

# **Terms of Reference Pension Advisory Committee St. Thomas University**

## **Introduction**

The Pension Plan for Employees of St. Thomas University (the Plan) is a defined contribution plan registered with the Province of New Brunswick (#67125). Terms and conditions are as documented in the text of the Plan and filed with the New Brunswick Superintendent of Pensions.

This document constitutes the Terms of Reference adopted by the Pension Advisory Committee (the Committee) in April, 2018. The document should be interpreted in the context of the Policy Statement for the Plan (see Appendix A).

The purpose of these Terms of Reference is to establish the rules and parameters that the Committee deems necessary or appropriate for the conduct of its business.

## **Section 1 – Pension Advisory Committee**

### 1.01 Composition

The Committee shall be composed of six (6) voting members determined by the members of the group they represent and two (2) ex officio members. The membership is as follows:

- a) Three (3) faculty representatives designated by the full- and part-time faculty who are members of the Plan;
- b) Two (2) unionized staff representatives designated by STUSAU;
- c) One (1) non-union representative designated by the non-union staff members of the Plan;
- d) The Vice-President (Finance and Administration), ex officio; and
- e) The Director of Human Resources, ex officio.

### 1.02 Process to Determine Representatives

The process for determining the faculty and non-union representatives is as follows:

- The Office of the President sends a message to the applicable members of the Plan asking for nominations or expressions of interest.
- If the number of interested parties and vacancies is equal, the Office of the President will hold a Yes/No vote.
- If the level of interest exceeds the number of vacancies, the Office of the President will hold an election.
- As stated above, representatives are determined by the members of the group they represent.

The two (2) unionized staff representatives are determined through an election process conducted by STUSAU.

### 1.03 Term of Office

The term of office of Committee members, other than ex officio members, shall be two (2) years. Renewal of a term at its expiry must follow the process used when the member was first designated by the group they represent (see Section 1.02). Committee members can serve for a maximum of two (2) terms.

### 1.04 Resignation

Each Committee member may at any time resign as a member upon written notification to the Committee. Such resignation shall become effective upon delivery to the Chair or any later date specified in the notice.

### 1.05 Removal of a Committee Member

If circumstances warrant it, a special meeting of the Committee may be held to consider whether there is sufficient cause to remove a member from the Committee. If the Committee members, by a majority vote (excluding the member in question), determine that there is sufficient cause to remove the member, then that Committee member's membership shall terminate effective upon the date of such determination. For the purposes of this Section, "sufficient cause" shall include, without limitation, harassment, public disclosure of confidential information, breach of the conflict of interest provisions, or any other act that in the opinion of the Committee damages the reputation of the Committee or significantly impedes the work of the Committee. The Committee member in question shall be entitled to a reasonable opportunity to be heard by the Committee.

### 1.06 Replacement

If a Committee member becomes unable to act or if a seat on the Committee is vacant, steps will be taken to replace said Member as soon as possible. The vacancy shall be filled in the manner set out in Section 1.02.

## **Section 2 – Chair and Secretary Positions on the Pension Advisory Committee**

### 2.01 Chair

The Vice-President (Finance and Administration) will be the Chair of the Committee. The duties of the Chair shall be to facilitate the preparation of the agenda of Committee meetings, preside at such meetings, and to authenticate by signature, where necessary, all acts, orders and proceedings of the Committee.

### 2.02 Secretary

The Director of Human Resources will be the Secretary of the Committee. The Secretary shall keep minutes and records of all meetings including but not limited to highlights of major discussions and all recommendations, decisions and directives of the Committee.

A draft copy of the minutes of the most recent meeting and a draft agenda will be circulated to the Committee prior to the next Committee meeting (where practicable).

### **Section 3 – Meetings of the Pension Advisory Committee**

#### 3.01 Notice of Meetings

The Chair, or the Secretary on behalf of the Chair, may call a meeting of the Committee at any time. Normally there is notice of at least five (5) business days, unless exceptional circumstances warrant otherwise.

