

RALUT REPORTER

RETIRED ACADEMICS AND LIBRARIANS OF THE UNIVERSITY OF TORONTO

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President's Letter

by Peter H. Russell

My how slowly the negotiating wheels grind. We were holding back this issue of the Reporter to give you the results of UTFA's negotiations with the University administration. But here we are in late November and I still do not have a final resolution to report. What I can tell you is that there is better than a 90% chance that efforts to arrive at a mediated two-year agreement will fail, and that therefore the most likely outcome is a one-year arbitrated award binding on both parties. The one thing I believe we can be certain about is that the University's offer to improve pre-1996 retiree pensions by increasing the "lower deck" CPP part of pension from 1.0% to 1.3% will be part of whatever outcome there is. In other words, President Birgeneau will come through on his public undertaking to make the small top-up many of you received earlier this year a permanent part of your annuity. This, for sure, is better than nothing, but also, for sure, far less than the improvement to 2% for which UTFA for has been pressing.

This is not all that UTFA's negotiating team has been trying to secure for pensioners in these negotiations. The team (on which I and Helen Rosenthal from your Executive serve) has also been pressing the University to honour former Vice-President Finlayson's statement that our pensions are "augmented" to cover 100% of inflation. With the Bank of Canada and economists predicting inflation rates between 3% and 4%, this is clearly a vital need. Equally vital is our request for an "equity fund" for the most disadvantaged pensioners. Let us hope

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that both these points are met in whatever finally emerges from the current round of negotiations.

Review of UTFA's constitution is also turning out to be a seemingly interminable process. Members of the UTFA Executive were surprised by the scope of the changes the review committee proposes for the Association's constitution and by-laws. Several members from the UTFA Executive will now work with the committee to see if the proposals can be modified so as to have a better chance of securing broad support from UTFA's Council and membership. Needless to say, the four of us who represent retirees on the review committee will do all we can to protect proposed amendments of vital interest to retirees – in particular, the strengthening of retiree representation on Council and on the Salaries, Benefits and Pension Committee. So far as I can make out these particular proposals are not among the parts of the reform package questioned by the Executive.

One thing that has come to fruition is RALUT's physical home. Our new address is suite #404, 256 McCaul Street. 256 McCaul is a five-story building on the west side of McCaul – the second building south of College Street. So it is close to the Queen's Park subway station and has a metred parking lot on its south side. It is quite a presentable, contemporary building. Our suite on the fourth floor consists of a good sized office space (which includes a sink), and a larger meeting room. It can be reached by stairs or elevator. The building's main tenants at present are some health science programs, but much of the space currently is not being used. Right now our only neighbour on the fourth floor is the administrator of the University's United Way campaign.

The University has provided this space rent free and has also given us some excellent office furniture. For this, we are most grateful. Despite the University's generosity, there is still much for RALUT to do to make our new premises functional, congenial and secure. A House-keeping Committee

led by Ken Rea and Germaine Warkentin has organized the purchase of furnishings for the meeting room. Ken himself has given us two computers and has them up and running. He has also been extraordinarily resourceful in scrounging about for such odds and ends as wall clocks and bulletin boards, as well wrestling with perplexing problems of security and mail delivery. We are very much in Ken's debt for making it possible at least for RALUT committees to meet in our new premises.

In the new year we hope to have the RALUT office at 256 McCaul open on a daily basis so that members who are doing RALUT work can do it there and others can just drop in to say hello, pick up information and see what is going on. For this we will need a roster of volunteers. You will hear much about this in the next few weeks. The Executive is also planning to invite you and other members of the University community to an opening party to inaugurate our new home. We hope that this will be early in January. Stay tuned.

I trust you have received the earlier notice we sent you on the "fall" Members Meeting on December 9th at 2pm, at Victoria College. I look forward to seeing many of you there. We should have lots to discuss.

Pensions at the Business Board

by George Luste, President, UTFA

[This is a presentation made by George Luste on behalf of UTFA to the Business Board of the Governing Council at its meeting on November 11, 2002.]

To: Members of the Business Board (of Governing Council at U of T)

From: George Luste, President, University of Toronto Faculty Association

RE: The U of T Pension Plan

The purpose of this short note is to speak to item #5 on your agenda for November 11, 2002. I shall be brief and to the point.

