

UGRA NEWSLETTER

University of Guelph Retirees Association

IN THIS ISSUE

2)

Fall Forum

3)

Notes From Your President

We Ask Questions...
and We Get Answers

4)

My Return To
Physical Fitness

Notice of Motion

Attention All
Retirees - Good News!!!

FINANCIAL PLANNING IN RETIREMENT- THE BASICS

By Larry Porter, Past President, UGRA

This is the first in a series of articles, which will deal with financial planning issues that affect retirees

In this article, we will deal with the basics that everyone – retiree or not should have in place, to deal with the curve balls, that life sometimes throws us.

1. EMERGENCY FUND – This is a lump of money in liquid form, (cash or Canada Saving Bonds) that is immediately available for emergencies. Opinions vary as to how much this fund should be, but an amount equal to 2 to 3 months expenses is probably sufficient for retirees.

2. POWERS OF ATTORNEY – Ontario Law makes it mandatory that you have two types of Power of Attorney, one for FINANCIAL MATTERS and a second for PERSONAL CARE. The new laws make the family irrelevant if you are suddenly incapacitated and turn the decision-making over to the PROVINCE unless you have the necessary Powers of Attorney in place.

The FINANCIAL MATTERS Power of Attorney allows someone you trust (usually

a spouse or a child or relative) to act on your behalf. Write cheques, pay bills, etc.

The PERSONAL CARE Power of Attorney allows that same person or a different person if you wish to make health related decisions on your behalf.

It is also possible to have a group, say perhaps three persons act as your attorney if this is what you prefer.

3. WILL – Your will needs to be current so that your wishes will be carried out when the inevitable happens.

Make sure that the people who need to know will have access to these documents in time of crisis.

There are kits that you can purchase to assist you in preparing your Powers of Attorney and Will and the results are completely legal however the fee charged by a competent lawyer is probably money well spent.

Next article will deal with RRSP's, RIFF's, and investing **UGRA**

THIRD AGE LEARNING – GUELPH WINTER LECTURE SERIES

By Jim Shute, Program Committee Chair, Third Age Learning -- Guelph

Three stimulating continuing education lecture series will again be presented by Third Age Learning Guelph this coming winter for retired people.

The first course, **Guelph Authors**, to be held on Wednesday mornings, beginning Jan.12, will feature novels, biography, poetry, travel writing and local history written and presented by authors, some from the university, who are based in Guelph and widely published.

Beer, Wine and Spirits will be held on Wednesday afternoons, starting Jan 12, and will cover the history and development of beer, wine and spirits, as well as their relationship to Ontario and

Guelph. UG faculty members, Niagara winemakers and whisky makers, Guelph brewers, and food and wine writers will speak. Tastings will accompany several sessions.

The Arctic presentations will be held on Thursday mornings, starting Jan 13. Speakers from Waterloo, Guelph and Western will address current concerns including climate change, resource management, indigenous knowledge and culture, Inuit art and wildlife.

The morning sessions start at 10 and the afternoon sessions at 1:30. The eight lecture series costs \$25 and daily admissions for individual lectures \$5. For further information phone 823-1292 or

check the website – www.thirdagelearningguelph.ca

Third Age Learning Guelph also broadcasts selected lectures on CFRU-FM (93.3) on Thursday mornings at 11:30.

Third Age Learning also offers “Peer Learning” sessions in which groups of 10 to 15 people meet to discuss various topics. With the help of a facilitator, each group member researches and presents a discussion topic. The general topics for winter, 2005, are “The Brain: What Goes on Inside Our Heads”, “Taking Ethical Dilemmas Seriously” and “Let’s Go to the Theatre”. Cost for each series is \$25. Times and locations are available from the Evergreen Centre (519) 823-1291. **UGRA**

UGRA FALL FORUM

By Robin Ollerhead, Chair UGRA Pension Subcommittee

An open forum organized by UGRA and chaired by Mark Waldron, current President of UGRA, was held on November 2 at the Arboretum Centre. Speakers included Nancy Sullivan, Vice-President (finance and administration), and Robin Ollerhead (Chair of UGRA's Pension Subcommittee), who combined to discuss pension matters, and Larry Porter (Past President of UGRA) who discussed planning for retirement. The meeting was attended by about 50 retirees and other members of the University community.



