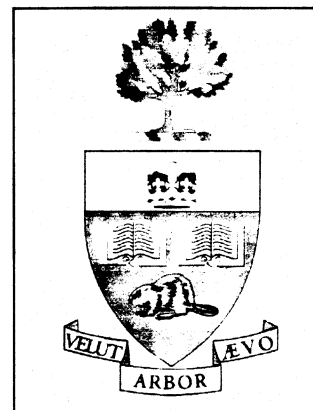


RALUT REPORTER

Retired Academics and Librarians
at the University of Toronto

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**We need a massive turnout of retirees at the UTFA AGM.
Monday April 23, Medical Sciences Auditorium, 4.00 pm.
Please be there and be there early**

President's Letter

First, I would like to thank all of you who turned up at the Medical Sciences Auditorium on February 19th to found RALUT, and all of you who since then have responded to our invitation to join RALUT. Now "you" have become "us" and quite an "us" we have quickly become! Our Secretary Charles Meadow and Treasurer Ann Schabas tell me that as this first RALUT newsletter goes to print RALUT has 380 members. That is nearly four times the number that attended our founding meeting.

We expect that our membership will continue to increase rapidly. The University has agreed to facilitate a mail-out to all the retired faculty and professional librarians, and their survivors, on the Dept. of Human Resources' list of pensioners. Given that the total number on the University list is 1275 retirees and 227 survivors, there is clearly much room – and need - for growing our membership. And I should point out that beyond those receiving University of Toronto pensions, there are colleagues who qualify for membership as "retired academics and librarians of the University of Toronto" whose pensions are not with the University but with one of its components such as a College.

The mail-out is clearly an excellent step towards making RALUT a body that can effectively speak for and serve all retirees. But it is not a substitute for each of you spreading the word to colleagues and survivors of col-

(continued on page 2)

UTFA AGM

Why retirees need to attend

Peter Russell

All RALUT members who belong to UTFA should mark down April 23 as an important date. That is the day UTFA holds its Annual General Meeting. Depending on how negotiations between UTFA and the University go, there may be pension issues discussed at that meeting of great consequence to our members. But, altogether aside from these, we know now that the April 23rd AGM will provide an important opportunity to strengthen the representation of retirees on UTFA's Council. Since, at the present time, UTFA represents retirees in negotiations with the University, it is therefore important that retirees be sufficiently represented on Council.

There is an Alice-in-Wonderland quality to the representation of the retirees constituency on UTFA's Council. UTFA's Constitution stipulates that in distributing Council seats among constituencies "the ratio of numbers of Council to numbers of members of the Association shall be as nearly equal as possible." This seems to require that constituencies be represented on a proportional basis according to the proportion of the total UTFA membership a constituency's members constitute. On that basis,

(continued on page 3)

President's letter (continued)

leagues who are friends of yours but who have not yet joined RALUT. You will be able to do this more systematically when we supply all of you with up-to-date membership lists. This we hope to do once the big surge of new members is over. In the meantime, if you want to inquire about friends in your own part of the university, just leave your name and number on our phone-mail at 416-978-7256, and a member of the Executive or a volunteer will contact you.

The mail-out facilitated by the University's Human Resources Department, the acquisition of a campus address at Alumni House and a 978 telephone number, and permission to use the University crest are all examples of the excellent co-operation RALUT has received from the University. Soon after our founding meeting I wrote to President Robert Birgeneau about RALUT and requested an opportunity for our Vice-President, Germaine Warkentin and myself to meet with him. President Birgeneau responded quickly. Though the Vice-President for Administration and Human Resources, Michael Finlayson attended the meeting the President arranged with us, the meeting's purpose was not to negotiate pension issues but to review the broad purposes of RALUT. The President and Vice-President both responded in a very positive way to the creation of RALUT and promised the University's assistance in helping it to get organized. The co-operation we have received since then fully lives up to that promise – and for this we are very grateful.

