

UGRA NEWSLETTER

University of Guelph Retirees Association
UGRA Info-line: 824-4120 ext. 52197 • www.ugra.ca

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NO INFLATIONARY PENSION ADJUSTMENT FOR 2007

We have been informed by the University that the inflation rate for 2007 was 1.84% which is below the 2% cut-off level required before automatic pension adjustments are made. Accordingly, retirees will not be seeing any increase in their pensions for 2007.

The University actuaries, Towers Perrin, use the rate of inflation as calculated by the Bank of Canada as the basis for determining if there should be any pension increase and, if so, how much it should be.

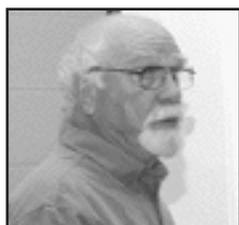
In the past, the University has written to retirees to inform them of the rate of inflation and of any pension increase. This year, however, the University decided to forego the usual fall letter advising retirees of any change to their pension amounts.

From time to time the University has made ad hoc adjustments to pension payments in recognition of the slowly accumulating shrinkage in relative pension income even when inflation is below the critical 2% level. In our UGRA Pensions Brief presented to the Pensions and Benefits Committee of the Board of Governors in May, we asked that the University make at least a partial “good faith” adjustment in 2007. No such adjustment will be forthcoming.

The University President, Dr. Alastair Summerlee, has stated that he shares our concerns regarding the effects of inflation on our pensions. However, according to Dr. Summerlee, the University cannot afford to provide an ad hoc increase because it is facing substantial windup deficits in both the Retirement and Professional Plans.

UGRA

UGRA PRESIDENT'S MESSAGE



Ted Burnside

Let me begin by wishing each University of Guelph retiree a happy, healthy and rewarding 2008. Your UGRA Executive continues

to work tirelessly to ensure that your concerns are addressed and that retirees have a continuous dialogue with the University Administration and our colleagues in various employee groups at the University. This is particularly important at the moment because each bargaining unit is currently or has been recently engaged in negotiations with the University Administration on salary, benefits and other matters.

I have found it interesting that some other Ontario universities with defined benefits pension plans have provided better inflation protection to their pensioners than does the University of Guelph. For example, the University of Toronto Faculty Association, which incidentally has retiree representation on its Negotiating Committee, has secured full ad hoc indexing top ups for actively employed Association members as well as for their retirees for 2007 and 2008. This goal has been achieved even though that University has had to sustain its normal contribution to its Pension Fund while also complying with Ontario's pension windup legislation.

Continued on page 2.

Continued from page 1 - **UGRA PRESIDENT'S MESSAGE**

As another example, the University of Waterloo is committed to protect purchasing power for annual inflation rates of up to five percent.

In contrast, your University pension's purchasing power has been eroded over the last six years because the University of Guelph has provided no regular ad hoc inflationary adjustments except for a 1% increase in 2004. We encourage President Summerlee to publicly explain why the University is not able to offer you better inflation protection, particularly in view of what some other comparable Ontario universities have done and which face similar challenges.

David Hull, our representative on the Board's Pension Committee, continues to press on your behalf for improved inflation protection. On other matters, various members of our Executive Group will strive to cultivate improved dialogue and consultative processes with the senior members of the University.

Your executive had a very informative and worthwhile meeting with Dr. Glen Filson, newly elected President of the University of Guelph Faculty Association, in November 2007 at our regular Executive Meeting. Glen described the negotiating process that his association is involved in since it became a certified union. The union speaks for all faculty and professional librarians, but unfortunately it does not represent retirees. We made Glen aware of our members' needs (and indeed the future retirement needs of current faculty and librarians who will one day also be retirees) with respect to pensions and benefits. We also argued that the University, the Faculty Association and other bargaining units have a fiduciary responsibility to protect the interests of their respective retiree groups.

We are pleased to announce that we have just received word from the Guelph and Wellington United Way Campaign Director, Lori Arsenault, that University of Guelph retirees contributed over \$54,000.00 towards the recent United Way drive contributing in a major way to improving the lot of those who are not so fortunate as we are. This surpasses the goal of \$53,000 set for retirees by the University Co-Chairs of the campaign, according to Dr. Jim Atkinson, one of the Co-Chairs. Assuming we have about 1600 retirees, this represents \$ 34.00 for every

retiree from the University! I am proud to be a member of such a public-spirited organization! Congratulations!

I am happy to report that the University Administration will assist the UGRA in creating a fully up-to-date annual listing of all University of Guelph retiree names, home and email addresses. This we deem essential if we are to represent your interests.

