

## Report on the Pension Seminar - December 4, 2007

1. Pension Benefits Act 1997 (as amended)  
Julian McCarthy, Deputy Superintendent of Pensions

The Pension Benefits Act gives the Superintendent of Pensions the authority to regulate all Pension Plans (except federal) throughout the Province. Currently there are 195 plans (78,000 members), of which 91 are Defined Benefit Plans. The Act determines what the MUN Pension Fund Management (Board of Regents) can do when the plan is in a deficit (as currently) or surplus. When in surplus a contribution holiday may be taken, but this is not supervised by the Superintendent of Pensions.

2. Role of the Pension Plan Custodian (CIBC Mellon)  
Tim Rourke, Vice President, Relationship Management (Toronto)  
Jeff Alexander, Director, Relationship Management and Business Development

The Custodian holds the actual assets. Most of the discussion focused on the practice of loaning these assets for short terms to hedge funds etc. for interest that is shared with CIBC Mellon. Unfortunately not all the questions could be answered satisfactorily. The annual cost is \$200,000.

3. Liability Driven Investing (Optimizing Risk)  
Peter Hayes, Eckler Limited

Based on low current and projected investment rates (4.5%) it is projected that actuarial assumptions will have to be altered if the MUN Pension Plan is to be able to pay its liabilities. As of March the deficit was \$137,000,000 but this has been reduced significantly since then. He acknowledged that 82% of the pension fund is derived from Investment returns.

4. Legal Considerations concerning governance issues and the responsibilities of a Pension Committee  
Hugh Wright, McInnes, Cooper (Halifax)

It was acknowledged that the Provincial Government and the Board of Regents are the sponsors of the MUN Pension Plan and thus have fiduciary responsibility. He also suggested that the Pension Committee having been delegated by the Board of Regents to provide advice also has fiduciary responsibility, but this has been disputed by the members, since only advice is presented and the Board of Regents and the Provincial Government make the decisions. One of the fiduciary responsibilities is to be impartial. Although appointed by the Board of Regents from various groups, members do not represent these groups in the Pension Committee deliberations, but should act for all members of the pension plan.

Derek Burton and Don Steele