

## **OCADFA VICE PRESIDENT'S REPORT ON THE OCAD UNIVERSITY PENSION FUND 2015/2016**

Greetings,

For all of you that were able to make it out to the General Meeting in May, I thank you for your attendance. For those of you who could not be there, then this report will fill you in on what has transpired over the last months and some of the things that you can look forward to in the coming year.

After the meeting, a couple of members who were not yet members of the OCAD University Pension Fund approached me about my thoughts as to whether or not they should join. My response was, it is the only investment in your future that I know of that gives you an automatic 100% return on your investment. The employer matches your contribution whether you choose to invest 5% or 7.5% or your salary every year. In addition to the GICs (compound interest) there are currently 21 different mutual funds that Great-West Life has to choose from as investment possibilities.

Let me emphasize that each employee is unique with respect to investment and retirement planning. You should know that you are not alone and there are a number of resources for employees who are available to talk to you about your situation and help you make the best possible decisions for your future.

### **Report Contents:**

01. OCAD University Pension Fund Overview
02. OCAD University Pension Fund Resources and Information Access at Great-West Life
03. OCUFA Report: Canadian Government and Provinces Agreement on CPP Expansion (June 2016)
04. OCUFA & MTCU Ontario University Pension Plan (UPP) (May 2016)
05. Employer contributions are unlocked for employee management (HR's email of September 2015 is included)
06. Richard White Annuities and LIF Report (attached PDF)
07. Great-West Life and OCADU "How to Maximize Your Group Plan" (attached information PDF)
08. Employee Upcoming Information Sessions

### **01. OCAD University Pension Fund Statistics, January 2016**

- 428 OCADU Employees in Fund (OCADFA, OPSEU, Academic Staff)
- Approximately 90% Participation Rate
- Employee Contributions  $\approx 75\% @ 7.5\%$  and  $25\% @ 5.0\%$
- Total Value of Fund in January of 2015 at \$42,712,140.00
- Approximate Average of \$100,000.00 per Employee
- Employees 56 to 70 Years Old Hold  $\approx 50\%$  of the Pension Fund
- Fund Investments: 60% are in Compound Interest and 40% are in Mutual Funds
- 1 Year GIC Return is 1.25% and 5 Year GIC Return is 1.30%
- 2015 Mutual Funds Returns of Between  $-11.76$  and  $+ 20.94$
- Money Market and GIC Fees = About 0.50%
- Mutual Funds Fees Between 0.93% and 1.43%
- Bond Fees Between 0.63% and 0.83%

## **02. OCAD University Pension Fund Resources and Information Access at Great-West Life**

MACKIE RESEARCH FINANCIAL SERVICES INC.

Mackie Research's Richard White provides information and advice both to the Pension Fund Committee and to individual members of the fund. You may contact him to discuss your needs and to develop a plan for your participation in the OCADU Pension Fund and/or for specific questions that you may have with regards to the Pension Fund and your retirement. Please find enclosed his reports on annuities and LIFs (2014).

Richard S. White, FSA, FCIA, CFP

MACKIE RESEARCH FINANCIAL SERVICES, INC.

T 416 860 7786, Email: [rwhite@mackieresearch.com](mailto:rwhite@mackieresearch.com)

### **GREAT-WEST LIFE**

Additionally, plan members may contact Great West Life directly to get advice or to make investment changes.

- Call the Access Line at 1-800-724-3402 between 8 a.m. and 8 p.m. ET and speak with a client service representative to initiate the changes.
- Visit GRS Access at <http://www.grsaccess.com> and select Change Your Portfolio. Then choose from the menu on the left what you want to do next.
- If you've forgotten your Access ID or password, please call the Access Line above for assistance.

## **03. OCUFA Report: Canadian Government and Provinces Agreement on CPP Expansion (June 2016)**

Provinces and federal government have reached an agreement on CPP expansion. OCUFA welcomed the announcement on June 20 that Finance Ministers have reached an agreement on modest expansion to the Canada Pension Plan (CPP). University professors and academic librarians have long supported the expansion of public pensions to provide dignity and a decent standard of life in retirement. A commitment to CPP expansion means that plans for an Ontario Retirement Pension Plan (ORPP) will not be continued.

