McMaster University Faculty Association
1280 Main Street West, HH103A, Hamilton, ON L8S 4K1
(905) 525-9140 Ext. 24682/20297
mufa@mcmaster.ca
http://www.macfaculty.ca

GENERAL MEETING

Wednesday, January 11th 2017

9:30 a.m.
Council Chambers
(Gilmour Hall, Room 111)

AGENDA

1. **Minutes of the Annual General Meeting held April 25th, 2016** (attached)
2. **Business Arising**
3. **MUFA By-Laws** (attached)
4. **MUFA Constitution** (attached)
5. **Remuneration Brief – R. Kleiman**
   (see MUFA Brief, dated December 15th, 2016 ; Administration Brief, dated, December 15th, 2016) (attached)
6. **President's Report – Martin Horn**
7. **Other Business**

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MINUTES of the ANNUAL GENERAL MEETING

Monday, April 25th, 2016
Great Hall of the University Club

Present: Approximately 50 members, M. Dion (Chair)

1. MINUTES of the General Meeting of December 9th, 2015

MOTION
That the minutes of the General Meeting held on December 9th, 2015 be approved as circulated.

R. Kleiman/G. Luke
Carried Unanimously

2. BUSINESS ARISING

There was no business arising from the December 9th, 2015 General Meeting.

3. COMMITTEE REPORTS

a) **Association Standing Committees.** There were no questions from the floor regarding the reports from these committees.

b) **University Committee and Boards.** There were no questions from the floor regarding the reports from these committees.

MOTION
That the Committee Reports be accepted as submitted.

M. Horn/A. Sweetman
Carried Unanimously

4. RETURNING OFFICER'S REPORT – M. Grasselli

As Returning Officer for the election of the Executive Committee for 2016/2017, I hereby report that, as there were no further nominations by the March 11th, 2016 deadline, the Nominating Committee's slate which was distributed to the membership on February 26th, 2016 is declared elected.

The 2016/2017 Executive is as follows:

PRESIDENT	**Martin Horn**	**Associate**	**Humanities**
VICE-PRESIDENT	**Laura Parker**	**Associate**	**Science**
PAST-PRESIDENT	**Michelle Dion**	**Associate**	**Social Sciences**

MEMBERS-AT-LARGE

Nancy Carter	Assistant	Health Sciences
Anna Danielova	Associate	Business
Antoine Deza	Professor	Engineering
Vickie Galea	Associate	Health Sciences
Peter Graefe	Associate	Social Sciences
Michel Grignon	Associate	Social Sciences
Nicholas Kevlahan	Professor	Science
Rafael Kleiman	Professor	Engineering
Khalid Nainar	Professor	Business
Briana Palmer	Assistant	Humanities

5. TREASURER'S REPORT – L. Chan

a) Preliminary Budget for 2016/2017 and Annual Statement of Cash Receipts and Expenditures as of March 31st, 2016.

MOTION
That the preliminary budget for 2016/2017 be adopted.

L. Chan/K. Nainar
Carried Unanimously

b) Appointment of Auditor for 2016/2017

MOTION
That Les Lucyk Professional Corporation be appointed as the Auditor for the Faculty Association for 2016/2017

L. Chan/E. Hassini
Carried Unanimously

6. OCUFA's PRIORITIES AND INITIATIVES FOR THE COMING YEAR – J. Bates

J. Bates announced that OCUFA had established three organizational priorities for 2015-2016 to guide the work of their organization; 1) to build our capacity to improve faculty complement and achieve fairness for contract faculty across the province; 2) to support our members' pension needs and 3) to address university funding and university governance issues.

J. Bates noted that Faculty and Librarians are at the heart of the Ontario universities and without them there would be no universities. But the reality is that faculty hiring has not kept pace with student enrollment, which has continued to increase steadily since the year 2000. As a result, Ontario now has the worst student to faculty ratio in Canada, and it is currently at 30 to 1.

She further explained that as a result of this lack of hiring of full time faculty, universities in Ontario have doubled the amount of hiring of precarious workers. Workers in these positions have no job security and a lack of institutional support, which in the end affects the quality of education that is being provided to students.

J. Bates pointed out that OCUFA is involved in a number of initiatives across Ontario to build solidarity and engage with precarious workers and has launched an online pledge as part of their campaign to draw attention to this issue and show allegiance. She asked that members please visit the website and sign the pledge to show their support at http://weteachontario.ca/

J. Bates indicated that pension security is a major concern for many faculty associations across Ontario. OCUFA supports its members association with a variety of pension needs and goals through a multi-faceted pension strategy and will support faculty associations that choose to maintain their current plan, amend their current plan, or move to a JSPP.

OCUFA continues to participate in the university pension project (UPP) – a process of developing a voluntary Ontario university multi-employer JSSP to help address a number of existing pension concerns. The final report outlining the progress achieved to date in the design phase and the proposed path forward for the UPP was submitted to the Ontario government in early February of 2016. OCUFA will inform all of the associations about the design of the new plan with enough detail to allow faculty associations to make a decision about whether or not to participate in the build phase. At that time Institutions will be asked to signal their interest to participate in the build phase. But the ultimate decision to join the university JSPP will not take place until the build phase is complete. For additional information, please visit: http://ocufapensionreview.ca/

J. Bates then went on to note that the recent Ontario budget made student financial aid a priority, but it did nothing for university operating grants. As a result, the underfunding has real consequences for the quality of education at universities and for the quality of faculty jobs. She confirmed that OCUFA will continue to advocate for renewed public investment in our universities.

In the meantime, the Ministry of Training of Colleges and Universities has been engaged in a review of the university funding model or the mechanism by which public funding is distributed to universities. The initial consultation around the funding model is now complete and a report was released in December 2015. OCUFA was involved in articulating a variety of principles and recommendations for a funding model that ensured student access and educational quality. However, the government ruled the actual level of funding out of scope and was not included in the review. OCUFA believes that all three parts of the university funding system should be considered together in order to ensure a coherent and progressive policy. Once details are available this will be provided to all associations.

J. Bates explained that university governance continues to be a concern to our members and that OCUFA provides support and resources to local associations dealing with campus-specific challenges. They also surveyed members on governance issues and found that issues varied across universities and that the problems seemed to be even more pronounced when it related to university budgets. OCUFA will continue to work on this in order to develop a set of principles and best practices for effective collegial governance in the coming year.

7. PRESIDENT'S REPORT – M. Dion

It is both with some relief and satisfaction that I am offering here my final report as MUFA President. Over the last year, MUFA staff and our colleagues who serve MUFA on its Executive Committee and as representatives on various University committees have worked to help individual members as well as to strengthen both MUFA and the University.

This year, MUFA put significant effort into promoting discussion and reflection on McMaster's budget model, which has recently become more activity-based. It was clear last fall from our informal member survey that the budget model was the source of considerable consternation for some. For others, it became a sort of bogeyman, responsible for anything from course cancellations to department closures. In response, MUFA organized an opportunity for members to learn more about the budget model at its December meeting and reinstated MUFA's Budget Advisory Committee, which I hope will become an annual or semi-annual committee going forward. This Committee's report is now available and was circulated with this meeting's agenda. I want to thank the members of the BAC, which include Arthur Sweetman (Chair), Michel Grignon, Martin Horn, Graeme Luke, Khalid Nainar, Laura Parker and Sumanth Shankar, for their time and work on the report, which I hope you will agree provides a thorough discussion of McMaster's budgeting processes along with several recommendations. Of particular importance, from my perspective, is the future governance of not only the budgeting process but also of the model itself. It is crucial that the budget model is a tool to achieve the University's objectives, not something that defines those objectives. That some of our members have written an open letter to the Provost and President, articulating additional concerns about the budget model speaks to the importance of this issue for faculty members. I am cautiously optimistic that the University is moving in a better direction.

While McMaster's overall budget situation is relatively healthy, a number of policies are currently under review at the provincial level that could have important downstream effects for the University. **First**, in December the provincial government issued the report on its consultation on the province's funding formula for the university sector. The report emphasizes the student experience, stability in funding, and differentiation. It is not yet clear how the report's insights will be translated into a new funding formula, which may require additional rethinking of McMaster's budget model. **Second**, the province has already announced some changes to financial aid that will improve the ability of families to manage the costs of a university education, but additional changes are expected when the current tuition framework expires next year. The last revisions restricted tuition increases, and student groups have been pushing for further caps on tuition increases in the future. Such changes make university education more accessible for some who might otherwise find it out of reach, which is important. However, changes in the tuition framework may also require a revisit to the McMaster budget model. **Third**, the province has formed a working group to revisit pension plan solvency requirements. The recent rebound in many markets has improved pension reserves, but relatively low interest rates hurt projections for future growth. This creates uncertainty around the future cost of pension solvency payments. The Finance Ministry plans to issue a draft report in May and final regulatory changes (if adopted) in January 2017. It is my personal belief that radical changes to our own pension plan would be ill-advised before we know the outcome of this solvency regulatory review.

Turning now to other internal developments of the last year, I want to draw your attention to several policy changes that have been implemented or that are coming that will affect our members. Last July, a new anti-discrimination and anti-harassment policy was adopted, and when enacted, it was agreed that the policy would be reviewed after two years. Some University practices are currently under Judicial Review, and the outcome of that process should inform future policy revisions. The Office of Human Rights and Equity Services has issued its first annual report, and monitoring the timeliness and satisfactory resolution of issues and concerns will be important when reviewing future reports. The University is also required by provincial law to put in place a new sexual assault policy and is working to develop this new policy.

These policies are important for ensuring that McMaster is a safe and discrimination free space for students, staff, faculty and visitors. However, more important perhaps than the policy on paper is the implementation in practice, which requires sufficient training and support for all members of the community. In particular, according to the anti-discrimination/anti-harassment policy, "persons in authority" have very specific obligations and responsibilities, especially when a member of our community approaches a person in authority with concerns related to harassing or discriminatory behaviour. MUFA members are all persons in authority in our classrooms, labs, and other similar research and teaching spaces, and as such have specific responsibilities outlined in the policy. MUFA has requested that additional training be made available and that such training be specifically designed to address the situations most common for faculty members.

The University is also in the process of a comprehensive review of its information technology infrastructure and services. Many of our members have already contributed to the review by participating in stakeholder interviews. Also, MUFA has been assured that there will be a campus-wide survey for collecting input as well. However, I want to draw members' attention to a couple of very specific IT-related concerns that MUFA has raised. MUFA is concerned that faculty have little to no input into decisions about services like email and webspaces, which are fundamental for modern teaching and scholarship. MUFA has also asked the administration to review its email policies in light of the transfer of most email responsibilities from University Technology Services to the Computer Services Unit of the Faculty of Health Science. The policies (UTS email policy and CSU email policy) do not provide adequate notice or protections for the privacy of faculty members' email.

Over the last year, various ad hoc committees, task forces, or working groups have been led by faculty or administrators to consider various policy issues. We expect soon that there will be reports or policy recommendations from some of these, which include intellectual property policy for teaching materials, best practices for evaluations of teaching, and implementation of recommendations for promoting greater gender equity. When these become available, MUFA welcomes your feedback on the recommendations. Likewise, the Provost recently posted a report from the Task Force on the Future Direction of the Faculties of Science, Humanities and Social Sciences. There was also a lively discussion of the report's recommendations at both a Town Hall and Senate meeting. Members with strong opinions on any of the report's recommendations should feel free to get in touch with MUFA staff or any member of our Executive Committee to express those views. The bigger message is that additional changes or improvements to various policies may be coming, and all members should feel they can get in touch with MUFA staff or the Executive Committee with their concerns. Last but not least, I want to remind everyone that we are entering the final year of our current remuneration contract. What that means is that MUFA will be negotiating the broad outline of members' future salary and benefits for the next handful of years. This will also be your opportunity to provide feedback on those issues to both the Remuneration Committee and the Executive Committee.

Finally, I want to thank the MUFA staff and members of the Executive Committee who have all been great to work with this year. I am grateful, as all of us should be, that such smart, conscientious people are willing to give their energy to our organization. I am particularly grateful to Martin Horn, our President-elect, and Laura Parker, our VP-elect and future President, for their willingness to guide the organization in the coming years.

8. PRESENTATION OF CAUT DEDICATED SERVICE AWARDS – M. Dion

Dr. Dion explained that the Canadian Association of University Teachers (CAUT) invited MUFA to nominate members who should be recognized for exceptional service to the Faculty Association. On behalf of the MUFA Executive, Dr. Dion presented certificates to members of the Pension Trust Committee (Trevor Chamberlain [absent], Sherman Cheung and March-André Letendre) and Graeme Luke.

9. OTHER BUSINESS

M. Horn indicated that MUFA has been very fortunate over the years to have such dedicated and able Presidents, and that M. Dion definitely falls within this category. He went on to note that M. Dion has been exceedingly effective at pursuing the interests of our members and the wider university community. She has been a pleasure to work with, and on behalf of the MUFA Executive and myself, we are extremely grateful to her and for what she has accomplished in the past year.

10. PRESENTATION OF MUFA SERVICE AWARD – R. Kleiman

R. Kleiman thanked the members of the Selection Committee, which he chaired: Martin Dooley, Brandon Johnston, Olga Perkovic, Alex Wilson and Emily Heikoop for their conscientious work on behalf of the Association. He then read the following citations in presenting the awards:

Jane Aronson joined the School of Social Work in 1989. Jane's dedication and service to the University and the Hamilton community have been significant and sustained since that time. Her service has at its core a concern with equity and the promotion of inclusive programs, policies and spaces for the University and local community.

Her formal positions within the University have included serving as the Director of the School of Social Work, in the Senate, on the Senate Executive, Senate Committee on Appointments, Board of Governors, Graduate Council, Arts Research Board, Faculty Grievance Review Panel, and various Selection Committees.

