

UPP Presentation

For WLUFAs

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UPP Governance

meet no less frequently than annually

current agreement quarterly meetings

quarterly in first four years after inception

Joint Sponsors

Employer Sponsor

Employee Sponsor

meet with participating unions and FAs no less frequently than twice per year







Employer Sponsor Committee

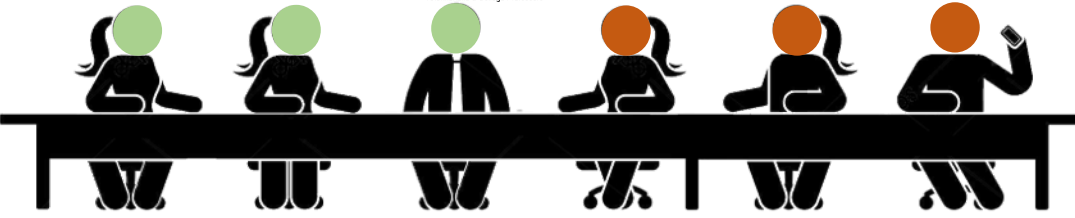
Initially:  UNIVERSITY OF TORONTO  Queens UNIVERSITY  UNIVERSITY of GUELPH



6 employer seats

Employee Sponsor Committee

Initially:  UTFa  QUFA  ugFA  UNITED STEELWORKERS LOCAL 1998  CUPE  UNITED STEELWORKERS LOCAL 1998



6 employee seats
four-year terms

- 3 FA seats
 - UTFa
 - Next two largest FAs
 - Remaining FAs once #FAs \geq 5
- 3 non-FA union seats
 - USWA
 - Next largest union
 - Remaining unions provided representing \geq 10% of UPP union members

1 vote for each committee
If votes agree, do that
If votes disagree, status quo unless sponsor agreement requires decision

UPP Governance: After Initial ESC Term...

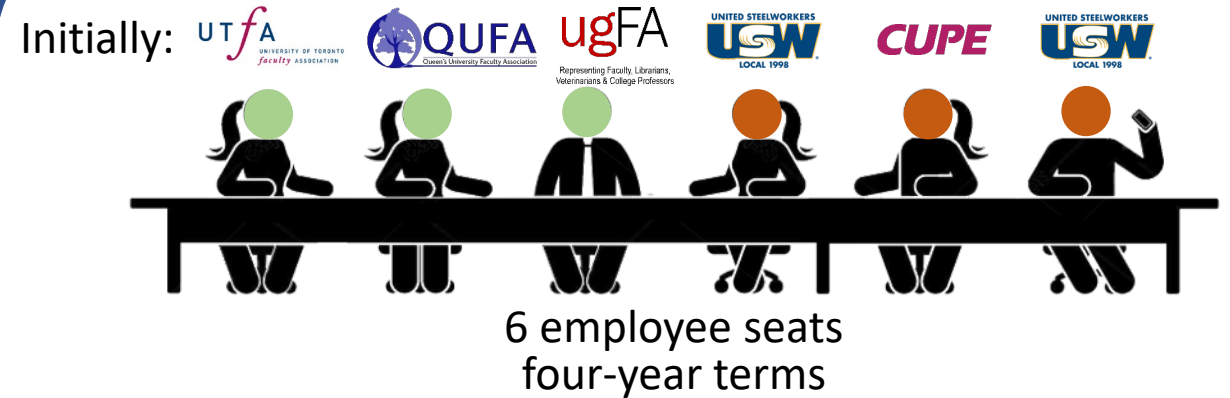
Employer Sponsor Committee



Q: How will the employers allocate seats?

A: We don't know, but they have only six seats to allocate.

Employee Sponsor Committee



3 FA seats

- UTFA
- Next two largest FAs
- Remaining FAs
once #FAs \geq 5

3 non-FA union seats

- USWA
- Next largest union
- Remaining unions
provided representing \geq 10%
of UPP union members

UPP Governance: After Initial ESC Term...

Q: How will the employees allocate seats?

