# ARF NEWSLETTER

ASSOCIATION OF RETIRED FACULTY AND LIBRARIANS OF YORK UNIVERSITY

*ARF is a formal affiliate organization of York University Faculty Association and consists of those Faculty and Librarians, whether retired or not, who have paid membership dues. Retired Members of ARF are Associate Members of YUFA.*

May, 2001

At the Annual General Meeting of October 2000, the following slate of officers was returned, including those subsequently nominated to the Executive to extend its base and representation, as the meeting agreed. The Executive will normally be printed in each edition of the *Newsletter*.

**EXECUTIVE**

*President*
Margaret Knittl
*Vice-President*
Sydney Eisen
*Treasurer*
William Whitla
*Secretary*
Phyllis Platnick
*Past-President*
Howard Buchbinder
*Members-at-Large*
Michael Creal
Ruth Grogan
Don Holoch
Alex Murray
Nick Tryphonopoulos
Mary Williamson (alternate)

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**GENERAL MEETING**
**MONDAY, JUNE 4, 2001**

**AT FOUNDERS SENIOR COMMON ROOM (THIRD FLOOR)**

**11:30–2:30**

**AS USUAL, THERE WILL BE A GOOD LUNCH**

**ON THE AGENDA WILL BE INFORMATION ON PENSIONS AND BENEFITS**

## 1. The Administration's Proposed .25% Reduction in Pension Adjustment

Some members will know that there has been considerable concern over the administration's proposed change to the pension adjustment that has increased pensions over the years. But most members may know little about this matter, since no information has gone out to any pensioner about these discussions. It is very important that all retired faculty and librarians know about this matter.

**First, a little background.**

The pension plan and the individual contracts under which faculty and librarians retired (and, we believe, other retirees from YUSA and CUPE too) ensures a pension based on a minimum guaranteed formula outlined in collective agreements. This is known as the minimum guarantee benefit. Of course, for YUFA retirees pension entitlements may rise above the minimum guarantee, in which case they fall under the money purchase sections of the plan. The plan is, therefore, a hybrid one which is unusual in pension plans in Ontario.

**YURA's decision in August, 2000** In an earlier presentation of pension matters to the Executive of YURA (York University Retirees Association), Leona Fields, the manager of the Pension Fund, explained that there were costs involved in moving to up-dated Mortality Tables for calculating pensions, and those costs would continue. She claimed that the pension fund's actuary said that there was a threat that the Pension Plan could be deregistered unless the plan were strictly self-financing, and that the mortality tables needed correction in order for this self-financing to be achieved. She also recommended a reduction in the pension adjust-ment.

In the light of her remarks to them, the YURA Executive agreed in August 2000 with her proposal that unless there was a reasonable alternative, YURA would accept a reduction in the pension adjustment of .25% which would apply to all members of the plan, existing retirees, and future retirees after Jan. 1, 2001.

**Discussion at the YURA AGM of April 20, 2001**

Concern about such an approval was strongly expressed at the YURA Annual General Meeting on Friday, April 20. At that meeting, Leona Fields made another presentation, and again mentioned the threat of deregistration. She said that two conditions had to be met for the plan to return to a self-financing situation: first was a 2% cut in the amount of pension provision for all people retiring after January 1, 2001 (which the Administration had already put into effect in January); second was a proposed .25% reduction in the pension adjustment. The pension adjustment arises from a top-up to pensioners when returns to pension funds are greater than 6%. Given the fact that average returns to the plan have been greater than 6% on a four-year rolling average since the 1970s, top-up has been frequent and in each case has become a permanent part of retirees' pensions. She also pointed out that the Executive of YURA had supported the Administration's proposal for a .25% reduction of the increment of pensions of all retirees (and all future retirees), effective January 2001.

The chair of YURA, Albert Tucker, indicated that the meeting might well want to reconsider this matter in some detail, and, after discussion, review or revise the earlier Executive motion approving this procedure. Leona Fields said that in the Administration's view, the amount deducted from each pensioner's monthly cheque would be minimal.

