

Joint Pension Bulletin for Queen's University Pension Plan Members

November 30, 2007

Roy Campsall
President
CUPE 254

As representatives of the largest employee groups at Queen's University, we have recently become aware of troubling proposals pertaining to our pension plan that we feel a responsibility to report to all our members.

Pat Cummings
President
CUPE 229

We begin with some brief background. Most employees of Queen's University have the benefit of a decent pension plan that provides a crucial element of our compensation and allows us the possibility of a more secure retirement (depending on our years of service).

Peter Dacin
President
QUFA

This plan is a product of the historical bargaining relationships between our employee groups and the university, as well as the significant and little recognized work of the Queen's Pension Committee (QPC), a body on which all major employee groups and retirees enjoy representation. By all accounts, the Pension Committee has performed superbly well, providing an important voice for plan members in the oversight and decision-making pertaining to the provisions and operation of our plan. Under the stewardship of the QPC the financial performance of the Queen's Pension Plan has been outstanding.

Spring Forsberg
President
QUSA

In recent weeks, we have been become aware that the University Board of Trustees has been quietly developing a proposal for change to this successful governance structure that would signify a serious shift in decision-making power. When we raised questions at a meeting with the V-P Finance and the V-P Human Resources on November 20, 2007, we were told that a new Board Advisory Committee on Pensions (BAC) has been proposed that would, in practice, be inserted between the existing Pension Committee and the Board of Trustees. Furthermore, the initial mandate of this new body, which would include, at most, only one "plan member" representative, would include sweeping authority to formulate recommendations on investment and actuarial questions that to date have been made by the Pension Committee.

Arlic Redmond
President
CUPE 1302

Frankly, we are very disappointed in this development, and we share an urgent sense that this proposal reflects an intention by the Board of Trustees to diminish the scope of authority of our successful and representative Pension Committee in favour of a less transparent body that would be guided primarily by the financial concerns of the employer rather than seeking to enhance the value of pensions for plan members. If, for example, the proposed Advisory Pension Committee decided to change the asset mix of the Pension Fund in order to minimize the financial obligation to the University, this would likely mean lower pensions for future retirees and smaller pension increases for existing retirees.

This proposed change to the basic governance structure of the plan comes at a particularly sensitive time. Following the report of actuarial estimates showing that the plan is in a modest deficit position, all three of our groups agreed to engage in good faith discussions of the plan with the University outside of our traditional collective bargaining. To learn that the Board of Trustees appeared to be pre-empting the possible outcome of these discussions concerned us greatly, and we responded by sending a jointly-signed letter to William Young, the Chair of the Queen's Board of Trustees (see reverse). The content of this letter was based on the information given to us at the meeting on November 20, 2007. In response to our letter, Mr. Young provided us on November 29, 2007 with copies of a draft of the proposed constitution for the BAC dated November 26, 2007. Although there appear to be some minor modifications to what we had been told on November 20, our primary concerns remain unanswered.

In the context of recent plan history and given the behind-the-scenes character of these Board of Trustees proposals, it certainly appears to us that the University is preparing to break with the established tradition of joint decision-making over our pension plan. We want to make it very clear to both the Board of Trustees and our respective memberships that whether it involves negative changes to the governance structure of our plan or cuts to the plan's benefits, we will not accept a move to unilateral employer decision-making. We consider our pension plan to be a sacred trust that must be managed carefully in the interest of all plan members.

The open Annual Meeting of Pension Plan Members is slated for Wednesday, December 5, 2007 in Dunning Hall Auditorium at 1:30p.m. We encourage you to attend this meeting to raise questions and voice concerns regarding this issue. If you are unable to attend, you may wish to voice your individual concerns to the senior administration (Andrew Simpson V-P Finance: vpof@post.queensu.ca) or to the Chair of the Board of Trustees (William Young: bill_young@monitor.com).

With the publication of this jointly developed bulletin, we are also committing to providing further information updates to our members as it becomes available.

Queen's University
Kingston

November 26, 2007

Mr. William Young
Chair, Board of Trustees
Queen's University

Dear Mr. Young,

We are writing in our capacity as the elected Presidents of the unions and associations representing employees at Queen's to express our deep concern regarding a recent development with regard to the Queen's University Pension Plan. As you know, our organizations have been engaged actively with the University in discussions around possible changes to the Pension Plan.

Very recently, we became aware that for some considerable time a lawyer engaged by the Board of Trustees has been working on a proposal to establish a new Board of Trustees Pension Advisory Committee that would be inserted between the existing Pension Committee and the Board. If such a committee is established, it will significantly change the governance structure of the Plan. In particular, we understand that the proposed Pension Advisory Committee would assume responsibility for formulating recommendations on such crucial issues as the overall investment strategy and asset mix of the Pension Fund and the choice of assumptions used in arriving at valuations of the Fund. Until now, such recommendations have been made by the existing Pension Committee which has representation from the Board, as well as active and retired Plan members. We understand that the membership of the proposed Pension Advisory Committee would be comprised of Board members with, at most, a single Plan member (the Chair of the Pension Committee, a position that has historically been occupied by a plan member but could conceivably be another member of the Board). This will shorten the arms length distance between the Board and the Plan and, in our view, represents a very significant shift in decision-making power.

Since its inception, the Pension Committee has enjoyed a very high level of support and trust from Plan members. The current Chair of the Pension Committee, Bill Cannon, has indicated his intention to resign owing to his profound disagreement with the proposed change to the governance structure of the Plan. Other active and retired plan members of the Pension Committee have similar concerns. This has raised troubling questions for both active and retired plan members across the Queen's community. People are asking why, when the Plan has been so well managed by the Pension Committee, does the governance structure need to be changed. Why, when the investment strategies of the Pension Committee have consistently yielded better returns than those of the Board's own Investment Committee, would we want to change the asset mix or overall investment strategy of the Pension Plan? In short, "why fix it if it ain't broke?" Perhaps most importantly, **who will safeguard the fiduciary interest of plan members under the proposed new governance structure?**

Our own concerns are compounded by the apparent behind-the-scenes manner in which the proposal for the Pension Advisory Committee has been developed. For some time, we have been engaged in good faith discussions with the University regarding possible changes to the Plan. Having now learned that the Board is considering fundamental plan governance changes without consulting the plan's members or representatives, we must now question whether our faith has been misplaced. If the governance structure is changed unilaterally by the Board it will not only have a negative impact on the trust and morale of Plan members but will also seriously compromise the relationship between the employee groups and the University.

We would be grateful if you would share this letter and our concerns with your fellow members of the Board of Trustees.

Sincerely

Letter signed by Employee Group Presidents: Roy Campsall (CUPE 254); Pat Cummings (CUPE 229); Peter Dacin (QUFA); Spring Forsberg (QUSA); Arlie Redmond (CUPE 1302).