

Canadian Association of University Teachers
Association canadienne des professeurs et professeurs d'université



Photo Credits: Curtis Heinzl (Left and Center)
Breanna MacNeil (Top Right)

2021 CAUT Pension Survey Report

April 2022



Canadian Association of University Teachers
Association canadienne des professeurs et professeurs d'université

www.caut.ca

Contents

Summary	3
Introduction.....	4
Overview: number and type of pension plans.....	4
Change over time.....	5
Employment status of employees covered by pension plans	5
Contribution rates	6
Defined benefit plans.....	6
Defined contribution plans	7
Hybrid plans	7
Other plan types	7
Change over time.....	7
Benefit formulas and funding	8
Plan governance.....	8
Pensions in collective bargaining.....	10
Discussion	11
Appendix: Responding associations	13

Summary

The 2021 CAUT Pension Survey Report is based on data from 77 academic staff associations and federations regarding the characteristics of their pension plans. Key findings include:

- Most responding associations (81%) had only one pension plan. A majority (52%) of associations had at least one defined benefit (DB) pension plan, 33% had at least one defined contribution (DC) plan, and 12% had at least one hybrid plan.
- Excluding the 5% of responding associations who reported having no pension plan, 22% of responding associations who had limited term appointment (LTA) faculty in their membership did not have a plan that covered LTAs, 51% of associations with contract academic staff (CAS) in their membership did not have a plan that covered CAS, and all responding associations who had regular tenure-track faculty members had a plan that covered regular tenure-track faculty.
- Plans that include non-permanent academics (CAS and LTAs) are more likely to be DC plans and less likely to be DB plans than plans that do not cover non-permanent academics.
- Most (63%) DB plans have conditional indexing rules, while 34% have guaranteed indexing.
- The majority (68%) of DB plan Trustee Boards include union/member appointees, 60% include employer appointees, 33% include retirees and 33% include Board of Governors appointees.
- Thirty-five percent of respondents indicated that they had bargained pension issues in their most recent round of bargaining. The most common issues raised were plan changes (46%), contribution rates (36%) and governance, CPP integration, and indexing (18% each).

Introduction

The 2021 Canadian Association of University Teachers (CAUT) Pension Survey provides a general overview of respondents' pension plans, including information about the type of employees covered, the type of benefits offered, the forms of pension governance, and whether there have been recent significant changes to the plan(s). This type of information can help academic staff associations, where relevant, bargain more effectively over pensions and related issues.

The survey was distributed between February and May 2021 to 84 academic staff associations and provincial post-secondary academic staff federations. Sixty of the 84 organizations surveyed completed the survey, resulting in a 71%¹ participation rate. CAUT was also able to gather partial information from an additional 17 members using available pension booklets. This report is therefore based on the information from a total of 77 associations. The associations are spread across all 10 provinces, with the highest concentrations from Ontario (42%), Nova Scotia (12%), Alberta (10%), Quebec (9%) and British Columbia (9%). To provide information on changes to pension plans over time, where possible, the results of the 2021 survey are compared to those of a similar CAUT pension survey conducted in 2013.

Overview: number and type of pension plans

Most responding associations (81%) had only one pension plan. Only 5% had no pension plan, and 14% had two pension plans. Those with two plans most often had different plans for different categories of employees or were in the process of phasing out one plan for another.

There were five types of pension plans covered by the survey:

Defined benefit (DB) plans use a formula to guarantee a specific benefit amount to be paid out upon retirement. These plans may have higher contribution rates and/or administration costs

compared to other plan types, but they provide the most security to employees. DB plans may be:

Stacked, meaning that contribution rates and benefit amounts are calculated without reference to the Canada Pension Plan (CPP) or the Quebec Pension Plan (QPP) Yearly Maximum Pensionable Earnings (YMPE);

Integrated, meaning that contribution rates and benefit amounts take the beneficiary's future CPP or QPP benefits into account and may have different contribution rates above and below the YMPE.

Defined contribution (DC) plans have a set rate of employer and employee contributions to a registered plan in the employee's name, but do not guarantee a specific benefit amount upon retirement. The burden of financial risk associated with these plans is primarily faced by the employee, not the employer.

Hybrid plans combine a DC plan with a DB component, money purchase, or minimum benefit guarantee.

Targeted benefit (TB) plans have similar contribution structures to DB plans, but retirement benefits can vary depending on the pension plan's performance. The benefit is therefore a "target" not a guarantee, making these plans less secure than traditional DB plans.

RRSP-only plans or Group RRSPs are retirement savings plans that are sponsored by the employer. Employee deductions are made from pay and transferred to the RRSP accounts. Employers may also make contributions, often by matching employee contributions, but this is not required.

