



## Happenings with the CAAT Pension Plan

*COMMENTARY BY DARRYL BEDFORD, TRUSTEE FOR  
OPSEU CAAT-A AND PRESIDENT, OPSEU LOCAL 110*

2012 was a particularly interesting year for the CAAT Pension Plan. The Plan continues to carefully manage risks ensuring a strong and viable fund that surpassed \$6 billion in assets this year. As a Defined Benefit (DB) pension plan, it efficiently met its mandate of providing income security in retirement. But the big story in 2012 was from the Ontario government.

### What was the government trying to do?

Ontario was looking to freeze the employer contribution rate for 5 years. Your pension contributions are matched dollar-for-dollar by your college. Contribution rate increases that had already been agreed to could proceed.

The Minister of Finance also appointed Bill Morneau as Pension Investment Advisor to prepare a report on pooling investments. The thinking is that a larger pool managed by a panel of experts would reduce fees and improve returns.

The problem with this concept is that other funds will have demographic and liquidity needs that are distinct from CAAT. Our Plan develops an asset mix to meet the future liability and timing of the pension promises made to our members.

With the CAAT Plan's size and internal expertise, fees are already kept low. The total cost to the CAAT Plan to invest \$100 in assets is about 48 cents, or less than half a percent per year. This is far lower than the fees for retail mutual funds or the funds typically available in a Defined Contribution (DC) pension plan.

Don Drummond praised the structure of the CAAT Plan in his report to the province. The CAAT Plan is jointly-sponsored with employers and employees responsible for making decisions together in the best interests of all plan members.

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## Agreement with the Province

In 2012, the CAAT Plan successfully negotiated an agreement with the province that provides additional contribution stability and maintains Sponsors' control of Plan governance, funding and investment decisions.

The agreement includes:

- An exemption from having to pool Plan investments in any new provincial “pooled fund.”
- A temporary 4-year valuation report cycle, up from the previous 3 years. This allows more stability by providing longer periods for the Plan to manage market volatility.
- An exemption from any proposed special legislation determining funding decisions, which would have significantly impacted the Jointly Sponsored structure and decision-making that has been key to the Plan's stability.
- The Plan will adjust its Funding Policy by adding a temporary “Level 1.” This would only be invoked if there is a funding shortfall and is in effect until December 30, 2017. See <http://www.caatpension.on.ca/en/about-us/funding> for more detail.
- Should this government or a future government fail to meet their agreed-to commitments, the Plan can declare the agreement void

The Plan Sponsors' Committee believes this agreement was the best possible outcome to secure the pension promise.

## Equity adjustments

The Plan struck an Equity Task Force and has acted on the recommendations. I represented OPSEU CAAT(A) on the committee. There was a need to ensure that all members are contributing at a rate that corresponds to the level of benefits they will receive from the Plan.

Both tiers of the Plan's contribution rates will be adjusted in 2013 to improve equity across salary levels. The already-scheduled 2013 rate increase of 0.4% was announced in 2011.

The low rate applies to earnings up to the Year's Maximum Pensionable Earnings (YMPE) and the high rate to earnings above the YMPE. The YMPE is set each year by the federal government and in 2013 is \$51,100.



## NewsLink

Visit the CAAT Pension Plan website at [www.caatpension.on.ca](http://www.caatpension.on.ca) to sign up for NewsLink e-mail updates. This is a great way to keep up to date on developments that affect you.

Acknowledgements: CAAT Pension Plan including faculty, support staff, and administrators from Ontario colleges and college-related employers.

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## Part Time, Partial Load, and Sessional Faculty can join the Plan

There is a common misconception that only unionized faculty can join and contribute to the pension plan. Not so.

The Plan uses the term “Other Than Regular Full-Time” (OTRFT) to refer to these categories of employment. Once you have joined the Plan, you remain a member until you leave your employment at the employer, no matter how many hours you work, regardless of employment classification..

OTRFT members must complete a waiting period of 24 months of “continuous employment.” Generally, if you consistently worked part-time hours during the 24-month period in question you are considered to have completed continuous employment. Vacations and leaves of absence are included in the calculation of continuous employment.

## Defending DB Pensions

Demographic shifts, concerns about adequate income in retirement, and a renewed public debate on sustainability of defined benefit (DB) pension plans have made front page news.

Knowledgeable experts agree that DB plans are, on the whole, well-run, secure and sustainable. DB plans are efficient and low-cost arrangements that provide long-term capital investments to help build the economy.

Derek Dobson, CAAT Plan Manager and CEO, and his team are active in speaking to members, stakeholders, government and professional bodies to highlight the benefits of DB pensions.

In 2011, the average annual pension amount was \$23,768. This is hardly “gold plated” as some politicians and critics claim.

You’ll hear many of those same critics propose that newly hired public sector employees be forced into a DC plan. This is bad public policy and would harm our current and future members. It would close the existing DB plan to new members; with a shrinking membership, it would only become more expensive to maintain fund stability and meet commitments to retirees as the Plan would rapidly mature.

## Plan Growth

This past year the Plan has been busy speaking to stakeholders about an initiative that would invite interested Ontario university pension plans to join the CAAT Pension Plan.

Your representatives believe strongly that any such growth must be voluntary, that the joint sponsorship model be maintained with college faculty playing an equal role in plan governance, and that the plan not be saddled with past deficits from other plans wishing to join. We have confidence in the CAAT Pension Plan team who have taken a cooperative, reasoned approach on this issue.

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## OPSEU Convention 2013

OPSEU Convention 2013 will be held from **April 25-27, 2013** at the Metro Toronto Convention Centre. Delegates will join together for a dinner meeting – details will be sent to local presidents.

### DEADLINES:

Please be advised that **Monday, March 11, 2013** is the deadline for submitting *Resolutions and Constitutional Amendments*.

If your Local intends to send Alternates or Observers to the Convention, please complete the *Alternates' or Observers' credential form*, and return it to your Regional Office NO LATER THAN **Friday, March 15, 2013**.

Completed Accommodation Request Forms must be forwarded to Nympha Chan, Conferences Secretary, by fax at 416-448-7468 or by email to [nchan@opseu.org](mailto:nchan@opseu.org) no later than **Friday, March 15, 2013**.

Delegates/Alternates/Observers are responsible for making their own accommodation arrangements at either of the convention hotels. The *hotel cut-off date* is **Friday, March 22, 2013**. After that date rooms and pre-set rates cannot be guaranteed.

## College Academic Divisional Executive

The Division Executive (DivEx) is the governing body for Academic employees of OPSEU. The Divisional meeting is made up of delegates from each of the Community Colleges using the formula found in the OPSEU Constitution.

The purpose of the executive is to conduct the business of the Division between Divisional meetings. It shall take the necessary actions and decisions to ensure that the Division, its committees and the locals operate within the constitution, bylaws and decisions of the Division. The Executive consists of five persons elected by the Division. The chair and vice-chair are elected by the division.

- Benoit Dupuis, Chair, La Cité, Local 470
- JP Hornick, Vice-Chair, George Brown, Local 556
- Rod Bain, Algonquin, Local 415
- Lynn Dee Eason, Sault, Local 613
- Jacques O'Sullivan, Centennial Local 558

## To contact your College DivEx, please write to:

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