L-R: Mark Waldron, Nancy Sullivan, Robin Ollerhead

Ms Sullivan explained the difference between “defined benefit” pension plans, such as those at the University of Guelph, and “defined contribution” plans which are used at some other universities. Pension payments from a defined benefit plan are defined in the plan terms, and it is the employer's responsibility to ensure that the assets of the plan are sufficient to cover those pension payments. In a defined contribution plan, contributions by employees and employer are defined by the plan terms, but actual pension payments depend on annuity purchase rates and the success of investments of the pension fund. Ms Sullivan briefly described the three plans at U of G, and reminded us that they are described in a booklet available from Human Resources and on the U of G web site (www.uoguelph.ca).



L-R: Nancy Sullivan, Robin Ollerhead

Robin Ollerhead introduced members of this year's UGRA pension subcommittee (David Hull, Ted Burnside, George Taylor) and outlined the role of UGRA in pension matters. With the demise of the Advisory Committee on Pensions and Benefits (ACPB), UGRA has representation on three other committees concerned with pension matters (described in more detail in the UGRA Newsletter Spring 2004): the Professional Pension Plan Advisory Group (PPPAG) for faculty and librarians, the Pension Bargaining Council (concerned with the Retirement Plan, which applies to employees belonging to bargaining groups), and the Pensions and Benefits Committee of the Board of Governors (Pens & Bens). UGRA input on these committees is guided by the UGRA Position Paper on Pensions, which is printed in full in the Spring 2004 Newsletter. UGRA represents all retirees, regardless of pension plan, and gives first priority to inflation protection. The plans provide for pension increases each September to reflect any increase in the actual Consumer Price Index (CPI) (limited to 8%) that is in excess of 2%. The Board of Governors may approve additional “ad hoc” increases to make up for the “shortfall” of 2%. The following table shows pension increases for the years 1999 to 2004:

Year	CPI*	Plan	Ad Hoc	Total Increase	Shortfall
1999	1.01%	0.00 %	0.50%	0.50% (1/2 CPI)	0.51
2000	2.23%	0.23%	2.00%	2.23% (full CPI)	
2001	2.88%	0.88%	2.00%	2.88 (full CPI)	
2002	2.07%	0.07%	0.00%	0.07%	2.0
2003	3.08%	1.08%	0.00%	1.08%	2.0
2004	1.76%	0.00%	1.00%**	1.00%	0.76

*CPI = Average of monthly values May 1 - April 30 each year

The “shortfall” for these six years amounts to 5.37% (compounded).

Robin Ollerhead showed transparencies taken from a report entitled “Summary of Actuarial Valuation of U of G Pension Plans (Results as at September 30, 2003)”. This report was prepared by Towers Perrin, the plans’ actuary, for a meeting of “Pens & Bens” in June 2004, and was presented at the Forum with permission of the University. It reviewed the status of the pension funds and changes from the previous valuation as at September 30, 2001.

Under the Ontario Pension and Benefits Act, an actuarial valuation is required at least every three years. A key

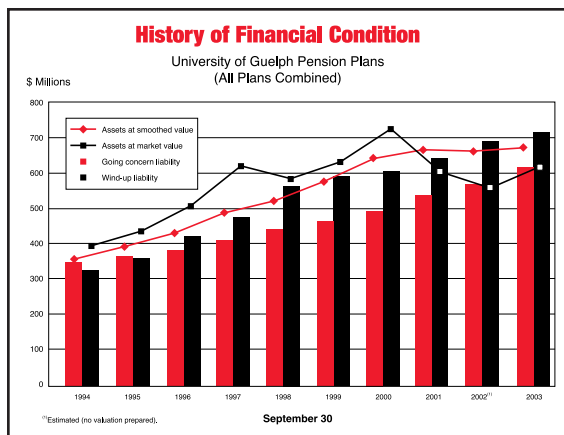


outcome of the valuation is the financial condition of the plan and the sponsor's (the University) minimum contribution requirement. Each actuarial valuation contains three measurements of pension plan status: going concern, solvency and wind-up. The University currently is required to maintain a positive “solvency” position for all plans by making additional contributions if necessary.