The example she handed out was as follows:

—Pension adjustment for 2000 was 2.99%

—A retiree receiving $20,000 per year [which she said was the average pension, though less than pensions of most faculty and librarians] would receive an increase of

- 2.74% ($548) instead of 2.99% ($598) [per month]
- a difference of $4.17 a month

She said that this amount was a very small decrease in the pension and could easily be borne by all pensioners.

Several people at the meeting challenged her view, pointing out that the apparently small decrease was compounded and the resulting differences could be considerable over years. For instance, the chair of ARF, Margaret Knittl, indicated that her calculations show that while .25% appears to be minuscule, the impact on a person retiring in 1990 with a pension of $2000 per month would have been substantial. Assuming the .25% decrease to have been in place then, and based on past performance of the fund, there would have been a difference of **$900 per annum** by the year 2000 between the actual pension and that reduced by an increment of .25% less. By projecting using the same average percentage increments, she cal-culated that further losses would follow:

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| by 2005 | $ 1668 difference per year | |
| 2010 | $ 2772 | |
| 2015 | | $ 4320 |

The cumulative effect of these compounded losses, when added up, is far from negligible, amounting to a very substantial reduction in the overall annual pension.

Many other questions were raised, bearing on the legal and financial implications of the Administration's proposal. At issue is the question of the legal ownership of the pension surplus which the administration claims to own. Some speakers pointed out that under recent rulings of the Ontario Pension Commission, if the pension plan is to be amended in any respect from the situation under which individuals signed on at retirement, then every member must be informed and has to be given the right to file an objection.

Further, getting this procedure ratified by YURA or other retirement representatives was not sufficient to institute the change legally. Some members talked about the threat of violating the principle by tampering with the Pension Plan, as well as breaking a contract which each the Administration made with each individual pensioner on retirement. Such a proposal leaves open the possibility of further adjustments in the future—once a precedent of pension reductions has been set pensions could be subject to future reductions.

Other speakers said that such changes were breaches of the contract position with their respective unions. Some at the meeting indicated that there were important and in some ways similar questions being raised about the ownership and management of the pension surplus fund at other universities. Finally, with regard to the threat of deregistration and given the fact that the York pension fund now approaches one billion dollars, one speaker said that it seems extraordinary that any talk of deregistration could be even considered.

**Decision of the YURA General Meeting**

After prolonged discussion Sydney Eisen pointed out that the Executive of YURA had made its earlier decision without the benefit of the much more careful thought, discussion, and information which had come up in the interval since their decision, as well as at this meeting. He then moved that YURA not accept any reduction in the pension surplus adjustment for present retirees and that the administration consider other means of solving the problem of self-financing. The motion was approved unanimously. It has the effect of replacing the earlier approval by YURA's Executive. This means that YURA, YUFA, and YUSA have all rejected this proposal.

—William Whitla

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## 2. Theatre of the Absurd

An ARF member, who shall be nameless, was prescribed a pair of custom-made shoes by an orthopedic surgeon. Believing they would be considered an eligible expense under our plan he ordered them. Cost to him: $2,495. He sent in his claim and this is what he learned in conversation with a Great West employee (none of it, of course, appearing in our brochure). The maximum refund on custom-made shoes is $100. From this must be deducted the cost of an ordinary pair of shoes: $70. Thus the eligible portion of the bill is $30. At 80% that yielded a refund of $24—under 1% of the cost to him! Would you want to walk in his shoes ?

**Act Two**

The story does not quite end here. Personnel Services (prompted by the member) investigated the matter with the conclusion that there is in fact no coverage for custom-made orthopedic shoes at all, and so the member was not entitled to the $24 cheque; they informed Great West of their mistake, but instructed them to allow the overpayment of benefit to stand without impact on future claims—a letter from Great West informed the member of this generosity.

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## *3. Membership Increase and Dues Notice*: Join ARF, Support ARF

Once again we can report that our membership for 2000-2001 has continued to grow. We currently have 185 paid-up members of ARF out of 344 retired faculty and librarians, almost 53.8%. There is a form enclosed in this newsletter to pay for the coming year. Please note that our year runs from July 1 2001 to June 30 2002.