A: Using these formulas

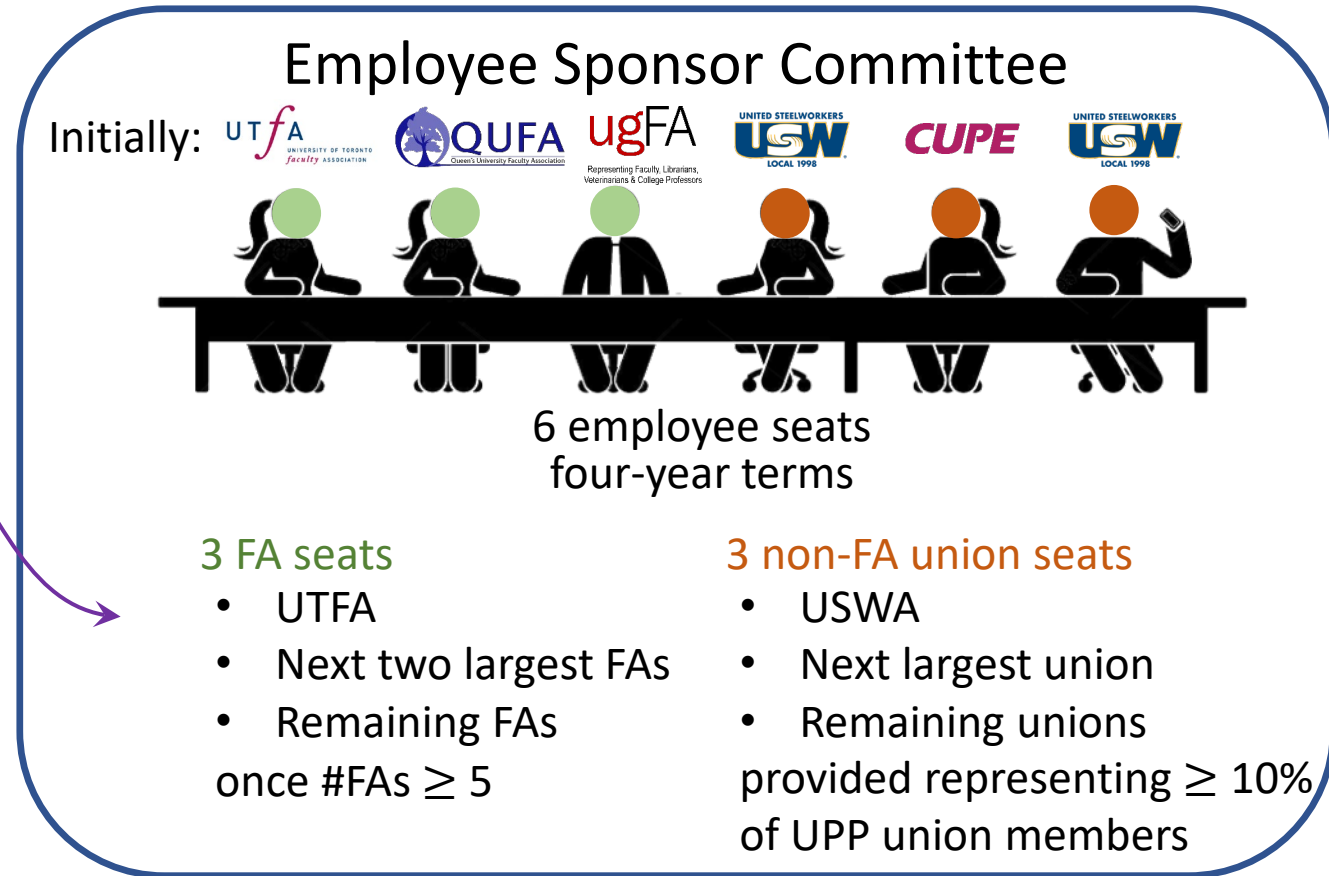
Initial terms began January, 2020
and end January, 2024.

At a reasonable moment before Jan 2024,
a UPP member count will determine the
ordering by # UPP members of the FAs.

If WLU joins by “the count date”:

WLUFAs would have a role in determining
one of the two non-UTFA sponsor seats,
determined by its size.

Keep in mind that with a sponsorship
seat comes expenses...



The FA appointee must be a plan member
or staff of the appointing FA(s).

The appointing FA(s) have the right to
remove their appointee, at their discretion.

