

APRUO

Association des professeurs retraités de l'Université d'Ottawa
Association of Professors Retired from the University of Ottawa

Ottawa, October 20, 2010

Letter and resolutions of the Association of Professors Retired from the University of Ottawa (APRUO), May 20th, 2010, transmitted to Governors and other.

Madam / Sir,

You participate in the management of the University of Ottawa Retirement Pension Plan. In this capacity you should be aware of the claims and the needs of the retirees. With this in mind, herewith the resolutions adopted at the Annual General Meeting of the APRUO held on May 20th 2010. The retirees are gravely worried about the administration of their pension plan.

You have the power to be just or unjust towards the weak, the retirees.

The employer has enormous powers relating to the administration of the pension plan created for the retirees. It has given us the impression that the employer acts as if the fund is theirs. Yet, the fund originates from the sums paid into the fund by each employee and the sums paid into the fund by the employer as part of each employee's remuneration. The employer should never have the right to use part of any surplus for its own benefit, regardless of how this might be done. The actions of the employer in 2006 and 2007 have put to the test the sense of justice that one would expect in the administration of the funds of the pension plan. The employer has turned up its nose at the weakest, the retirees who are not easy to reach, poorly informed and often ill or incapacitated, some taken care of by their kin. The majority of the retirees are unaware of the rules of the game and are left deprived by the actions of their past employer. They do not understand that the sums promised in 2006 were refused while in the following year contribution holidays were granted to both the employer and to the active employees.

An institution that unjustly treats its retirees tarnishes its reputation, ruins its credibility and compromises its future by participating in the abuses committed by too many private and public administrations. For the University, there is still time to repair the damage done to more than 1000 retirees, more than 2400 employees and more than 500 with deferred pensions and in doing so to avoid being classified amongst the clan of poor administrators of pension plans. The employer must accept the requests formulated in the resolutions cited below. You yourself are able to do something. In the interests of the University and all persons concerned, accept to apply yourself so that justice be done to all personnel to whom the 3rd installment was promised.

Sincerely yours,

Viateur Bergeron

President of the APRUO and member of the Pension Plan Committee

The Support Staff Retirees Association (SSRA) of the University of Ottawa also supports the claims that are appended. H el ene Boivin, President of the SSRA.

Enclosures: Resolution : "A Management of the Pension Plan that is Transparent and Secure".

Resolution claiming the 3rd payment that was promised

These resolutions are published on the web site of the APRUO

APRUO

To ensure a secure and transparent management of the Pension Plan

Annual General Meeting, 20 may 2010

The usual practice at the University's Pension Plan Committee is to distribute the documents in the midst of the meeting at the moment when we are asked to approve the report and to recommend ... without having time to think about it or analyse the data as should be ... its adoption by the Board of Governors. Following this, the actuarial evaluation recommended by the Pension Committee is submitted to the Executive Committee of the Board of Governors and to the Board itself. In 2007, the report was in the form of a Power Point presentation and was submitted to the Pension Plan Committee on June 11, 2007 and was approved by the Board of Governors on June 25, 2007. On the other hand, the report signed on July 26, 2007 contradicted the Power Point presentation and was submitted to the Pension Officer of the Financial Services Commission of Ontario as well as Canada Revenue Agency, and this at a date subsequent to July 26, 2007.

The complete text of all documents duly signed should be made available to all members of the Committee several days before each meeting. The committee members would then have the opportunity to examine these documents before being asked to discuss or decide upon them. Finally, the members of the Committee should be authorized or informed that they may ask questions of any one who can clarify the subjects that will be discussed without having to ask permission to do so. The reports from different units should be distributed in advance so that the data can be verified if necessary. In conclusion, I also believe that the members of the Pension Plan Committee should receive the minutes of a meeting shortly after the meeting. .

In summary, we are in need of a system that allows each member of the committee to understand the data presented, to foresee their consequences and to exercise the right to an enlightened vote. All of this is possible, useful and transparent and will have as effect an increase in the credibility of the administrators and in the confidence of those being administrated.

IN CONSEQUENCE, it is moved by Maurice Jetté and seconded by Louis-Gabriel Bordeleau

That measures be taken by the Pension Plan Committee and other parties responsible for the management of the University's Pension Plan. That, to this end, a committee be constituted with representatives of each group sitting at the Pension Plan Committee. The said committee shall analyze the current situation as described above and propose solutions to all parties involved in order to ensure a secure and transparent management of the Pension Plan. Adopted unanimously

APRUO

APRUO RESOLUTION CLAIMING PAYMENT OF THE 3RD INSTALLMENT THAT WAS PROMISED

Annual General Meeting, May 20, 2010

We claim payment of the 3rd instalment promised which must be made to everyone who received the 1st and 2nd instalments paid together in 2003. The amount due is important for everyone and particularly for those who receive a small pension. Each person must receive a sum equal to 50% of the amount received in 2003 plus applicable interest. You can thus make the calculation of what is owed to you and understand the importance of this initiative.

The motive and justification for this claim are provided by the following documents:

- The resolutions of 2009 and 2008 which you can read on our Web site :

<http://www.uottawa.ca/associations/apruo/>

- The documents that we transmitted on March 24th 2010.