In the absence of federal government commitment to improving retirement security, Ontario had been pursuing its own provincial plan – the ORPP – since 2014. OCUFA supported the ORPP as a second best option when CPP talks were stalled. OCUFA had been advocating for an ORPP that was universal to maximize coverage for as many workers as possible. A universal ORPP would have facilitated the portability of pension savings from one workplace to another, and created the greatest benefit to those in precarious jobs, including contract faculty. However, recent announcements had indicated the ORPP would not be universal and it was not clear whether contract faculty – even those without a workplace pension – would have been eligible.

The agreement reached on CPP expansion falls short of the doubling of benefits that faculty had been calling for, but it will be universal and provide portability for workers between jobs. For the growing number of contract faculty at Ontario universities, who too often do not have access to workplace pension plans, an expanded universal public pension represents a step towards more security in retirement.

OCUFA is also working with many of our member associations to develop strategies and solutions to support contract faculty access to workplace pension plans.

#### **04. OCUFA & MTCU Proposed University Pension Plan (UPP) (update May 2016)**

In an effort to provide an equitable, secure, and financially sustainable pension plan for Ontario's Universities' faculty and staff, the Ministry of Finance, the MTCU, and OCUFA are working together to create a jointly sponsored pension plan now called the UPP or University Pension Plan. OCUFA is leading this initiative with support from the Council of Ontario Universities (COU) and the Ministry of Training Colleges and Universities (MTCU).

#### **The Proposed UPP University Pension Plan:**

##### Overview:

- The UPP University Pension Plan is a defined benefits plan which is based on years of service and contribution.
- Members are to receive 2% of salary for each year of contribution. (E.g. 30 years of a salary of \$100,000 = \$60,000 per year pension benefit.)
- Employees are to contribute 10% of their salary per year and the employer is to contribute 10% of their salary each year.
- The plan is a forward looking plan meaning that employees closer to retirement may choose to purchase years to enter the plan.
- The plan will be managed by the investments advisors of the plan. Typically the investments are in equities, bonds, and interest bearing accounts.

##### The Potential Options for OCADU Pension Plan Members:

- 1) Do nothing and remain in the OCADU PP which is a defined contribution plan.
- 2) Lock in the contributions already made to the OCADU PP, leaving it in the OCADU PP, and shift future contributions to the Ontario UPP.
- 3) Cash out of the OCADU PP and purchase years of service in the new Ontario UPP. With this option, if the investments made with these money's are to have a loss at some point in the future, then the plan member must personally make up this loss.

##### Challenges:

- Any increase in the employer's (OCADU) contribution to the plan from the 5%/7.5% to the 10% must be negotiated.
- Employees of OCADU may not be able to afford to move from 5% or 7.5% of their salary as with OCADU's present plan to the 10% level.
- Older employees may not be able to afford to purchase years to match the their present age and contribution requirement to be fully funded in the plan.