She also served as an advisor for Women's Studies, as a member of the MUFA Status of Women Committee, on the Safer Space Committee, the McMaster Committee Against Homophobia and Heterosexism, and on the Gender Equity Implementation Committee. Most recently, Jane co-Chaired the Anti-Discrimination/Sexual Harassment Policies and Procedures Review Panel and is currently the Chair of the Sexual Assault Policy Committee and Sexual Violence Response Protocol Committee. Jane has also been a member of the President's Advisory Committee on Building an Inclusive Community (PACBIC) for over ten years, serving as its Chair for the last five years. This work has truly transformed the University and institutionalized those positive changes.

Jane was pivotal in the creation of the McMaster Community Poverty Initiative, has served as a member of the Hamilton Community Diversity Committee and since 2010 as a member of its Board. Through such external service Jane has been "an excellent ambassador for the University within the City of Hamilton", according to President Patrick Deane.

Her accomplishments in this service undoubtedly come from her approach to the work and others involved. As noted by one of her colleagues, "Jane brings deep knowledge of the area, humour, warmth and a remarkable set of skills that allow her to keep committee members motivated, to ask challenging questions and to produce results in a timely manner."

On behalf of the 2016 MUFA Service Award Committee, it is a great honour to present this award to Jane Aronson in recognition of her distinguished record of service to the University.

Rick Monture joined the Department of English & Cultural Studies and the Indigenous Studies Program in 2010. However, his affiliation with the McMaster community significantly predates that, with his undergraduate and graduate work conducted at McMaster University.

Rick was instrumental in making the case for the creation of the Indigenous Studies Program at McMaster in 1992, as well as the development of partnership agreements between McMaster University and the Six Nations Polytechnic in 1993. He is currently the Academic Director of the Indigenous Studies Program and was recently successful in securing MTCU approval for McMaster's Honours BA in Indigenous Studies.

His ongoing work to develop the Indigenous Studies Program has created safe Indigenous spaces, fostered a sense of Indigenous pride and agency at the University and enhanced McMaster's reputation as a place of Indigenous knowledge and as an innovative centre for Indigenous scholarship and education. Rick has helped to increase diversity on campus in many ways, including the successful recruitment of new tenure-track Indigenous faculty members, which in turn has significantly increased enrollment of Indigenous graduate students. He has also served on the President's Advisory Committee on Building an Inclusive Community (PACBIC) since 2008 and the President's Committee on Indigenous Issues since 1993.

Rick has built bridges between communities and institutions and is noted for his 'inter-institutional diplomacy'. His colleagues remarked on his 'ability to establish and maintain effective and harmonious working relationships'. They also described his "tireless diplomacy, and capacity for creating and maintaining peaceful working relationships" and "his creative, diplomatic and wise work". 'Tireless' is a common thread regarding Rick, since he is pulled in so many directions through the many intertwined communities he serves.

On behalf of the 2016 MUFA Service Award Committee, it is a great honour to present this award to Rick Monture in recognition of his distinguished record of service to the University.

Sheila Sammon joined the School of Social Work in 1985. Sheila's exceptional teaching has been twice recognized by receiving the President's Award for Excellence in Teaching, the OCUFA Teaching Award and most recently the MSU Lifetime Achievement Award. OCUFA's Awards Committee was impressed with Sheila's commitment to student engagement through field practice, class exercise, and by pushing the boundaries of teaching and learning. Throughout her teaching career, she has focused on integrating theory and practice with an emphasis on field placements.

Integrated with her teaching and research, a constant theme in her contributions has been engagement of the academy with the entirety of the University community and fostering engagement of the University with the City of Hamilton. She is one of the founding co-chairs of the McMaster Community Poverty Initiative and a member of the original steering committee for the McMaster Discovery Project. She was a member of the Community Engagement Task Force, one of the four working groups created to realize the vision within the President's *Forward with Integrity* document. One of the key recommendations of the Task Force was the formation of the Network for Community Campus Partnerships, Chaired by Sheila, whose purpose is to provide a shared framework for McMaster to support its goals related to community engagement. Sheila was a natural appointment as the inaugural Director of Community Engagement in 2014. Sheila has championed the greater recognition of community-engaged research activities by our faculty members and the broad impact of that work.

As described by one of her colleagues, "she has developed a rich and innovative web of relationships across campus and in the community and, in setting the broad direction of the University's activities, always poses crucial, principled questions about the purposes, benefits and ethical conduct of community engagement." Another indicated that there is "no single person who has over the course of decades served as a more conscientious ambassador of the University to the many communities within which it is embedded".

On behalf of the 2016 MUFA Service Award Committee, it is a great honour to present this award to Sheila Sammon in recognition of her distinguished record of service to the University.

There being no other business, the meeting was adjourned at 3:55 p.m.

A reception in honour of Jane Aronson, Rick Monture and Sheila Sammon followed the meeting.

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BY-LAWS

(Amended April 1987; April 1989; May 1990; March 1994;
May 1995; August 1997; July, 2008, June 2010, December 2014, January 2017)

1. (a) NOMINATING COMMITTEE

The Nominating Committee shall be appointed by the Executive and shall normally consist of the President, the Vice-President, the Past-President, and ~~two~~ three full members of the Association in good standing. The President shall normally serve as Chair.

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(b) NOMINATIONS

After consulting with the membership, the Nominating Committee shall draw up a slate of candidates for the Executive consisting of:

(i) at least one individual for Vice-President
(ii) at least ten individuals for Members-at-Large.

The incumbent Vice-President normally succeeds to the office of President. If the Vice-President declines right of succession, or if the office of Vice-President is vacant, or if there is an Acting Vice-President, the office of President shall be filled by election, in which case the Nominating Committee shall normally nominate at least one candidate for the office of President. At least four weeks prior to the annual general meeting, the Nominating Committee's slate of candidates shall be mailed to all full members, whereupon any full member may nominate further candidates for President, if the office of President is to be filled by election, for Vice-President or for members-at-large.

(c) FURTHER NOMINATIONS

If further nominations are submitted, evidence of the nominee's consent together with supporting signatures of five full members in good standing must be submitted in writing to the Chair of the Nominating Committee within two weeks of the mailing. A candidate for the office of President, when the office is to be filled by election may also be a candidate for the office of Vice-President and for member-at-large. If there are further nominations for the office of Vice-President, then all candidates for Vice-President will also stand for member-at-large. An electronic ~~mail~~ ballot containing the Nominating Committee's slate, together with any further nominations duly made, shall be circulated to all full members at least ten days prior to the annual general meeting. The Executive shall appoint a Returning Officer, nominated by the President, who will be responsible for conducting the election. One week shall be allowed for balloting. The method of voting shall be a preferential balloting system. When there is an election for the offices of President or of Vice-President, the candidate(s) who receive(s) the majority of votes shall be declared elected. Subject to the provisions of Article 4(b) of the Constitution, the ten candidates for members-at-large receiving a majority of votes shall be declared elected. The Returning Officer shall announce the results of the election at the annual general meeting.

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(d) BY-ELECTIONS
By-elections shall be conducted in the following manner. A Nominating Committee as specified in By-Law 1 (a), shall nominate a candidate for each vacancy and shall invite further nominations as specified in By-Law 1 (b). If there is more than one candidate for each vacancy, by-elections shall be conducted at a general meeting or by ~~mail~~ electronic ballot within one month of the occurrence of the vacancy.

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2. (a) VACANCY IN OFFICE OF THE PRESIDENT
If a President fails to serve a full term of office and the Vice-President agrees to succeed for the remainder of that term, the Executive Committee may call a by-election for the office of Vice-President in accordance with By-Law 1 or may appoint an Acting Vice-President. If such an appointment is made, it shall be put to the membership for confirmation at a general meeting or by ~~mail~~ electronic ballot within one month of the occurrence of the vacancy.

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(b) BY-ELECTION FOR PRESIDENT
If a President fails to serve a full term of office and the Vice-President declines to succeed for the remainder of that term, the Executive Committee may call a by-election in accordance with By-Law 1 (d), or may appoint an Acting President. If such an appointment is made, it shall be put to the membership for confirmation at a general meeting or by ~~mail~~ electronic ballot within one month of the occurrence of the vacancy.

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(c) BY-ELECTION FOR VICE-PRESIDENT
If the Vice-President fails to serve a full term of office, the Executive Committee may either call a by-election, in accordance with By-Law 1 (d), or appoint an Acting Vice-President. If such appointment is made, it shall be put to the membership for confirmation at a general meeting or by ~~mail~~ electronic ballot within one month of the occurrence of the vacancy.

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3. (a) ANNUAL GENERAL MEETING
The annual general meeting shall normally be held in April.

(b) QUORUM AT GENERAL MEETING
Fifty full members shall constitute a quorum of a general meeting.

4. ~~MAIL~~ ELECTRONIC BALLOTS
An ~~mail~~ electronic ballot on any outstanding matter (including ratification of the remuneration agreement) may be ordered by the Executive, or by decision of the membership at a general meeting, or by written request to the President of fifty full members in good standing.

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5. STANDING COMMITTEES
Standing Committees of the Association shall be:

Academic Affairs	Membership	Remunerations
Budget Advisory Committee	Pension	Special Enquiries & Grievances
CAUT & OCUFA Policy	Public Relations	Tenure/Permanence
Human Rights and Equity		

6. AD HOC COMMITTEES
Ad hoc committees may be established by the President with the approval of the Executive Committee or of a general meeting of the membership.

7. JOINT COMMITTEES
Joint committees with other University bodies, such as the Senate and the administration, may be established by negotiation between the President of the Association, acting with the approval of the Executive Committee or of a general meeting of the membership, and the President or Provost of the University.

8. MEMBERSHIP FEES
Changes in the membership fees may be proposed by the Executive Committee. The Committee shall inform the membership by written notice of the reasons for the proposed change in fees. An electronic ballot on the matter shall be sent to full members. Approval by a simple majority of members voting is required.

9. MEMBERSHIP - ANOMALOUS CASES
A person otherwise eligible for membership, but not on the regular, full-time University payroll, and hence not subject to fee deduction from salary, may become a member of the Association. Fees for such members shall be equal to one-half of the fee for the salary floor of the individual's rank, paid on a quarterly basis. Membership shall begin upon payment of the first quarterly fee.

10. (a) MEMBERSHIP
McMaster University has made membership in the McMaster University Faculty Association (MUFA) a condition of employment for faculty on the CP/M Scheme and senior academic librarians.[1] New faculty and librarians who are not required to be members of the Association may join the Association at any time during the first year of their appointments. Their membership fees will be calculated from the beginning of the month in which they join. For all other faculty and librarians not required to join the Association, the membership year begins on July 1 of each year. Fees for faculty and librarians who join after the beginning of the membership year will be payable from the beginning of the membership year (July 1).

(b) MEMBERSHIP - WITHDRAWAL
When a faculty member on the CP/M Scheme or a senior academic librarian objects to membership in the Association and directs the University by letter copied to the Association, giving 30 days notice prior to the first day of the month in which the change is to take effect, not to pay to the Association the amount equal to the membership dues that have been deducted from his/her salary, such amount shall be paid to a recipient agreed upon from time to time by the Joint Committee. For faculty and librarians not required to join the Association, withdrawal from the Faculty Association shall be by written notification to the Association or, in the case of a person remitting fees directly to the Association office, when six month's fees are owing. In the latter case, membership may be taken up again at any time in the year; however, fees for faculty and librarians who rejoin after the beginning of the membership year will be payable from the beginning of the membership year (July 1).

11. FACULTY ASSOCIATION COUNCIL
The Executive Committee may establish a Council to serve in an advisory capacity to the Executive Committee and as a means of communication between the Executive and the membership. If established, the Council shall consist of one representative from each teaching Department, Area or School or from the University libraries when the constituency concerned has at least three full members of the Association.

[1] The term “senior academic librarians” refers to those librarians who are excluded from the McMaster University Academic Librarian Association.

Representatives of Departments/Areas/Schools will be identified and invited to serve on Council by the Nominating Committee as constituted in By-Law 1 (a). Council shall meet at the call of the President.

12. Returning Officer

The Executive Committee's appointment of the Returning Officer for the annual election shall be made known at the time the Nominating Committee's slate for the Executive Committee is mailed to the membership. The Returning Officer shall also serve in any elections ~~or mail ballots~~ held during the following year. The Returning Officer may not be a candidate in any election.

~~13. Divinity College~~

~~For the purposes of Article 3 of the Constitution "the University" is deemed to include the McMaster Divinity College.~~

~~14.~~ 13 Indemnification

The Association shall indemnify and save harmless, out of the funds of the Association, every director, officer, or employee of the Association and other person who has undertaken or is about to undertake any liability on behalf of the Association or any organization controlled by it, and their heirs, executors and administrators, and estate and effects respectively, from and against:

(a) all costs, damages, charges and expenses which a director, officer, employee or other person sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against them, or in respect of any act, deed, matter or thing whatsoever, made, done or permitted by them, in or about the execution of the duties of their office or in respect of any such liability;

(b) all other costs, damages, charges and expenses which a director, officer, employee or other person sustains or incurs in or about or in relation to the affairs of the Association;

Except such costs, damages, charges or expenses as are occasioned by willful neglect or default.

~~December 2014~~
January 2017

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CONSTITUTION

(Amended April 1989, January 1990, December 1992,
March 1994, May 1995, July 2008, June 2010, March 2012, January 2017)

ARTICLE 1 - NAME

The name of the organization is the **MCMASTER UNIVERSITY FACULTY ASSOCIATION** (herein called "the Association").

ARTICLE 2 - PURPOSE

(a) The Association is the professional organization of the faculty and senior academic librarians[1] of McMaster University. Its purpose is to promote the principle of academic freedom and the interests and welfare of faculty and senior academic librarians, both as a community of scholars and as individual members of the academic profession. The Association therefore supports the principle that faculty and senior academic librarians should play an active role in University governance, but does not itself represent faculty and senior academic librarians on the governing bodies and councils of the University.

(b) The Association shall concern itself with the quality of intellectual life at McMaster University and with the good name and reputation of the University among scholars of all academic disciplines. It shall promote excellence in teaching and research in the best tradition of free universities.