1. The U of T defined benefit pension plan is an outdated anomaly among major universities in North America. To my knowledge no major US university has a Defined Benefit (DB) plan and only-a-DB-plan like U of T does. Nor do other major Canadian

universities. UBC does not. McGill does not. Western does not. Queens does not. The U of T pension plan is archaic. It is not competitive.

2. Older U of T faculty are experiencing "salary compression" prior to retirement. There is an intrinsic conflict of interest in U of T's sponsorship of its DB pension plan. A reduced exit salary for its faculty is directly linked to a reduced pension payout from the plan and thus an enhanced pension surplus (and a continuing pension contribution holiday for the University).

3. Over the past fifteen years U of T has reaped a remarkable pension windfall totalling hundreds of millions of dollars via its numerous pension contribution holidays. The unacknowledged losers are the current and future U of T pensioners. Some of them have seriously disadvantaged pensions.

4. In addition, while U of T has enjoyed its pension contribution holidays, more of the annual service cost obligation of the current pension plan has been shifted to the pockets of the current employees. This is documented in the UTFA Newsletter of Sept 12, 2002. via figure 1. This shift represents a hidden but real erosion in total compensation.

5. Today the current annual administrative and financial management costs of our DB pension plan are in excess of \$11 million. Prior to 1994 the same costs were less than \$2 million. This increase is documented in figures 3 and 4 in the Newsletter. The pension plan has a target of a 4% real return (above inflation) on its assets. The current \$11M cost is 0.6% of assets and represents about 15% of the four percent target return. It begs attention.

The Faculty Association would welcome a future opportunity to present and discuss in detail its analysis of the many shortcomings of our current pension plan. I hope the members of the Business Board will support this suggestion.

Report of the Pensions Committee

by Harvey Kerpeck, Chair

As the month rolls on, I sit here – like many of you – wondering how I will pay my bills and whether some cannot wait until the end of the month.

In the circumstances, it is amusing (??) to know that 1) the UTFA-administration negotiations are on hold while the Mediator-Arbitrator is off playing golf in the Carribean; 2) given what the administration has proposed in its briefs, most of us can expect precious little relief and insignificant – IF ANY – additions to our present pensions; 3) the Provincial Government in its new proposed legislation, omnibus Bill 198, proposes to allow employers to raid pension fund surpluses in a manner that we naively thought had been abolished in the notorious Conrad Black case.

Meanwhile, I thought you would be interested in considering some of the material that I gave to Mary Alice Guttman, who is George Luste's successor as V-P Salaries, Benefits and Pensions of UTFA. We had a very lengthy and useful discussion and she took the material into the discussions during the recent phases of the negotiations.

Like me, Mary Alice thinks that there is no substitute for the facts of individual retirees and individual survivors incomes from the University. So here, chosen rather randomly, are representative instances of pensions and survivor benefits culled from the responses to our Pension Committee questionnaire:

One RALUT member, after 30 years of fulltime service, received a pension recently of \$28,000. It is now \$30,000. This is a recent retiree, whose final salary was \$60,000. Another rather distinguished retiree, after 17 years of service to U of T, retiring on a final salary of about \$67,000, received an initial pension of \$18,000, which has risen now to \$22,000. A third pensioner, after 23 years of service, and retiring on a final salary of \$58,000, received an initial pension of \$16,000 and is now receiving \$18,000.

A third pensioner, who worked from 1941 to 1983 – with time out for the war – retired from about \$35,000 final salary with an initial pension of about \$8600 and is now receiving a bit less than \$15,000.

MY NOTE: As you can see, the pensioners who retired some time ago are receiving pensions that ought to embarrass even the University of Toronto.

A librarian, who is known to me personally for her excellent work on a number of UTFA committees through the years, retired with a final salary of \$72,000, received an initial pension of \$20,000, and is now receiving \$23,000.

FROM ME AGAIN: This case illustrates not only (1) how shoddily librarians, many of whom are female, have been treated, but (2) that the administration, when it asserts that faculty and librarians at U of T retire on about 70% of their final salaries, is talking rubbish.

Another RALUT member, after 21 years of fulltime service and 11 of parttime, retired with a final salary of \$65,000, received an initial pension of about \$19,000 and is now receiving just over \$21,000. In answering my questionnaire, he signed himself – with considerable restraint – “dissatisfied”.