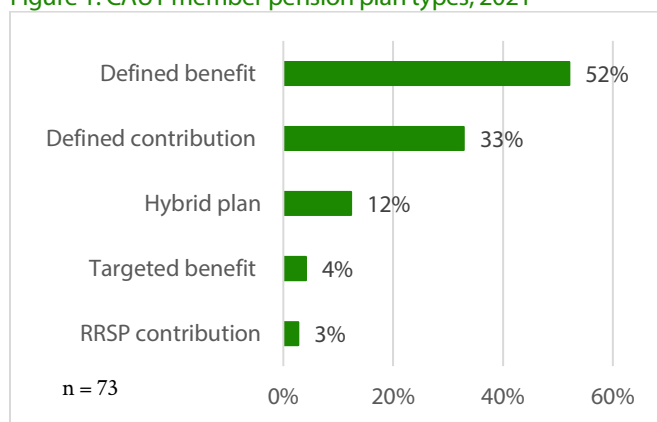
The majority (52%) of associations had at least one defined benefit (DB) plan, and 33% had a defined contribution (DC) plan. Survey respondents reported a lower proportion of DB plans and higher proportion of DC plans compared to the Canadian average of those with pension plans: according to Statistics Canada, 67% of Canadian registered pension plans in 2020 were DB plans and only 19% were DC plans.

¹ See Appendix for the list of responding faculty associations.

Twelve percent of respondents had a hybrid plan. Hybrid plans most often combined a DC plan with a DB component, money purchase, or a minimum benefit guarantee. Targeted benefit plans and RRSP-only plans were relatively rare, making up only 4% and 3% of plans, respectively. However, targeted benefit plans are not yet fully legislated in some provinces such as Ontario and Manitoba so their prevalence may change in the future.

There is a close split between integrated and stacked DB plans, with 54% of plans being integrated and 42% being stacked. The integrated plans vary in structure, with some specifying that they do not account for the post-2019 supplemental CPP, and some that have contribution rate reductions above the pensionable salary cap (which was \$180,758 in 2021).

Figure 1: CAUT member pension plan types, 2021



Change over time

Changes to the type and number of pension plans held by academic staff associations were examined. Comparing the pension plans of respondents who answered both the 2013 and 2021 surveys (n=50), there were 13 associations (26%) who reported changes:

- Two associations reported changing from a DB to a DC plan
- Two associations reported changing from a hybrid to a DC plan
- One association reported changing from a hybrid to a DB plan

- One association reported changing from one DB plan to one TB and one DC plan
- One association reported consolidating from one DB and one DC plan to a single DB plan
- One association reported changing from a DB to a TB plan
- One association reported consolidating from one DC and one hybrid plan to a single DC plan
- One association reported changing from one DC plan to two plans, one DC and one DB
- One association reported consolidating from multiple DB plans into a single DB plan
- One association reported changing from one DB plan and one DC plan to one DB plan and one TB plan
- One association reported changing from one DB plan to two plans, one DB and one DC

Indications of change were also apparent in the responses from two associations who completed only the 2021 survey. These associations indicated that they currently had two plans, but only one plan was open to new employees. One association has a DB plan that only includes employees hired before 2009 and an RRSP plan for those hired after, and one association has a DB plan for employees hired before 2000 and a DC plan for those hired after.

Multiple 2021 survey respondents reported that they were in the process of, had recently, or were discussing joining a large group pension plan. The University Pension Plan (UPP) became the DB pension provider for its founding members Queen's University, the University of Guelph, and the University of Toronto in July 2021. Three respondents also noted that they were negotiating moving their pensions to jointly sponsored plans like the Colleges of Applied Arts and Technology (CAAT) Pension Plan and the Healthcare of Ontario Pension Plan (HOOPP).

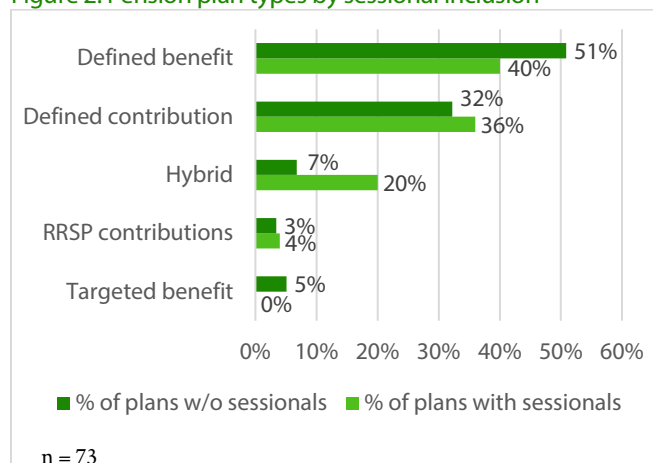
Employment status of employees covered by pension plans

Limited term appointment (LTA) faculty and contract academic staff (CAS) were less likely to be covered by reporting associations' pension plans than regular

tenure-track faculty. Excluding the 5% of respondents who reported no pension plan, all associations whose membership included regular tenure-track faculty had a plan that covered regular tenure-track faculty. Of the responding associations whose membership included LTAs, 22% did not have a plan that covered LTAs. Of the responding associations whose membership included CAS, 51% did not have a plan that covered CAS.