UPP Governance

Thereafter

Chair and Vice Chair appointed from Trustees by Joint Sponsors, unless they agree otherwise

Initially

For each set of 6 appointees:
Two three-year terms
Two four-year terms
Two five-year terms

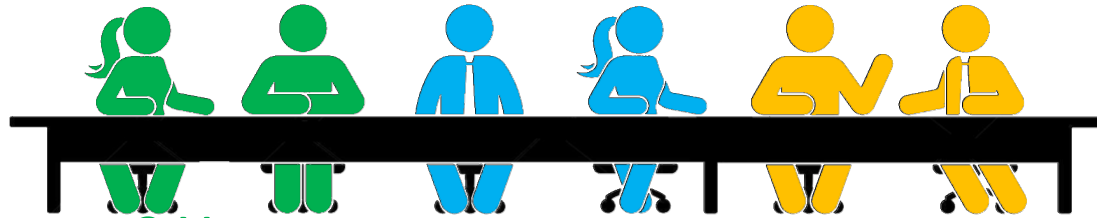
Seven-year term

CEO Initially: Barbara Zvan

Three-year terms
Three-term limit

Board of Trustees

6 employee appointees



3 Years

4 Years

5 Years

6 employer appointees



1 appointee for
"unrepresented"
employees



(with vote that
can neither make
nor break a tie)

Independent
Board Chair
(Jointly-Appointed)

Initially: Gale Rubenstein



UPP Governance: After Initial Term...

Board of Trustees

6 employee appointees



- Three-year terms
- UTFA & USW each assign one Trustee
- Other Trustees are appointed by the Employee Sponsor Committee
 - “Competencies Framework” (non-binding) seeking to ensure appropriate skills are present on BoT
 - General sense that stability and continuity of the BoT is “a good thing”
 - No specified linkage between BoT seats and ESC seats. BoT need not be members.
 - Mechanism / Process still to be documented

◆ ORGANIZATIONAL CHART ◆

Prepared by the UPP Employee Sponsor Committee, April 16, 2021

JOINT SPONSORS (JS)

☰ (SPONSORS AGREEMENT)

COMPOSITION:

Employee Sponsor Committee

+

Employer Sponsor Committee

DECISIONS:

Consensus
(Agreement of Both Committees)

KEY MANDATES:

- ◆ Sponsor Functions under PBA and ITA
- ◆ Governance – amend the governing documents, including the Sponsorship Agreement, the Trust Agreement and the Funding Policy
- ◆ Plan design – amend the pension plan, benefits and contribution rates
- ◆ Determine Level of Indexation
- ◆ Participation – approve Participation Agreements for new Universities joining the UPP
- ◆ Coverage - approve new classes of members
- ◆ Transfer Agreements – agree to asset and liability transfers when a new University joins the UPP
- ◆ Select Independent Chair and appoint Trustees (see also Labour Sponsor Agreement) and set their compensation
- ◆ Review actuarial valuation

BOARD OF TRUSTEES (BoT)

☰ (TRUST AGREEMENT)

COMPOSITION:

14 members in total for the first seven years, including:

- ◆ 1 Independent Chair
- ◆ 6 appointed by Employee Sponsor Committee (see also Labour Sponsor Agreement)
- ◆ 1 Non-union trustee appointed by the Employee Sponsor Committee as selected by non-union employees
- ◆ 6 appointed by the Employer Sponsor Committee

KEY MANDATES:

- ◆ Plan administrator – fiduciary administrator of the UPP and UPP Fund
- ◆ Responsible for Plan Investments and UPP's Statement of Investment policies and Procedures (SIPP)
- ◆ Responsible for Actuarial Valuations and all filings with pension regulatory authorities under PBA and ITA
- ◆ Responsible for member statements and communications, member record keeping, security and privacy
- ◆ Responsible for collection of contributions, delinquency control
- ◆ Responsible for hiring and supervising CEO
- ◆ Responsible for determining and paying pension benefits



EMPLOYER SPONSOR COMMITTEE (ERSC)

- ◆ Represents Universities at JS
- ◆ Composed of 6 members selected by the Universities

EMPLOYEE SPONSOR COMMITTEE (ESC)