(c) The Association represents faculty and senior academic librarians in all discussions and negotiations in the University on all matters concerning remuneration and working conditions, unless and until the Ontario Labour Relations Board certifies a trade union to represent the faculty and senior academic librarians. Such matters include: the procedures used to determine salary levels and scales, pensions, and other benefits; the procedures used for granting tenure and promotion and for reviewing individual decisions on appeal; and the procedures for dismissal. The Association represents faculty and senior academic librarians in its concern with the fair and proper operation of all procedures that affect conditions of employment and working conditions.

(d) The Association represents faculty and senior academic librarians on The Joint Administration/Faculty Association Committee to Consider University Financial Matters and to Discuss and Negotiate Matters Related to Terms and Conditions of Employment of Faculty, and on such other joint committees, or other bodies, that involve faculty and senior academic librarians in their capacity as employees of the University, unless and until the Ontario Labour Relations Board certifies a trade union to represent the faculty.

[1] The term "senior academic librarians" refers to those librarians who are excluded from the McMaster University Academic Librarian Association.

ARTICLE 3 - MEMBERSHIP

(a) There shall be three classes of membership: Full Membership, Associate Membership and Honorary Membership.

(b) ***Full Membership*** shall be open to all persons holding academic appointments with the rank of Lecturer or higher in the Faculties and Schools of the University including those persons holding part-time academic appointments, and to all persons holding appointments as senior academic librarians in the University libraries. A full member may attend general meetings, be eligible for membership on all bodies of the Association, and hold office [except those members excluded by Article 4(c) of this Constitution]. A full member is entitled to all services provided by the Association.

(c) ***Associate*** membership shall be open to such other persons employed in the University as the Association decides to admit through a two-thirds majority vote of the Executive. An applicant denied membership by the Executive shall have the right to apply for membership to the next general meeting. An associate member may attend general meetings and participate in discussion but may not vote and is not eligible for membership on Council or on the Executive Committee. An associate member is entitled to all services provided by the Association.

(d) ***Honorary*** membership confers all the privileges of associate membership without membership fee. All full members, upon retirement from the University, shall become honorary members for life. Retired members whom the University employs in an academic capacity shall remain eligible for full membership. Honorary membership is open to all visitors to the University who are members in good standing of the faculty association of their university for the term of their visit. In addition, honorary membership may be granted to such other persons as the Association may wish to admit, by majority vote of a general meeting, for outstanding service to the Association or to the University.

(e) An eligible person shall become a full member or an associate member upon payment of a fee, or on receipt by the Association of a written authorization for deduction of fees by instalments from the member's salary. Such membership may cease or be terminated upon conditions stated in any By-Laws the Association may adopt.

ARTICLE 4 - EXECUTIVE

(a) All members of the Executive Committee must be full members of the Association, elected or co-opted in accordance with the By-Laws. The members of the Executive Committee shall be the following: the President, the Past-President, the Vice-President, and normally ten members-at-large. A Treasurer shall be appointed by the Executive Committee from among its members. The Executive Director of the Faculty Association shall serve as Secretary of the Association. The Executive Committee shall be the policy-formulating body of the Association and shall be responsible to the membership.

(b) The Executive Committee shall normally include at least one representative from each of the teaching Faculties of the University. At least one member of the Executive Committee shall hold a teaching stream or a contractually limited appointment. Each academic rank shall normally be represented on the Executive Committee by at least two members. For this purpose the ranks of Lecturer and Assistant Professor shall be regarded as one rank. Rank shall be determined as of July 1st of the academic year of election.

(c) Membership on the Executive Committee shall be open to all full members except those holding academic administrative appointments with the rank of Assistant Dean or higher, the University Librarian or the Director of the Health Sciences Library.

(d) The Executive Committee may co-opt additional members at large, but at no time shall there be more than four co-opted members. Co-option of a member to the Executive Committee must be put to the membership for confirmation within one month of co-option at a general meeting or by ~~mail~~ electronic ballot.

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(e) The Executive Committee shall meet at the call of the President or at the request to the President of at least three members of the Executive Committee, such a meeting to be held within two weeks of receipt of the request.

(f) The term of the Executive Committee shall be one year beginning at ~~noon~~ midnight on the ~~seventh~~ first day ~~after the annual general meeting~~ September. Members of the Executive Committee shall be eligible for re-election.

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(g) The first meeting of the Executive Committee shall be held within ~~fourteen days of the annual general meeting~~ the first week of classes commencing.

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ARTICLE 5 - OFFICERS OF THE ASSOCIATION

(a) The officers of the Association are the President, the Past-President, and the Vice-President. The office of President may not be held by any individual for more than three terms in succession.

(b) The designation 'Past-President' shall apply to the most recent available former President who held that office at the time of the annual general meeting of his/her term.

(c) The President shall carry out Association policy and shall be responsible to the Executive Committee and to the membership. The President shall be Chair of the Executive Committee and of general meetings of the membership.

(d) The Vice-President shall perform such duties as requested by the Executive Committee as well as, in the absence of the President, the duties of the President.

(e) The President or the Vice-President may be removed from office by a two-thirds majority vote of a general meeting of the membership.

ARTICLE 6 - MEETINGS AND THE MOTIONS

(a) Meetings of the Association shall normally be held at the call of the Executive. A meeting of the Association may also be held at the request in writing to the Executive of at least ten full members in good standing. Such a meeting shall then be held within three weeks of the receipt of the request.

(b) Meetings shall be guided by the current edition of Bourinot's Rules of Order unless a discrepancy arises between Bourinot and the Association's Constitution or By-Laws, in which case the latter shall govern.

(c) Motions to be presented to a general meeting shall require one week's notice of motion to the membership and shall be filed with the Executive Director not less than two weeks prior to the general meeting.

ARTICLE 7 - BY-LAWS

The Association may pass such By-Laws, not contrary to this Constitution, as are deemed necessary to facilitate the functioning of the Association. By-Laws may be passed by direct action of the membership at a general meeting; or by the Executive Committee, subject to confirmation by the membership at a general meeting or by ~~mail~~ electronic ballot.

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ARTICLE 8 - AMENDMENTS

(a) Amendments to this Constitution may be proposed by the Executive or by any ten members in good standing who give notice in writing to the President at least fourteen days in advance of a general meeting. Such proposals for amendments shall be circulated to the membership at least one week in advance of the general meeting at which the proposals are to be considered. Amendments may be ratified either by a two-thirds majority vote at a general meeting of at least one hundred full members or, failing attendance of one hundred full members, by a two-thirds majority vote conducted by electronic ballot ~~in a ballot~~ in which at least one hundred responses are returned.

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(b) From time to time, the MUFA Executive may become aware of a minor matter that is best resolved by an amendment to the Constitution. It may then recommend such an amendment to the membership by e-mail. The amendment may then be passed by vote of the Executive alone unless the President receives within ten business days a written request from ten full members in good standing that the procedure in Article 8 (a) be followed.

~~March 2012~~

January 2017

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McMaster University Faculty Association
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McMaster University Faculty Association (MUFA)
Remuneration Brief
December 15, 2016

Opening Statement

MUFA is a non-unionized faculty association that works with the McMaster University Administration to advance our shared interests of excellence in research, providing a superb learning environment for our students, while engaging the external community in our work. In the specific domain pertaining to faculty[1] issues, the primary forum for direct discussion is the Joint Committee (JC), which meets regularly under the terms of agreement set out in the Terms of Reference (TOR) of *The Joint Administration/Faculty Association Committee to consider University Financial Matters and to discuss and negotiate matters related to Terms and Conditions of Employment of Faculty*. Since faculty remuneration (defined as salaries and benefits) is a vital issue to our members and to the University, it takes precedence in the year prior to the expiry of a collective agreement. MUFA represents its members' interests through a well-defined process of negotiation as outlined in the JC TOR. The negotiation process begins with an exchange of remuneration briefs by December 15 and is expected to be completed by March 15 of the following year. In the event that agreement is not reached through negotiations, both sides prepare a final offer, only one of which will be selected *in toto* by a mutually agreed upon labour arbitrator. This process encourages both sides to negotiate in good faith and also to present their most reasonable positions. It is in that spirit that we present MUFA's remuneration brief. Past experience supports our successful use of this process, as negotiations have rarely proceeded to Final Offer Selection in the last 27 years.

In addition to the negotiation framework of the JC TOR, we are fortunate to have a set of principles to guide the negotiations, providing an important context for our discussions. MUFA remains committed to the *Principles for Negotiation of Faculty Remuneration* as agreed to by the Joint Committee, attached in Appendix 1. We will refer to these principles throughout the discussion of our bargaining proposal, using the numbering system therein (i.e. PN1, PN2…). Principles 1-6 concern individual compensation and principles 7-11 refer to working conditions. For the sake of clarity we have categorized our proposals into three sections; Salary, Benefits and Research Support. However, many of the principles for negotiation transcend all three categories and will appear more than once.

[1] The term 'faculty' is used throughout this brief to refer to faculty members who participate in the Career Progress/Merit Scheme and MUFA Librarians.

Faculty Renewal

The strongest message we have heard from our members over the last several years is their deep concern over the lack of faculty renewal. We highlight this issue both as it pertains to the working conditions of our faculty members and to the academic mission of the University.

During the last 4 years concurrent with our present Remuneration Agreement, the number of faculty members[2] has *decreased* by 6.2% in absolute terms (1.5%/year) from 881 to 826, while the combined number of undergraduate and graduate students has increased by 6.3% (1.5%/year) from 29,411 to 31,265. Together these have combined to increase an already high Student/Faculty ratio by 13.4% (3.2%/year) from 33.4 to an all-time high of 37.9, as illustrated in Figure 1. The Undergraduate Student/Faculty ratio now stands at 32.4 and the Graduate Student/Faculty ratio is at 5.43. This result places McMaster in 13th place out of 15 in Maclean's 2017 University Rankings for Student/Faculty ratio in the Medical/Doctoral category. This ratio has a direct effect on faculty workload, teaching/learning effectiveness and the student experience. Principles PN7 and PN9 speak specifically to the significance of this metric.

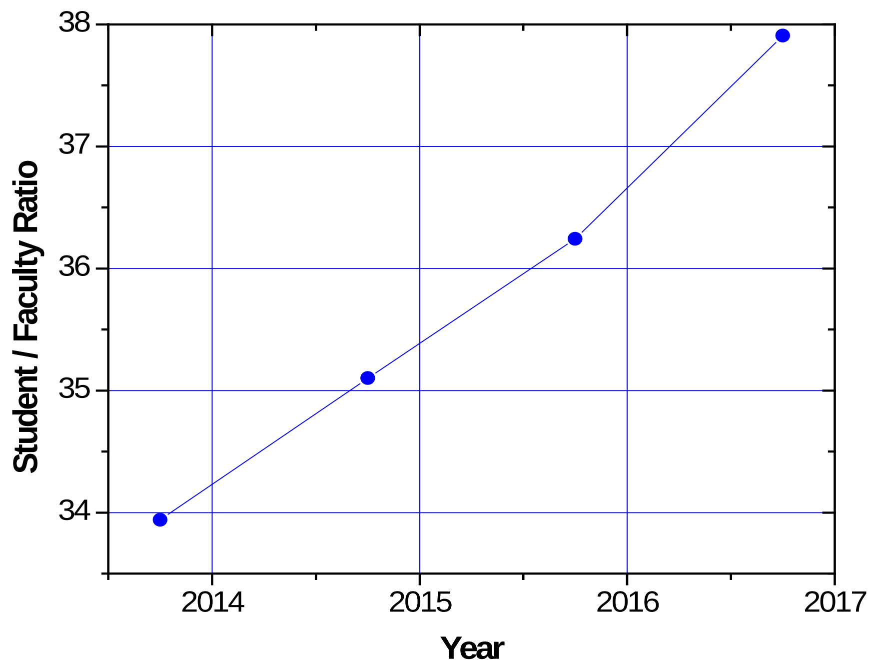

Figure 1: Student/Faculty ratio at McMaster University (combined graduate and undergraduate)

[2] In this section we report faculty numbers excluding CAWAR and Special Appointments, to be consistent with demographic data posted by the McMaster Office of Institutional Research and Analysis (IRA). Data for 2015-2016 and earlier are from IRA and data for 2016-2017 are best estimates from the MUFA database.
[3] The faculty contraction is similar for the tenure-stream, which has *decreased* by 5.4% in absolute terms (1.3%/year) from 718 to 679.

As alarming as (and related to) the contraction of the number of faculty numbers is the longer term trend in faculty hiring. This is best understood and illustrated by examination of the number of tenure-track positions which has fallen dramatically *by a factor of two* over the last 11 years. Historical data for McMaster indicate that there was a hiring wave from 1998-2003, leading to a peak in the number of tenure-track positions after which there has been a relentless decline, as illustrated in Figure 2.