Now, some of you reading this letter, may be saying to yourself, "well that's all very nice, but does this mean that RALUT is starting off by getting so cozy with the University administration that it will not be able to act as a strong and independent advocate of retirees' interests?" I want to assure you that this is not the case. Germaine and I told the President and Vice-President that while RALUT acquiesces, for now, in having retirees's pension issues negotiated by UTFA as part of its general negotiation of salaries and benefits, RALUT will assess the outcome of these negotiations in terms of the principles on pension surplus RALUT adopted at its founding meeting. We left no doubt that should we be confronted with an UTFA/U of T agreement that runs counter to these principles, they will most certainly hear from us.

Your Executive Committee has been monitoring the UTFA/U of T negotiations as best it can. Recently RALUT's Pension Committee, headed by Harvey

Kerpneck, met with Lloyd Gerson, UTFA's Vice-President (Salaries, Benefits and Pensions) who conducts UTFA's negotiations (with a small group of "advisers" whom he did not want to attend the meeting). At this meeting we learned that mediation will take place from April 9 to 12. It may possibly run into the following week. If the mediator produces an agreement between the University and Professor Gerson, within a day or two it will be submitted to an emergency meeting of the 64-person UTFA Council (on which retirees have two representatives). If the agreement is ratified by a majority of Council, that – apparently – is that. UTFA officials told us that it is their understanding that a General Meeting of UTFA's members could not rescind ratification by using the power it has under UTFA's by-laws to give "directions" to Council. I might say that, as a constitutionalist, I am not at all sure these officials' understanding is correct.

As soon as our Pension Committee learns of an agreement emerging from the mediation process, it will assess its pension elements in terms of the statement of principles on pension surplus you unanimously adopted at RALUT's founding meeting. Elsewhere in this newsletter, Harvey Kerpneck will tell you about his committee's preparation for such an assessment, and our options if the agreement fails to meet our principles. The most positive point I brought away from the meeting is that UTFA's President Rhonda Love and Professor Gerson both assured me that they would not accept any move by the University to make an agreement reached in these current negotiations a once-and-for-all disposition of any surplus in our pension fund.

Let me conclude on a less ominous note. Recently I learned that there is a Canadian Association of Emeriti and Retired Academics (CAERA). CAERA at this point is simply a loose network of associations. It has, as yet, no national executive, formal membership or funds. But since 1994 it has held meetings at what we used to call "The Learned's" (now known as the Congress of the Social Sciences and Humanities). Alas this year at Congress 2001 at Laval, CAERA will not meet as there is no retiree association to host a meeting. All this I have learned from the University of Alberta's Association of Professors Emeriti. Through the Alberta Association's efforts, 21 organizations of university retirees have been identified. Why on earth did it take so long for the University of Toronto to provide the

(continued on page 3)

President's Letter (continued)

22nd?

The material the Alberta Association provided shows the wide range of useful functions a retirees association can perform. For instance, the Alberta Association has developed an Emeritus Resource Inventory that is sent to Deans and Department Heads setting out the interests and needs of retired faculty. Quite a few retirees associations have web sites (RALUT will have one soon). Just a quick scan of these sites shows a tantalizing menu of possible activities. Our Members Concerns Committee, chaired by Germaine Warkentin, will soon be asking you about the activities and functions you would be most interested in having RALUT develop.

I know that many of you joined RALUT in the hope that it would "deliver the goods" in terms of a better deal on pension issues. That your Executive surely must strive to do for you. But I want RALUT also to be a participatory organization in which you can feel some ownership of what it is and what it does. That means having many members beyond the Executive involved as volunteers and participants in RALUT's work and activities. We have much to accomplish together.

Sincerely,

Peter H. Russell

RALUT Members' meeting

At the founding meeting of RALUT on February, we promised that there would be a full members' meeting of the association this spring. The date has been set, so put it on your calendar now

**Monday, May 1, at 2.00 pm, at the Koffler
Centre for Pharmacy Management.**

598 Spadina Ave, Entry from Spadina Ave and
from Bancroft Ave

UTFA AGM (continued)

given that 599 retirees constitute 24% of a total UTFA membership of approximately 2500, one would expect that retirees might have somewhere around fifteen members of its 64 member Council. But no – retirees have only 2 representatives, just 3% of Council.