The administration recently, at our request, began asking all employees who retired from the University after August 2007 if they would sign a release giving the UGRA permission to add their names and addresses to our mailing list, which is growing. Further, Martha Harley, Assistant Vice President, Human Resources, wrote to me in November to propose that the University administration will be in touch with each of you by mail asking you if you would be willing to release your name, address, phone number and email address to us. Be assured that we will be vigilant in ensuring this list does not get into the hands of any agencies that might use it for commercial gain.

Dr. Ken Grant, Vice President, chaired The December meeting of our Executive, as I was very ill with a cold. He led a lively and wide ranging session to set out a strategic plan for our Association. Three principles were defined, and these are:

- Better communication with retirees.
- Better communications with and working relationship with the University administration and communications regarding Pensions and Benefits.
- More effective communication with employee groups of the University.

The strategy will be fleshed out in planning sessions over the next few months. The aim will be to develop a printed document which sets out our Mission, and the strategy we will use to achieve our mission, which hopefully will carry on for several years.

In closing, I have reluctantly accepted the resignation of Pat Hoare, Treasurer, due to work related responsibilities, and we welcome Clinton Martin, a former C.U.P.E. member, to the executive as our new Treasurer. Please feel free to contact me at tedburnside@sentex.ca with your concerns. Ted Burnside, President, **UGRA**

THE LOSS IN PURCHASING POWER OF YOUR UNIVERSITY OF GUELPH PENSION

Although your pension is not fully indexed, the University is obligated to increase your pension payments only when the annual inflation rate exceeds two percent. Over the past few years, however, the national inflation rate has hovered close to 2% and those minor amounts above the 2% cut-off have been compensated. The first 2% of inflation has gone unadjusted apart from an ad hoc increase of 1% in 2004. We estimate that for the period 2002 to 2007, the purchasing power of your pension has decreased by about 11%, which we refer to as uncompensated inflation

adjustments. Furthermore, the University administration has indicated that it is unlikely to make

Pension Today \$	Pension in 20yrs \$
10,000	6,730
30,000	20,190
50,000	33,650

any further ad hoc adjustments in the foreseeable future.

Over time, this uncompensated 2% inflation can seriously erode your

pension. The following examples show the impact on purchasing power of failing to adjust for 2% inflation after 20 years.

After 35 years (not an impossibility for a person retiring at age 55, for example), one's pension purchasing power would be reduced by one-half.

As a consequence of the University's continuing unwillingness to provide adjustments for low inflation effects, the UGRA Executive has become increasingly concerned about the impact on retirees, particularly those who retired many years ago on much smaller pensions. **UGRA**

HOW CONCERNED ARE YOU ABOUT THE LOSS OF YOUR PENSION'S PURCHASING POWER?

We would like to hear from you.

The UGRA Executive wants to know how retirees have been affected by the inflationary decline of their pension purchasing power due to the failure of the University to make adjustments to off set the first 2% of inflation each year. To help you focus your thoughts on the issue and to get a rough estimate of inflation's impact on your pension, we suggest you try a simple calculation. If, for example, your pension payment was \$1,000 per month, the decrease in purchasing power would be calculated as follows:

- \$1,000 per month X 12 months to get an annual pension of \$12,000.

- Multiply the \$12,000 by 2% or .02 to get an annual drop in purchasing power of \$240.
- After 10 years of this, your pension's purchasing power has fallen by approximately \$2,400. That amounts to \$2,400 worth of goods and services you can no longer buy in that 10th year. What sorts of things will you give up?

Keeping this calculation in mind for your particular pension, what impacts have you seen on the purchasing power of your pension in the last several years? Do you foresee any need to make housing, health care, travel or any other changes as a direct consequence of your pension's failure

to keep up with inflation? Also, we would like to know what steps, if any, you have taken to protect yourself against the loss in purchasing power.

In replying, please indicate when you retired and from which employee group. This will be helpful to us as we develop a picture of how the members of the different retirement plans have been affected by the lack of adjustments for low inflation.

If you are interested in participating in this information exchange, please send a letter to UGRA (P.O. Box 4916, University of Guelph, ON N1G 2W1) or you may reply to **Dave Hull**, Chair of the Pensions Committee at dchull@rogers.com. We give you the assurance that your responses will be strictly confidential. **UGRA**

WHAT PENSION PLANS ARE IN OPERATION AT THE U of G?

The University of Guelph operates a defined benefit pension scheme, as do seven other Ontario universities. At Guelph, there are three distinct plans as

described in the table below. The Non-Professional Plan is closed while the Retirement and Professional Plans remain open and actively enroll new employees.

PLAN	Employee Groups Represented	Number of Retirees (Approx)	Average Pension (Approx)
Non-Professional (closed plan)	Non Professional Employees hired by the University prior to 1981	100	\$6,000
Retirement (open plan)	Police Association, CEP, CUPE 1334, Food Services, Exempt, USW 4120, CUPE 3913	850	\$9,000
Professional (open plan)	Faculty, Professional and Managerial Staff, College and Academic Research Group, ONA	825	\$35000

At the present time, The Retirement and Professional plans have considerable windup liability deficits while the Non-Professional plan has a surplus with respect to

windup obligations. The total market value of the three plans together is \$906.4 million. **UGRA**

HOW ARE THE PENSIONS MANAGED?