If you haven't done so already, please become a member of ARF. If you have been a member in the past and your membership has lapsed, please renew. And if you are a member in good standing, please renew for the next year. And please encourage retired colleagues you know to do the same. Our mailing and membership list is the most up-to-date way of informing retired faculty and librarians of benefits and supplements and the background information behind them. ARF has been active on a number of fronts in the past year as will be reported at the General Meeting on June 4 (see notice elsewhere in this newsletter), and has also been involved on behalf of retired faculty and librarians in the current contract negotiations.

Please continue to support us in our work on your behalf. We need your funds to help pay for the newsletters and other mailings, and for our Associate Memberships in YUFA which we remit on behalf of all members once annually. But above all, we need to know who and where you are so that we can continue to send you these newsletters and other information efficiently to keep you informed.

**DUES NOTICE FOR ARF**
**First Call**

Attached to this Newsletter you will find a Dues payment form. Please attach your fees for 2001–2002 and send them to ARF. You can use an intercampus mailer if you mail it from within York. The Treasurer can tell you whether you are paid up or not with a call to Bill Whitla at 416-766-6393.

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## 4. YUFA and Retiree Benefits: the Real Story of the 1999 Negotiations for Retiree Benefits Improvements

By Brett Cemer

The Employer was been perfectly willing to negotiate increases in retiree benefits, provided that YUFA "actives" agreed to exchange a portion of their raises to pay for such benefits. This is one of the central lessons of the 1999 negotiations between YUFA and the Board of Governors.

In less than a month, YUFA enters bargaining to renew the collective agreement. Retiree benefits are again a top priority among this year's union proposals. A review of 1999 negotiations demonstrates where YUFA and the Employer stood on this issue.

When YUFA and the Employer were nearing settlement in the last week of September 1999, the Employer had been refusing to move on retiree benefits for nearly 6 months of bargaining and two intensive weeks of conciliation. The Employer's position remained fixed: that "the University" was unwilling to assume an unpredictable and unlimited liability, that the $66 000 committed annually to retiree benefits since 1994 was the limit of their willingness to pay, and that since 1994 the pay-outs to retirees had exceeded the budgeted amount by a total of $441 000.

YUFA's position had also remained unchanged: parity in benefits between "actives" and retirees.

In the final hours of bargaining, with nearly every other issue tentatively settled, the Employer team once again made it clear that they would not put any new money on the table for retiree benefits. If YUFA continued to insist on it, there would be no settlement.

YUFA was faced with untenable alternatives: sign a tentative settlement with no improvements in retiree benefits, or walk away from the table and recommend that YUFA take a strike vote on this issue.

Surely a third choice had to exist. To YUFA it seemed that the only one the Employer left available was to use some of the money already agreed for raises. This was a painful realisation for the YUFA team. As for the amount, $230 000, representing 0.3% of the "actives'" raises, would, when added to the existing retiree benefits funding, cover the current costs and leave some room for modest improvements.

In response to this proposal, the Employer indicated that they would only consider such a proposal were YUFA also to agree to pay off the accrued "deficit."

Again, YUFA's team was put in an extremely difficult spot. Agreeing to reimburse the employer for the cost overruns went against YUFA's sound position that they were the Employers' responsibility. Yet, should this issue become a deal-breaker? The team decided that the Executive and membership should be given the opportunity to judge this question, which they did by ratifying the terms negotiated.

Reluctantly, YUFA paid for the the overruns (that is, $441 000) by transferring the accrued surplus from one of YUFA's benefit funds to the Employer's benefits account.

This move allowed the tentative settlement to be concluded in the early morning of 27 September. During the ratification process, ARF representatives were briefed on the developments that led to the new level of benefits funding.

YUFA "actives" and YUFA retirees, then, are both paying substantial monthly amounts to fund their retirement benefits (for "actives" it works out to nearly $20 per month). But this, with the Employer's diminutive contribution, will become increasingly inadequate with the coming bulge in retirements. Before this happens, YUFA, retirees, and the Employer must move beyond the bitter stalemate of 1999 and work out a more lasting solution.