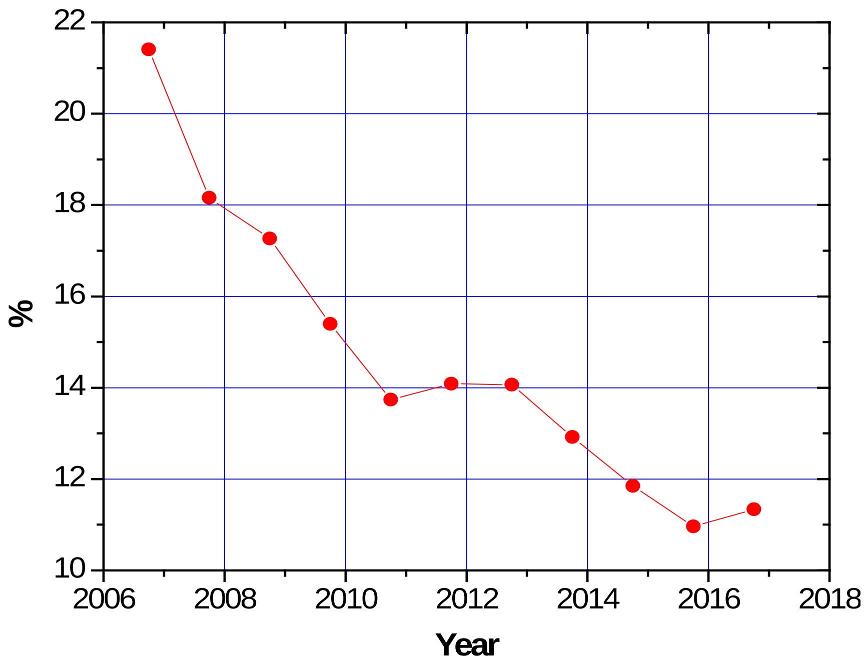

Figure 2: Tenure-track positions at McMaster University as a percentage of total tenure-stream faculty positions

The current level of tenure-track positions for 2016-2017 stands at 11.3% of the total number of tenure-stream faculty positions, well below what is both historically and mathematically a sustainable level[4] of ~17%. The present aggregate numbers mask an even more dismal picture as there is variation above and below this mean in the Faculties, as illustrated in Figure 3, with the Faculty of Science having only 4.1% tenure-track positions, less than one per Department. Just as there is variation within the University there is variation within Faculties and consequently some Departments have no tenure-track positions at all. The Faculties of Humanities, Science and Health Sciences each has only seven tenure-track positions at this time and the Faculty of Business has eight. This dire situation has been demoralizing for our colleagues, breaking continuity, thwarting future planning, inhibiting retirement by members who stay to support the mission of their Departments, and starving communities of the replenishment that new faculty hires bring.

[4] The steady state proportion can be estimated by considering a 6-year duration for tenure-track positions and a 35-year career for tenure-stream positions. Shorter tenure-track durations are approximately cancelled by a tenure rate that is less than 100%, while the shorter career duration observed in practice would increase the proportion required for sustainability.

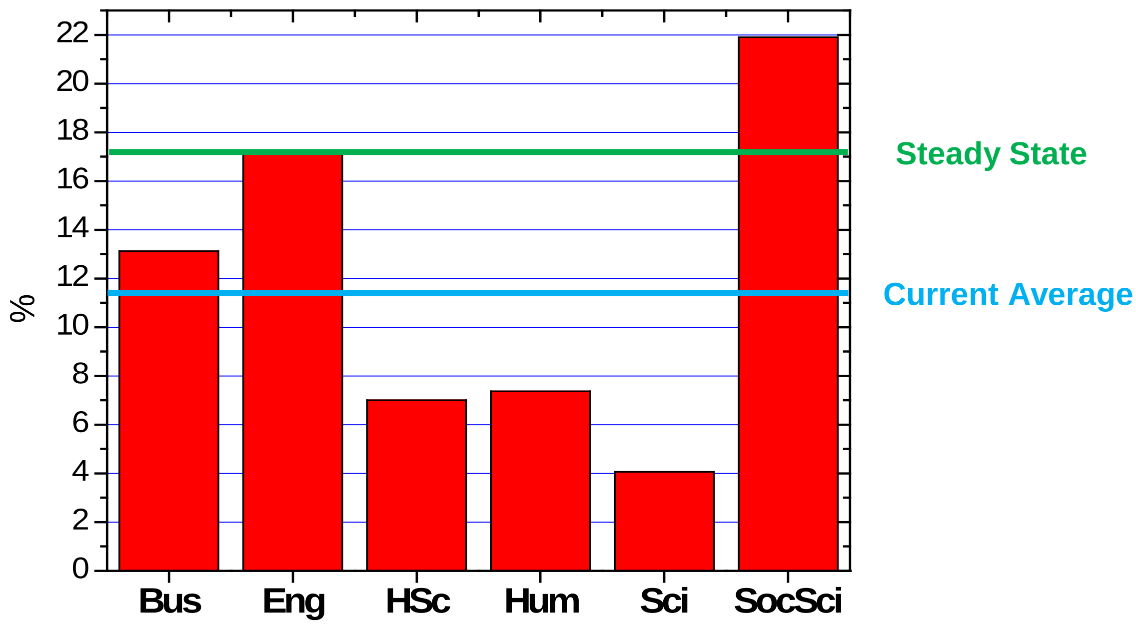

Figure 3: Tenure-track positions at McMaster University as a percentage of total tenure-stream faculty positions (by Faculty, 2016-2017)

From MUFA's perspective, the lack of faculty renewal is inexplicable in light of the strong financial position of the University. The University financial statements indicate an excess of revenues over expenses in each of the last seven fiscal years, averaging 5.2% of total expenses ($45M each year). We estimate that hiring 48 new tenure-track Assistant Professors, as needed to bring faculty demographics back to steady state, would add $6.8M to the University's budget, just 0.67% of its total projected expenses and just 15.1% of its annual surplus. These hires, appropriately placed, would breathe life back into Departments and Programs that face extinction. PN8 specifically addresses the issues of Student/Faculty ratio and lack of faculty renewal with the imperative that "the University's operating budget should enable the appointment of new faculty, both to replace those who have retired (or resigned) and to compensate for an increased number of students".

The second strongest message we have heard from our members over the last several years is that they are feeling overwhelmed, by the increase in workload from the gradual loss of their colleagues, by the increase in workload from increased student numbers, while also persevering to maintain their commitment to excellence which has placed McMaster University in such high regard. In our recent survey, faculty report spending 57 hours per week to fulfill their commitments to Teaching, Research and Service. This stark imbalance in work-life balance is unsustainable and in the long run is likely to lead to lower productivity, high levels of stress and burnout.

It is both necessary to the academic health of the University and possible due to the financial health of the University to remedy this situation through a strong commitment by the University to faculty renewal.

Faculty Compensation

Our internal process for developing a proposal for salary and benefits has been based on two complementary approaches. In the fall of 2016 we surveyed our members in what has become traditionally known as the MUFA salary survey. With a strong response rate we received a very good sense of the needs and priorities of our members. The survey results help to ensure that our efforts are guided by the needs of our constituents.

In parallel, we benchmarked McMaster faculty salaries and benefits with respect to other comparable universities. This process considered existing remuneration packages and examined remuneration trends over time. Additionally, we considered benefits that have been adopted by other universities that we believe would be beneficial at McMaster as well. In this regard, two central principles have been that "Faculty salary and benefits should compare favourably to those in comparable jurisdictions, including specifically other excellent universities" (PN1) and "Faculty salaries and benefits should be protected from inflation" (PN2). We consider McMaster University's most appropriate comparable jurisdiction to be the Ontario universities (G6) in the 15 leading research intensive universities in Canada (U15), namely University of Ottawa, University of Toronto, University of Waterloo, Queen's University and Western University, in addition to McMaster University.

Our survey has highlighted issues of common interest as well as key issues that vary with demographics – particularly stage of life. We have strived to incorporate aspects of both types of issues in our proposals, to meet the needs of our members at each of these stages, and also to help ensure that the University is well positioned to recruit excellent faculty at the beginning of their academic careers, support them in their professional development (PN11), retain them as they advance through their careers and ensure that "Faculty should look forward to a good pension upon completion of their academic careers" (PN6).

In the area of **Salary**, MUFA reaffirms its commitment to the reward of academic excellence and supports the CP/M Scheme (PN3). To keep pace with settlements at our comparator universities and inflation, we propose a modest salary increase. Our benchmarking clearly indicates by objective measures that our current level of compensation is not commensurate with our high level of performance.

In the area of **Benefits**, we have identified areas of our health benefits that require attention: our vision care plan has seen significant erosion over time simply due to inflation (PN2) and we believe that a pooled paramedical plan would better serve our members. The quality of our health benefits affects all of our members and is a key factor in workplace productivity. In mid-career, the attention of many of our members turns to putting their children through university. Adoption of a tuition bursary tenable outside of McMaster would be an attractive inducement for recruitment, and arguably a necessity to compete for the best new faculty. We also heard loudly and clearly from a broad spectrum of our membership the need to preserve a strong pension plan. This is a recruitment issue as much as it is an obligation to provide for our retirees. We found that due to the structure of our pension plan, the payments are simply not keeping up with inflation, significantly diminishing the value of this benefit. We have also proposed a new voluntary long term care insurance plan to protect our members in the case of catastrophic illness during retirement.

In the area of **Professional Support**, we reaffirm the principle that "The University should assist faculty members to enhance their research and scholarship effectiveness" (PN11), which it traditionally has done through the Professional Development Allowance (PDA). The PDA is in need of maintenance with respect to inflation, and in particular due to the deterioration in the exchange rate with the US dollar over the last 4 years. An essential benefit and recruitment tool for today's workplace is employer support of families through robust pregnancy/parental leaves and child care support. We believe that it is crucial to support our faculty members in the early stages of their careers, where family obligations often compete with the demands of tenure and promotion. Also and related, there is a growing need for our members to support ailing family members. While the Federal government has improved its policies with regard to Compassionate Care leaves, this remains a Provincial jurisdiction and we have proposed improvements to the current benefit in line with the Federal guidance.

Our specific proposals are structured to maintain the integrity of existing benefits and/or to provide a benefit in line with our comparator universities. They are based on and in keeping with the aforementioned Principles of Negotiation and we believe them to be moderate and attainable. Together, they would help maintain McMaster University's strong position with respect to its peers as a leading Canadian research intensive university, by providing a progressive, competitive and attractive work environment.

MUFA looks forward to discussing our proposals with the University Administration to advance our shared goals.

Proposals for July 1, 2017

MUFA proposes a two-year contract (July 1, 2017 to June 30, 2019).

SALARY

1. Career Progress and Merit

As in previous briefs, MUFA reaffirms its commitment to the reward of academic excellence. We propose an increase in the number of par merit units from 120 to 130 per 100 faculty with 120 par merit units to be allocated at the Department level.

2. Across-the-Board Increase

MUFA proposes a 3.3% Across-the-Board increase in salary floors, breakpoints and salaries in each year of the contract, based on projected increases in the cost of living (+2.1%/year) and our performance with respect to our G6 comparators (+1.2%/year). The G6 comparator group is comprised of the Ontario universities in the 15 leading research intensive universities in Canada (U15), namely University of Ottawa, University of Toronto, University of Waterloo, Queen's University and Western University, in addition to McMaster University.

McMaster prides itself as being one of the top research intensive universities in Canada and ranking data support that perception. Table I provides the ranking position of the G6 universities within the prestigious Shanghai Jiao Tong University Academic Rankings of World Universities (AWRU) and the influential Times Higher Education (THE) World University Ranking (WUR) where McMaster places 2nd in Ontario in both, only behind the University of Toronto. Other recent rankings of research intensity by the Higher Education Quality Council of Ontario (HEQCO) also place McMaster 2nd in Ontario and are corroborated directly by data on research funding per faculty member from Research Infosource. Despite this evidence of a strong second place position, with the remaining four G6 universities lagging substantially in the rankings, Table I indicates that McMaster average salaries fall short of the second place position in Ontario by at least 3.6%. We propose increases of 1.2%/year of the contract *to begin* to remedy this situation.

We note that the argument made in past McMaster University Administration briefs regarding the lower cost of living in Hamilton with respect to Toronto does not support a lower salary for Hamilton with respect to Kingston, based on the data in Table II. Furthermore, MUFA members live throughout the GTA where the cost of living is higher than for Hamilton itself. The cost of living in the vicinity of McMaster University continues to rise rapidly, significantly affecting the ability of our newer members and potential recruits to find affordable housing. Current projections for increases in the Consumer Price Index (CPI) are 2.1% per year for the upcoming two years, consistent with the CMHC Housing Market Forecast for Hamilton, with a significant upside risk of higher inflation and interest rates.

BENEFITS

1. Health Insurance

Employee health benefits are a critical part of an employee wellness program, increasing productivity and preventing unnecessary absences and illnesses. We believe that this is an important investment in the University's employees, which pays for itself and creates a healthy working environment. Notably, our vision care benefits have been frozen at $250 per person per two year period *since 2005*, while current vision care costs significantly exceed the maximum set in 2005. Also, while the maximum for our paramedical benefits has increased, it is still inadequate to cover many common situations affecting our members.

MUFA proposes:

a) An increase in the Vision care benefit from $250 to $500 per person, including dependents, every two years. Currently, only employees (and not their dependants) are covered for optometry visits. We propose full family coverage for regular optometry visits which are recommended by the Canadian Association of Optometrists. Children under 20 are already covered by OHIP for annual optometry visits and would be excluded from optometry coverage as long as OHIP coverage remains in place.
b) Current paramedical benefits provide a maximum of $500 per person per practitioner per year for a list of 12 practitioner categories. While this extensive coverage is helpful, intensive coverage would address common medically significant situations where a single practitioner is required for several sessions, such as physiotherapy or mental health needs. We propose a maximum for *all* paramedical coverage of $2,500 to be used for *any* practitioner category in the current list.

2. Dependant Tuition Bursary Tenable at Universities and Colleges (other than McMaster)

The University offers tuition bursaries of up to $4,800 per year to dependents of its employees who attend McMaster as undergraduate students. This represents a real cost to McMaster University since our high acceptance standards create an enrolment cap whereby a non-bursary student would bring in additional tuition revenue. Consistent with similar plans at the University of Toronto, Queen's University and Western University, MUFA proposes that a new equal dollar bursary be introduced for dependents of faculty and librarians. Eligibility would be determined in the same manner as the bursary tenable at McMaster and the new benefit would be tenable at other accredited universities and colleges.

3. Pension Inflation Protection

In MUFA's 2012 brief we noted that payments to retirees under the current pension plan were poorly indexed to CPI and thus the value of pensions had *declined* by 9.1% relative to CPI over the previous 13.5 years, while during the same period pension fund returns had *increased* by 71% relative to CPI. The Remuneration Agreement of 2013 included the establishment of a sub-committee under the auspices of the Joint Committee to examine this issue; however no resolution to improved indexation was found.