As a small step towards rectifying this situation, the large group of us who met on September 6, 2000 requested that UTFA increase retirees representation on its Council from two to six. At its meeting on September 19, UTFA Council agreed to consider supporting such a constitutional amendment, and in the meantime to invite four retiree "visitors" to attend Council meetings. These four "visitors" would have "voice" but no vote. It soon turned out that they would not have "ears" either on pension issues of great concern to them. In January, a majority of Council fearing that the visitors might breach confidentiality rules, required that they leave the room when reports of negotiations with the University were being discussed.

UTFA Council at its meeting on March 12 voted against proceeding with the expansion of Council to provide for four additional retiree representatives. However, at the same meeting it agreed to allow a motion to make such a change included on the agenda of its AGM. Accordingly, at the AGM on April 23, a RALUT member will move that the UTFA Council be expanded from sixty-four to sixty-eight to provide for four more representatives of the Retired Faculty, Librarians and Research Associates constituency.

I hope as many RALUT members as possible will attend the AGM and support this amendment to UTFA's constitution, even though it can be no more than a temporary step in achieving a sensible long-term solution to the proper relationship between retirees and UTFA. A number of non-retirees at the March 12 meeting of Council voted in favour of increasing retirees representation, and some voted against it because they saw the inadequacy of such a reform as a long-term solution. I think that passage of this mild temporary reform would be at least a measure of good-will in restoring a more harmonious relationship between retirees and "active" members. Remember, this is a vote to amend UTFA's constitution. It requires a 2/3 vote of those present and voting at the AGM to carry a motion to amend. A minimum of 1/3 will be needed to counter any proposal put forth by opponents of our motion – which at the moment, unhappily, includes one of the retirees' own represen-

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UTFA AGM (continued)

tatives.

In a short presentation I made as RALUT's President to UTFA Council at the conclusion of its March 12 meeting, I pointed out that with increasing life expectancy and early retirement on the one hand, and steady-state (at best) university hiring on the other, it will not be long before retirees outnumber colleagues in active service. I added that a faculty association in which retirees could come to have a dominant role does not strike me as a good idea!

It is in this context that UTFA's President, Professor Rhonda Love, and I have agreed that UTFA and RALUT should establish a joint task-force to explore possible long-term structural relationships between retirees and active faculty and librarians. Such a task-force should examine how such relationships are being structured at other universities, especially those where retirees have established their own association. For instance, under proposals approved by the Faculty Association's Council at the University of Windsor, members of the U of W Retirees Association (WURA) become associate members of the faculty association and WURA representatives have an "up-front voice and vote" on the Faculty Association Executive "on issues related to pensions and pension benefits".

I am not at this time proposing the University of Windsor arrangement for us. There are many others that we should examine. We will have to design a structure that fits our situation at the University of Toronto, but we can learn from what colleagues at other universities who have worked on this ahead of us have done. In the end, the best solution will be one that can win the support of a majority of active members of UTFA and a majority of RALUT's membership. I am convinced that will be the best way of maintaining the friendly, collegial relationship between retirees and their active colleagues desired by all.

Remember: April 23, 4.00 pm, at the Medical Sciences Auditorium.

RALUT's Progress

As you can see from our masthead, the founding of RALUT has been acknowledged by the University, and we have acquired an on-campus address, a mailbox at Alumni House, and a university phone number. The number has voice mail, which we will be monitoring closely. The current membership of RALUT, as of April 5, 2001, is 378.

RALUT began with a list of retired faculty com-

Class Action Suit

On March 12, four retired women faculty – all of great eminence in their fields -- launched a class action suit against the University of Toronto. Phyllis Grosskurth (English), Ursula Franklin (Metallurgical Engineering), Blanche Van Ginkel (former Dean of the School of Architecture) and Cicely Watson (OISE) are seeking pension equity on behalf of sixty women faculty members who retired before 1991.

