

MEMO

To: All Members – Employees' Retirement Plan
Date: May 17, 2010
Subject: **Employees' Retirement Plan Update: New Contribution Rates effective July 1, 2010**

This memo is designed to provide you with updated information on the financial status of the Employees' Retirement Plan (or "the Plan"). Over the past several years, the decline in financial markets has impacted the well being of many pension plans, our Plan included. In response to the current economic challenges, the Financial Services Commission of Ontario (FSCO) released changes to the regulations of the Pension Benefits Act in June of 2009, which impacted contribution requirements under the Employees' Plan.

The Retirement Committee, which is comprised of elected representatives from union and non-union groups as well as university administration, has been closely monitoring the financial position of the Plan for many months. Regular meetings have been held since early last year to address the changes and to develop action plans that will ensure the ongoing future financial stability of the Plan, in the best interests of all Plan members.

Based on the new regulations and the financial status of the Plan, there is a requirement to increase the contribution rates effective July 1, 2010, for members and the University. The new contribution rates are required to provide the existing level of benefits. There is no change to the benefit formula or any other Plan provision. The new contribution requirements will be in place until at least June 30, 2011, at which time a full valuation will be undertaken and rates re-established.

What's changing?

In October of last year, we held open meetings to discuss member and University contribution options to the Plan for the Plan year July 1, 2009 to July 1, 2010. At those meetings, our Plan actuary from Mercer Canada Limited presented two options to deal with the increased contribution requirements:

- Option 1: Increase member and University contributions effective July 1, 2009.
- Option 2: Delay the increase in contributions until July 1, 2010 by filing a cost certificate with the pension regulators based on a temporarily revised discount rate assumption (6.25%) from the last actuarial filing at July 1, 2008.

Based on input from Plan members and the University, the Retirement Committee chose Option 2 - to delay contribution increases until July 1, 2010, to provide time for the members and the University to plan for the increased contribution rate.

The following table outlines the member and University current and new contribution rates:

Pensionable Earnings	Current contribution rates	Contribution rates effective July 1, 2010*
Earnings up to the Year's Basic Exemption of \$3,500 (YBE)	6%	9.2%
Earnings above YBE and up to the Year's Maximum Pensionable Earnings of \$47,200 (YMPE)	4.2%	6.4%
Earnings above YMPE of \$47,200	6%	9.2%

*These contribution rates have been established using the 6% discount rate assumption from the July 1, 2008 actuarial valuation.

Sample member and University contribution rates:

Annual Pensionable Earnings	Current contribution rates	Contribution rates based on full current service cost**	Difference
\$20,000	\$903	\$1,378	\$475
\$30,000	\$1,323	\$2,018	\$695
\$40,000	\$1,743	\$2,658	\$915
\$50,000	\$2,213	\$3,376	\$1,163
\$60,000	\$2,813	\$4,296	\$1,483
\$70,000	\$3,413	\$5,216	\$1,803
\$80,000	\$4,013	\$6,136	\$2,123

**Contribution Rates (9.2%/6.4%/9.2%) effective July 1, 2010 based on 2010 YBE (\$3,500) and 2010 YMPE (\$47,200)

Why the change?

The current service cost of the Plan is in excess of the current member and University contributions to the Plan. The shortfall has historically been funded from surpluses in the Plan. To maintain our current contribution rates, FSCO pension regulations require that an actuarial certificate be filed to indicate that the Plan would have sufficient surplus as at July 1, 2010. Estimates prepared by Mercer Canada Limited have found that the Plan would not have sufficient surplus as at July 1, 2010 without a significant recovery in the Plan's financial status by June 30, 2010. As a result, member and University contributions will increase effective July 1, 2010.

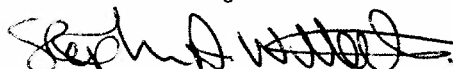
Next Steps

These steps are being undertaken to ensure the long term financial stability of the Plan. Based on the review, higher contributions will be deducted from members' pay cheques on the first payroll following July 1, 2010.

Increased employee contributions to a defined benefit plan do not reduce the amount of RRSP room an individual accrues in a given year, and are tax deductible. Please keep in mind, that under the terms of the Plan and current pension legislation, contribution rates will need to be reviewed on an annual basis. The Committee will continue to monitor the Plan's financial status closely.

Should you have any questions on this information, please contact your pension representative listed below or the Department of Human Resources at ext. 2014, or by email cherylp@uwindsor.ca.

		Extension	E-Mail
Ms. Purita Bristow	Non Union	2738	pbristo@uwindsor.ca
Mr. Jonathan Sinasac	CUPE 1393	3061	jrs@uwindsor.ca
Mr. Darrell Hennessy	CAW 2458 Engineers	7027	darrelh@uwindsor.ca
Ms. Brenda King	CAW 2458 F/T Office & Clerical Unit	3167	bking@uwindsor.ca
Mr. Anthony Liolli	CAW 195 Campus Police / Parking	1234	aliolli@uwindsor.ca
Ms. Charlene St. Onge	CAW 2458 P/T Office & Clerical Unit	3216	cstonge@uwindsor.ca


 Stephen Willetts
 Vice President, Administration and Finance