Over the last 4 years, the situation with respect to indexation has improved slightly, such that the value of pensions has declined by 7.4% relative to CPI over the last 17.5 years. This modest improvement in the pension erosion was due entirely to a single supplementary pension increase effective January 1, 2015 triggered by significant increases in the rate of return for the pension plan relative to past underpayments with respect to CPI. While pension payments to retirees have lagged CPI over the last 17.5 years, pension fund returns have increased by 137% relative to CPI. Overall, the average indexing rate for pensioners has been 1.53%, with CPI running at 1.98%, while the rate of return of the plan has been an impressive 6.84%. The present indexation scheme imposes significant volatility on the adjustments to pensions. This volatility serves no useful purpose to the plan yet is burdensome for retirees on fixed incomes. Clearly, our large, well-managed pension plan is in a far better position to manage the inherent volatility than are individual pensioners.

While we understand that funding challenges remain for the McMaster Pension Plan due to Provincially mandated solvency and going concern payments, the poor indexation of payments under the plan is simply not consistent with the principles that "Faculty salaries and benefits should be protected from inflation" (PN2) and that "Faculty should look forward to a good pension upon completion of their academic careers" (PN6). This is especially so in light of the significant increases in faculty pension payments over the last 6 years, the reduced benefits by moving from the Rule of 80 to the Rule of 90, and the staggering returns from the pension investments.

For these reasons, MUFA proposes that McMaster faculty pensions for future retirees be *fully indexed to the CPI*, with no linkage to the rate of return of the plan.

4. Long term care insurance

As life expectancy has increased beyond age 65, the risk of catastrophic health care expenses in retirement has increased significantly. Whether this involves additional care at home, moving to a retirement home or a long term care facility, the additional costs required to manage this stage of life can be prohibitive. MUFA proposes a new *voluntary* long term care insurance plan, to be administered by our current benefits carrier, taking advantage of lower costs by group coverage and through actuarial pooling with our other benefits.

PROFESSIONAL SUPPORT

1. Child Care Support

Access to high quality and affordable child care is a positive factor in the recruitment of new faculty members, as well as providing support in the early stage of their careers. Studies indicate higher employee productivity and retention rates when employer-supported child care programs are in place. Child care costs have been rising rapidly in Ontario, which has no Provincial program in place to cap prices and/or fund spaces as do some of the other Provinces. At the McMaster Children's Centre, monthly child care fees are $1,302 for toddlers and $1,083 for Preschoolers. These rates significantly exceed the CRA child care expense deduction limit of $8,000/year. Consistent with child care plans at the University of Toronto and Queens University, MUFA proposes member reimbursement to a maximum of 50% of the cost of out-of-pocket child care expenses up to $10,000 per child/year for each eligible child under the age of 7, which would subsidize approximately half of after-tax child care expenses.

2. Compassionate Care Leave

The Compassionate Care Benefit is a Federal Government initiative designed to provide eligible employees with the opportunity to provide care or support to a family member who is gravely ill. Once an employee qualifies, benefits are paid through Employment Insurance (EI). The EI benefit has recently (January 3, 2016) been increased from a period of 6 weeks to a period of 26 weeks in recognition of the critical and unfortunately common need to take care of family members. In conjunction with the increase in duration of EI benefits, employees under federal jurisdiction are allowed a 26 week Compassionate Care Leave. While the Provinces have been urged to review their own policies, Ontario's Family Medical Leave is still limited to a maximum of 8 weeks in a 26-week period. MUFA proposes a 26 week Compassionate Care Leave with full job protection in line with federally-regulated employees and a top-up of the EI benefits to 100% of salary.

3. Pregnancy/Parental Leave

Under the Ontario Employment Standards Act, employees have the right to take Pregnancy Leave of up to 17 weeks of unpaid time off work. Additionally, new parents have the right to take Parental Leave – unpaid time off work when a baby or child is born or first comes into their care. Birth mothers who took pregnancy leave are entitled to up to 35 weeks of parental leave. Birth mothers who do not take pregnancy leave and all other new parents are entitled to up to 37 weeks of parental leave. Parental leave is not part of pregnancy leave and so a birth mother may take both pregnancy and parental leave. Additionally EI is provided for Pregnancy/Parental Leaves. SPS C4, *Pregnancy/ Parental Leave Policy for Faculty and MUFA Librarians* "supports the University's aims of fostering research and teaching excellence by supporting parents in combining their academic careers and family responsibilities without undergoing significant professional or financial setbacks". Option A of SPS C4 provides regular salary for the first two weeks of leave, and 90% of salary, topping up the EI payments for a duration limited to 17 weeks. Financial benefits are provided for either Pregnancy or Parental leave, but not both leaves. To better support our faculty members in keeping with the aims of SPS C4, MUFA proposes financial benefits be provided at a level of 100% of salary for the full duration of the Pregnancy/Parental Leaves.

4. Professional Development Allowance (PDA)

MUFA notes that the cost of travel to attend conferences has increased significantly, due in part to the decrease in the exchange rate with respect to the US dollar by 27% over the last 4 years. MUFA proposes a $100 increase in each year of the contract in the PDA for faculty and librarians. As we have repeatedly heard from our members, the PDA is increasingly important in an era of scarce research support and tri-council restrictions on spending eligibility for indirect costs of research.

Table I: G6 Salary and Rankings

Salary 2014-2015	# of faculty members [1]	Average salary [1]	% deviation from weighted average	ARWU Ranking [2]	THE World University Ranking [3]	HECQO Z-score for Research Intensity [4]	Research Infosource, Research Intensity ($/faculty) [5]
University of Toronto	2,229	152,013	6.5%	27	19	2.3	383,000
Queen's University	657	147,931	3.6%	201-300	261	0.7	242,400
McMaster University	753	142,751	0.0%	83	94	1.4	358,300
University of Waterloo	1,164	137,332	-3.8%	201-300	179	0.8	162,300
Western University	1,041	134,636	-5.7%	201-300	230	0.6	168,600
University of Ottawa	1,122	134,395	-5.8%	201-300	216	0.8	235,400
Weighted Average (G6)		142,739					

[1] To maintain an internally consistent data set, this information is from the National Faculty Data Pool (NFDP) 2014-2015. This data set is for All Staff Without Senior Administrative Duties in the non-medical/dental category. The University and College Academic Staff Salary (UCASS) survey is no longer available from Statistics Canada, but is expected to resume in the near future.
[2] http://www.shanghairanking.com/ARWU2016.html
[3] https://ira.mcmaster.ca/wp-content/uploads/2016/04/Fact-Sheet-Times-Higher-2015-2016.pdf
[4] http://www.heqco.ca/SiteCollectionDocuments/Report-The-Differentiation-of-the-Ontario-University-System.pdf
[5] http://www.researchinfosource.com/pdf/2016Top50List.pdf

Table II: Housing Market Forecast in G6 Locations

Housing Market Forecast [6]	CMHC Average Sales Price (2016 F)	CMHC Average Sales Price (2017 F)	Price Change (2017 F) vs. (2016 F)	CMHC Average Sales Price (2018 F)	Price Change (2018 F) vs. (2017 F)
University of Toronto	719,750	775,000	7.7%	793,000	2.3%
Queen's University	297,000	300,250	1.1%	305,500	1.7%
McMaster University	470,000	480,000	2.1%	490,000	2.1%
University of Waterloo	377,000	392,000	4.0%	400,000	2.0%
Western University	276,000	286,000	3.6%	297,500	4.0%
University of Ottawa	371,000	375,000	1.1%	379,000	1.1%

[6] https://www.cmhc-schl.gc.ca/housingmarketinformation/ Canada Mortgage and Housing Corporation (CMHC) Fall 2016 Housing Market Outlook, mean MLS data for the Resale Market

McMaster University

The Joint Administration/Faculty Association
Committee to consider University Financial Matters
and to discuss and negotiate matters related to Terms
and Conditions of Employment of Faculty

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Hamilton, Ontario, Canada
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Appendix I
Principles for Negotiation of Faculty Remuneration

Introduction

In recognition that the negotiation of faculty remuneration at McMaster should be conducted within a collegial rather than confrontational framework, the Joint Committee agrees that it is desirable to establish commonly held principles within which such negotiations would take place. We hope that by doing so we can reach an agreement of mutual benefit by applying these principles rather than by hammering away at opposing positions until there is either enough "giving in" to reach an agreement or a stalemate forcing use of the final offer selection process. The following principles are presented for this purpose.

General Statement

Both the Faculty Association and the Administration recognize that McMaster University has a complement of highly qualified faculty members who are committed to the mission and objectives of the University and who work diligently to further those objectives. As a consequence, it is the desire of both parties that remuneration be at a level which adequately compensates faculty members for their contributions to the University. It is also the desire of both parties that the working conditions of McMaster faculty members be adequate, including both those matters which have a direct impact (e.g. class sizes) and an indirect impact (e.g. services and environment provided through the University infrastructure). In order to achieve these goals, it is important that other expenditures (e.g. for personnel services, fund-raising) be made judiciously. In the Joint Committee we are attempting to find an appropriate balance between these considerations in reaching an agreement on remuneration.

Principles Concerning Individual Compensation

1. Faculty salary and benefits should compare favourable to those in comparable jurisdictions, including specifically other excellent universities.

    Maintaining a competitive salary position with other universities is important both for the morale of faculty members and for McMaster's competitive position, i.e. being able to recruit and retain highly qualified faculty members.

2. Faculty salaries and benefits should be protected from inflation.

    Erosion of salaries relative to inflation, which has occurred in a number of years due to underfunding of the universities, is bad for morale and makes the prospects of an academic career less attractive to graduate students and young PhDs.

3. Differing degrees of contribution to the University depending upon experience and individual talents should be recognized through application of the CP/M Scheme, with sufficient par units to enable the rewarding of the many excellent faculty members without penalizing other competent faculty members.

4. Faculty should be protected from catastrophic expenses, such as those arising from ill health.

5. Consideration should be given to the tax effects of the form of remuneration.

6. Faculty should look forward to a good pension upon completion of their academic careers.

Principles Concerning Working Conditions

7. Faculty members should be able to teach in an instructional environment which is conducive to the educational process.

   A conducive instructional environment includes: students of high quality, class sizes which are not too large and access to instructional assistance, e.g. teaching assistants.

8. The University's operating budget should enable the appointment of new faculty, both to replace those who have retired (or resigned) and to compensate for an increased number of students.

   Working conditions will be seriously undermined if the University is unable to replace retiring professors, since the remaining faculty complement will need to provide additional instruction to compensate for their loss. Similarly, additional faculty members are needed to handle the increased number of students which have enrolled at McMaster in recent years. In allocating these appointments, consideration should be given to shifting teaching and research needs across the University.

9. The University should seek to redress the erosion of working conditions which has occurred during the past few years.

   The increased number of students, without a compensating increase in faculty appointments has resulted in a significant increase in student/faculty ratio during the past ten years. This has been accompanied by increased pressure on space (lecture rooms, offices and lounge space) and by fewer dollars available for instructional supplies and expenses.

10. Faculty should be provided with resources to do their jobs effectively.

    Such resources include: office and laboratory supplies, access to support staff (e.g. for typing correspondence or assisting in the development of laboratory experiments), library, computing facilities and instructional assistance.

11. The University should assist faculty members to enhance their research and scholarship effectiveness.

    Such assistance includes: research grants (through the Research Boards), funds for travel to conferences, funds for purchase of books and journals, and research leaves.

Approved by the Joint Committee —January 30, 1990
Reviewed and Approved in Principle by the Joint Committee —November 14, 2001

Joint Committee Discussions

Opening Statement and Proposal: University Administration

December 15, 2016

University Administration Representatives:

Dr. David Wilkinson, Provost & Vice-President (Academic)
Dr. Susan Searls-Giroux, Associate Vice-President, Faculty
Mr. Roger Couldrey, Vice-President (Administration)

A. Introduction

The University Administration's representatives on the Joint Committee look forward to our Committee's deliberations to determine the remuneration provisions for McMaster University Faculty Association (MUFA) members. We recognize and have great respect for the relationship that MUFA and the Administration have built together, and seek to reinforce it through the conduct of these negotiations. It is our intention to participate in open dialogue, with the objective of a mutually agreeable outcome. This opening brief outlines our view of the context and considerations that pertain to our discussions.

The "*Principles for Negotiation of Faculty Remuneration*" has guided the parties' deliberations over more than a decade. The Administration's representatives accept, as we expect MUFA's representatives do, that the general philosophies regarding remuneration and working conditions continue to be important and relevant guides to our discussions.

It is our strongly held preference that the Committee achieves agreement in direct discussion. Agreements made directly between the members of the Joint Committee are always superior to ones imposed by a third party who is external to the relationship.

Our negotiations will be conducted in the context of McMaster as one of Canada's leading student-centred research-focused universities. Our researchers and students tackle the challenges of today and are helping to build a future of opportunity. We are world renowned for our work on pedagogies that enhance learning and particularly for linking discovery and learning. The Strategic Mandate Agreement (2014-2017) between McMaster and the Ministry of Advanced Education and Skills Development (formerly MTCU), acknowledges our work in these areas, and outlines how we are building on our strengths to achieve our vision and to make progress toward the broader objectives articulated by the Ministry's Differentiation Policy Framework[1]. The Strategic Mandate Agreement expires March 31, 2017, which creates a degree of uncertainty; the renegotiation of a renewed agreement will have a significant impact in defining McMaster's strategic priorities over the next several years.

In this context, our vision, as formulated by President Patrick Deane's *Forward with Integrity*, can be articulated by the following goals:

- To develop a distinctive, personalized, engaging and sustainable student experience;
- To enhance the connections between McMaster and the communities we serve, locally, provincially, nationally and around the globe; and,
- To strengthen the excellence of our research and our graduate education and training while seeking opportunities to integrate research more purposefully into our academic mission.

These goals guide all of our decision-making and are the basis upon which we enter into our discussions.

Collegial discussion of common purposes and challenges relies on shared information. We have included references to relevant documents and, as in previous rounds of negotiations, undertake to provide any other

[1] Source: http://president.mcmaster.ca/wp-content/uploads/2016/05/SMA_2014_McMaster_Agreement.pdf

available information the Committee requires to inform its discussions. The University Administration's members of the Committee look forward to a full and open discussion of this information as our deliberations ensue. We welcome the input of our faculty leaders to assist in our development of the strategies that will ensure financial viability and sustainability for the University, so that we may continue striving toward our academic and research-oriented goals.