In that year the university, at a cost of approximately \$2,000,000, implemented changes intended to ensure that women faculty, after many years of unequal pay, were rewarded with salaries equivalent to those of male faculty who had the same teaching responsibilities and research achievements.

The 1991 changes, however, did not protect women faculty who retired before that date, and the purpose of the class action is to repair that situation. Many of these elderly women scholars are now living near the poverty level, and there has been a good deal of attention in the press to their situation (among others, see the article by Ellie Teshler in the Toronto Star for April 5, 2001).

The case was set in motion when lawyer Mary Eberts served papers on the administration giving them 20 days to respond. On the 20th day the administration's lawyer, John Murray, asked the courts for a thirty-day extension to prepare the university's case. This clearly indicates that the case is one the administration intends to fight, and we will be keeping you up-to-date on events as they take place.

G.W.

piled painfully from personal contacts, old departmental lists, and whatever casual information we could gather together. Fuelled by word-of-mouth after the September 6 and February 19 meetings, our address list has nevertheless grown rapidly, and we're very proud of the number of memberships we've received through our own unaided efforts.

In the next week or so however our potential base will be expanded, because through the department of Human Resources we will be sending an invitation to become members to all known retirees and surviving spouses whom we haven't yet been able to contact. We hope to be able to send all RALUT members a copy of the membership list in due course, and that each of you will become an ambassador for the association, contacting friends and urging them to join.

Report from the RALUT Pension Committee

Harvey Kerpneck, Chair, RALUT Pension Committee

RALUT's Pension Committee has been working busily on your behalf, studying and discussing matters of pensions, surpluses, other settlements (like the division of the surplus, or part of it, at McMaster recently), etc. In addition, we produced the following motion, passed by the Executive Committee

RALUT insists that all negotiations relevant to the disposition of pension surplus should meet the principles of RALUT's pension surplus statement, and, if they do not, RALUT is prepared to lodge a protest with the Superintendent of Pensions, pointing out that we have not been a party to any agreement that has been reached or may be reached through the current negotiations.

Your Pension Committee met with Prof. Lloyd Gerson for a short time on April 2. Peter Russell and Rhonda Love, the 2 Presidents, chaired the meeting. Prof. Gerson insisted on not being accompanied by any members of his negotiating team but was accompanied by Marion Perrin, one of UTFA's legal staff. I presented Prof. Gerson with the motion above, and read it aloud to the meeting.

The meeting was, as they say, useful. It enabled us to present vigorously and forcefully our Pension Surplus Position, to question Prof. Gerson closely on his positions - most of which run counter to ours - and to raise a number of important matters. For example, the question of who "owns" the surplus, on which Prof. Gerson's position differs from ours. However, one key point of agreement is that the University owns the surplus only in this sense: it can only be used for the benefit of those in the Pension Plan. The question was raised of the possibility down the road of RALUT in fact taking over negotiations that involve the interests of the retirees. Prof. Gerson insisted that this could not happen; Peter Russell explained to him forcefully that nothing in the Memorandum of Agreement prevented it from happening.

Given that we were limited to the amount of time that Prof. Gerson was prepared to give us, a great deal was in fact dealt with during the meeting. And we made it crystal clear that we do not intend to be passive

bystanders while UTFA negotiates an agreement contrary to our interests or which prejudices them.

There was, of course, as in any meeting with Prof. Gerson, an almost complete inability to acknowledge that there was much justification for our positions. But we were heard out, thanks to Peter, who insisted that we be heard out. And on the whole, while the atmosphere was sometimes heated, it was an opportunity that we needed. We stated precisely how our Pension Committee looked at the matters being dealt with in the current negotiations, from which we have been completely shut out, and to make sure that Prof. Gerson, the chief negotiator, at least listen to a pointed presentation of our concerns and our intentions.

The Pension Committee will continue to meet through the period when it is expected that some kind of agreement between UTFA and the administration will make its way through mediation to ratification -- or otherwise -- by UTFA Council. A problem will be making our voice(s) heard at the Special Council meeting which will be called if an agreement is presented for ratification. As a retirees' representative on UTFA Council I will do all I can to make it possible for retirees who are UTFA members to attend any Council meeting called to ratify an agreement.

