

TERMS OF REFERENCE

Ad Hoc Subcommittee of the Professional Pension Plan Advisory Board on Pension Reform

Version Date: August, 2021

1) Background and Context

In 2014, the Ontario Government set out a 'Conversion Framework' for Single Employer Pension Plans Defined Benefit Pension Plans (SEPP) to convert to Joint Sponsored Pension Plan (JSPP) structures.¹ Following this amendment to the Pension Benefits Act, the University Pension Plan of Ontario (UPP) was established through the Joint efforts of Administration and Faculty at the University of Toronto, Guelph and Queen's. The UPP Effective July 1, 2021 the UPP is now operating.² Trent University shall join the UPP in January of 2022.³

In 2020, the Lakehead University Professional Pension Plan Advisory Board commissioned an external review of the Pension Plan. In its final report entitled, Benefit Adequacy, Feasibility Analysis & Alternatives and Benchmarking, the consultant, Eckler, identified shortcomings of the Professional Plan and approaches to improve the existing plan as well as Joint Sponsored Pension Plans to which the University could transition.⁴

Letter of Understanding 19 of the 2020-2022 LUFA Collective Agreement set out steps to be taken to improve the existing pension plan consistent with the Eckler Report as well as the due diligence that the University undertake to examine the case for conversion of the Pension Plan to a Joint Sponsored Pension Plan.⁵

¹ 2014 Conversion Framework - <https://www.fin.gov.on.ca/en/consultations/pension/jspp.html>

² University Pension Plan of Ontario - <https://myupp.ca/>

³ UPP Announcement regarding Trent University - <https://myupp.ca/joint-sponsors-announce-trent-to-join-the-upp/>

⁴ See Lakehead University Pension Services Website for the full Eckler Report - <https://www.lakeheadu.ca/sites/default/files/uploads/402/External%20Review%20of%20Professional%20Plan%20-%202020.pdf>

⁵ See page 170 of the 2020 – 2022 LUFA Collective Agreement - <https://www.lakeheadu.ca/sites/default/files/uploads/63/LUFA%20Collective%20Agreement%202020%20through%202022%20-Signed%20%281%29.pdf>

The Northern School of Medicine has agreed to transition its Defined Contribution Pension Plan (administered by Manulife) to the Healthcare of Ontario Pension Plan (HOOPP) in the near future.

Sections 80.4 and 81.0.1 of the Ontario Pension Benefits Act set out the regulations for conversion of a SEPP to a JSPP.⁶ Consent for conversion of a pension plan requires engagement of plan members.

The Lakehead University Professional Pension Plan has three identifiable groups of beneficiaries; faculty, non-faculty and retirement annuitants.

2) Purpose of the Subcommittee on Pension Reform

Reporting to the Professional Pension Plan Advisory Board, the Subcommittee on Pension Reform will provide information and a recommendation to the Advisory Board on the steps toward conversion to a JSPP structure. The Subcommittee on Pension Reform will see that the three group of pension beneficiaries are engaged in the pension reform process, including:

- Building awareness of the differences between DC and DB pension plans
- Building awareness of the advantages/disadvantages of a JSPP
- Building awareness of the feasibility of the alternative JSPPs identified in the Eckler Report (UPP, OpTrust, CAAT)
- Invite presentations to beneficiary groups from the JSPP alternatives.

The Subcommittee shall seek to complete its work no later than May 1, 2022.

3) Subcommittee Structure/Composition

The Subcommittee on Pension Reform shall consist of four members that will represent the following constituencies:

- University Board of Governors
- Faculty
- Non-Faculty
- Retiree Annuitants

The Subcommittee shall elect its own chair.

4) Responsibilities

The Committee shall report to the Professional Pension Plan Advisory Board at each meeting.

⁶ <https://www.ontariocanada.com/registry/view.do?postingId=18862&language=en>