Another librarian, who worked for 17 years and retired some time ago with a final salary of \$23,000, received an initial pension of \$6800 and is now receiving about \$14,000.

Another member, who describes his pension as “paltry”, worked for 22 years, retired with a final salary of \$37,000, had an initial pension of just under \$10,000 and is now receiving \$16,000.

Another lady, who worked for 2 years part-time and 20 years fulltime, retired some time ago on about \$22,000, received an initial pension of about \$5000, and is now receiving just under \$12,000.

MY COMMENT: This lady's case illustrates the devastating effect of inflation and the inadequate protection against the ravages of inflation in our pension plan over a period of time – but also, how savagely inflation is allowed to attack those long retired.

Another lady, now of advanced age, and who tells me that she has considerable medical expenses, retired some time ago with a final salary of \$50,000, received a first pension of about \$12,000 and now receives \$16,000. She also, for some reason, describes herself as dissatisfied.

She worked from 1948 to 1986, a good deal of her service being part-time.

A typical survivor: her husband worked for U of T for 18 years, retired on a final salary of about \$18,000, received an initial pension she estimates at about \$5300; her present survivor's benefit is about \$15,000. Benefit?

Another survivor, whose husband worked for the University for only 15 years, and retired on a final salary of \$44,000, presently receives a survivor's benefit of \$13,000.

Another survivor: her husband worked for U of T for 24 years from the early 70's, received a final salary of \$110,000. Her initial survivor's benefit was \$9200 and she presently receives \$10,500.

And finally another retired female faculty member. She worked for 27 years, almost all of it fulltime, from the early 60's. She retired on an exit salary of \$63,000; received an initial pension of less than \$12,000 and now receives a pension of \$31,000, many years later. She not only has significant medical expenses, but she describes her condition as "urgent."

We must all hope that the golfing is good right now in the Carribean. AND that the administration, knowing of such cases as these – and in our files, as well as in theirs, there are many more such – sleeps soundly at night, untroubled by any pangs of conscience.

A FINAL NOTE: I have been updating our records and will soon begin a second round of consulting by phone with those RALUT retirees and survivors who were, for some reason or other (and often, in my phone conversations, I discovered the reason to be hospitalization or ill health) unable to complete and send in the Pension Committee questionnaires. I hope to make contact with a good number of you who are willing to send in additional questionnaires – including those of you who have recently joined RALUT.

Thank you for joining us and thank you in advance for being willing to receive and send back our questionnaires in a second round of consultations with you.

Bill 198 Alert!

The Ontario Legislature has given first reading to Bill 198 which includes a section having implications, likely serious, for pension surplus disposal arrangements in Ontario. The Bill, when passed, will repeal a law passed in 1988, which required employers wishing to withdraw pension surplus funds to negotiate with former employees. The upshot will make it much easier to withdraw a surplus. The proposal stunned many groups of pensioners. Thus, the Canadian Press (Nov. 12) carried a story relating to an ongoing case involving former National Trust Employees and Pensioners who were "Shocked by Proposed Ontario Pension Law" because they believed the proposed changes would "wipe out the claims of well over 1,000 former National Trust employees and many pensioners who lost their jobs as a result of downsizing by National Trust owners, Scotiabank, in the late 1990's." (For more on the Bill and RALUT's response, see our website www.ralut.ca)

RALUT, and other groups of pensioners, made submissions concerning the bill. So did UTFA and OCUFA. The response of the Eves government was to take the Bill directly to second reading, with no public consultations or hearings.

The government now plans to enact the Bill as is, but to have "consultations" prior to proclamation.

The opposition is planning to organize a protest at third reading, by having as many pensioners as possible in the Legislature galleries. It may not do much to change the mind of the present government, but it will perhaps send a message to future governments. **It is possible that we will want to have a RALUT group at any such gathering. We will let you know if your support is needed. See RALUT's website for further information and for future developments.**

Redefining Retirement

Peter H. Russell

In October, my wife Sue and I attended the founding conference of AROHE at the University of Indiana, in Bloomington, Indiana. Now what you might ask is this new contribution to your alphabet soup? AROHE stands for the Association of Retirement Organizations in Higher Education. After considerable discussion, we decided to pronounce it – “a-row-hey.”

Fortunately the 60 to 70 people in attendance, representing university retiree associations from all parts of the United States (plus Sue and I representing Canada), did not use up much of our two days discussing how to pronounce the new organization’s name nor other organizational matters. We did get those things done. And yes, for my sins, I am now a member of AROHE’s 16 person Board of Directors.