Good News about the Joint Plan

Harvey Kerpneck

On both occasions when I met Bob Birgeneau, in September when Ken McNeil and I met him at breakfast before the first UTFA Council meeting, and in early January when he asked me to lunch with him, I raised a number of matters which seemed to me exactly to typify - to symbolize - how the U of T has in the past brushed off retirees the day after they retired. One of them was the matter of the Joint Plan. When one retires - or so it has always been - the Joint Plan is withdrawn and you must reconstruct it for yourself - at additional cost - by joining the Faculty Club, Hart House, etc. separately. I complained strenuously about this and followed up by writing about the matter. Great news! Shortly after RALUT was formed, Peter Russell received a letter from Pres. Birgeneau announcing that henceforward the Joint Plan will continue into retirement. In this respect at least, there will be, as there ought to be, the most seamless move from full-time teaching to retirement. It is a very happy omen, I think.

The McMaster Pension Surplus Story

George Luste

Pending final ratification, McMaster University has negotiated an initial settlement for a cash disbursement of part of the surplus inside their Defined Benefit (DB) pension plan. They have posted much valuable information on the web and for those with web access please browse the links provided at the end of this article.

To illustrate some proposed cash payout numbers for the 1,081 McMaster pensioners:

(i) \$5,000 is the minimum pension surplus cash payout any member of the plan is to receive, regardless of current pension income or active service duration. Most will receive more. For example,

(ii) \$26,700 is the pension surplus cash payout share for a 90 year old retiree

[with a spouse aged 88] whose current monthly pension is \$4,100.

(iii) \$42,900 is the pension surplus cash payout share for a 55 year old retiree

[with a spouse aged 58] whose current monthly pension is \$2,100.

(iv) \$53,900 is the pension surplus cash payout share for a 75 year old retiree

[with a spouse aged 73] whose current monthly pension is \$4,100.

(v) \$76,100 is the pension surplus cash payout share for a 65 year old retiree

[with a spouse aged 63] whose current monthly pension is \$4,100

In the McMaster proposal less than 25 % of the total surplus inside the pension plan will be distributed (in this initial agreement) to the active and retired McMaster plan members. McMaster University is also receiving an equivalent cash benefit.

Professor A. L. Robb, past President of MUFA, has written the following regarding the above numbers:

"... we have been advised that the most equitable settlement would be one in which individuals were offered a payment in proportion to their share of liabilities in the Plan (basically the amount owed to them). This seems about as equitable an approach as is possible. Individuals will benefit according to the amount "owed" them from the pension plan at the time of distribution. ... It would be misleading, however, to suggest that the liability distribution method is without flaws, though it seems to be the better of the two approaches available. "

Some other points that I think are significant.

(1) Their pension surplus negotiations are separate and decoupled from any Salary & Benefits negotiations for their active members, -- unlike the current U of T situation. (I know of no other institution besides U of T where they are coupled

(2) All McMaster stakeholder groups, including McMaster's Retirees Association, are involved in the negotiations and all plan members are voting on the acceptance, including the retirees. Again unlike the U of T situation. (The McMaster procedure is most likely to ensure final approval from the Ontario pension regulator, the Superintendent of the Financial Services Commission of Ontario.)

(3) Initially they tried to distribute the surplus via an "improved benefits" mechanism (as is being attempted here at U of T) but found this impractical and unfair to some plan groups -- such as the retirees.

(4) McMaster decided to scrap the "improved benefits" scenario initially proposed and opted instead to distribute the surplus via a "cash payout" -- with tax-sheltered options whenever possible. The UTFA V-P for Salaries and Benefits has told us in the past that a cash payout in an ongoing DB pension plan was "not possible". Clearly it is possible.

