

December 13, 2005

## **Recent Developments Regarding the Proposed Changes to the Queen's Pension Plan**

I am writing to update you on an important recent development regarding the Queen's Pension Plan.

In March 2005 the University Pension Committee issued a Discussion Paper which proposed a number of changes to the Queen's Pension Plan. These changes were said to be necessary in order to respond to an unfunded liability associated with the defined benefit portion of the Plan. The unfunded liability had stood at \$10.7 million at the last valuation of the Plan in August 2004 and was projected to increase if no changes were made to the Plan. Since then QUFA and the other campus employee groups have been engaged in ongoing consultations with their respective memberships and in discussions with the University Pension Committee regarding the proposed changes.

Last week we were informed that the University Pension Committee had received new financial estimates for the Plan projected forward to August 31, 2006 from Mercer (the actuarial consultants used by the University). Although the Pension Committee has yet to release the actual numbers, we have been told that these new estimates show an unfunded liability that is much greater than previously projected, notwithstanding the very strong return (17.9%) registered by the Pension Plan in the last year. This can only be due to changes in the assumptions that Mercer uses in modeling the financial estimates.

The Chair of the University Pension Committee stated at last week's Annual General Meeting of Pension Plan Members that the previously proposed changes to the Plan are still on the table. However, he also stated that if the Pension Committee accepts the assumptions upon which the new estimates from Mercer are based, the previously proposed changes to the Pension Plan may not be sufficient to address the issue of the unfunded liability.

A week ago the Finance Committee of the Board of Trustees reactivated a special sub-committee to address the Pension Plan question. Their concern, as it was explained, is that the growing unfunded liability will require the University to allocate additional funds to the Pension Plan from elsewhere within the university's budget. We have been told that the Senior Officers of the University, including the Principal, are to become involved in the discussions. A meeting is to be called in early January at which Mercer will make a presentation to the leaderships of the various campus employee groups including QUFA.

QUFA has requested a full copy of the new estimates from Mercer so that we may review it with our own actuarial consultant in advance of the January meeting. We continue to discuss this issue with the Pension Committee and with Senior University Officers. As soon as any new information is available we will convey it to our membership.

Members with questions are encouraged to contact Colin Galinski in the QUFA Office at: [galinski@post.queensu.ca](mailto:galinski@post.queensu.ca) or 533-3224

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December 11, 2005

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