Non-permanent academics—LTAs and CAS—were somewhat less likely to be included in DB plans. Forty-nine percent of plans that exclude LTAs were DB plans while only 47% of plans that include LTAs were DB plans. This difference was more pronounced for CAS: 51% of plans that exclude CAS were DB plans, while only 40% of plans that include CAS were DB plans.

Figure 2: Pension plan types by sessional inclusion



Non-permanent academics also tended to have conditions placed on their inclusion in pension plans, such as:

- Minimum length of service requirements (e.g. 12 months of uninterrupted employment)
- Minimum contract lengths (e.g. 1 year or longer)
- Minimum annual earnings (e.g. at least 25% of YMPE)

² Note that for all plan types except for integrated DB (and components of hybrid or targeted benefit plan with

- Minimum weekly hours (e.g. at least 25 hours per week or at least 50% FTE)

Overall, 16% of plans that include LTAs had conditions, and 39% of plans that cover CAS had conditions. This likely means that a plan that ‘includes’ LTAs or CAS may not include all staff in the category.

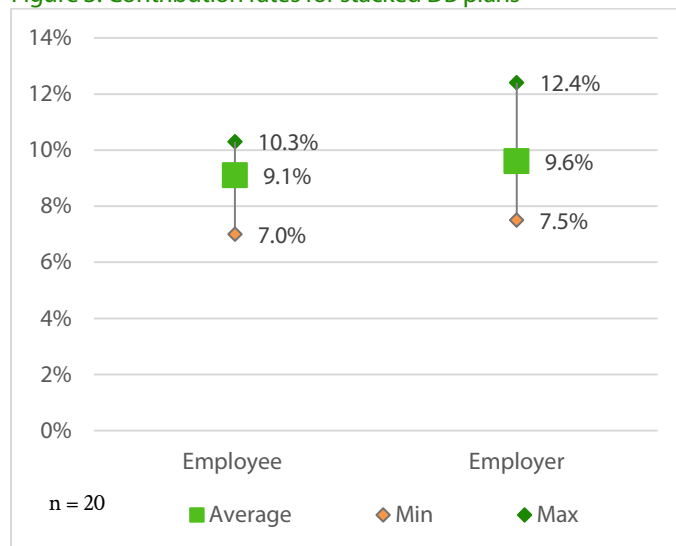
Contribution rates

Defined benefit plans

The average employee contribution rate for DB plans overall was 8.7% up to the Yearly Maximum Pensionable Earnings (YMPE)² and 10.3% above the YMPE. Employer contribution rates were slightly higher at 9.1% up to the YMPE and 10.4% over the YMPE.

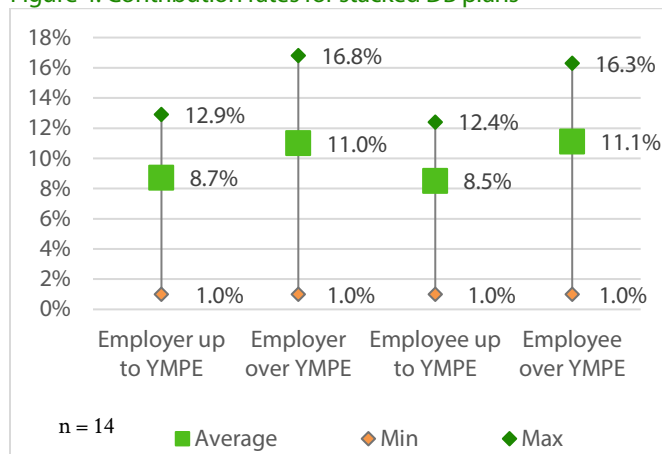
For stacked DB plans, the average employee contribution rate was 9.1% with a range of 7.0% to 10.3% and the average employer contribution rate was 9.6% with a range of 7.5% to 12.4%.

Figure 3: Contribution rates for stacked DB plans



integration), the contribution rates above and below the YMPE are the same.