B. Contextual Overview

McMaster's Fiscal Health

To ensure that we can continue supporting McMaster as a research intensive university with a renowned commitment to students and teaching, the Joint Committee must be mindful of the fiscal health of the University. Discussions about faculty remuneration cannot be separated from McMaster's financial position. The University faces significant funding pressures including wage inflation costs and salary-related pressure associated with the elimination of mandatory retirement. Additional pressures relate to low interest rates driving up benefit costs, technology/capital infrastructure and sustainability requirements, and increasing needs for student-related services and support.[2]

These financial pressures have, to date, been partially offset by increased government grant funding from growing student enrolment and tuition fee increases in accordance with the government tuition fee framework. However, today there is considerable uncertainty surrounding these traditional revenue sources in addition to further cost pressures. McMaster's fiscal health will be affected by four events in particular in the near term: the Provincial Funding Formula Review; the Tuition Framework Review; the Salaried Pension Plan Valuation, due to be filed effective July 1, 2017; and the new Pension Legislation affecting future funding requirements expected to be announced in the fall of 2017. Together, these issues present a period of significant financial uncertainty, requiring prudent decisions to safeguard the long term financial health of the University.

Provincial Funding Formula Review

In April, 2015, the Ministry announced a university funding model reform consultation process to modernize the university funding model, which could impact McMaster as early as 2017/18. The main principles of the funding model review include supporting the existing differentiation process, enhancing quality and overall student experience, financial sustainability and increasing transparency and accountability. [3]

Ontario universities, including McMaster, have been actively working with the government on the new funding formulation. The province expects the recommendations to be completed next year and to be implemented within the SMA negotiations. The timing for legislative approval, and thus the implications for universities, will remain unclear for some time.

The sustainability challenge of universities experiencing declining enrolments is also to be tackled by the redesign. This has been identified as a top Ministry priority. The government is considering introducing "corridor" funding as a revenue stabilizer to cushion universities from the otherwise destabilizing impact of enrolment decline. Corridor funding implies that funding to a university will remain the same, provided its enrolment numbers remain within a certain percentage of positive and negative change. The impact of the

[2] Source: McMaster University 2016/17 Consolidated Budget, page 1

[3] Source: http://www.tcu.gov.on.ca/pepg/audiences/universities/uff/UniversityFundingFormulaConsultationReport_2015.pdf

Ministry assigning a cap less than McMaster's current or projected enrolment means that for each student above the cap, McMaster would have no basic income units ("BIU") funding to support their learning. The government has been clear that the formula will need to address these sustainability issues within the sector's existing funding envelope. This fiscal restraint creates considerable challenges for the system as a whole and particularly for research-intensive institutions such as McMaster, which have seen a continuing increase in demand and remain on a growth trajectory.

Tuition Framework Review

The current four-year tuition framework expires at the end of the 2016/17 fiscal year. It is anticipated that a new tuition framework will be announced sometime between this December and February of 2017, to take effect at the beginning of the 2017/18 academic year. It is understood that the Ministry is considering numerous options for a new framework and has been in consultation with student groups. In the absence of reasonable tuition increases or an equitable Ministry supplement, McMaster will have no incremental source of funding for wage, benefit, and other expense inflation, which will have immediate budget implications and over time, if left unaddressed, will erode the University's financial health and sustainability.[4]

Budget Model

A new budget model at the University was introduced in 2014/2015 fiscal year, with a view toward greater alignment between the University's operating budget allocations and its strategic priorities, and enhanced transparency and accountability in such allocations. Since its introduction, the new budget model has been the subject of much discussion.

MUFA's Budget Advisory Committee published a 2015-2016 report in April, 2016, based on its review and analysis of the new budget model[5]. Additionally, in May, 2016, Dr. Megumi Harada, representing 104 faculty members, wrote an open letter to Dr. David Wilkinson, Provost & Vice-President (Academic), requesting an independent and University-level review of the new budget model[6]. Key concerns raised in that letter were with the perceived misalignment of the budget allocations with FWI priorities, and with allocation to the Faculties, specifically given the difficult financial circumstances of the Faculty of Science. President Patrick Deane and Dr. Wilkinson jointly responded in an open letter[7] and, in that letter, provided examples of how the budget model is indeed structured to ensure alignment with the Universities priorities, and stated that the key to the successful future of any one Faculty lies not through changing the budget model, but rather with revenue generation based on that Faculty's strengths. The University Administration appreciates MUFA's engagement in open discussion and dialogue regarding the impact of the budget model, and trusts there is mutual understanding that the Joint Committee negotiations is not a suitable forum for that discussion. Ongoing community feedback and analysis has resulted in, and likely will continue to bring about, changes and adjustments to the budget model, especially as some of the funding variables identified above become more certain.

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[4] Source: McMaster University 2016/17 Consolidated Budget, page 3

[5] Source: http://macfaculty.ca/wp-content/uploads/2015/02/BACReport201604.pdf

[6] Source: http://www.mcmaster.ca/vpacademic/documents/Budget%20Model%20Open%20Letter%20from%20Megumi%20Harada_May%205%202016.pdf

[7] Source: http://www.mcmaster.ca/vpacademic/documents/Budget%20Model%20Response%20from%20the%20President%20and%20Provost_June%2016%202016.pdf

Pensions Landscape

Salaried Pension Plan Valuation

MUFA faculty members participate in the Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000 (the "Plan"), which is a defined benefit pension plan. As with defined benefit pension plans generally, and with other G6 universities specifically, there are ongoing funding challenges with the Plan. As of the last full valuation on July 1, 2014, the funding shortfall for the Plan was estimated at approximately $253 million on a going-concern basis and the solvency shortfall at that date was $197 million.

In 2014, the University applied for and received solvency relief from the government, which enables deficit payments to be spread over a ten-year period. The Plan deficiencies will require the University to contribute special payments into the Plan over the next five years, in addition to current service costs. The special payments will vary based on actual investment returns and future interest rate assumptions. Since the last valuation, updated projections between April 2015 and February 2016 have indicated much higher costs due primarily to interest rate declines, with total pension costs increasing between $160 million to $316 million over the 7 year horizon. These projections were shared with MUFA executive in March 2016, in a chart that is included below[8]. Since preparation of this chart, as at September 30, 2016, the estimated solvency deficit alone had increased to $412 million.

Salaried Plan 2000 Updated Projections - Over a 7 Year Horizon

Plan 2000 Outflows '17-'24	**July 2014 In Plan**	**April 2015 Not in Plans**	**December 2015 Not in Plans**	**February 29, 2016 Not in Plans**
Going Concern: Current Service Cost *(Employer/Employee cost share split)*	$473M *(55%/45%)*	$476M *(55%/45%)*	$485M *(56%/44%)*	*$486M* *(56%/44%)*
Going Concern Deficiency Special Payments	$32.5M	$32.5M	$57.8M	*$69.9M*
Solvency Payments *Interest rates = "I" first 10yrs/after* *Solvency Rate = Annuity Proxy*	$123.2M *i = 2.8%/4.2%* *3.15%*	$279.6M *i = 2.2%/3.6%* *2.52%*	$312.7M *i = 1.9%/3.5%* *2.88%*	*$388.9M* *i=1.9%/3.3%* *2.83%*
Pension Guarantee Fund	$4.6M	$4.6M	$4.6M	*$4.6M*
Total Cash Outflows	$633.2M	$792.8M	$860.1M	*$949.2M*

Without an improvement to interest rates and changes to current pension rules, McMaster would have to fund up to an additional $53 million in pension costs per remaining five budget years in the solvency relief period, equivalent to an approximate 9% operating budget cut. As such, McMaster is managing a material interest rate risk due to recent interest rate drops associated with pension planning and budget. The benefit reserve, which has been used to supplement the funding of the Plan liability, will be fully depleted in 2017/18 if interest rates are lower than anticipated and solvency legislation remains unchanged.[9]

[8] Source: McMaster University Pension Outlook, MUFA presentation, March 11, 2016, slide 5
[9] Source: McMaster University 2016/17 Consolidated Budget, page 4

The next valuation of the Plan is scheduled for July 1, 2017.

Jointly Sponsored Pension Plan
In its 2014 budget, the provincial government proposed that single employer pension plans move toward single or multi-employer jointly sponsored pension plans ("JSPP"). Since that time, Ontario universities and some employee associations and unions have been exploring the feasibility of jointly sponsored arrangements, including consideration of transitional issues. In November 2015, McMaster and MUFA signed a memorandum of agreement regarding pension changes, which now forms part of the *Principles for Negotiation of Faculty Remuneration*. The memorandum sets out certain parameters for the way in which transition toward a JSPP would be determined.[10] Currently, McMaster and MUFA continue to participate in the ongoing JSPP discussions in Ontario.

Pension Legislation
In the 2015 provincial budget, the government announced it would review existing Pension Legislation with the aim of making funding requirements for both private and public sector plans more financially sustainable given the prolonged low interest rate environment and the dramatic effect Ontario solvency legislation had on future funding requirements across all sectors with defined benefit plans. McMaster has been engaged directly in the Ministry's public sector consultations and submitted a response to a consultation paper issued in 2016 on future design considerations. A second consultation paper is expected in the spring of 2017 for comments with final legislation expected before the end of 2017. The impact of new legislation is uncertain, although it is promising that the government is aiming to improve financial sustainability of the plans.

<u>Canada Pension Plan ("CPP") Changes</u>
The CPP is a contributory public pension plan that provides a basic level of earnings replacement in retirement for workers throughout Canada, except in Quebec. Workers in Quebec are covered by the Quebec Pension Plan (QPP), which provides similar benefits.

The CPP retirement benefit currently replaces a maximum of 25 per cent of earnings up to the Year's Maximum Pensionable Earnings, which approximates the average Canadian wage and is indexed to average wage growth annually. In 2016, the maximum new retirement benefit payable at age 65 is $13,110 per year. The Canadian government is significantly concerned that Canadians are under-saving for retirement and that action is required to address this savings gap. The Government of Canada has stated that in particular, middle class families without workplace pension plans, and young Canadians entering the workforce when fewer employers offer workplace pension plans, are at a greater risk of under-saving for retirement. The Government has estimated that 24 per cent (or 1.1 million) of families nearing retirement age are at risk of not having adequate income in retirement to maintain their standard of living.[11]

To address this societal concern, on October 6, 2016, Bill C-26, *An Act to amend the Canada Pension Plan, the Canada Pension Plan Investment Board Act and the Income Tax Act*, was tabled for first reading[12]. If passed in its current form, Bill C-26 will result in CPP enhancements phased in between 2019 and 2025 that will:

- apply nationally to all provinces except Quebec;
- increase income replacement on future service from 25% to 33% of eligible earnings;

[10] Source: http://macfaculty.ca/wp-content/uploads/2015/03/MOA-Pension-Changes1.pdf
[11] Source: http://www.fin.gc.ca/n16/data/16-113_3-eng.asp
[12] Source: http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=8481939

- increase the upper earnings limit on income subject to CPP by 14% to a target of $82,700 upon full implementation in 2025; and
- be fully funded through employee and employer contributions[13]

The changes proposed in Bill C-26 will involve two key steps, which are summarized below and illustrated in **Appendix A(i)**:

Step 1: between 2019 and 2023, increase the income replacement rate of CPP from 25% to 33.3% of eligible earnings, on future service only; and

Step 2: over the years 2024 and 2025, extend the earnings range by introducing a new upper limit on income subject to CPP, the "Year's Additional Maximum Pensionable Earnings" ("YAMPE"). The YAMPE will be set at a level that is 14% higher than the Year's Maximum Pensionable Earnings ("YMPE"), which is currently $54,900.

Based on the Government's proposed changes, employers and employees will, by 2023, each contribute an additional 1% on eligible earnings up to the YMPE, for a total of 5.95% each. Starting in 2024, employers and employees will also each contribute 4% on earnings above the YMPE up to the new *Year's Additional Maximum Pensionable Earnings* (YAMPE), which is projected to be $82,700 in 2025. The YAMPE will be phased-in with half of the increase effective in 2024 and the full YAMPE effective in 2025. The chart in **Appendix A(ii)** demonstrates how the additional contributions will affect individuals with varying levels of income and years of contributions to CPP.

The additional contributions will be phased-in as follows[14]:

First Additional Contributions (on phased-in first additional pensionable earnings up to YMPE)		
Year	Employee/Employer %	Combined %
2019	0.15%	0.30%
2020	0.30%	0.60%
2021	0.50%	1.00%
2022	0.75%	1.50%
2023	1.00%	2.00%
2024 and future	1.00%	2.00%
Second Additional Contributions (on phased-in second additional pensionable earnings between YMPE and YAMPE)		
Year	Employee/Employer %	Combined %
2024 and future*	4.00%	8.00%

*The contribution percentage is not phased-in for the second additional contributions but the earnings covered are phased-in by setting the YAMPE equal to 107% of the YMPE in 2024 and 114% of the YMPE thereafter

The enhancement to CPP will increase the University's total compensation costs for members of MUFA.

<u>Analysis of the Cost of the Career Progress/Merit ("CP/M") Plan</u>

The University has completed significant analysis of the current CP/M model, which analysis is included as **Appendix B**. CP/M was originally modeled to be cost neutral, whereby the total cost of the CP/M awarded

[13] Source: Department of Finance Canada http://www.fin.gc.ca/n16/data/16-113_3-eng.asp
[14] Source: Mercer Report, Pension and CPP, p. 20

each year is offset by the new savings achieved when faculty retire and are replaced by junior faculty at lower salaries. Numerous changes to the salary structure at McMaster have led to the CP/M program being no longer cost neutral. The total cost of CP/M over the past 5 years is about 2.3% of base salary mass. The analysis shows that under steady state conditions (i.e. where the same number of faculty members retire each year) the savings accrued from replacing retirees with junior faculty only supports 73% of the cost of CP/M. The remaining 27% represents an average increase in salary mass of approximately 0.6% of the total base salary costs in 2015-16. Using the five-year average, the total annual increase in total base salary was 0.61% per year, which has the equivalent effect of a 0.61% annual Across the Board ("ATB") increase annually over this same period. An analysis of key parameters from the current CP/M Plan principles, summarized below, explains the departure from cost neutrality.