Under these measurements, the assets of the pension funds are calculated as the actual market value of investments on a given date (Sept 30), and a “smoothed” value which averages over a period of time to minimize the effect of short-term market fluctuations. The liability of the plans is determined by an actuarial assessment of pension payments which must be made from the funds, according to various assumptions. The “going concern” valuation assumes that the plans will continue indefinitely and assumes that current employees make contributions, and retire and receive pension payments, at rates based on plan experience. The “wind-up” measurement calculates the liabilities of the plan as if the plan had been terminated at the valuation date. It is a measure of the pension payments which must be made in the future, with no further contributions or improvements. The “solvency” measurement, which contains certain assumptions of both the wind-up and going concern measurements, is currently used to set the University's minimum contribution requirements (under Ontario Pension law). A “surplus” exists as long as the “assets” exceed the “liability”. This depends on which assumptions and measurement basis are used. The following graph shows a history of the financial condition of the U of G pension plans (combined) for the years 1994 to 2003, using both actual and smoothed values for the assets, and showing both the going concern and wind-up liability.

It can be seen that using assets at market value, the wind-up liability is in deficit for the years 2001-2003, being

about \$100 million in 2003. According to a summary by Towers Perrin, all plans are in a small surplus position on the going concern basis. The effect of smoothing is to “buffer” about \$55 million in unfavourable market experience, which will have to be made up in the future. This means the University expects to have to meet significant contribution requirements from its operating budget in the next few years. In this regard, Ms Sullivan commented in response to a question that it is highly unlikely that there will be any “contribution holidays” in the foreseeable future.



A lively discussion followed the presentations, with many comments and questions. Several matters raised at the Forum are being pursued at the present time, some of which are presented in a “Questions and Answers” column in this newsletter. **UGRA**

NOTES FROM YOUR PRESIDENT

The two key objectives of UGRA are “to foster a mutually beneficial relationship with the University and to promote the welfare of retirees in such matters as University and civil service pensions and health benefits, and access to the University and its facilities.” With these objectives in mind, your association reports the following:

- Thanks to all the United Way contributors and volunteers in helping exceed the annual financial target, a major component of the total University campaign.
- A successful Fall Forum provided 50 participants with background on pension and financial matters. Thanks to Nancy Sullivan, V.P. Administration, Prof. Robin Ollerhead, Chair of the UGRA Pension Committee and Larry Porter, UGRA Past President for setting the stage for productive questioning and discussion. Abstracts of the presentations are included in this newsletter.
- Your Board met with President Alastair Summerlee and Vice President Nancy Sullivan at our December meeting to resolve some specific cases related to pensions and to hear about new ways that retirees can help the University in meetings its objectives.
- UGRA supported the University brief presented to the Rae Commission on Postsecondary Education.
- The UGRA Scholarship committee is clarifying the criteria for awarding the UGRA scholarship.
- Revisions to the UGRA web site are being implemented. Check out the site at www.ugra.ca
- In co-operation with the University Athletics Department, the fitness program is being offered again in the winter semester.
- A new benefit for retirees has been implemented whereby e-mail addresses can be maintained, free of charge, for retirees.
- Retirees are invited to tour the new Science Complex on Wednesday, January 5th, at 10:00 a.m. This will provide an excellent opportunity to see the facilities as well as to meet Deans and Faculty. Your invitation is in the mail!

We also welcome several new retirees to the Association and even more will be joining us in January. Best wishes for a healthy New Year. **UGRA**

Mark Waldron.
UGRA President 2004/2005

WE ASK QUESTIONS... AND WE GET ANSWERS

1. If a retiree is receiving a pension and a university supplement, or a civil service supplement, does the surviving spouse continue to receive the chosen percentage of both the pension and the supplement?