##### Realities:

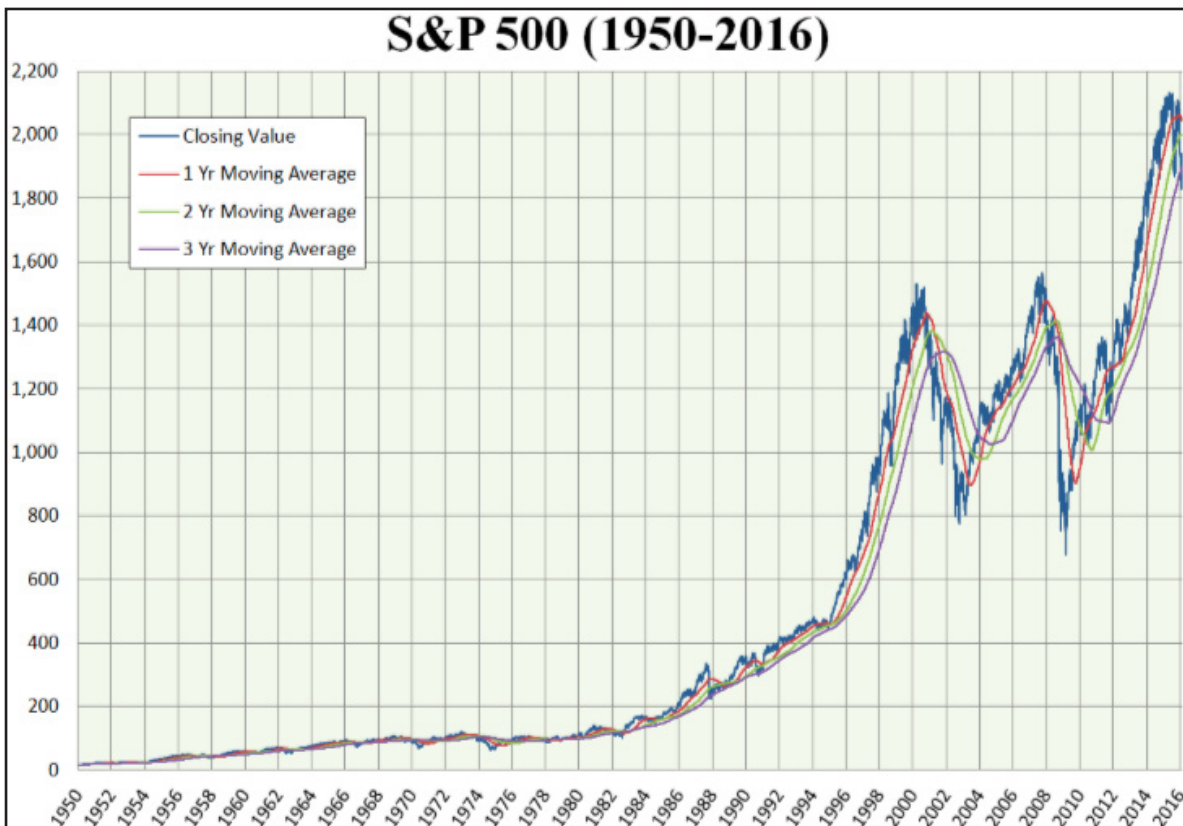
- Ontario universities are about \$2.0 Billion underwater in present defined benefit pension funds. This is largely due to low contributions rates in the past.
- The Providence of Ontario is over \$300 Billion in debt.
- Market volatility is a concern which may impact the value of the new UPP (see enclose S&P chart).
- In Ontario, at the present time, it is not allowed to reduce benefits to individuals already drawing a pension.
- The amount that employees are legally allowed to contribute to a pension fund in Ontario is now capped at 9%.

## The Ontario UPP, OCADU Pension Fund, and OCADFA

In the event that a change of pension fund type would become possible, representation from OCUFA, experts on pension funds, and legal counsel will provide our membership with the information on this development for their consideration and decision-making. The change in contribution rates as previously discussed would require bargaining with the employer.

### **05. Employer contributions are unlocked for employee management (HR's email from 2015 is included)**

- Starting on 01 October 2015 employees are now able to self manage the employer contribution to the fund.
- This includes both past contributions and future contributions.
- The employee may choose to leave the monies in the GICs, to invest in other compound interest accounts, or to invest in the 21 mutual funds now being offered by Great-West Life.
- The default, which means that if you do nothing, is for the funds to remain in the 5 Year Compound Interest GIC account. This is the most conservative and safest option.
- In the event that you choose to move your funds out of a GIC and do so before the maturity date then you may pay a penalty.
- The Pension Fund Committee recognizes that each participant is unique and has an individual plan for their retirement. The appetite for risk will vary greatly based on age and perceived need of return.
- As a caveat ,please review the chart for the Standard and Poor 500 Index that is enclosed. The buy and hold strategy for equities that was effective from 1950 to 1999 changed dramatically in 2000/2001. Market volatility may now be a considerable risk for investors.
- Please consult with your financial advisor or with one of the services that is available to you through the OCADU Pension Fund.



## **06. Richard White Annuities and LIF Report**

Please see attached PDF.

PLEASE NOTE THAT THIS REPORT IS FOR ILLUSTRATION PURPOSES ONLY.

