

Pension Reform at Memorial and What Does it Mean?

By Glen Roberts

The Memorial University Pension Plan (the Plan) is one of the largest public sector pension plans in the Province of Newfoundland and Labrador. It provides a lifetime defined benefit pension upon retirement and is funded through contributions made by employees and Memorial, as well as income from investments. The majority of employees at Memorial's main campuses are participants in the Plan (i.e., Grenfell campus, Marine Institute, Labrador Institute and the St. John's campus).

Within Newfoundland and Labrador, other large public sector pension plans have undergone a transformational pension reform process which resulted in the establishment of shared responsibility for pension plan management and funding. Employees and the government now jointly sponsor these pension plans.

In consideration of the Plan's status as a public sector pension plan and in recognition of its funding challenges, the provincial government has requested that Memorial and pension plan stakeholders also move to establish joint sponsorship of the Plan and formulate a funding policy to guide its future sustainability. Under this structure, the Plan would be jointly sponsored by the university and employee groups and the sponsors would share equally in the Plan's ongoing management and funding.

During the Fall of 2019, a joint committee comprised of university administration and employee groups, as represented by the Canadian Union of Public Employees (CUPE), the Newfoundland and Labrador Association of Public and Private Employees (NAPE) and the Memorial University of Newfoundland Faculty Association (MUNFA), reconvened to work on pension reform measures aimed at addressing the unfunded liability and a joint sharing of responsibility for the Plan and its governance. This is a continuation of work previously begun in the Fall of 2017 toward reaching agreement on joint sponsorship of the Plan. The guiding principles of the protection of already accrued benefits, maintenance of a defined benefit pension plan and the preservation of current retiree pensions remain unchanged.

This means that for retirees and other beneficiaries in receipt of a pension from the Plan, there would be no reduction or change to their pensions. Future retirees would, however, receive pensions in accordance with any changes that the new pension plan sponsors deem necessary under the reformed pension framework.

For the pension plan, operating in an environment of rising pension costs within the university's current budgetary reality is challenging at best. However, the Plan remains on a relatively stable footing with an estimated funded ratio of just over 90 per cent. Memorial University is committed to maintaining its defined benefit pension plan and continues to work with employee groups toward developing a governance and funding model that will ensure the Plan's sustainability for current and future Plan members.