

Pension Committee Meeting #111 Minutes

Date of meeting: **April 15, 2024**
 Time: **1:30pm – 3:00pm**
 Location: **Teams Meeting**

PENSION COMMITTEE MEMBERS Voting Members		COMMITTEE SUPPORT Non-Voting Members
Chair – Todd Williams	<i>John Irving (SMUFU) - Sabbatical</i>	Meghan Thorpe, People & Culture Michel Ulbrich, Financial Services Jonathan Croft, Mercer Tammie Day, Financial Services
Florian Muenkel (SMUFU)	Sarah Gough (NSGEU)	
Christine Panasian (SMUFU)	<i>Greg Hilliard (NSGEU) - regrets</i>	
John Fiset (SMUFU)	Shannon Rhode (NSGEU)	
Feng Liu (SMUFU)	Mark Moffett (Non-union)	
<i>Jia Liu (SMUFU) - regrets</i>	Darrell Rooney (Non-union)	
Margaret McKee (SMUFU)		

Meeting called to order at 1:30pm.

1. Resignation of Pension Committee member and Introduction of new members

Chair	Kicked off the meeting with round table introductions – each member introduced themselves and how long they have been on or supporting the Committee. Margaret McKee confirms that she will be staying on the Committee during her sabbatical.	Actionable Items:
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2. Approval of Minutes

Chair	Approval of minutes from the June 23, 2023 meeting. Motion: Minutes approved as circulated. Made by: Christine Panasian Seconded by: Shannon Rhode In Favor: 8 Opposed: 0 Abstained:0	Actionable Items: Minutes from June 23, 2023 meeting adopted as submitted.
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3. Pension Committee Financial Report – June 30, 2023, September 30, 2023, December 31, 2023

<p>Michel Ulbrich</p>	<p>Reviewed report YTD up to Dec 31, 2023.</p> <p>A question is posed: What is considered a normal fee for pension plan funds? Jonathan Croft (Mercer) acknowledges the question as a good one and responds that fees are a very important consideration for Defined Contribution (DC) plans. Mercer does a comparable benchmark to ensure that the fees being charged are reasonable. The best test of fee competitiveness is going to market but that process can be expensive, tedious and not the avenue to take unless there are service issues with Sun Life. The more efficient way to know if the fees are reasonable is to do a benchmarking report.</p> <p>Clarification is asked on who is responsible for doing the benchmark report. Jonathan states that it would be the responsibility of the Committee to decide and Mercer to provide, and one should be done every once every few years. Jonathan states that pre-Covid, the Committee would get benchmarking reports on a regular cadence, but hasn't gotten one since the pandemic. He recommends that one should be done in the next year or two.</p> <p>Darrell Rooney provides some context on the fees and fund selection history. In 2017, SMU switched to Target Date Funds (TDF), which can have higher fees than other funds. This was done due to the high number of members who were mismatched or in the wrong investment mix for their projected retirement date. TDFs allows members to "set it and forget it" by the portfolio already being set to a fund mix for a specific retirement date. This may explain why the fees might be a bit higher than they historically have been, TDFs are more complex and have become the gold standard for DC plans to offer members today.</p> <p>Looking at the percentage of monies in each fund, what is done with the 16% enrolled in the 2020 TDF since this date has already passed? Jonathan explains that the monies are left in the fund for a few years past the 2020 date, and then they are rolled into the Retirement fund, the 2020 fund is removed and a 2060 TDF is added.</p> <p>Michel now reviews expenditures on the report. Although there is a budget on the report, it is noted that technically there is not funding specific to the Pension Committee and that this budget will get added to the operational deficit of the University.</p>	<p>Actionable Items:</p>
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	<p>Michel confirms it does not really impact the operation of the Committee as it stands, since the Committee is supported by internal members.</p>	
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4. Report from Subcommittees

