Release 7, Jan. 2020: Summary of the Pension OPSEU-Exempt Subcommittee Meeting

Hello Members! On Dec. 11, 2019, Dorothy Howard, Robert Loney, Sara Pieper, and Ben Smith (your OPSEU Pension representatives) attended the annual pension meeting with representatives from Trent University, the Trent Exempt workgroup, the OPSEU retiree representative, the auditor and the financial managers.

OPSEU-Exempt Pension Overview- Highlights for the year July 2018-June 2019

- Our pension fund asset mix continues to be approximately 36% Canadian Fixed Income, 30% Canadian Equity, 15% US Equity, 15% International Equity, and a few percent Short-Term.
- There are 489 active (working) plan participants, up from 452 the previous year, with 73 new working individuals added to the group, and 15 new retirees.
- active members average age is 45.8 years (declined a little), with average annual earnings $69,300 (up a little).
- Retirees saw no indexation in retirement benefits in the past year.
- The average annual Trent University pension for the current 349 retirees is $19,012.

Financial Health of the OPSEU-Exempt Pension

There are three basic indicators of pension financial health:

1) Investment Return (interest earned)

- Market performance in almost all types of investments has been very good over the period of one quarter (3 months), 1 year, and 4 years.
- Our pension fund specifically earned 12.8% for Jan-Sep 2019, and has earned close to 7.1% over the past 10 years, although it is noted that since 2008, markets (and our pension fund) has had some wild fluctuations in interest earned.
- Our pension has about $141 million in assets as of June 30, 2019, up from $132 million in the year previous.

2) Going Concern Valuation (hypothetical- plan runs for the long-term) (see our release 2)

- As of July 1, 2019, our pension had an unfunded accrued liability of $12.1 million, an improvement over last year's $17.3 million.

3) Solvency Valuation (hypothetical- plan ends now) (see our release 2)

- Solvency liability was $59.3 million in July 2019, compared to last year's liability of $50.3 million. This increase in liability is due mainly to more active participants (each accumulating another year of pension) and a few more retired participants.

According to the two valuations above, our pension has a deficit (like many other Canadian pensions). To protect pensioners, Ontario is regulating pensions to ensure that all plans are solvent (have no deficit) at all times. So, Trent University has had to make payments towards ensuring our pension plan becomes solvent.

Universities were given solvency relief (i.e., given longer to pay back the deficit), but that initial relief is coming to an end. Trent University's solvency deficit payments increased from $1.1 million in 2017-18 to $3.4 million in 2018-19. Unless there is a change, solvency relief will end in 2021 and Trent University's annual payments to meet minimum solvency standards will increase to an estimated $7-8 million annually. Trent U. is trying to get additional solvency relief.