

# CUASA COMMUNIQUE

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## RETIREMENT PLAN SURPLUS \$4.5 MILLION OVER LEGAL LIMIT MEMBERS TO BENEFIT - UNIVERSITY FINANCIAL CRISIS EASED

Carleton University's Retirement Plan is run by a pension committee made up of representatives of the employees and management. They are: Bill Lawson and Tony Wand (CUASA); Sue Richer (CUPE 2424); Terry Doelle (CUPE 910/Security Guards); Ruth Lifeso (Union Exempt); Doug Brombal and Brian McFadyen (management). The committee has spent a few months grappling with the implications on the Carleton University Retirement Plan of new federal legislation. Under this legislation, the maximum surplus the Retirement Plan can keep is just over \$4 million. This means our current **pension surplus of \$19,719,000** must be reduced by more than **\$15 million**.

This surplus arises out of the 2.4% contribution the employer makes to the minimum guarantee to look after any unfunded liabilities. It did not come from the regular 6% contributions of the employer and the employees.

The pension committee, using independent outside expert advice, eliminated as much of the excess surplus as possible by providing equitable improvements to the Retirement Plan. As much as the law allows has gone to improve the plan. The pension committee is still exploring the possibility of using some of the surplus to improve pension benefits for current retirees. If this happens the excess surplus might change slightly.

The improvements:

(a) a bridge of 100% (up from 70%) to Old Age Security retroactive to 1992 for those retiring before age 65 (age 55 and above). The early retiree

would be paid from the pension fund an OAS equivalent (based on years of plan participation). Such payments would terminate at age 65 with the commencement of the normal government paid OAS.

(b) an Adverse Experience Reserve Fund of \$5 million;

(c) a change in the initial pension calculation from a life only guarantee to a Life Guarantee of 5 years (which would mean that your pension would continue to be paid for an initial 5 years even if you died within 5 years of your retirement date); and,

(d) an amount equal to 1% of payroll to be taken from the excess surplus and added to members' money purchase accounts.

These improvements cost about \$10 million and would reduce the excess surplus of \$15 million to about \$4.5 million. The pension committee recommended to the Board of Governors that this excess surplus be eliminated through a shared reduction of pension contributions in 1993-94. Your contribution would likely be about 3.71% and the employer's about 6.15% of salary (in contrast the normal 6% and 8.4% respectively). The difference would be paid from the excess surplus. The employer's contribution and the employee's contribution would both decrease by \$2.25 million for the year 1993-94. A motion passed (March 22) by the Personnel Committee of the Board of Governors recommended that "excess surplus be shared between contributing Plan members and the University, with the understanding that the amount saved by the University be assigned to



salaries and benefits for the various employee groups in proportion to the share required to be contributed to the Retirement Plan on behalf of the Members of each group". This means the money will be divided proportionate to each group's contribution share.

Since the employer is responsible for maintenance of the minimum guarantee fund, the employer would contribute whatever extra funding is required to cover the minimum guarantee in the future.

Carleton's is a hybrid pension plan. Members retire under either a minimum guarantee or a money purchase pension - whichever is most beneficial in their circumstances. The surplus exists only on the minimum guarantee side of

the pension plan because of employer contributions to unfunded liabilities. Money purchase is not affected.

This proposal has been unanimously supported by the Pension Committee (both CUASA members were present) and approved by the Personnel Committee of the Board of Governors. If it is approved by the Board of Governors on March 29, the next stage will be a memorandum of agreement between the parties.

The Pension Committee has also been working on an information package to help members better understand the pension plan. The first video on the plan will be available within the next few weeks. The CUASA office will lend copies to its members. Other changes in administration of the Retirement Plan are contemplated. You will be informed.

The requirement to eliminate the excess pension surplus improves the financial circumstance for Carleton University. The circumstances, which prompted President Farquhar to write to CUASA seeking a referendum on a roll-back of the current collective agreement, no longer apply. We anticipate his withdrawal of the roll-back proposal.

## HOUSING NOTICES

**SABBATICAL HOUSE FOR RENT:** Furnished house on Halifax peninsula; 2 miles from Dalhousie University. 3 bedrooms, small study, large piano studio/study. Includes washer/dryer, parking, fenced yard, large deck, canoe. On bus lines, near schools, stores. Available July 1993 to end June 1994. Call (902) 454-8872.

**FURNISHED APARTMENT TO SUBLET:** Two bedroom, western parkway, spectacular view of Ottawa River, fully carpeted, furnished; linen, dishes, TV, stereo, VCR, dishwasher, pool, sauna, parking. Rent: \$895/month includes parking, heat, hydro. Sublet for 1 year from April 15 or May 1. Call John LeBrun 596-6166.

**JULY-AUGUST SUBLET for Visiting Faculty Member:** Sunny apartment, overlooking a park in the Glebe. 5 min. drive to campus. Quiet street close to shops on Bank St. Large main floor bedroom; 2 studies, spare bedroom; separate dining room and sunroom. Fully furnished, includes laundry facilities. No yard. Quiet careful tenant(s) who will take excellent care of apartment desired. Rent: \$950/month. Call 3751.

**HOUSE FOR SALE \$253,000:** 3 storey stone house, 5 bedrooms, 3 1/2 baths, finished basement; extra room for office. Newer wiring, furnace, plumbing. New roof. Sandy Hill near parks, Rideau River. Call 237-2753.