average salary up to the average CPP maximum salary, instead of the 1.0% used in the original calculation.

The same provision was included in the recent collective agreements with USWA and CUPE. In combination, the arbitration award and the collective agreements cover most of the pensioners under the Pension Plan. **I further recommend, therefore, that the University extend this additional lifetime pension provision to all other pensioners under the Pension Plan** who retired from the University up to and including June 30, 1996. Specifically, this includes 750 Confidential, Professional and Managerial staff as well as a small number of skilled tradespersons. In costing benefit improvements, the University's actuaries do not calculate costs for specific staff groups - only faculty versus non-faculty. Thus, the cost of the increased liability for this improvement is part of the \$21m increase in liabilities for all non-faculty. (The cost of this improvement for faculty members was also \$21m). Since the improvement is for retirees, there is no increase in the current service cost.