- **Starting Salary**. For the CP/M model to be cost neutral, the starting salary must be the floor salary of an Assistant Professor. The average salary of all new faculty hired is actually considerably higher than the floor salary of an Assistant Professor. In fact, the starting salary of 81% all new faculty members hired between 2011/12 and 2015/16 exceeds 110% of the floor salary of Assistant Professor.

- **Years of Service**. For the CP/M model to be cost neutral, faculty members must reach retirement after working 35 years, which is 5 years greater than actual data.

- **Salary at Retirement.** The salary at retirement, after working 35 years, is expected to be 2.48 or 2.675 times the floor salary of an Assistant Professor assuming faculty members are awarded on average 1 or 1.2 par increments annually, respectively. The data indicate that on average the ratio is 2.43. The departure from the expected ratios is exacerbated by the award of ATB with a fixed dollar value component over many years at McMaster. The application of a fixed dollar amount increase to both the higher salary of retiring faculty (numerator) and the floor salary of an Assistant Professor (denominator) over time causes a significant departure from the desired ratio that undergirds the CP/M model.

This recognition of the cost of CP/M is further supported by comparing the cost of the McMaster CP/M model with those at other G6 universities. There is considerable variability amongst our peers. However, McMaster's model, at 2.3% of average salaries over the past five years, is the richest of all. At other G6 universities merit programs have costs ranging from (using 2015-16 data) 1.52 to 2.05% with an average of 1.8%. It is therefore not surprising that the McMaster CP/M program is not cost neutral.

<u>Commitment to Equity, Diversity, and Inclusivity</u>

The University is committed to ensuring an equitable, diverse, and inclusive campus. As a significant demonstration of that commitment, the University has established a new role of Vice-Provost, Equity and Inclusion, which is anticipated to be filled by July 1, 2017. With leadership accountability for the recently realigned Office of Equity and Inclusion (formerly the Office of Human Rights and Equity Services), this senior academic role will be the University's champion for advancing equity and diversity on campus.

Other initiatives in support of equity on campus include a renewed focus on employment equity; the development of policies addressing harassment, discrimination, and sexual violence; and a gender equity implementation committee, established to effect the recommendations set out in the report entitled "Women faculty, now and in the future: Building excellence at McMaster University", which was written by Charlotte Yates, previous Dean of Social Sciences in 2014.

During the term of the current agreement, the University completed an analysis of salaries among faculty members and made an adjustment, as summarized below. While we will continue to regularly monitor and analyze salary levels to maintain gender equity, a recent analysis of faculty salaries covering the period since the adjustments summarized below shows that there is no gender equity salary issue at this time.

Improvements During Current Agreement
The University is committed to providing professional development and meaningful support for faculty in general. The AVP Faculty office has put into place a substantive orientation program for new faculty that introduces successive cohorts to the culture of McMaster and to all of the central services available to them to improve their success as teachers, researchers, grant writers, entrepreneurs, and media spokespersons—and to improve levels of attachment and therefore retention at the university. Another focus of this office is leadership development, with particular attention to the training of chairs and directors, who are responsible for roughly eight percent of university decision making. A year-long peer mentoring program has been put into place along with twenty hours of training via workshops that run September through April in the interests of improved governance across the campus.

The University Administration and MUFA have also worked collaboratively on several recent initiatives which have positively impacted the remuneration provisions for faculty members. These initiatives include:

- changes to the Long Term Disability plan, effective July 1, 2016, which resulted in increased coverage, decreased contributions, and an adjustment for inflation for faculty members;
- changes to the Provider for Emergency Out of Province coverage, effective July 1, 2016, which resulted in an increase to the lifetime benefit; and
- adjustments of $3,515 to the base salary of each female member of faculty on the CP/M scheme at McMaster University, effective July 1, 2015, to account for difference in average salary between male and female faculty members. The amount of the adjustment was pro-rated appropriately for part-time faculty. The total cost of the adjustment was $1,132,005.75.[15]

[15] Source: https://ira.mcmaster.ca/gender-equity-analysis/

C. University Administration's Proposal

Term

Given the contextual uncertainty described above, the University Administration proposes *a 2-year term, effective July 1, 2017 to June 30, 2019.*

Salary

Career Progress/Merit (CP/M)

The University is committed to rewarding excellence in faculty performance, and affirms that a performance model of merit pay is important.

As discussed above, the parameters on which the CP/M model is built are no longer accurate; therefore, the model needs to be revisited. The University seeks to make adjustments to the current CP/M model to ensure it continues to effectively meet its desired objectives. Our analysis shows that it would require a significant decrease in the value of a par increment to make the CP/M cost neutral. The University is not proposing to do this. We value the opportunity to continue to reward faculty members on the basis of performance. Rather, we propose a modest change to the CP/M model, introducing an additional break point and thus reducing the cost of CP/M by a modest amount. This model is outlined as option 1 in **Appendix B**. This model would bring CP/M closer to cost neutrality (80%). Because this model would not achieve full cost neutrality, it would continue to include an annual increase in compensation equivalent to an Across the Board increase, although at the lower rate of 0.41% rather than the current rate of 0.61%.

*The University proposes that a modified CP/M plan be adopted, outlined as option 1 in **Appendix B**, along with recognition that the modified CP/M plan includes an ATB-equivalent salary increase of 0.41%.*

Across the Board Increase ("ATB")

The University is interested in reaching an agreement with MUFA that is fiscally responsible with respect to compensation increases, and that is reflective of the contextual circumstances described above, settlement trends, appropriate sector comparators, and the most recent settlements at McMaster. McMaster University's average faculty salary in 2015 was $150,956.63, which is 2.06% above the average faculty salary of $147,904.44 among the G6 universities.

*The University proposes an Across the Board increase of 0.59%, effective July 1, 2017, in addition to recognizing that 0.41% of CP/M is an ATB-equivalent increase, in accordance with the proposed modified CP/M model***.** This amounts to an increase equivalent to 1.0%.

The University proposes an Across the Board increase of 0.44%, effective July 1, 2018, in addition to recognizing that 0.41% of CP/M is an ATB-equivalent increase, in accordance with the proposed modified CP/M model, and that the University's contributions to CPP will increase by 0.15% effective January 1, 2019. This amounts to an increase equivalent to 1.0%.

Pension

The Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000 (the "Plan"), is an important component of the University's total compensation commitment to faculty and librarians who are members of MUFA.

The McMaster Plan is a defined benefit pension plan which provides a guaranteed pension on retirement. The amount of a Plan member's pension is determined by a pension benefit formula which factors in pensionable earnings and service, as outlined in the Plan text. The cost of providing this guaranteed pension continues to increase as people are living longer and interest rates continue to be low, resulting in an increasing financial burden to the University.

Ensuring the financial stability and sustainability of the pension plan is in the best interest of all plan participants. Through consultation with its pension actuaries, the University has determined strategies that will make the Plan more sustainable. These include:

1. ***Achieving a member/University 50/50 cost share ratio of the Plan's current service cost.***
While we have made substantial progress towards sustainability of the Plan with the significant collaboration of Plan members, the Provincial Government's continued expectation is that public sector pension plans should be funded equally by employers and plan members ("50/50 Cost Share").

Whereas member contributions to the Salaried Pension Plan are set during compensation negotiations, the University's contributions are expressed as a multiple of employee contributions, based on a calculation that involves the current service cost[16], less member contributions, plus any going concern deficit and/or solvency deficit payments that are required. The calculation is dependent on assumptions about years of pensionable service, salary increase levels, pre- and post-retirement mortality, retirement rates, termination rates, long-term bond rates, and the return on pension plan investments.

The 2016/17 current service cost for members of MUFA is 46/54 (MUFA members contribute 46% of the cost; the University contributes 54% of the cost.) These amounts are based on the July 1, 2014, funding valuation.

In order to move closer to a 50/50 cost share ratio, *the University seeks increases to member contributions to the Plan, as follows:*

	Salary up to YMPE[17]	***Salary above YMPE***
Current	*7%*	*10%*
Effective July 1, 2018	*8%*	*11%*

To account for this increase in pension contributions, *the University proposes that, on July 1, 2018, each faculty member receive a one-time lump sum payment in the amount of $1187.68[18], subject to applicable statutory deductions.*

2. ***Adjusting Plan language regarding special payments to member required contributions.***
As we address funding shortfalls and increase contribution levels to improve the financial status of the McMaster Salaried Pension Plan, an adjustment to the Plan text is also needed to clarify special adjustments to member required contributions. Section 7.04 of the Plan text provides a series of situations

[16] The "current service cost" represents the cost of all pension benefits earned by Plan members in a current year, determined by periodic actuarial evaluations.
[17] YMPE is the Year's Maximum Pensionable Earnings as determined by the Canada Revenue Agency annually. For 2016, the YMPE is $54,900.
[18] This one-time lump sum payment amount was calculated using the average faculty salary as of September 23, 2016 ($157,123.42) to determine the tax-adjusted impact of the increase to pension contributions.

wherein special adjustments are possible to reduce member contributions, where the plan is fully funded and the required total University contributions to the Plan fall below 90%. While this is not likely in the short-term, the plan text was written when contribution rates were lower and should be corrected to account for the changing level of contributions. *The University is seeking to make a technical adjustment to amend Section 7.04 of the Plan Text to reflect the proportional pension contributions that members will make in the event that total University contributions to the Plan fall below the 90% threshold for adjustment.*

Summary of Current Provisions of Section 7.04

	Member Contribution Rate as of July 1, 2007		7.04 (a) adjustment (University contributions are less than 90% but greater than or equal to 75% of member contributions) Member pays 75% of Scheduled Rate		7.04 (b) adjustment (University contributions are less than 75% but greater than or equal to 50%) Member pays 50% of Scheduled Rate		7.04 (c) adjustment (University contributions are less than 50% but greater than or equal to 25%) Member pays 25% of Scheduled Rate		7.04 (d) adjustment (0% to 25%) (University contributions are less than 25%) Member pays 0% of Scheduled Rate	
MUFA Faculty and Librarians	Up to YMPE	In Excess of YMPE	Up to YMPE	In Excess of YMPE	Up to YMPE	In Excess of YMPE	Up to YMPE	In Excess of YMPE	Up to YMPE	In Excess of YMPE
	5.00%	6.500%	3.750%	4.875%	2.500%	3.250%	1.250%	1.625%	0.000%	0.000%

Proposed Update of Provisions of Section 7.04

University Total Contributions	Special Adjustment to Member Contributions
Less than 90% but greater than or equal to 75% of the total Member contributions	75% of scheduled rate
Less than 75% but greater than or equal to 50% of the total Member contributions	50% of scheduled rate
Less than 50% but greater than or equal to 25% of the total Member contributions	25% of scheduled rate
Less than 25% of the total Member contributions	0% of scheduled rate

Based on the proposed July 1, 2018 employee contribution rates of 8% up to the YMPE and 11% in excess of the YMPE, the impact of the adjustments is as follows:

	Employee Contribution Rate as of July 1, 2018		7.04 (a) adjustment (75% to 90%) 75% of Scheduled Rate		7.04 (a) adjustment (50% to 75%) 50% of Scheduled Rate		7.04 (a) adjustment (25% to 50%) 25% of Scheduled Rate		7.04 (a) adjustment (0% to 25%) 0% of Scheduled Rate	
MUFA Faculty & Librarians	Up to YMPE	In Excess of YMPE	Up to YMPE	In Excess of YMPE	Up to YMPE	In Excess of YMPE	Up to YMPE	In Excess of YMPE	Up to YMPE	In Excess of YMPE
	8.00%	11.00%	6.000%	8.250%	4.000%	5.500%	2.000%	2.750%	0.000%	0.000%

Note: The figures in the brackets represent University contributions as a percentage of Member contributions.

Benefits

The benefits available to faculty at McMaster University are very competitive among our peer universities. The benefits we offer contribute to our ability to recruit and retain excellent faculty and librarians. A summary of MUFA health and dental benefits usage and cost is included as **Appendix C**. A benefits comparison chart of McMaster employee groups (MUFA, MUALA, TMG, and Unifor Unit 1) is included as **Appendix D.**

While maintaining a competitive plan design that continues to meet the needs of members of MUFA, *the University seeks to make adjustments in benefits plan design in order to achieve cost savings and support the long-term sustainability of the plan design. The University proposes to implement the following changes:*

- ***Introduce 'Prior-Authorization'*** by Sun Life of certain drugs, based on medical criteria. The current prescription drug formulary would be retained. Prior authorization provides potential cost savings of up to 2% of the current paid drug claims (2015/16 benefit year: direct drugs totaled $1,070,730.89 and reimbursement drugs totaled $13,637.17), and ensures that specialty drugs are covered when they are most needed. As part of this program, faculty members can be provided with access to Sun Life's Preferred Pharmacy Network. Additional details regarding prior authorization are included in **Appendices E.**

- ***Introduce a 'Dispensing Fee Frequency Limit'.*** The current McMaster drug plan has a cap of $6.50 per dispensing fee. The drug plan allows a faculty member to receive up to a 100-day supply of a maintenance drug (i.e., four prescriptions per year), but does not require that drugs be dispensed on that basis. Introducing a 'dispensing fee frequency limit' provides potential cost savings of 1% to 2% by setting a pre-determined limit on the number of dispensing fees per maintenance drug (typically five prescriptions per year). Additional details regarding dispensing fee frequency limit are included in **Appendices F**.