Figure 4: Contribution rates for stacked DB plans

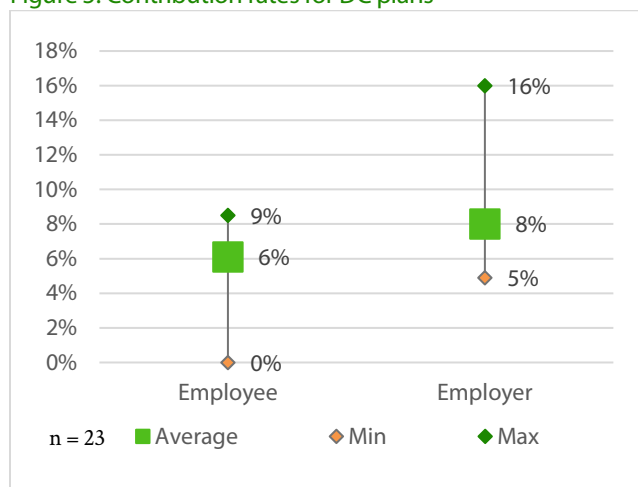


The difference in contribution rates between stacked and integrated plans will have different implications for employees depending on how much (if any) of their income is above the YMPE. Across all DB plans, the average employer and employee contribution rates were very close.

Defined contribution plans

The average employee contribution rate for DC plans was 6.1% with a range of 0.0% to 8.5%. The average employer contribution rate was 8.0% with a range of 4.9% to 16.0%. While the average contribution rates of DC plans—particularly for employees—are lower than those of DB plans, DC plans do not offer a guaranteed level of benefits in retirement so the payout of these contributions upon retirement may be lower.

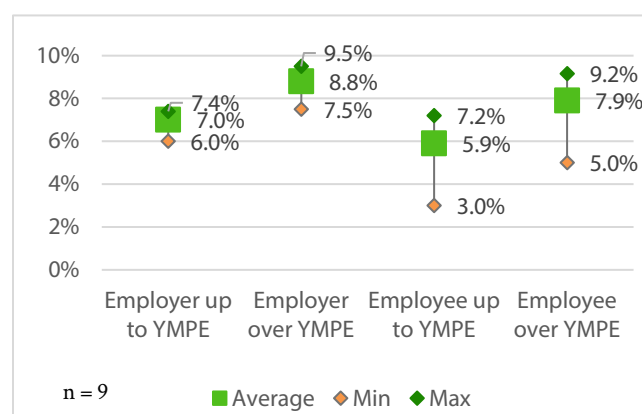
Figure 5: Contribution rates for DC plans



Hybrid plans

The average employee contribution rate for hybrid plans was 5.9% up to the YMPE with a range of 3.0% to 7.2%. The average employee contribution rate over the YMPE for hybrid plans was 7.9% with a range of 5.0% to 9.2%. The average employer contribution rates were slightly higher. The average employer contribution rate up to the YMPE was 7.0% with a range of 6.0% to 7.4%. The average employer contribution rate over the YMPE was 8.8% and ranged from 7.5% to 9.5%.

Figure 6: Contribution rates for hybrid plans



Other plan types

Contribution rates were reported for only three targeted benefit plans. One targeted benefit plan had employer and employee contribution rates of 8.4% up to the YMPE and 10.9% over the YMPE. Another targeted benefit plan had employer and employee contribution rates of 10.55% up to the YMPE and 12.25% over the YMPE. The third targeted benefit plan had an employer and employee contribution rate of 6.2% with no integration.

Only one RRSP plan reported contribution rates, which were 5% for the employer and employee.

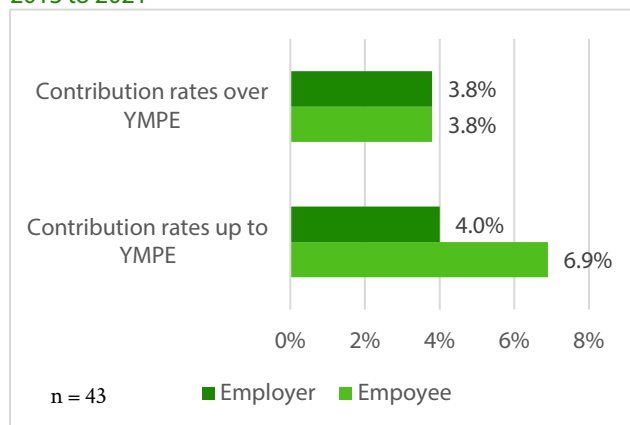
Change over time

When respondents were asked how their contribution rates had changed over five years, 50% reported that their rates had stayed the same. Only 17% reported that their contribution rates had increased, while 13% reported that their contribution rates had decreased. Respondents who indicated 'Other' (21%) reported mixed changes, for example a decrease in one rate with an increase in another, or a relative change in

contribution rate such as a decreased percentage but increased dollar amount due to compensation changes.

When reported contribution rates from respondents who answered both the 2013 and 2021 surveys were compared, the average contribution rate over the YMPE increased by 3.8% for both employees and the employer. However, for contributions up to the YMPE, employee contribution rates increased by 6.9% while employer contribution rates only increased by 4.0%.