☰ (LABOUR SPONSORS AGREEMENT)

- ◆ Represents Faculty Associations and Non-FA Unions at JS
- ◆ Composed of 6 members selected by UTFA, USW and others (based on UPP membership, per Labour Sponsors Agreement)
- ◆ Meets with Non-Unionized Employees in advance of Joint Sponsors Annual Meeting
- ◆ Appoint/confirm/remove ESC appointed trustees
- ◆ Meets with Unions and Faculty Associations not on ESC

Consent Bargaining

- $\geq 2/3$ of active members = yes
- $\leq 1/3$ of retirees = no

- Bill 124 (salary increase cap of 1% for three years)
 - Explicit exemption for salary offsets arising from converting / transferring to a JSPP
- What did UGFA “get”?
 - 1% base increase (my calculations reflected an average 0.6% contributions increase)
 - an LOU committing to growth hiring = 40 permanent UGFA positions (~5% of complement)
- Other attractions:
 - Supplementary Retirement Arrangement (to address pension max)
 - Provision improvements for future service (e.g. indexation, unreduced early retirement)
- I think that a strong understanding of (and strong communication on) the financial impact of the transfer on the University is crucial
- UGFA’s situation was different from “new joiners” in a key way:
 - If we failed to give consent, the UPP would have died
 - If possible new joiners now fail to give consent, they might try again later

UPP Recent Events Update

- On April 1, 2022, the UPP took over management of the UofT's pension assets, so the UPP is now managing all \$11.6B in assets.
- All transferring plans entered the UPP in surplus (more on funding on next slide)
- Top notch staff/experts recruited by the UPP, with great willingness to arrange sessions for members and to meet directly with the Joint Sponsors, the Employee Sponsor Committee, OCUFA, potential joiners, etc.
- Lots of discussion with plan members about Responsible Investing: Town Halls, Surveys, etc.

Funding Issues

Any shortfall at transition is responsibility of employer

- Considered “debt” not loss
- Must be amortized over not more than 15 years
- Payments cannot be adjusted based on subsequent experience

Cost & risk shared 50/50 for benefits earned under UPP

- Cost = cost of benefits being earned
- Risk = gains/losses on accrued benefits

Employers “own” risk for past service upon merger

- Own 100% for first 10 years
- Graded to 50/50 from years 11-20
- Shared 50/50 after 20 years

One Other Item I'm Really Happy About

UGFA Staff, currently four full-time employees, had no retirement arrangement.

On January 1, 2022, they became plan members of the UPP, as UGFA enters the UPP as a Participating Employer affiliated with the University of Guelph.

(I'm sad that I could not make this happen by July 1, 2021, but we bargained to get a pension buy-back option for the "missing" 6 months...)

Side note: Also on January 1, 2022,

- Trent University's faculty pension plan converted to the UPP; and
- The UPP itself became a Participating Employer so that UPP staff are plan members.
Ditto UTFa staff.

UPP Plan Design

Contribution Rates	<ul style="list-style-type: none">• Targeted total contribution rate: 20% of payroll• Cost of plan cost estimate 19.75% + buffer 0.5% = 20.25%, becoming<ul style="list-style-type: none">▪ 9.2% below YMPE▪ 11.5% above YMPE• 50/50 employee/employer split
Accrual Rates	<ul style="list-style-type: none">• 1.6% below YMPE• 2.0% above YMPE
Enhanced CPP	<p>In above, YMPE will change to YAMPE after 2024</p> <ul style="list-style-type: none">• Slightly lower UPP contribution amounts and UPP benefits
Indexing	<ul style="list-style-type: none">• Funded conditional indexing at 75% of CPI, no cap• Agreed that indexing will be paid for first 7 years
Best Average Earnings	Annualized average of best non-consecutive 48 months
Early Retirement	<ul style="list-style-type: none">• Unreduced: 60/80 (Age 60 with Age+Service 80)• Reduced: 5% per year
Post-Retirement Death Benefit	<ul style="list-style-type: none">• Normal Form = 50% J&S/10• Automatic Form = 60% J&S/10
Additional	<ul style="list-style-type: none">• No cap on UPP service• Agreement on funding issues (at transition and for past service)