Most of the conference panels and open forums focussed on the many different ways in which senior members of university communities – faculty and staff – including their spouses, are staying involved in university-related activities. You will notice that I did not call these senior university people retirees. That is because the common theme of so much of what was said is that south of the border the sharp line between “actives” and “retirees” has been disappearing. Retirement is being redefined.

There was much talk about “phased retirement” and “the seamless web” of work and retirement as university faculty and staff reaching their sixties phase down – but not out – their participation in teaching, research and other university based activities, including community outreach and fund-raising. In part – but only in part – this trend has been facilitated by the legal prohibition of mandatory retirement in the USA since 1994.

For American universities a more important incentive has been the need to retain the services of its senior members with their wealth of knowledge and experience in a context where universities and colleges are faced with mushrooming enrollments just as the baby-boom generation of staff and faculty approaches the traditional age of retirement. In this context it really doesn’t make sense – to the individual or to the institution – to maintain rigid

personnel policies that assume as the norm total retirement at an age set by Bismark in the nineteenth century.

Advances in medicine and demographics, of course, support these new approaches to retirement. The conference’s keynote speaker pointed out that the over 60 group is the fastest growing section of the US population. Professor Paul Hadley, an international relations scholar from the University of Southern California and founding President of AROHE, is 89 years of age. US Universities are light years ahead of their Canadian counterparts in establishing policies and programs that facilitate continuing participation of their senior personnel. At the great public research universities with which we like to compare the U of T, providing senior scholars with research support, office and lab space and secretarial services is the norm not the exception.

Our Executive Committee has approved paying the \$100 (Canadian) to cover RALUT’s membership in AROHE. I know this is going to be money well spent. Keeping in touch with what our US colleagues are doing will help us serve as a catalytic agent for more sensible and creative policies here at the University of Toronto in the treatment of senior members of faculty and staff. The AROHE connection will also be valuable in developing CURAC (College and University Retiree Associations of Canada), the Canada-wide federation whose founding was launched here last May.

How about a University of Toronto forum (like our pension forums) later this year on Redefining Retirement?

White Space

Fred Wilson, Editor

There is more than enough white space in this issue of the Reporter. We need more contributions from the members, more letters to the editor, etc.

Submissions are hoped for and welcomed.

Editor's Comment

by Fred Wilson

There is much talk about the surplus in the pension plan and the way in which it is being used. Because of the working of the stock market, the administration has been able to take a "pension holiday," in which it is not required to make contributions to the plan. The government has transferred funds to the University to pay for operating expenses, including the contributions to the pension plan, which, after all, is merely deferred salary. It has taken that money and used it build up the University's endowment. That is not part of the operating expenses the government intended.

It is worth making clear once again where the surplus came from.

When I first served on the UTFA Executive Committee, in 1982, the pension plan was in a deficit. The administration was trying to hold those who had contributed to the plan to cover the extra costs. While the discussion was proceeding the market turned around, eliminated the deficit, and created what has become the present surplus.

Then when I assumed the Presidency of UTFA in 1987, I was told that the surplus been eliminated. In the previous round of negotiations, under UTFA President Michael Finalyson, UTFA had negotiated a deal which used what was then the surplus in the pension plan to finance improvements in salaries and benefits. In return, UTFA had given up any liability for a deficit and any claim to the surplus. The former was non-existent – the market had seen to that – and so was the latter – it had been used up.

During my first year as President, a surplus re-appeared. Where did it come from? It turned out that the actuarial assumptions of the pension plan were changed, and the new surplus – the present surplus – resulted from that change. The actuaries at the time insisted that the change was a normal adjustment, one not made at the behest of the administration. But UTFA had given away any claim to the surplus. The result was the present windfall to the University, which has continued to put the money which it has gained through the contribution holiday that the market made possible to uses such as the endowment funds, rather than using it to the benefit of the members of the plan.

It is worth noting that George Luste opposed the Finlayson settlement and the giving away of any surplus. UTFA Council rejected his arguments, and accepted the deal that Michael Finlayson had negotiated on UTFA's behalf.

Letter to the Editor

Dear Editor,

I read with interest the "Commentary" on the women's equity lawsuit in the June 2002 issue of the RALUT REPORTER.

