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Civic Plan Update

by Bob Linner

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At the City Council meeting held on May 3rd, 2011 Regina City Council considered the contribution rate increase identified through the 2009 actuarial valuation of the Plan. At that meeting the following decisions were made:

1. The request to approve the contribution rate increase from 9.42% and 13.96% (below and above the Canada Pension Plan Yearly Maximum Pensionable Earnings) to 12.38% and 18.34% was denied.

The decision to deny the contribution rate increase was supported by all five participating Employers.

2. The City's Administration was directed to pursue an actuarial opinion on the feasibility of implementing the Employers' proposal as an alternative option to achieve the long term financial sustainability of the Plan and maintain an attractive retirement benefit, without an increase to the contribution rates. This should include the pursuit of all of the following principles:

- a. the Employers pay the Employees' share of the Plan deficit;
- b. contribution rates are decreased through a reduction to future benefits;
- c. a Target Benefit type plan is created, which will cap future employer and employee liabilities; and
- d. accrued benefits for retirees and active members are not affected.

3. The City's Administration was directed to continue to work with the Administrative Board, the Civic Pension & Benefits Committee and the City's Union and Out of Scope employees toward implementing the Employers' proposal, or an alternative that achieves Plan sustainability while maintaining contribution rates below the 9% of earnings limit stated in Bylaw No. 3125.

All available evidence suggests the Plan cannot continue as is, but the Board cannot make changes to the Plan. The Board supports the idea of continuing to provide a defined benefit Plan to members, but recognizes that the numerous issues the Plan faces must be addressed.

The Board believes that changes are necessary and need to be guided by the following principles:

1. a defined benefit plan is best for this workforce;
2. the benefits earned to date must be preserved;

Annual Contributors' Meeting

The Annual Contributors' Meeting for the Civic Plan was held on June 7th, 2011. An election was held to fill four Employee Representative positions on the Administrative Board – three voting positions and one non-voting (Alternate) position. The following individuals were elected to these positions:

- Jo-ann Hincks (Voting Trustee)
- John McCormick (Voting Trustee)
- Colin Jensen (Voting Trustee)
- Deb Cooney (Alternate)

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3. the Employers must accept a greater share of the cost of past shortfalls;
4. benefit changes must be made and must reflect sustainability and community reality;
5. benefits earned in the past cannot be paid for by future generations; and
6. a governance structure must be established that supports transparency and accountability and provides for a dispute resolution mechanism.



2010 Actuarial Valuation

by Bob Linner

As part of its ongoing oversight of the Regina Civic Employees' Superannuation and Benefit Plan the Administrative Board has requested the Plan's actuary, Mercer Canada Ltd, to complete an actuarial valuation as of December 31, 2010. As per section 37 of Schedule "A" of Bylaw 3125 the Board has asked both the Employers and the Employees (through the Civic Pension & Benefits Committee) to submit proposals aimed at achieving plan sustainability. The cost reductions expected as a result of the proposals will be determined as part of the valuation process and a supplementary report outlining this information will be provided to both the Employers and Employees.

The City of Regina has hired the firm Towers Watson and the Employees have hired the firm Buck Consultants to assist with their proposals. The Administrative Board will consider suggestions by both actuaries as to assumptions and methodology. The Board will evaluate the suggestions through Mercer Canada Ltd. and solicit the input of the Superintendent of Pensions for Saskatchewan to determine suitability. **It remains the sole responsibility of the Board to adopt assumptions for the actuarial valuation based on their fiduciary duty to the beneficiaries and the Plan's Funding Policy.**

- The Funding Policy was developed and adopted by the Board effective December 11, 2008. The funding policy provides a framework to guide the assumption setting process, taking into account the demographics of the Plan and economic circumstances and trends.
- The primary objectives of the Funding Policy are to achieve a balance between the need to ensure security of benefits against the need for affordable and consistent contribution rates. These two objectives directly conflict with each other due to the difference between the needs of retired members and the needs of active members.
- The assumptions for every actuarial valuation are determined in accordance with the Funding Policy which must follow professional actuarial standards and be acceptable to the Superintendent of Pensions for Saskatchewan.

The final report from the actuary will be used to form the basis of a formal vote on Plan amendments by the sponsors. The report is expected to be completed this fall. The Administrative Board will decide if the final actuarial valuation will be filed with the Superintendent of Pensions for Saskatchewan and Canada Revenue Agency.

2010 Annual Report

The 2010 Annual Report and Audited Financial Statements of the Regina Civic Employees' Superannuation & Benefit Plan is now available for viewing on our website at <http://www.regina.ca/Page822.aspx>