Figure 7: Increase (%) in pension contribution rates from 2013 to 2021

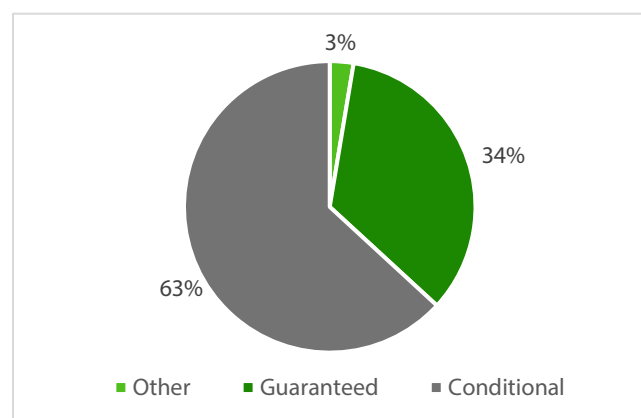


Benefit formulas and funding

For DB plans, by far the most common benefit formula (86% of plans) was a final or best average earnings formula. This type of formula calculates an employee's benefit amount based on an average of a set number of their highest earning years of employment with the employer. Seventy-two percent of plans with this formula calculate the average over the employee's highest-earning five years, 21% over three years, and 6% over four years. Only 4% of DB plans used a career average earnings formula, and 2% used a flat benefit formula.

Most DB plans (78%) have some form of post-retirement indexing in their benefit formula to anchor benefits to inflation. Of those plans with indexing, 63% have indexing that is conditional on the plan's funding status, while 34% have guaranteed indexing.

Figure 8: Plan Indexation Rules



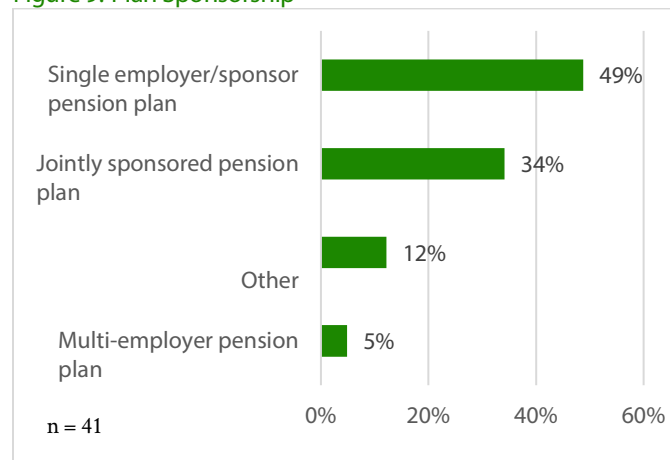
Most DB plans with indexing have caps on indexation (61%), while 31% do not. Of those plans with indexing caps, 40% set the cap at the CPI. For the remaining 60% of plans with indexing caps, the average cap rate is 4.6%.

The average solvency basis funding rule for DB plans was 89.3% and ranged from 57% to 106%. The average going concern basis funding rule for DB plans was 98.7% and ranged from 73% to 117%.

Plan governance

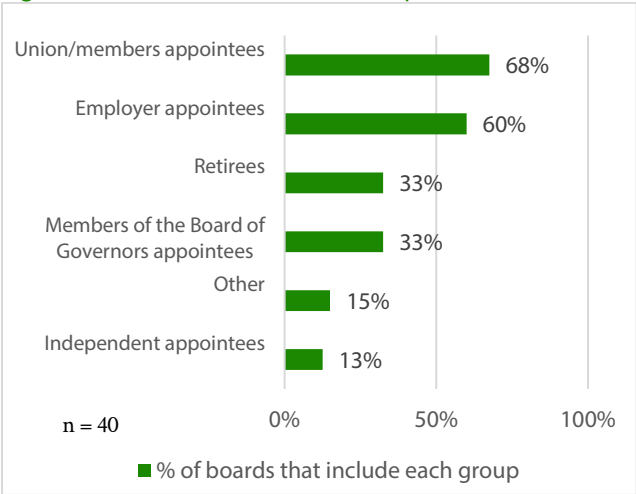
Single-employer plans were the most common form of sponsorship, with 49% of DB plans falling into this category. Jointly-sponsored pension plans accounted for 34% of DB plans, and 5% of DB plans were multi-employer plans. 'Other' responses included plans in structural transition and plans with mixed features.