The excerpt of the correspondence between President Birgeneau and Professor Peter Russell, which you have printed, might lead readers to believe that the University entered into mediation willingly with the Women's Equity Group. This was not the case. The University had been approached on several occasions in the past about salary inequities and had refused to pursue the matter. Consequently the Group was obliged to launch a lawsuit. During the course of the hearing in court, the presiding judge suggested that the two parties consider negotiating. The Women's Equity Group agreed to this but the University refused. At the conclusion of the hearing, when the judge had written his finding, the University was obliged to enter a court supervised mediation.

There is no evidence, if one is to judge from the conduct of the University in this matter, that it took "... a more collegial and less adversarial approach" in its relations with its retirees.

Yours sincerely,

Jean F. Walker,
Professor Emerita

RALUT HAS A HOME!

by Germaine Warkentin

RALUT now has a home on the U. of T. campus – or at least, on the edge of it. Thanks to the good work of Angela Hildyard, U. of T's VP (Human Resources) and her assistant Anne Chreptak, in mid-October we moved into space on the fourth floor of 256 McCaul St. Though it's just south of College Street, the building is part of the ever-expanding campus. Our floor used to be occupied by Physical and Occupational Therapy, and the empty halls are echoing now as we wait for fellow-tenants from other parts of the university to move in.



We've been given two bright rooms; one, a little smaller, is a reception area with a sink.



Connected to it is an inner room which is much larger. It has a conversation area, and ample space for meetings of the executive and its committees, for working parties, and for the occasional "coffee mornings" (or possibly afternoons) we are hoping to establish.

The university has passed on to us some excellent office furniture, and we've been shopping for the rest. Two computers have also been donated, and we are making a "wish list" of other items we may need. We'll soon have Internet access – the office has a connection to the university backbone – and a phone, of course. We have established a small Office Management Committee, chaired by Ken Rea. Ken is working to set up a mail drop, keys and security, though these arrangements are still "under construction," since parts of the building are currently unoccupied.

In early November we began to staff the office with volunteers. Executive and Committee meetings are taking place. Watch the next REPORTER for updated information on our new mail address and phone connections; our formal change of address won't take place until those arrangements are complete. The RALUT office is easily accessible to our members; the building is a short step from the streetcar stop at McCaul and College, and a two-minute walk from the Queen's Park subway station. There's parking at the rear (though it's not cheap!) and also a disabled space in the parking lot. We look forward to seeing you there when the move-in is complete.

VOLUNTEERS NEEDED

RALUT will need some members to help staff the new office at 256 McCaul Street once it is ready for regular use in January. Some minimum commitment of one morning or afternoon a week would be expected. Duties would include answering the phone, welcoming drop-in visitors, and some routine office chores such as entering data, handling mail, and proofreading. While not essential, some keyboarding skills and familiarity with Windows-based personal computers would be of particular value.

If you would be interested in helping out please contact Ken Rea by e-mail at

reak@chass.utoronto.ca

or leave a 'phone message on RALUT's voice mail at (416) 978-7256.

RALUT General Meeting

Monday, December 9, 2 P.M.

Alumni Hall, Victoria College

*Come - and help us recruit:
BRING A FRIEND*

Coffee will be served before the meeting

Publication Notice

The RALUT Reporter is published by RALUT, Retired Academics and Librarians of the University of Toronto, a non-profit association of retirees, near retirees, and surviving spouses of the faculty and librarians of the University.

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NOTICE CONCERNING INCLUSION OF INFORMATION IN RALUT MEMBERSHIP HANDBOOK

RALUT is considering publishing a handbook which would be provided to all members containing useful information, including the names, addresses, telephone numbers and e-mail addresses of its members. Such handbooks have proven to be useful and popular in other academic retiree groups, especially in the US. We recognize, however, that some members may not wish to have their contact information published even in a booklet whose distribution would be limited to the RALUT membership. Consequently, we are asking any members so inclined to write or e-mail us indicating that they do NOT wish to have any or all of the following information included in such a publication: name, postal address, telephone number, e-mail address.

Such instructions should be sent to RALUT Handbook, J. Robert S. Prichard Alumni House, 21 King's College Circle, University of Toronto, Toronto ON M5S 3J3 or by e-mail to ral.ut@utoronto.ca as soon as possible, but not later than December 31, 2002.