The documents are based on information contained in documents from the employer; they have not been contradicted by the administrators of the Pension Plan. The latter repeat that the conditions that they had enacted were respected. We have rejected this affirmation, as proven in our documents. We have shown that the conditions in the resolution of July 24, 2000, were not respected by the employer.

It is important to remember the resolution of the Bureau of Governors that adopted the reform. One has only to cite an important extract. In short, we must obey and consent to the conditions imposed, if not we risk losing the small amount that they wanted to grant us. Herewith the extract of the text containing the conditions and sanctions:

EXTRACT FROM THE MINUTES OF THE JULY 24, 2000 MEETING OF THE BOARD OF GOVERNORS

“an agreement must be struck with the APUO on how to apply Appendix F of the Collective Agreement to the use by the employer of non-allocated reserves;

- the APUO must inform the employer of the results of its member consultations and must confirm that it indeed supports the Reform;
- the APRUO must inform the employer of the results of its member consultations and must confirm that it indeed supports the Reform;
- the AEUO must inform the employer of the results of its member consultations (if applicable) and must confirm that it indeed supports the Reform;
- In the event that
 - there is a threat of grievance
 - a grievance is lodged
 - there is a threat of litigation
 - documents are filed to initiate litigation before a tribunal of competent jurisdiction
 - an appeal is made to a government agency or other whose approval is required,

whether the action or proceeding is individual or collective,

and the Board of Governors is of the opinion that such event merits the suspension of the implementation of the Pension Plan Reform, then the Board reserves the right to suspend the Reform or to terminate its implementation.”

In April 2004, seven members of the Administrative Council met with the Rector who declared that the employer wanted to give nothing to the retirees. If a sum had been attributed to us it was because the administrators feared the revolt that our contentions nourished, otherwise we would have received nothing. He warned us that the new administrators were less scared and if it had to be redone, we would have received nothing. What has followed demonstrates to us that these remarks were serious since the third instalment was not paid in 2006 and the retirees received nothing when there was a contribution holiday in 2007. It is difficult to comment on this type of administrating. The conclusion is up to you.

The information that we provided on March 24 is important and we draw your attention to the following extracts taken from the **Summary of the financial status of the Pension Plan:**

« 3) Though surpluses had all but disappeared by the beginning of 2003, the employer continued to draw contribution holidays and reductions during that year and up to 2006, for an estimated amount of \$22 million. »

22 million dollars, a sum sufficient to pay the 3rd installment.

« 5) Another part of the employer's contribution holidays came from a \$15 million rebate taken in 2007, even though the Income tax Act would have allowed full contributions. »

Remember that the employer must contribute to the pension plan each month unless the law formally forbids it. Otherwise, what it does not contribute is a withdrawal from the Pension Plan which belongs to the retirees and employees. The employer took the benefit in 2007 instead of paying the 3rd installment to whom they had promised it.

« 6) The pension fund posted an apparent surplus of only \$6 million on Jan. 1, 2006. That surplus was deemed too low to pay the third instalment promised to retirees (and employees) in the 2000 Reform. Two points are worth mentioning here:

(i) there was no official actuarial evaluation at Jan. 1, 2006, only a Powerpoint presentation to support the employer's position;

The absence of the actuarial report was confirmed by the person responsible for our Pension Plan in Toronto .

(ii) according to the revised evaluation bases (as implemented by the new actuaries at Jan. 1, 2007), the pension fund would have had a surplus of \$82 million on Jan. 1, 2006. That would have been enough to pay in full or in part the third instalment to retirees and employees (both based on the 1998 listings), especially if any part of the above noted contribution holidays was added in. »

Payment of the 3rd installment could have been done in 2006.

« The following additional information is contained in the actuary's report:

1) *The average value of the retiree accounts held by the pension fund was \$347 thousand at 1-1-2009, compared to an average of \$192 thousand for active employees.*

2) *The share of the pension plan's assets held on account of retiree pensions was 46% of the plan's total assets on 1-1-2009 (\$560 million attributed to retiree pensions, out of the plan's total obligations of \$1.2 billion). That share has been on an uptrend since 2003, when it stood at around 40%. »*

The funds of the Pension Plan belong to the retirees and employees the relative amounts depending on their respective contributions.

In conclusion, herewith the result, for us the retirees and employees, the benefit enjoyed by the employer from the administration of the pension plan:

« 3) From 1998 to 2008, retirees were granted \$27 million from the pension fund on account of contribution refunds (in 1999, 2001 and 2003), employees were granted \$51 million either on account of contribution holidays or refunds, and the employer was granted contribution holidays and reductions of \$117 million. »

It is up to you to judge. As for us we formulate the following requests:

The Association of Professors Retired from the University of Ottawa request that the fiduciaries act according to the fundamental principles of justice and equity. That the administrators act quickly to establish the sums to be paid to each person to whom a 3rd payment is due. That the University of Ottawa pledges to effect the payment within a reasonable time.

IN CONSEQUENCE, it is proposed by André Vachet and seconded by Léo Benoiton

That the present resolution be adopted and that it be brought to the attention of the fiduciaries, (the members of the Board of Governors), the actuaries, the examiners or checkers of the Pension Plan, the members of the pension plan committee of the University of Ottawa, and all persons interested and that they give it appropriate attention.

Resolution adopted, all in favour except John Gardner who requested that his abstention and his name be mentioned in the minutes.