Figure 9: Plan Sponsorship



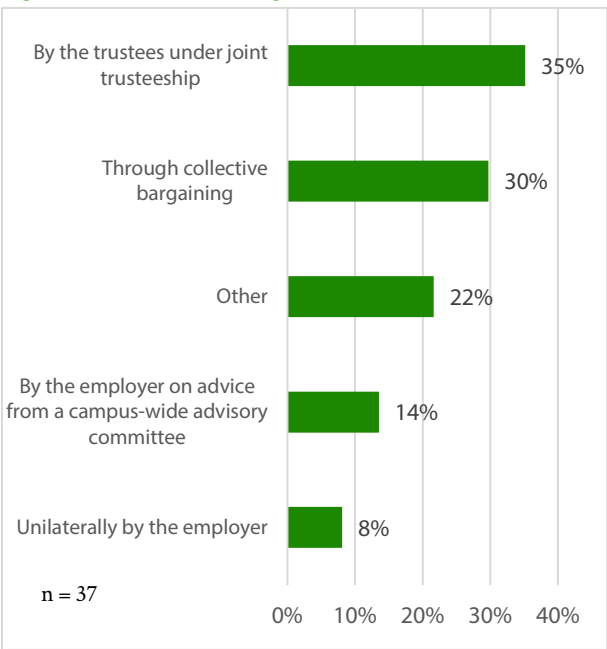
Most DB plan trustee boards included union members or union appointees (68%) and employer appointees (60%). About 1/3 of trustee boards also include retirees (33%) and members appointed by the Board of Governors (33%).

Figure 10: Pension Trustee Board Composition



Respondents were asked how decisions regarding changes to the pension plans are made. Most commonly, decisions are made by the trustees under joint trusteeship (35%), followed by collective bargaining (29%) and consultation with a campus-wide advisory committee (14%).

Figure 11: How Plan changes are decided 2021



When comparing respondents who answered this question on both the 2021 and 2013 survey (see figure 12), there were some reported changes to pension decision-making authority. One more respondent in 2021 than in 2013 reported that plan changes are decided through collective bargaining. Likewise, one more respondent in 2021 than in 2013 reported that plan changes are decided unilaterally by the employer. Two more respondents in 2021 than in 2013 reported that pension changes are decided by the employer on committee advice, and three more respondents in 2021 than in 2013 reported that pension plan changes are decided by trustees under joint trusteeship.

The majority (57%) of DB plans have some form of responsible investment policy, which is an approach to investing that aims to incorporate environmental, social and governance factors into investment decisions. However, 10% of respondents from this group specifically noted that they find the policy weak. Thirty-four percent of DB plans had no responsible investment policy, but 17% of these respondents reported that a policy was in progress or under discussion. Of respondents who answered this question, 5.7% reported that their plan had an informal policy or precedent for responsible investment.

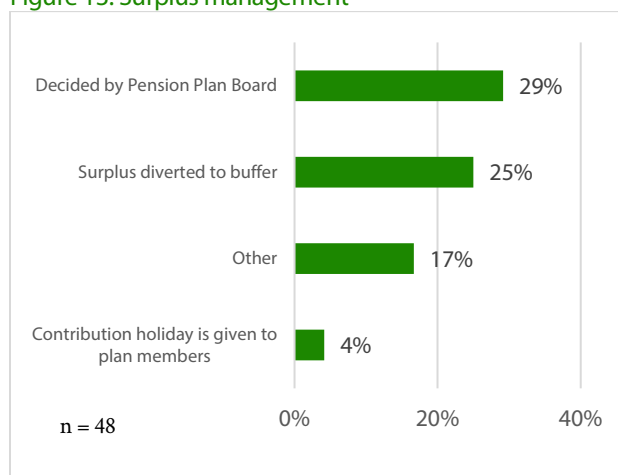
Respondents with DB plans were asked how plan surpluses are managed. The most common reported strategy (29%) was that the surplus plan is decided by the Pension Plan Board, while 25% said the surplus would be diverted to a buffer and only 4% said the surplus would be used to give a contribution holiday to members.

Figure 12: Pension change decision-making 2013 vs. 2021

How plan changes are decided	Number of respondents (2013)	Number of respondents (2021)	Change (%)
Through collective bargaining	9	10	11%
By trustees under joint trusteeship	3	6	100%
Other	6	5	-17%
By the employer on advice from a campus-wide advisory committee	2	4	100%
Unilaterally by the employer	1	2	100%

(n=21)

Figure 13: Surplus management



For those who reported 'Other' (17%), strategies specified a contribution holiday for the employer, negotiations between plan parties, a decision by the Board of Governors' pension committee, and a decision by the plan sponsors.

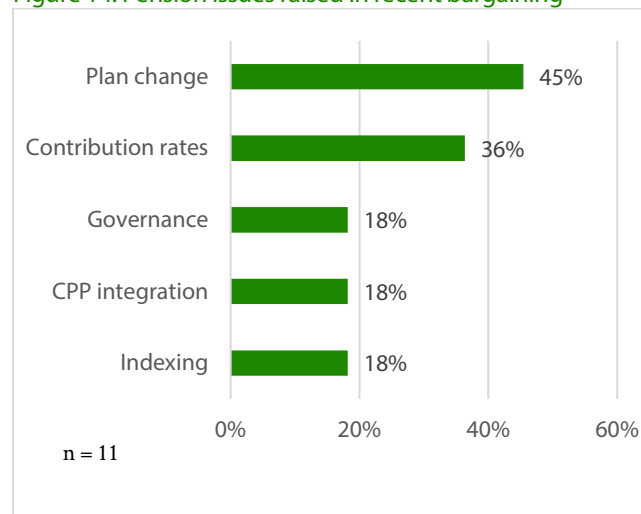
Pensions in collective bargaining

Respondents were asked whether they or their employer had made pensions a bargaining issue in their most recent round of collective bargaining.