(5) From the McMaster web link (b) below, one reads: "Apart from the issue of splitting the surplus between eligible Plan members and the University, there is the additional question of equitable allocation of the surplus

among the Consenting Group. The Committee unanimously believes that the fairest method is a modified pro-rata distribution based on the value of a Plan member's pension, and this is what we agreed upon in the Proposal. All pensions have a "commuted value" which is the lump sum, present value of a member's pension. A surplus allocation method that distributes the surplus in proportion to the value of each participant's benefits, in other words, on a pro-rata basis, is the most commonly used across Canada and is, in fact, generally required by law in some other provinces. It has also been accepted on numerous occasions by the regulator of pension plans registered in Ontario, the Financial Services Commission of Ontario and the Ontario Superintendent of Financial Services, as well as their predecessor, the Ontario Pension Commission."

As background information it is worth remembering that "pension surpluses" do not occur in Defined Contribution (DC) pension plans, which is the pension plan of choice for the vast majority of major universities in North America. In Canada McGill, UBC, and UWO also have DC plans. U of T and McMaster are in the bottom decile as far as pension plans and pension benefits go. We are in the minority.

The sharing of pension surplus assets in DB pension plans is contentious. At the University of Saskatchewan the Retirees initiated legal action. At the University of Ottawa the Retirees had to organize and challenge the proposed settlement. In the mid-1980's at McMaster when their surplus first emerged and the University sought to take pension contribution holidays, MUFA led a court challenge (Maurer vs. McMaster). At the end of the day McMaster University was granted the right to continue to take a pension holiday but was denied unilateral access to the surplus in the plan.

To conclude one should also remember that the University of Toronto has been taking almost continuous pension plan contribution holidays towards our DB plan since 1987. The cumulative value of these pension holidays to the University is in excess of some \$900 million in today's dollars. In the past Michael Finlayson, now Vice-President Administration and Human Resources, was critical of such "holidays." In 1987 when he was President of UTFA (and before he signed away UTFA's shared control of our plan) Professor Finlayson wrote an UTFA Newsletter (January 23, 1987), titled "PENSIONS, SURPLUSES, "CORPORATE PIRACY" AND SIMCOE HALL", with the following text:

"Employers 'contributions' to pension plans are not ex gratia payments. They are employees deferred salary. For this University's administration to reduce payments into the Pension Plan is to reduce staff members' total compensation just as surely as it would be were the University to withhold money from our salaries."

Murray Gold, a lawyer engaged by UTFA has advised that a McMaster-type settlement of surplus is not feasible at the University of Toronto. I seriously question the assumptions on which Mr. Gold arrived at that position. Given what is at stake and the attractiveness to many retirees of the McMaster approach, it is surely a great mistake for we at U of T to rush into a disposition of pension surplus before we have thoroughly investigated the possibility of adopting the McMaster approach.

Please visit the following web links for further details on the McMaster story:

- (a) <http://www.mcmaster.ca/mufa/surplus.htm>
- (b) <http://www.mcmaster.ca/mufa/letter.html>
- (c) <http://www.mcmaster.ca/mufa/slides.pdf>
- (d) <http://www.mcmaster.ca/mufa/qanda.html>

Help Wanted

Since our founding meeting on February 19, RALUT executive members have been kept very busy with the nuts and bolts required to get a new organization up and keep it running. The organization is growing fast, and now we need help from our members with the following tasks:

Editing and formatting the Newsletter
Coordinating the membership drive
Overseeing RALUT's soon-to-be-established web site

If you have useful skills in any of these areas, or can volunteer general assistance, please contact Peter Russell, Germaine Warkentin, Charles Meadow, Ann Schabas, or any member of the executive. You and your skills will be warmly welcomed!

Members Concerns

While founding RALUT we have learned a great deal about our members and their current circumstances, and we want to learn more so we can serve you better. Many of our members – particularly the very elderly and the women, whether faculty or surviving spouses, are not in good financial shape. Many others are still working for the university in retirement – publishing books and articles and supervising students.

In the next few months you will be receiving a simple questionnaire from RALUT, designed to help us find out more about the membership we are serving. If you have ideas for questions that need to be asked, there's still time to contribute to framing this questionnaire.

Just contact Germaine Warkentin, Charles Meadow or John Hastings with your suggestions.

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