The reality of your returns is tied to interest rate returns at the time that you choose to retire.

## **07. Great-West Life and OCADU “How to Maximize Your Group Plan”**

Please see the attached PDF from the Great-West / OCADU Pension Fund educational session held this spring.

## **08. Employee Upcoming Information Sessions**

There will be additional pension fund information sessions during the 2016/2017 school year.

## **09. Final Note**

Please be advised that the OCADU University Pension (voluntary pension plan) is OCADU's only pension plan, so if you're not participating in this then you will not receive a pension from ocad.

**Wishing you all the best for the remainder of summer.**

Frederick Jon Burbach BFA, MFA, CMC  
Associate Professor of Graphic Design  
Vice President, OCADFA  
Chair of the Pension Committee  
OCAD University  
100 McCaul Street  
Toronto, Ontario M5T 1W1  
C a n a d a  
fburbach@faculty.ocadu.ca

## **EMAIL FROM OCAD UNIVERSITY HUMAN RESOURCES OCTOBER 2015**

Investment Options for Employer Contributions to the OCADU Pension Plan Changing on October 1, 2015

### To All OCAD U Pension Plan Members:

The Pension Committee is pleased to announce that, effective October 1, 2015, each plan member will have full discretion to invest the employer contributions to the OCAD University Pension Plan in the full range of available plan investment options as each member does now with his or her own contributions. This change recognizes that each plan member has a unique set of personal and investment circumstances and a unique appetite for investment risk and, therefore, each plan member should take responsibility for all their investments under the OCAD University Pension Plan.

### What This Means:

Pension plan members now direct the investment of their own contributions and are also free to transfer and re-invest the existing assets in their own account. Each Plan member will now have the same ability with respect

to the University's contributions. Please note the following when contemplating any changes to this part of your account:

- Any investment choices that you make with University's contributions of your account do not have to be the same as those you use for your own contributions (but can be the same, if you so choose).
- You can make one investment decision about future University contributions and a second investment decision with respect to existing contributions (contributions the University has made in the past.)
- When dealing with the existing assets in your account generated from the University's past contributions, you have two choices:
  - 1) You can elect to transfer each 5-year interest account as it matures for the full maturity value to another available investment within the pension plan or
  - 2) You can elect to transfer the current value of some or all of the existing 5-year accounts. If you transfer the value of an account prior to maturity, there may be a positive or negative market adjustment to the value depending on the interest rate the account is now earning and the current rates in effect. You should call the Great-West Life Access Line for specific details.

#### What if I do nothing?

If you do not make any changes to this part of your account, existing assets will remain in the 5-year interest account and new employer contributions will continue to be invested in the 5-year interest account. You will, of course, be able to change this at any time in the future, if you wish.

#### How can I make changes?

You can make changes by using one of the following methods:

1. Call the Access Line at 1-800-724-3402 between 8 a.m. and 8 p.m. ET and speak with a client service representative to initiate the changes.
2. Visit GRS Access at <http://www.grsaccess.com> and select Change Your Portfolio. Then choose from the menu on the left what you want to do next. If you've forgotten your Access ID or password, please call the Access Line above for assistance.

#### What about fees?

You won't pay fees to change investment options or to redirect future contributions and maturity instructions.

#### Where can I get information on the different investment options?

A variety of tools are available to help make your investment selection easy. Visit GRS Access website at [www.grsaccess.com](http://www.grsaccess.com) to find fund reports, fund reviews and recent investment returns on all investment options that are available to you. You can call the Access Line noted above at 1-800-724-3402 and speak with a client service representative and an investment specialist. You can discuss this and other pension plan matters with Richard S. White, FSA, FCIA, CFP, our independent pension consultant, who can be reached by telephone at 416-860-7786 or by email at [rwhite@mackieresearch.com](mailto:rwhite@mackieresearch.com).

We encourage you to regularly review your investment options.

On behalf of the OCAD University Pension Committee,

HUMAN RESOURCES

OCAD UNIVERSITY

100 McCaul Street, Toronto, Canada M5T 1W1

[www.ocadu.ca](http://www.ocadu.ca)