Thirty-five percent of respondents had bargained over pensions—16% brought forward by the union, 6% brought forward by the employer, and 14% raised by both parties. Forty-five percent of respondents did not address pensions in their last round of bargaining, and 20% indicated that the question was not applicable.

The most common pension issues raised in bargaining among respondents who provided specific information were changes to the plan (45%), contribution rates (36%), governance (18%), CPP integration (18%), and indexing (18%).

Figure 14: Pension issues raised in recent bargaining



Plan changes often included decisions to join or consider joining larger group plans like HOOP or UPP or switching from a DC plan to a DB plan.

Contribution rate bargaining resulted in a mix of rate increases and decreases. Bargaining over governance included issues like establishing “due diligence milestones,” ensuring funding for actuarial services, acquiring an actuarial examination for improvements to the plan, and adding consultation requirements. Those who bargained over CPP integration moved from a stacked to an integrated plan or established a

working group to examine the implications of the 2019 CPP improvement. Bargaining over indexing resulted in both increases and decreases in indexing levels.

Discussion

The 2021 CAUT Pension Survey identifies several potential issues for unions and academic staff associations to monitor leading up to and during bargaining, especially regarding ways that employers may attempt to reduce the cost of funding and administering pension plans.

Employers may try to reduce their cost of providing pensions to employees by, for instance, reducing the employer contribution rate relative to the employee contribution rate. Employee contribution rates for respondents who completed both surveys rose more between 2013 and 2021 than did employer contribution rates, which shows a shift of the relative cost of these plans from the employer to employees. This may also reflect employers' attempts to pass onto employees the costs of DB plans which may have increased during this period due to an ageing population and economic conditions such as low interest rates.³

In 2021, contribution rates for DB plans were higher than those of DC plans. This difference is normal for these plan types because DB plans are more expensive to administer and fund than DC plans. However, the difference was more pronounced for employee rates than employer rates. When compared to contribution rates for DC plans:

- employee DB contributions were 43.8% higher up to the YMPE and 67.2% higher over the YMPE

- employer DB contributions were only 13.9% higher up to the YMPE and 29.7% higher over the YMPE.

The cost difference for these two plan types therefore appears to be disproportionately shouldered by employees.

As a result of the higher cost of DB programs, employers may also be incentivized to move toward lower cost DC plans which offer less security to members. Four associations who completed both surveys indicated that they had left or were closing a DB plan and moving to a DC, TB, or Group RRSP plan, and two 2021 respondents indicated that they had a DB plan that was no longer open to new employees. However, two associations reported the introduction of a DB plan between 2013 and 2021 and three 2021 respondents reported intentions to join large jointly sponsored DB plans; so there is no clear trend in plan type changes. Unions and academic staff associations should nonetheless remain vigilant about pressure to move toward plan types that have a lower cost for employers and higher risk for employees, especially as legislation⁴ for targeted benefit plans continues to develop.

Given recent high inflation rates experienced across the country, unions and associations may see increased pressure from employers to remove guaranteed post-retirement indexing features or limit indexing to a plan's ability to pay (including converting to targeted benefit plans).

While these issues may be challenging for unions and academic staff associations in bargaining, the survey also indicates that many CAUT member organizations are directly engaged with pension issues. Sixty-eight percent of DB plans had union members or appointees on the plan's Board of Trustees, and more than 1/3 of

³ OECD, "Core Principles of Private Pension Regulation," OECD, 2016, <https://www.oecd.org/daf/fin/private-pensions/Core-Principles-Private-Pension-Regulation.pdf>.

⁴ Jana Steele, "Target Benefit Plans in Canada," *Estates, Trusts and Pensions Journal* 36, no. 1 (2017): 186-199, <https://www.osler.com/osler/media/Osler/reports/pensions-benefits/Target-Benefit-Plans-in-Canada.pdf>;

Retraite Québec, Target-benefit pension plan, *Retraite Québec*, December 11, 2020,

https://www.rrq.gouv.qc.ca/en/programmes/rcr/Pages/regime_prestations_cibles.aspx;

FSRA, "Funding rules for specified Ontario multi-employer pension plans extended," *FRSA*, <https://www.fsrao.ca/industry/pensions/multi-employer-pension-plans/funding-rules-specified-ontario-multi-employer-pension-plans-extended>.

respondents indicated that they had negotiated over pensions during their last round of bargaining.