<p>Investment: Jonathan Croft</p>	<p>The funds will be reviewed as one is not performing as expected (Templeton), so it will be reviewed to see if another fund is a better option. Jonathan talks about Statement of Investment Policies & Goals (SIP&G). This is a policy that should be reviewed annually, and the SMU SIP&G was last reviewed in 2022, so the review should be done this year or next at the latest.</p> <p>The Chair is speaking about Environmental, Social and Governance (ESG) focuses for the university and asked if there is information on that topic for the pension investments. .</p> <p>Jonathan states that everyone has a different definition of ESG so it is difficult to build common framework around it. It is the decision of the fiduciary on how or if they want to incorporate sustainable funds in their portfolio. One way is to offer an ESG specific fund, but Jonathan states that, in his experience, organizations with DC plans are not doing that currently because of the higher fees.</p> <p>Mercer does provide ESG ratings for each of the funds offered. Christine Panasian comments that if the ESG ratings are shown alongside the fund options, this will give members further information and they can then make their own selections more informatively if ESG is important to them.</p> <p>Margaret McKee comments that CAPSA has come out with some guidelines for consultation for ESG, and requests that the committee review those guidelines at some point, perhaps at the next meeting. There is discussion around the perspective that these are not university funds, but rather these are member funds. Having some options for sustainable funds for members to select from may be good for the university's sustainability certification quest, but if members have not been specifically requesting a greater variety of these funds, there may not be a need to do so. Several committee members state they have not been asked for a greater variety of funds, or heard of any suggestions on this topic from plan members.</p>	<p>Actionable Items: Add ESG to the next agenda for discussion.</p>
<p>Internal Agents: Meghan Thorpe</p>	<p>Meghan briefly reviews the Delegation of Plan Functions to the University document. Most of the tasks that are required for the daily administration of the plan are performed by People & Culture or Financial Services. The completion of these tasks</p>	<p>Actionable Items: Financial Services to sign off on the completion of their delegated tasks,</p>

	<p>and target timelines for completion are reviewed and confirmed annually to the Committee by People & Culture.</p> <p>On a separate note, the Chair states he should have asked if there were any conflicts of interest at the beginning of the meeting. The Chair states his wife works for Johnson Insurance. They operate more in the benefits space and no conflict exists for pension or benefits, but the Chair wanted to be transparent with the Committee. No other Committee members state they have a conflict of interest.</p>	<p>and final Report posted to the Committee Teams Group.</p> <p>Internal Agents subcommittee should complete the assessment of the Pension Committee Chair.</p>
External Agents	<p>The Chair of this Subcommittee is currently vacant. This Subcommittee is responsible for assessing our two external vendors – Mercer and Sun Life. Meghan asks if Florian Muenkel, who is currently a member of the Subcommittee, could provide some context into the process and progress of the assessments. Florian recalls that there is a short assessment document for each vendor that is distributed to each member of the committee to complete. The Chair then compiles and presents this back to the Committee.</p> <p>Darrell Rooney makes a suggestion when addressing the assessment of Sun Life. He thinks it would be beneficial to get feedback from members who recently retired and actually went through the transition from Active to Retired. It would be insightful to see how members found dealing with Sun Life during that process of pulling their monies out of the plan.</p>	<p>Actionable Items: External Agents subcommittee should complete the assessments of the vendors (Mercer and Sun Life).</p>
Education: Mark Moffett	<p>Mark Moffett reviews the Education and Communications schedule for the current academic year. There is an upcoming Retirement Readiness session being hosted virtually by Mercer and Sun Life on May 14th. Meghan has the flyers and notifications to send to members advertising the session, and will be doing that next week.</p> <p>Regarding the Annual General Meeting: there is discussion around the AGM and how the Committee would like to continue these moving forward. Historically, pre-Covid, they were done annually in-person. During Covid, they moved to a virtual format for 2021 and 2022. Last year, an electronic Update was emailed to members in lieu of a virtual AGM. Mark recommends to continue the AGM in a virtual format moving forward.</p> <p>There is a table discussion: There is no legislative requirement to hold the AGM. Some organizations have them, others do not. It is asked what the participation has historically been at the virtual events. Mark suggests, in his recollection, no more than 20 individuals attended the last AGM, and there have not been any significant questions brought forward during the AGMs.</p>	<p>Actionable Items: Update website with committee members and most recent governance documents.</p> <p>Connect with Mercer and Sun Life to select date for AGM.</p> <p>Meghan to send out meeting notice of the upcoming Are you Ready to Retire session to members.</p>

	<p>Jonathan confirms that the attendance at these AGMs has been low in the past. Jonathan states he sees some other organizations do an annual newsletter, which is a more common approach for DC plans. In these newsletters, the content is a summary of the Committee activity, investment update, the Committee contact listing, Vendor information, etc.</p> <p>It is suggested that perhaps asking members if there are any topics they want to hear about may help drive engagement in the AGM. A newsletter would be a good opportunity to introduce the Committee members. It was noted that several documents, including the Committee structure, on our website are quite outdated and should be revised to current state.</p> <p>There is Committee agreement that we will continue holding the AGM annually in a virtual format moving forward.</p>	
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5. Pension Committee Governance

