

# Salaried Pension Plan Report to MURA AGM 2021

Let me start by thanking MURA Council for their continued confidence in designating me as your representative on the Pension Trust Committee (PTC).

Human Resources issued statements in December 2020, which reflected pension entitlements as at June 30, 2020. If you didn't receive a statement, or if you have questions about your statement, you are encouraged to contact the Human Resources Service Centre at 905-525-9140 ext. 22247.

Before I get into my Salaried Pension Plans report proper, there are two items relating to the salaried plans in an indirect way. In the McMaster Annual Financial Report 2019/2020 [<https://financial-affairs.mcmaster.ca/app/uploads/2020/10/2019-20-Annual-Financial-Report.pdf>], there is a mention of the University Pension Plan on page 16: "The UPP, as designed, is more expensive than McMaster's current plans, however management is monitoring UPP design and transition planning."

The second item of interest is an announcement by Statistics Canada. Starting next month (July 2021) and going forward, the Consumer Price Index will be modified. There will be a change made to the weightings of items. This will hopefully allow the Consumer Price Index to better reflect what consumers are experiencing.

The Salaried Pension Plans are doing well! After the drop in March 2020, investment markets around the world recovered by June 2020, and have continued to be quite bullish. As a close to home example, the TSX broke the 20,000-point level for the first time ever in early June 2021. These market conditions bode well for the investments the plans have made. The plans' assets have steadily increased in value over the past year.

The March 31, 2021 estimates show that both Salaried plans are fully funded on both a solvency and a going-concern basis, but the fact that these estimates are based on a valuation done as at July 1, 2018 reduces our confidence in them. The valuation done in July 2018 was completed under the provisions of new legislation that classified Plan 2000 as 'closed', which had the effect of increasing the Plan's liability. McMaster petitioned the Financial Services Regulatory Authority of Ontario (FSRA) to have Plan 2000 reclassified to 'open' (and was one of a number of administrators of defined benefit pension plans in Ontario to make such a petition). The FSRA agreed to reclassify Plan 2000 as 'open' under a re-interpretation of the legislation. It is anticipated that the 'open' status will have the effect of reducing the plan's liability, making it more likely the plan will be solvent. Fortunately, the next actuarial valuation of both plans will

be done as at July 1, 2021, about one week from now. These valuations will give a very up to date measurement of both plans' surplus/liability status.

Approval for changing two fund managers was given in the December 2020 Board of Governors meeting. One fund manager was transitioned in March 2021, however, due to a technical issue, the other fund manager was not changed until early May 2021. There are still two other underperforming fund managers. It is anticipated they will be replaced in the coming year.

In 2019, the PTC had set a goal that 10% of plan assets would be in real assets by 2022. This goal does not look achievable at this point. Our real asset fund managers have reduced the amount of money they are willing to accept for investing from their customers. This is due to the uncertainties related to the COVID-19 pandemic. An example of one of these uncertainties is deciding the answer to the question "How many office workers will remain working from home once we are in the new normal?"

### **Will we get an increase in our pension?**

We have yet to see the audited accounting statements of the plans for the period July 2020 to June 2021. Based on the performance of the plans over the past four years as well as from July 2020 to March 2021, I am optimistic that there will be an increase in January 2022.

Brian Beckberger