Bargaining over pensions may be a way for unions and academic staff associations to support their other priorities as well. In the 2021 CAUT Collective Bargaining Survey, 71% of respondents indicated that equity should be a national priority for CAUT and its member associations. The impact of pay inequity (a key issue in the fight for equity overall) extends into retirement; less income means lower pensionable earnings. Pursuing pension features that improve

benefits for members who are likely to earn less is one way to address this issue. For example, relaxed eligibility requirements for pension plans could provide better benefits to precarious employees like CAS, the lowest paid of whom are more likely to be women and/or racialized.⁵ Contribution rules and benefit formulas that minimize the impact of parental leave can help reduce the gender gap in retirement security.⁶ As the cost-of-living increases, unions and academic staff associations must continue to play a central role in defending and improving pension plans for their members.

⁵ Karen Foster and Louise Birdsell Bauer, “Out of the Shadows: Experiences of Contract Academic Staff,” *Canadian Association of University Teachers*, September 2018, https://www.caut.ca/sites/default/files/cas_report.pdf.

⁶ OECD, “Governments need to address the gender gap in retirement savings arrangements,” *OECD*, October 2021, <https://www.oecd.org/finance/private-pensions/governments-need-to-address-the-gender-gap-in-retirement-savings-arrangements.htm>.

Appendix: Responding associations

*=survey response completed by CAUT research based on available pension plan booklets

Acadia University Faculty Associations
 Alberta Colleges and Institutes Faculties Association
 Algoma University OPSEU 685
 Association des bibliothécaires, professeures et professeurs de l'Université de Moncton
 Association des professeur-e-s d'université de Hearst
 Association des professeures et professeurs de l'Université Saint-Paul
 Association des professeurs et des professionnels de l'Université de Saint-Boniface
 Association des professeurs, professeures et bibliothécaires de l'Université Sainte-Anne
 Association of Academic Staff University of Alberta
 Association of Professors of Bishop's University
 Association of Professors of the University of Ottawa
 Association of University of New Brunswick Teachers
 Athabasca University Faculty Association*
 Atlantic School of Theology Faculty Association
 Brandon University Faculty Association
 Brescia Faculty Association
 British Columbia Institute of Technology Faculty & Staff Association
 Brock University Faculty Association
 Canadian Military Colleges Faculty Association
 Carleton University Academic Staff Association
 Carleton University Postdoctoral Association
 Concordia Part-time Faculty Association
 Concordia University Faculty Association
 Dalhousie Faculty Association
 Dalhousie University CUPE Local 3912
 Faculty Association of the University of St. Thomas
 Faculty Association of the University of Waterloo
 Faculty Union of Nova Scotia College of Art & Design
 Federation of Post-Secondary Educators of BC
 Grant MacEwan University Faculty Association
 Huron University College Faculty Association
 King's University College Faculty Association
 Lakehead University Faculty Association
 Laurentian University Faculty Association*
 McGill Association of University Teachers / Association des professeur(e)s et bibliothécaires de McGill
 McMaster University Academic Librarians' Association
 McMaster University Faculty Association*
 Memorial University of Newfoundland Faculty Association
 Mount Allison Faculty Association
 Mount Royal Faculty Association
 Mount Saint Vincent University Faculty Association
 Nipissing University Faculty Association
 Northern Ontario School of Medicine Faculty and Staff Association

Olds College Faculty Association
Ontario College of Art and Design Faculty Association*
Osgoode Hall Faculty Association
Queen's University Faculty Association
Royal Roads University Faculty Association*
Ryerson Faculty Association*
Saint Mary's University Faculty Union*
Simon Fraser University Faculty Association*
St. Francis Xavier Association of University Teachers
St. Thomas More College Faculty Union*
Syndicat général des professeurs et professeures de l'Université de Montréal (SGPUM)
Syndicat des professeurs et professeures de l'Université Laval
Syndicat général des professeurs et professeures de l'Université de Montréal
The Faculty Association of the University of Calgary
Trent University Faculty Association
University of British Columbia Faculty Association*
University of Guelph Faculty Association*
University of King's College Teacher's Association
University of Lethbridge
University of Manitoba CUPE 3909
University of Manitoba Faculty Association*
University of Northern British Columbia Faculty Association
University of Ontario Institute of Technology Faculty Association
University of Prince Edward Island Faculty Association
University of Regina Faculty Association*
University of Saskatchewan Faculty Association*
University of Toronto CUPE 3902*
University of Toronto Faculty Association
University of Victoria Faculty Association*
University of Western Ontario Faculty Association*
University of Winnipeg Faculty Association
Wilfrid Laurier University Faculty Association
Windsor University Faculty Association
York University Faculty Association