When a retiree receiving a University pension and a University supplement (or a public service supplement) dies, his or her surviving spouse continues to receive the chosen joint and survivor option for both payments. This information was provided to each retiree at the time of retirement.

2. Why are the base pension and the supplement information sent as two separate documents?

The base pension and the University supplement are two distinct payments from two different funding sources and, as a result, fall under different accounting procedures. While this fact is irrelevant for a retiree, it is a procedure that the University must follow. While one cheque or deposit is provided to the retiree for these two payments, Royal Trust issues a separate T4A for each type of payment.

3. Why is the supplement not taxed at source?

Royal Trust advised the University in 2002 that their tax department did not agree with the longstanding practice that was previously in place with Canada Trust, namely, taxing the entire sum of basic pension plus supplements as one payment. Letters of explanation were sent out to retirees in late 2002 and the itemization on the statements took effect on January 1, 2003. Small payments from the supplementary plans end up being taxed minimally, if at all. As noted, all retirees were advised of the change in 2002 and were given the option, and continue to have the option, to increase the amount of taxes deducted by advising Royal Trust at 1-800-668-1320. **UGRA**

MY RETURN TO PHYSICAL FITNESS

By Mike Halley (mike@mikehalley.ca)

My wife Patricia told me about the new physical fitness program for the University of Guelph retirees. A gentle program for beginners and curmudgeons like me long gone out of shape, out of breath and out of any aspirations to jog, run or walk for an hour a day. In a fit of new found vigor I applied-paid my \$95.00 and was given the mandatory 2 hour fitness test to see if I'd drop down dead during the first hour.

Hey - A miracle - I passed!- Heart rate good - Blood pressure good - flexibility passable - dexterity needed improvement. This old Guy at 64 was still alive. One Excellent and Three Goods on the report - It was like being back at school and bringing home the report card to Mum and Dad. I showed my wife-my kids-my grand-kids-my friends and a few people I stopped in the street.

The program was ten sessions-every Tuesday and Thursday morning for an hour. Tuesday in the Gym and Thursday in the Pool (Thank the Lord). We flexed and skipped, bent and stretched. Matt Wright the instructor was very kind, considerate and slowly began to unravel muscles long gone to sleep - they thought for ever. The aquatic keep fit was very enjoyable (in the shallow end as I cannot swim) and the water is great for easing the tension and the stress. Both I and Greta benefitted greatly and with a new determination to continue on our own. Matt Wright gave us a full set of the instructions and exercises and a tension rope for us to continue at Home. I also invested in an exercise ball (For \$50.00). We really do need good health to fully enjoy our old age. The course was fun as well as serious strength and flexibility development. The only negative was the \$3.00 parking charge for each session but there's no price you can put on your health. **UGRA**

NOTE: The next opportunity to improve your fitness starts on Tuesday, January 25, 2005. Register by calling Pat Richards or Matt Wright at 824-4120 ext. 52742 before Friday, January 21, 2005.

UNIVERSITY OF GUELPH RETIREES ASSOCIATION,
P.O. Box 4916,
University of Guelph, Guelph, ON
N1G 2W1

NOTICE OF MOTION

At the UGRA Annual meeting in June, you will be asked to consider the following motion:

It was moved and seconded that at the next annual general meeting of UGRA, that the membership fee be increased from \$15 to \$20, effective for the 2006/2007 year, starting at the date of the 2005 annual meeting. **UGRA**

ATTENTION ALL RETIREES – GOOD NEWS!!!

CCS and HR are combining to offer the ability to all retirees to maintain a University of Guelph E-mail account.

If you wish to have a U of G E-mail account please contact Human Resources and they will make the necessary arrangements. Do Not contact CCS directly as the authentication must come from Human Resources.

In addition certain software will be available free or at greatly reduced cost to retirees. Details of the software offer were not available at press time but we will update you in the next Newsletter. **UGRA**

