

About Ontario's University Pensions Project (UPP)

June 2015

What are we exploring?

Key stakeholders from across the Ontario university sector (unions, faculty associations, and university administrations) have come together to explore what a defined-benefit multi-employer jointly sponsored pension plan (JSPP) might look like for interested Ontario universities, faculty, and staff.

Why are we exploring this?

The university sector has many different pension plans spread across 20 universities. The idea is to explore whether bringing multiple plans together in a JSPP could achieve savings in plan administration, provide better returns on investments, and enhance plan stability for employers and plan members. A JSPP could also mean a solvency exemption for universities. The potential savings could be invested back into staff, faculty, and infrastructure at universities.

What's in it for employees?

1. **Financial Security:** Large scale plans can produce better returns on investments over the long term, which can mean a more secure and stable future for plan members. Benefits already earned are guaranteed under law, so anyone moving to a new JSPP would keep what they've already earned.
2. **Equal Partnership:** The JSPP model means that both the employee and the employer groups have an equal say in plan governance by sharing the risk.
3. **Portability:** Employees would be able to seamlessly move their pension plan to any other participating university.
4. **Potential Increased Coverage:** Over time, employees who aren't currently covered by university pension plans may be eligible to join.

Why are employers interested in the plan?

1. **Pension Management:** Plan management is an increasingly complex responsibility. Therefore, there is a benefit to turning over responsibility for pensions to managers with expertise and an exclusive focus on this area.
2. **Solvency Exemption:** For universities who need it, gaining relief from solvency funding requirements is essential to the longer-term financial health of their institutions.
3. **Predictability and Savings:** The potential for increased investment returns can mean a more predictable and stable cost structure.

How would employers and employees join?

The process for developing the plan involves four phases: **research, design, build and transition**. In the late 2000s, COU and OCUFA independently undertook a number of pension initiatives to explore the current state and the future of university pension plans. This included commissioning research from legal and actuarial firms about governance issues, releasing educational reports to respective members, and collaborating on full day pension workshops. This resulted in both COU and OCUFA preparing initial grant applications to the Ministry of Training Colleges and Universities (MTCU) to study university sector pension sustainability. In 2013, OCUFA and COU received further support from MTCU to conduct broad research into university pensions, including other JSPPs in the broader public sector, and developing JSPP straw models. The results of this work completed the research phase, some of which can be found on the [OCUFA Pension Review website](#).

Following the **research phase**, we moved into the current **design phase** of this project. This phase has also received financial support from MTCU. In the Fall of 2014, we reached out to interested stakeholders in the sector to provide educational briefings about the JSPP initiative and invited them to a Plenary Body meeting in October to learn about the project, ask questions, and to express an interest in helping to develop a plan framework. Since that time, we've held multiple plenary sessions, shared foundational documents and straw models, and held independent meetings with a variety of groups with common interests to decide what benefits should be included in a plan model and what governance structures are key. In the coming weeks, universities (faculty associations, unions, professional staff associations, administrations, etc.) will be provided with a plan model that has sufficient detail to determine if the parties on a campus would like to participate in the third phase of the project. The Project Oversight Committee for this initiative will actively pursue a provisional solvency exemption for this plan with the Ministry of Finance. COU and OCUFA have also responded to the Ministry's request for comment on their [draft JSPP solvency exemption criteria](#).

The third phase of the project is the **build phase**. In this phase, university partners that have signalled continued interest in the project would join a process to develop the final plan documents and provisions. Central to any future initiative will be the scalability of the JSPP to ensure the plan remains open to mergers of other university plans in the future. During this phase, the new JSPP would be built and staffed.

The final phase of the project is the **transition phase**, which would include a voluntary consent process that will take place on every campus (in accordance with the forthcoming government regulations governing pension plans conversions and mergers). As the interested single employer plans reach the necessary consent thresholds, they would merge into the JSPP.

How long will the design phase of the project take?

The design phase of the project will conclude in the fall of 2015. Timelines for the next phase are currently being discussed. It will likely take some time before a new plan can be built and implemented.

Where can I learn more?

- Visit <http://ocufapensionreview.ca/DocumentLibrary.aspx> to read more about the progress of the project.
- Ask your union or faculty rep, or university administration benefits contact, for a list of Frequently Asked Questions about the project.