TUFA PENSION
Backgrounder: TUFA’s Pension Situation

Current Financial Status of the Trent Faculty Plan

TUFA members' retirement income has two components: a registered Contributory Pension Plan and a Supplemental Retirement Arrangement. Together these are called the Aggregate Retirement Arrangement (APR). Our APR has been financially stressed for the last decade with the result that in 2017/18 Trent University paid an additional $5,925,000 in special payments into the Plan to remain compliant with provincial regulations. This was in addition to regular contributions paid by the Employer ($3,631,000) and TUFA Members ($3,076,000) that same year.

History of TUFA’s Consideration of JSPP Options

Initially, the Ontario Colleges' CAAT Plan, seemed the most likely prospect for a merger and TUFA engaged with the leadership of CAAT to determine what a migration into their plan might look like. We also invited CAAT representatives to present information about their plan directly to TUFA members on several occasions. While we were engaging with CAAT, another option emerged: under the leadership of OCUFA and the COU, a number of faculty association leaders and senior administrators at universities confronting significant pension funding shortfalls began imagining the prospect of a multi-employer plan for the University sector.

Although the work involved in launching a provincial pension plan from scratch is enormous and -- at the outset seemed impossible to accomplish -- the framework has now been laid for just such a plan: the University Pension Plan (UPP, for short). Much of the credit for moving this project beyond the abstract is owed to TUFA's own chief negotiator, Susan Wurtele, who served as the point person for the Ontario Confederation of University Faculty Association in the early stages of the UPP's development.

As interest in the UPP increased, three large universities with the most at stake in finding a pension solution (Toronto, Queen’s and Guelph) decided to withdraw from the existing planning/design phase of the project to complete the finalization of the Plan on their own. While this was not ideal from TUFA’s perspective, we and other potential participants realized that the UPP could not succeed without its early adoption by larger universities. Consequently, Trent and other interested universities pressed for assurances that the UPP would be immediately opened to other Ontario universities if the Plan was successfully built. With this assurance in hand, those not in the ‘group of three’ adopted a wait-and-see posture.

Ontario Government Commits to Funding Relief for the UPP

One of the uncertainties that faced the UPP was whether the Ontario government would grant the new pension plan the same favourable funding rules that apply to existing Jointly Sponsored Pension Plans (JSPPs).

In a promising signal to the sector, the Ontario Finance Minister's Fall Economic Statement included the following in reference to the prospect of a new JSPP:

> The government is committed to improving the pension system for the university sector. A new JSPP is a means of obtaining efficiencies of scale, improved investment opportunities and savings in plan administration. The new JSPP would allow universities to focus on their core mandate of providing high-quality education for students rather than diverting resources to managing their single-employer pension plans.

If created, the UPP will not be required to fund on a solvency basis, and if we merge the Trent Faculty Plan into the UPP, special payments based on the existing solvency deficit would be eliminated.