*Brett Cemer is a staff representative for YUFA. He was on the 1999 negotiating committee.*

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**5. YUFA Trust Fund and YUFA Foundation**

The YUFA Trust and YUFA Foundation were formed in 1980 and are separate organizations from YUFA although their membership is the same. The YUFA Trust was formed to hold funds and make expenditures on behalf of faculty. The YUFA Foundation is a charitable organization under the Income Tax Act which is empowered to award scholarships and does this by paying for "YUFA Foundation Scholarships" at York.

Faculty contribute to a Long Term Disability insurance plan which reduces the cost of UIC benefits and therefore qualifies for a rebate. The YUFA Trust and YUFA Foundation have been repositories for these UIC rebates. The YUFA Foundation was formed specifically for the purpose of granting scholarships and has received capital funding from initial UIC rebates, a "matching" initial York University contribution, and subsequent contributions from the YUFA Trust. The YUFA Trust continues to receive UIC rebates and is also earning interest income: it can contribute to any project for the benefit of contributing faculty and has been a major provider of funding for the Faculty Club and Glendon Senior Common Room. The YUFA Trust is specifically empowered to contribute to the YUFA Foundation and has done so on several occasions: the majority of its disbursements to date have been for this Foundation.

From time to time faculty at York who wish to donate to student scholarships have chosen to do so through the YUFA Foundation. The tax benefits are the same as giving directly to the University but with the advantage that the YUFA Foundation has considerable control over how the funds are disbursed. The terms of YUFA Foundation scholarships are decided by the membership from time to time. Currently there are some scholarships based solely on merit while other awards are needs-based bursaries. The scholarships are allocated among faculties based mainly on their size. The total amount of YUFA Foundation Scholarships awarded annually exceeds $100,000.

—Paul Evans

**6. Join the ARF "Chat" group through your E-Mail.**

To join the ARFORUM list server ("chat" group for retired faculty memebers and librarians), send an e-mail message to:

listserv@yorku.ca

saying:

subscribe arforum firstname lastname

(no subject needed). If you have lots of trouble, contact mcnamee@yorku.ca.

—Mike Mcnamee

**7. Out-of-Country Medical Claims**

Before you leave Canada, you should complete the following arrangements to ensure any health claims incurred while away will be covered as much as possible.

First, call the Winnipeg office of Great West and ask to have mailed to you **all** of the forms that you will require to make a medical claim. The number to call is 1-800-857-9777.

You should take these documents with you when you travel out of Canada, so that the medical practitioners can fill out the original proper forms for any treatment received. Mailing the forms back them after you return is difficult and you might receive back photocopies (not usable—see below) or even no response. It is much better to have them completed on the spot.

To process a claim, Great West will require original receipts and medical reports. They will not accept photocopies.

It is no longer necessary to go through OHIP: Great West will do that for you. But once again it is essential that Great West send you all the forms that they will need to make a claim from OHIP on your behalf.

—Sydney Eisen

ASSOCIATION OF RETIRED FACULTY AND LIBRARIANS
OF YORK UNIVERSITY

**DUES FOR 2001/02 ARE NOW RECEIVABLE.**
**FIRST NOTICE**
**PLEASE CONTINUE TO SUPPORT ARF WITH YOUR MEMBERSHIP**

To: Association of Retired Faculty and Librarians, c/o YUFA
241 Schulich School of Business,
York University
4700 Keele Street
Toronto, ON M3J 1P3

[ ] I wish to join ARF, to receive its mailings and support its activities
[ ] I wish to renew my membership in ARF
[ ] I am willing to undertake occasional work for ARF
[ ] I am not yet a retiree, but I want to become an Associate Member of ARF

Enclosed is my cheque for the period 1 July, 2001 to 30 June, 2002.

[ ] $25 Regular Membership
[ ] $10 Associate Membership

Plus $__________ as an additional contribution to help ARF in its continuing work on behalf of York's retired Faculty and Librarians.

NAME (please print)______________________________________________

HOME ADDRESS

Street ______________________________________________

City______________________________ Province ______________________

Postal Code __________________________ Country ______________________

Home Phone __________________________ Campus Phone ____________________

E-Mail ______________________________ Fax __________________________