Annual Information Return: Michel Ulbrich	Michel confirms the AIR was filed on time (September 30, 2023).	Actionable Items:
Insurance & indemnification: Chair	The Chair will confirm that the coverage is in place for all Committee members. A question is raised about whether coverage is in place for this specific meeting. In the past, a copy of the certification is distributed to all Committee members.	Actionable Items: Chair to confirm coverage is in place for E&O for all Committee members. Meghan to post the certification for all members to view.
Committee Self Assessment: Chair	<p>The CAPSA Guidelines Self-Assessment was reviewed by the Chair. This assessment was completed by People & Culture and the Chair and presented to the Committee. This will be posted in the Teams Groups for Committee members to access and review.</p> <p>It was noted again that some documents on our website are dated; specifically, a 2009 Terms of Reference (TOR) document. It is noted that there is reference to a Vice-Chair on the Committee and a question is asked if there is currently one. The Chair or other members were unsure but will investigate the governance documents to assess.</p> <p>It is also mentioned that the number of annual meetings outlined in the TOR document states the Pension Committee will meet at least 4 times a year. Last year, there were only two</p>	Actionable Items: Review the governance documents to see if there is a Vice-Chair of the Pension Committee. Ensure the Committee meets at least 4 times a year.

	<p>meetings. Mark Moffett states that in the past few years, there have usually been 3 Pension Committee meetings during the year as well as the virtual AGM. Last year was an anomaly due to the departure of several key members on the Pension Committee (notably supporting members Sheree Delaney and Maureen Hayward as well as the Chair). The Committee will get back to having 3 meetings plus the AGM a year, which will meet the guidelines set out in our governance documents.</p>	
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6. Other Business

<p>Macro Agenda 2023-34: Chair</p>	<p>The Chair reviewed the Pension Committee checklist for this academic year, also known as the Macro-Agenda. This is our Committee checklist with all our tasks and duties listed, the time in which is item is required to be completed and by whom, and the historical timing of completion in previous years.</p> <p>It is agreed my members that the committee needs to abide by the governance as laid out in the Terms of Reference document.</p>	<p>Actionable Items: Meghan to post most current Governance documents in the Teams Group.</p>
<p>Sub-committee membership: Chair</p>	<p>The Chair reviews the Subcommittee vacancies and asks if there is any interest from the floor in filling up the vacations.</p> <p>Florian Muenkel volunteers to be Chair of the External Agents subcommittee. This leaves one vacancy on this subcommittee.</p> <p>Christine Panasian volunteers to be Chair of the Investment subcommittee. Margaret McKee volunteers to join as a member.</p> <p>John Fiset and Feng Liu volunteer to join the Education subcommittee as members (Mark Moffett is the Chair).</p> <p>Chair of the Internal Agents subcommittee – remains vacant.</p>	<p>Actionable Items: There are now only two vacancies on our subcommittees: a member of External Agents and the Chair of Internal Agents. Chair to send note out to Committee asking for interest in both positions.</p>
<p>LTD Pension Grievance Update – Mark Moffett</p>	<p>Mark Moffett provides an update regarding the SMUFU Pension Grievance. The judgement from the Labour Board demands that the pension plan revision that was submitted must be changed. It is currently being reviewed by Mercer and People & Culture now, and we should have an update for the Committee in a few weeks.</p> <p>We were required to start to engage with affected members in September 2023, which we did. Now the last step is to revise the plan text back to what it was prior to the amendment.</p> <p>There is an inquiry whether the back-end process has been corrected so that we are aligning our process with the plan text. Mark confirms that yes, the process now aligns with the plan text.</p>	<p>Actionable Items: Mark Moffett to provide an update once the plan text has been revised and the case is closed.</p>

Next Committee Meeting	The next Committee meeting will be the virtual AGM. Connect with Mercer, Sun Life, and look at past AGM in 2022 to see when it was held, and the content presented.	Actionable Items: Select date for AGM and notify Committee members.
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Without further business to address, the meeting adjourned at 2:54pm.

Respectfully submitted,

Meghan Thorpe
Benefits & Pension Consultant
People and Culture