The University Office of Investment Management (OIM) is responsible for directing and supervising pension investment management, including the monitoring of plan managers. The OIM reports regularly to the Pensions Committee of the Board of Governors.

The OIM is assisted by the Investment Management Committee (IMC) which is comprised of individuals with investment experience who volunteer their time to assist the University.

The IMC acts as a sub-committee of the Pensions Committee with responsibility to review, recommend and implement detailed investment policies, set investment strategy and oversee implementation of investment strategies.

RBC Dexia acts as custodian for the pension plans. In this role they legally

safeguard the securities purchased by the plans' investment managers and provide monthly reports detailing all transactions.

Mellon Analytical Solutions provides the University with independent performance results on a monthly and quarterly basis.

There is now no committee offering advice on pensions to the University administration. All attempts to rejuvenate the old Advisory Committee on Pensions and Benefits or replace it with individual plan committees have failed. Our only formal representation to the University on pensions at present is through the Pensions and Benefits Committee of the Board of Governors to which the UGRA is asked to nominate annually a retiree representative.

The UGRA Pensions Brief was presented to the Pensions and Benefits

Committee of the Board of Governors in May for information.

The bargaining units on campus do not formally represent retirees although their bargaining efforts might have an impact on the ways the plans operate. We are keeping these units informed of pension issues of concern for us.

For further information on pensions, please read UGRA's brief on pensions as published in the Newsletter of Spring 2007, p.4-6 (available on the web at <http://www.ugra.ca/docs/UGRASpring2007.pdf>). This formal statement represents the UGRA position on pensions. The present UGRA Pension Committee consists of John Benson, Ken Grant, John Holt and Dave Hull (Chair). Dave can be reached at dchull@rogers.com. **UGRA**

HOW HAVE THE PENSION PLAN INVESTMENTS BEEN PERFORMING?

Fund Component Performance over the Last Year Ending June 2007:

Total Fund Gross Return	23.5%
Canadian Equities	31.6%
Canadian Fixed Income	5.1%
U. S. Equities	12.7%
International Equities	25.9%

Total Fund Gross Return over the Last 10 years.

1 Year	23.5%
2 Years	15.3%
3 Years	13.1%
4 Years	13.3%
5 Years	10.7%
7 Years	6.3%
10 Years	7.6%

GUELPH-HUMBER STUDENT SELECTED FOR 2008 UGRA AWARD

The 2008 UGRA Bursary in the amount of \$1,000 was awarded to an undergraduate student who is the grand-child of a retired OAC faculty member. Selection was based on financial need with a

minimum 75% cumulative grade average required.

In 2009, the UGRA bursary will be replaced by a new scholarship award. The main criterion for this award will be high academic achievement by a

student related to any University of Guelph retiree as a child, grand-child or great grand-child. Consideration will also be given to financial need. The amount awarded will be increased to \$1,500. **UGRA**

IMPORTANT NAME CHANGE REGARDING YOUR TRAVEL BENEFITS

WORLDWIDE ASSISTANCE CHANGES NAME TO EUROP ASSISTANCE

Worldwide Assistance Services, the emergency travel assistance provider for Sun Life has changed its name to Europ Assistance, USA, Inc. Europ Assistance, which is the parent

company of Worldwide Assistance, is one of the world's largest emergency travel networks.

The name change will not affect the services provided or the phone

numbers you call when you have an out of province emergency. These numbers are printed at the back of your travel card. **UGRA**

LETTERS TO THE EDITOR

Do you have any comments or concerns regarding topics in this Newsletter that you would like to share with other University of Guelph retirees? We welcome your ideas, suggestions and comments. Please write to us: Newsletter editor, University of Guelph Retirees Association, University of Guelph, Guelph, ON. N1G 2W1 **UGRA**

RETIREES TOUR NEW UNIVERSITY OF GUELPH SCIENCE COMPLEX

Staff from Alumni Affairs and Development gave us an insightful walking tour of this \$140 million innovative teaching and research complex, which integrates a good deal of the biological sciences and some of the physical sciences on campus; the Deans of Biological Sciences and of Physical Sciences now occupy adjoining suites of offices. In addition, the complex provides state-of-the-art facilities that can be used by anyone on campus.