#### 3.02 Quorum and Vote

The meeting quorum shall be a majority of members of the Committee.

The preference is for decisions to be made by consensus. However, if consensus is not possible, a decision of the Committee shall be by majority vote of those Committee members in attendance. The Chair shall only vote on a motion in the event of a tie.

#### 3.03 Attendance at Meetings

Committee members are expected to regularly attend Committee meetings.

Persons who are not Committee members may attend meetings as guests at the invitation of the Chair. Such attendees have no voting rights.

#### 3.04 Number of Meetings

The Committee shall hold at least four (4) meetings each year (typically one meeting per quarter). The Chair shall be responsible for setting the dates of each meeting in accordance with the Terms of Reference.

The Chair may call additional meetings of the Committee, under the same notice provisions as in Section 3.01, as deemed necessary.

### **Section 4 – Responsibilities of the Pension Advisory Committee**

In accordance with the Policy Statement for the Plan, and in compliance with the New Brunswick *Pension Benefits Act*, this Committee was created to advise the Finance Committee of the Board on matters related to the Plan.

The role of the Committee is to make recommendations with respect to the Plan, monitor the administration of the Plan and to promote awareness and understanding of the Plan among members.

Specifically the Committee shall:

- review fund performance information on a quarterly basis;
- assess the performance of the Pension Services Provider (Provider) on an annual basis against benchmarks established for each investment vehicle and mutually accepted by the Provider and the Finance Committee;
- plan educational opportunities for Plan members;
- review the performance of the Provider associated with the Plan;
- make recommendations to the Finance Committee with respect to the Plan;
- receive input from Plan members and recommend appropriate action as required; and
- submit an annual report to the Finance Committee on the Plan and the activities of the Committee.

## **Section 5 – Conflict of Interest**

A Committee member shall not knowingly permit personal interest to conflict with duties related to the Plan or the work of the Committee. Committee members shall abstain from deliberating and voting on any matters likely to place themselves in a situation of conflict between their personal interests and their duties as a Committee member.

Should a Committee member become aware of a conflict of interest or potential conflict of interest, this must be disclosed to the Chair at the time it arises, including a brief written explanation of the nature of the conflict.

## Appendix A

### Pension Plan for the Employees of St. Thomas University Policy Statement (*Approved by the Board of Governors on January 18, 2014*)

#### Purpose of the Plan

St. Thomas University has a defined contribution pension plan to assist employees in achieving financial security in retirement. With a defined contribution pension plan there is no guarantee on the level of benefit employees will receive when they retire. The retirement benefit for each employee will be dependent upon how much money is invested through employer and employee contributions prior to retirement (contribution levels), how the money is invested, and the performance of the investments.

In determining appropriate contribution levels, the University's objective is to be competitive with other Canadian Universities.

In determining investment options, the University will take into account that members' circumstances vary in terms of risk tolerance, time horizon, investment objectives and income goals. In recognizing this, the University will ensure that the investment portfolio of the plan has a wide range of options to accommodate the varying needs of plan members. The University will provide educational seminars and access to qualified financial advisors on an annual basis to assist employees with making informed investment decisions. New employees will be encouraged to use the investment selection tools provided by the Pension Services Provider.

#### Role of the Pension Services Provider

In establishing and operating a defined contribution plan, St. Thomas University has certain responsibilities to ensure the ongoing integrity and compliance of the plan with regulatory requirements.

A Pension Services Provider is engaged to provide a full range of recordkeeping and fund management services to assist the University in meeting these responsibilities.

#### Role of the Board of Governors

The University's Board of Governors has fiduciary responsibility for the pension plan. The Board of Governors has designated its Finance Committee to ensure that the University's responsibilities are fulfilled. The Finance Committee may delegate tasks to employees of the University and to the various agents it has retained with respect to the pension plan. The Finance Committee has overall responsibility for monitoring the operation of the pension plan and making recommendations to the Board with regard to changes in the pension plan.

