



February 21, 2014

Dear OCASA member:

In the attached brief, Derek Dobson, CEO & Plan Manager, CAAT Pension Plan, outlines the invitation to Ontario universities to merge with the CAAT Plan. OCASA requested this brief be prepared for our members now, as OCASA's representative on the Sponsors' Committee will be voting on proposed changes on February 26.

OCASA is one of three sponsors of the CAAT Pension Plan and, as such, makes two appointments to the plan: Board of Trustees and Sponsors' Committee. OCASA's role is critical to you as an administrator: this is your voice on pension matters, working to ensure future stability and a pension that you can count on.

On February 26, the Sponsors' Committee will be voting on plan amendments, largely dealing with proposed changes to governance should universities join the Plan.

The OCASA Pension Corporation Board has been consulted and has reviewed the proposed governance structure, which changes over time, only as universities join the plan, with colleges maintaining at least 50% representation. The OCASA Board is recommending that our representative on the Sponsors' Committee, Michael Gallagher (Confederation College), generally vote in support of the proposed changes. All sponsors must be in agreement for any change to be enacted.

We invite your comments and queries. You can do this by email:

[pension@ocasa.on.ca](mailto:pension@ocasa.on.ca)

Also, we encourage you to attend the March 5<sup>th</sup> webinar as indicated in the attached brief.

Sincerely,

A handwritten signature in blue ink that reads "Dave Belford". The signature is written in a cursive style and is positioned above a horizontal line.

Dave Belford  
President, OCASA  
Dean, Faculty of Business, Fanshawe College

For members of OCASA

## **Preparing for universities in the CAAT Pension Plan and why it makes sense**

As you may have been following through our newsletters, annual report and on the website, the CAAT Pension Plan is currently in detailed discussions with several universities exploring the option of merging with our Plan.

These discussions are on a campus-by-campus basis, reflecting the voluntary nature of the proposal. Discussions with Trent and Queen's universities are well underway, while talks with several others are in the early stages.

In its recent budgets, the Ontario government has encouraged pension plans, especially single employer plans such as those at university sector, to find efficiencies and manage risks. The CAAT Plan believes it is beneficial to be setting direction and using its pension experience and expertise to help form good public policy. Provincial legislation permitting the transfer of assets from university pensions to the CAAT Pension Plan will need to be enacted to complete any merger.

### **MANAGING RISK**

The principles guiding Plan's discussions are to act in the best interest of the Plan members. This means the Plan would not assume responsibility for a university plan's past shortfall. In addition, the Plan would retain at least 50% of governance roles for colleges and their members, even if university members and assets grow to be larger than those from the college system.

### **KEY BENEFITS TO MEMBERS AND EMPLOYERS**

The CAAT Board and the Sponsors' Committee have reviewed the implications of the mergers in detail and have concluded that, although there will need to be changes to the governance structure as membership in the Plan grows, on the whole the merger is decidedly beneficial for all stakeholders.

- With several universities joining, the probability and timing of reaching the Plan's Funding Policy Level 4 improves – at this level, member and employer contributions to the stability reserve can be reduced
- Likewise, the probability of the Plan remaining fully funded in more adverse economic scenarios improves
- As well, the probability of paying conditional indexation improves
- A growth in the Plan membership improves contribution rate stability by cutting volatility.

#### **ALIGNMENT OF INTERESTS**

The demographic profiles of members from universities and from colleges, which include similar career entry, age at retirement and life expectancy, are similar. This demographic alignment helps to further reduce risk for the Plan.

#### **NEW NAME AND GOVERNANCE STRUCTURE IN PREPARATION**

A good deal of work has been done by the Plan since the start of this initiative more than two years ago. In preparation for a possible merger, the CAAT Pension Plan governors have already approved a name change, effective when the first university joins. The new name would be: **Ontario Colleges & Universities Pension Plan** or **OCU Pension Plan** for short.

Another preparatory decision being considered later this month by the CAAT Plan would make changes to the Plan governance structure to formally ensure Plan trustees and members of the Sponsors' Committee from the college system retain at least 50% of the seats, keeping our strong college foundation, while recognizing new members and their employers.

#### **NOONTIME WEBINAR FOR CAAT PLAN MEMBERS MARCH 5**

The Plan has been active in communicating the developments of the university initiative as they have occurred. For instance, college presidents have received regular briefings from the CAAT Plan, the recent member newsletter contains an explanation and you'll find a page on our website devoted to the topic.

The Plan is also offering a noontime webinar on March 5 to answer any questions Plan members may have about universities merging with the CAAT Plan. Click here to register for the CAAT Plan [webinar](#) .

We will continue to work closely with your representative on the Sponsors' Committee and to use our regular communications channels to keep OCASA members briefed on this initiative. In the meantime, I recommend that OCASA members sign up to receive notices from the Pension Plan through [MyPensionNewsLink](#) .

Derek Dobson



CEO and Plan Manager  
CAAT Pension Plan