The one hour tour was followed by a very pleasant coffee reception at which President Summerlee regaled us with stories about the design and construction of the complex. He thanked retirees for their past and continuing service noting that the present reputation of the University

(which is continuing to grow) was built on the shoulders of generations of dedicated employees. We should all be proud of this complex. As a member of the UGRA Executive, I thanked the President and the tour guides on behalf of the retirees present. These tours serve several functions, one of

which is the social contact with old colleagues and acquaintances; there was lots of chatter during and after the reception. I encourage you to take advantage of any future tours. The ones I have attended have been most informative. **Dave Hull**



President Alastair Summerlee speaking to retirees

LIST OF RETIREES

EMPLOYEES WHO RETIRED SINCE SEPTEMBER 1, 2007

NAME	DEPARTMENT
Anna Baccin	Hospitality Services
Diane Barber	Human Resources
Brian Beattie	Human Resources
Michael Brookfield	Land Resource Sci
Anne Ciccia	Pr/Shs Environ Serv
Ralph Daehn	Office of the Cio
Nicoletta Ferrantone	Phys Res Custodial
Tereza Gyuro	Human Resources
Diana Kormendy	SI & Cs Directors Off

NAME	DEPARTMENT
Karen Kovats	Human Resources
Patricia Manolis	Human Resources
James Mcdooling	Human Resources
Ian McMillan	Animal & Poultry Sci
Alan Meek	Population Medicine
Violet Walker	Graduate Studies
Ellen Wall	Fac of Enviro Sci
Christy Watson	Phys Res-Admin

DECEASED RETIREES

DECEASED RETIREES SINCE SEPTEMBER 30, 2007

Rex A Barrell	2007/10/12
Alex MacIsaac	2007/10/25
Jan Thorsen	2007/10/26
Ilona Rieger	2007/10/31

Norman Boutilier	2007/11/12
Mary I Gamble	2007/11/20
Theodore Hadwen	2007/12/27
Dunda Leather	2007/12/27

UGRA EXECUTIVE COMMITTEE FOR 2007-2008



At Back Left to Right: Ken Grant, Ted Burnside, Bruce Ryan, Dale Lockie

At Front left to Right: John Holt, Dave Hull, Ed Herold, Gil Stelter, George Loney

Missing: Allan McInnis, Roger Hacker, Clint Martin, John Benson

RRSP TAX BREAK FOR SENIORS

The federal government last year passed legislation which increased the maturation limit for the mandatory conversion of RRSPs from 69 years to 71 years. This means that seniors have an additional two years for their RRSPs to grow tax-free without the taxable required withdrawals.

Persons who are 69 or 70 and still earning an income can still contribute to an RRSP in 2008 and 2009.

At the age of 71, an RRSP must be converted to an annuity or a Registered Retirement Income Fund (RRIF). Those having a RRIF must withdraw a minimum amount from their plan annually and report the amount on their income tax returns. At present, the minimum amount to be deducted at the age of 72 is 7.48% of the RIFF's value. The required percentage deductions increase as one gets older. **UGRA**

TIME TO RENEW YOUR VOLUNTARY CONTRIBUTION TO THE ASSOCIATION FOR 2008-2009

As we move toward a new fiscal year, we wish to renew our annual appeal for the voluntary contribution to the Association so that your Contributing Membership status in the Association is secured for another year. Every retiree automatically becomes a member on retirement but we depend on our Contributing Members to cover the costs of this newsletter, other mailings, scholarships, meeting room rentals and some support for a member of the UGRA Executive to attend meetings of the College and University Retiree' Association of Canada and other work of the Association.

We have again included a handy tear-out card to return with your cheque. We have asked for a contribution of \$20 but always appreciate those members who add some extra funds to help us carry on the work. **UGRA**

Past President

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Chair, Benefits Committee

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Chair, Scholarship Committee

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EXPLORE YOUR WEBSITE

The University of Guelph Retirees Association maintains a website and we want your input to make it better. The website address is www.ugra.ca.

The website is a place where we put information that keeps the U of G retiree community up-to-date with what is going on in the news, on campus and in the association. We publish items of interest as well as minutes from the UGRA monthly meetings. Many of our retirees are living and traveling in far flung locales and the website can be a link back to your former colleagues.

Currently, the UGRA home page is showing the most recent message to retirees from Ted Burnside, UGRA President. A link to the previous newsletter is also available on the home page. To see what is happening more broadly among retirees from Canada's universities, click on the link to the inaugural issue of the newsletter for the College and Universities Retiree

Associations of Canada. It is packed with 18 pages of interesting information. Another link takes you to an intriguing list, assembled by Tilly Endurables, of ways to stay safe from pickpockets and other challenges when traveling. One of the drop-down menus at the top of the page will take you to a description of our history as an association, our constitution and the means by which you can be in touch with us. Take a look and see what else you can find there.

We want to make the site as interesting and relevant as possible to you so please let us know what we can add to the site that would help. If you know a website that is great for travelers; if you have been on a trip and want to write a small piece about it or if you have an idea and aren't sure if it will work, send it in to website@ugra.ca and we'll figure out what to do with it next. **UGRA**

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