Specifically, the Finance Committee shall:

- review this policy statement and recommend amendments as necessary;
- recommend the appointment of a Pension Services Provider, with input and recommendations from the Pension Advisory Committee (PAC), to manage and maintain Fund assets and records of Plan

members;

- review the performance of the Pension Services Provider on an annual basis;
- determine the investment options to be offered under the Plan upon the recommendation from the PAC;
- receive Fund performance information on a quarterly basis;
- delegate tasks relating to the overall management of the Fund to selected employees of the University; and
- review the pension plan on a comprehensive basis e.g. contribution rates, structure, etc. periodically to ensure that it continues to meet the needs of the University and its employees.

In recommending the appointment of a Pension Services Provider to the Board of Governors, the Finance Committee shall take into account the following criteria:

- Structure of the Organization - a firm's ownership and a history of recent key events with particular emphasis on changes in investment staff.
- Investment Style - the bases for and policies applied to investment decisions.
- Performance - past performance over a suitably long period while being observant about any substantial changes in personnel or style.
- Benchmark Performance - the firm's performance in relation to appropriate benchmarks adopted for various funds.
- Stability of Returns - the assessment of the firm's ability to minimize the impact of market fluctuations.
- Fees - ensuring that the firm's fees are competitive.

In reviewing the performance of the Pension Services Provider, the Finance Committee shall take into consideration the following:

- the criteria used in making the appointment;
- the availability of investment options and tools for employees to make appropriate selections;
- adherence to application legislation and laws governing registered pension plans; and
- quality of service and relationship with employees including the provision of education sessions on campus to Plan members.

In making decisions about investment options, the Finance Committee will consider the following criteria:

- Flexibility - the portfolio must satisfy a variety of individual preferences ranging from very low risk to aggressive with several balanced fund alternatives.
- Simplicity - the range of options should be limited for ease of selection and elimination of redundancy;
- Performance - a fund option should be reviewed if performance of the fund is below the median for a four-year rolling period.

#### Role of the Pension Advisory Committee

To assist with the decision-making process, and in compliance with the *Pension Benefits Act* of the Province of New Brunswick, the Board has created a Pension Advisory Committee to advise the Finance Committee on matters related to the Plan.

The role of the PAC is to make recommendations with respect to the Plan, monitor the administration of the Plan and to promote awareness and understanding of the Plan among members.

The PAC shall be composed of three (3) members of faculty elected by members of the Plan who are full-time faculty members; one (1) member of the administration chosen by members of the Plan who are administrators and (1) member of the support staff chosen by members of the Plan who are support staff. Members of the PAC shall normally serve for two years. The Vice-President (Finance and Administration) and the Director of Human Resources will serve as ex officio members of the PAC. The Vice-President (Finance and Administration) will serve as Chair of the Committee and the Director of Human Resources as recording secretary.

Specifically the Committee shall:

- meet at least quarterly;
- review fund performance information on a quarterly basis;
- assess the performance of the Pension Services Provider on an annual basis against benchmarks established for each investment vehicle and mutually accepted by the Pension Services Provider and the Finance Committee;
- plan educational opportunities for Plan members;
- review the performance of the Pension Services Providers associated with the Plan;
- make recommendations to the Finance Committee with respect to the Plan;
- receive input from Plan members and recommend appropriate action as required; and
- submit an annual report to the Finance Committee on the pension plan and the activities of PAC.

#### Role of the Plan Members

Specifically Plan members shall:

- access information about the nature and features of the Plan;
- assume the responsibility for making investment decisions and for understanding that those decisions will affect the amount of money that accumulates in the Plan.
- educate themselves about the Plan by attending University sponsored seminars and using the investment and financial planning tools provided by the University;
- obtain independent investment advice from appropriately qualified individuals;
- review their quarterly statements and notify the University of any discrepancies as soon as possible; and
- review individual investment choices on a regular basis.