- ***Unlink Retiree Benefits Plan from Active Benefits Plan.*** Currently, as changes are made to the active faculty benefits plan, concomitant changes are made to create a new retiree benefit plan. The result is an increasingly complex array of retiree benefits plans, varying slightly by modifications made at any single point in time to the active benefits plan. This approach to benefits plan for retired members of MUFA creates unnecessary administrative burden, and potential for confusion for retirees. *The University seeks to unlink the retiree benefits plan from the active benefits plan for faculty, and to freeze the retiree benefits in their current state. A new retiree benefits plan would be created that mirrors the current active plan and would be the post retirement benefit plan for future MUFA retirees.*

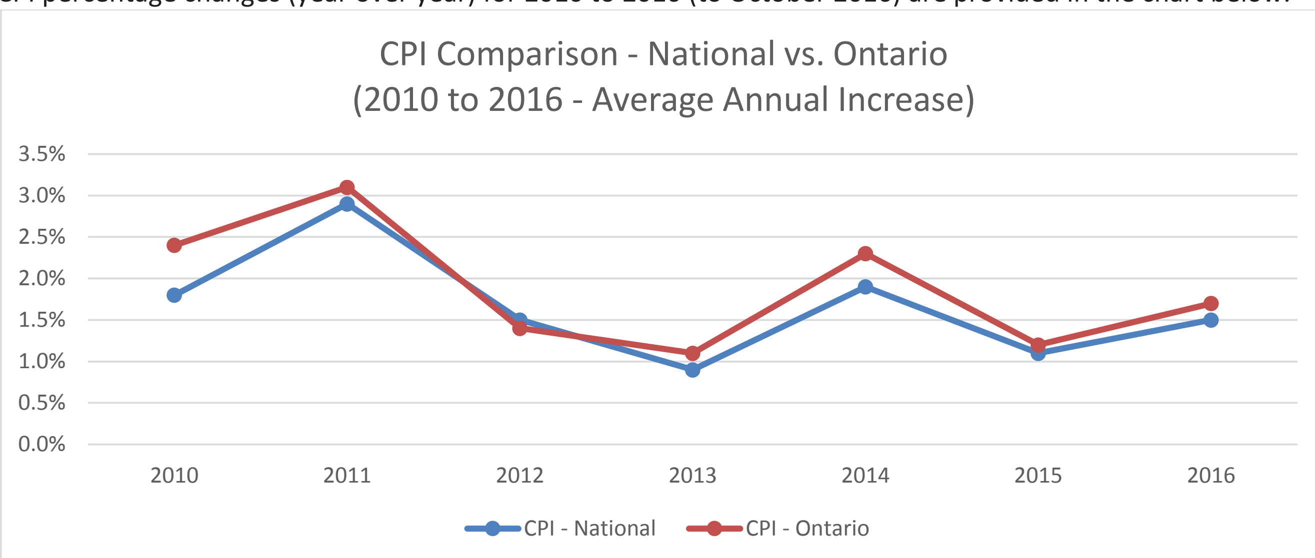
- ***Revise provisions for Leaves of Absence.***
  Pregnancy/Parental Leave Enhancement. The University seeks to align pregnancy/parental leave provisions with recent changes to the Employment Insurance Act, which reduce the waiting period for employment insurance from the current 2-week period to a 1-week period, effective January 1, 2017. This proposed change will result in an enhanced benefit for faculty pregnancy/parental leaves.

  Currently, a faculty member has the option to take either: 'Option A', a leave of up to 19 weeks, with the first 2 weeks paid at 100% of regular salary and the remaining 17 weeks paid at 90% of regular salary less the amount of employment insurance benefit received; or, 'Option B', a leave of up to 4 weeks paid at 100% of regular salary. The first 2 weeks of leave in 'Option A' was historically paid differently in recognition of the fact there was a 2-week waiting period for employment insurance. Recently, the University has changed the way in which it administers the supplemental benefit for pregnancy/parental leave, such that there is no longer a requirement to submit proof of eligibility for employment insurance before the benefit is applied. The University assumes the faculty member will receive the maximum benefit through employment insurance, and applies the supplemental benefit accordingly. In keeping with that approach, the *University proposes an improvement to Option A, to provide up to 19 weeks paid at 95% of regular salary, less the estimated eligible employment insurance benefit received.*

- *Family Medical & Compassionate Care.* The University recognizes that faculty members require compassion and support during times of family crises, and is committed to engaging in discussions with MUFA regarding options to address such circumstances.

D. Comparative Data and Supplemental Information

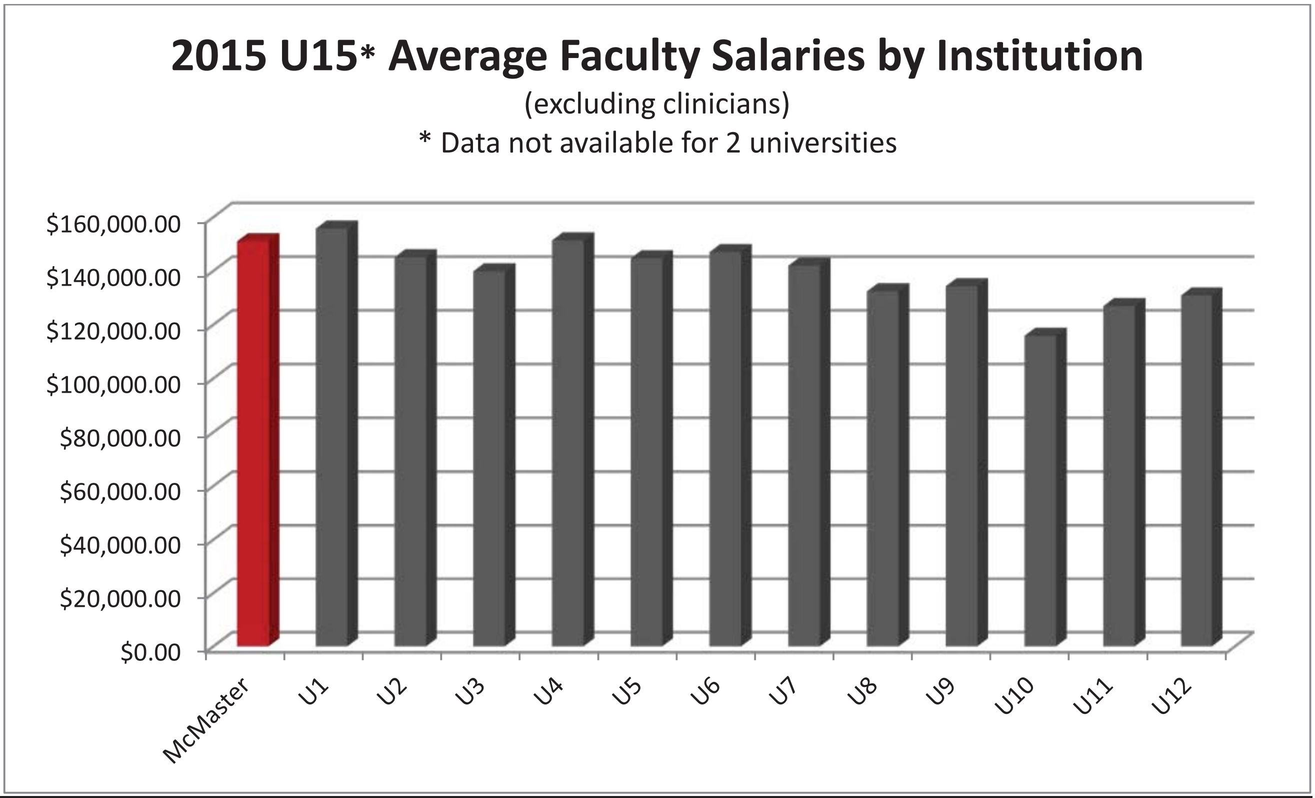
Consumer Price Index (CPI)
The most recent total CPI increase is 1.5% nationally and 2.1% in Ontario from October 2015 to October 2016[19]. CPI percentage changes (year over year) for 2010 to 2016 (to October 2016) are provided in the chart below.

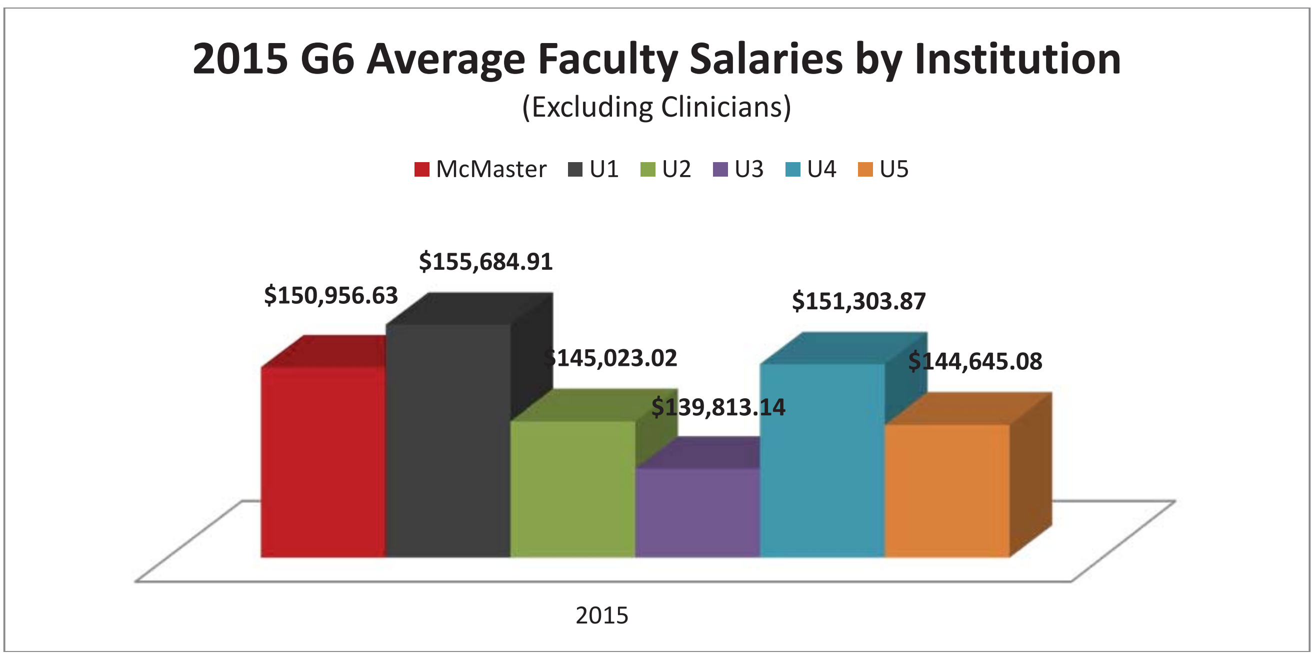


Canadian and Ontario Universities
McMaster University is one of the six leading research-intensive universities in Ontario (the “G6”). **Appendix G** summarizes CP/M models and salary floors and ceilings at the G6 institutions. **Appendix H** summarizes key components of recent settlements at the G6 institutions.

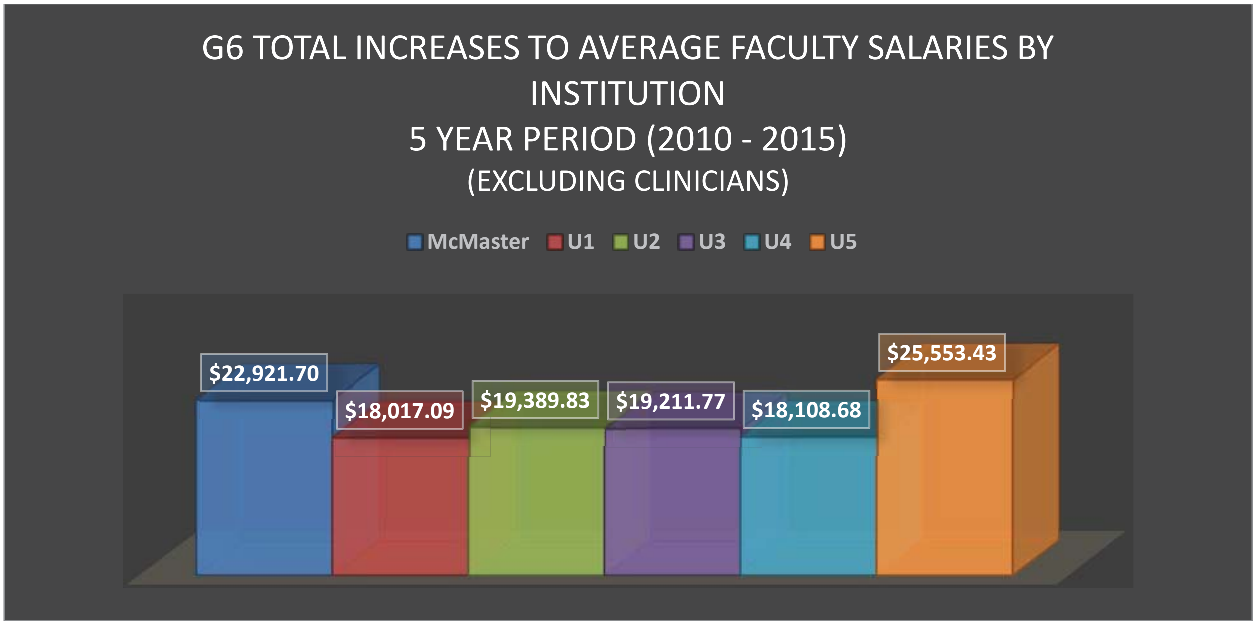
In 2015, the average faculty salaries at the G6 universities ranged from $139,813.14 (U3) to $155,684.91 (U1), with an average salary of $147,904.44. McMaster University’s average faculty salary in 2015 was $150,956.63, 2.06% above the G6 average. McMaster University’s average faculty salary in 2015 ranked third in the G6 and in the U15, behind U1 ($155,684.91) and U4 ($151,303.87).[20] The charts below illustrate the comparison of average salaries by U15 and G6 institutions.

[19] Source: http://www.cra-arc.gc.ca/
[20] DataSource: IRA-U15 Data



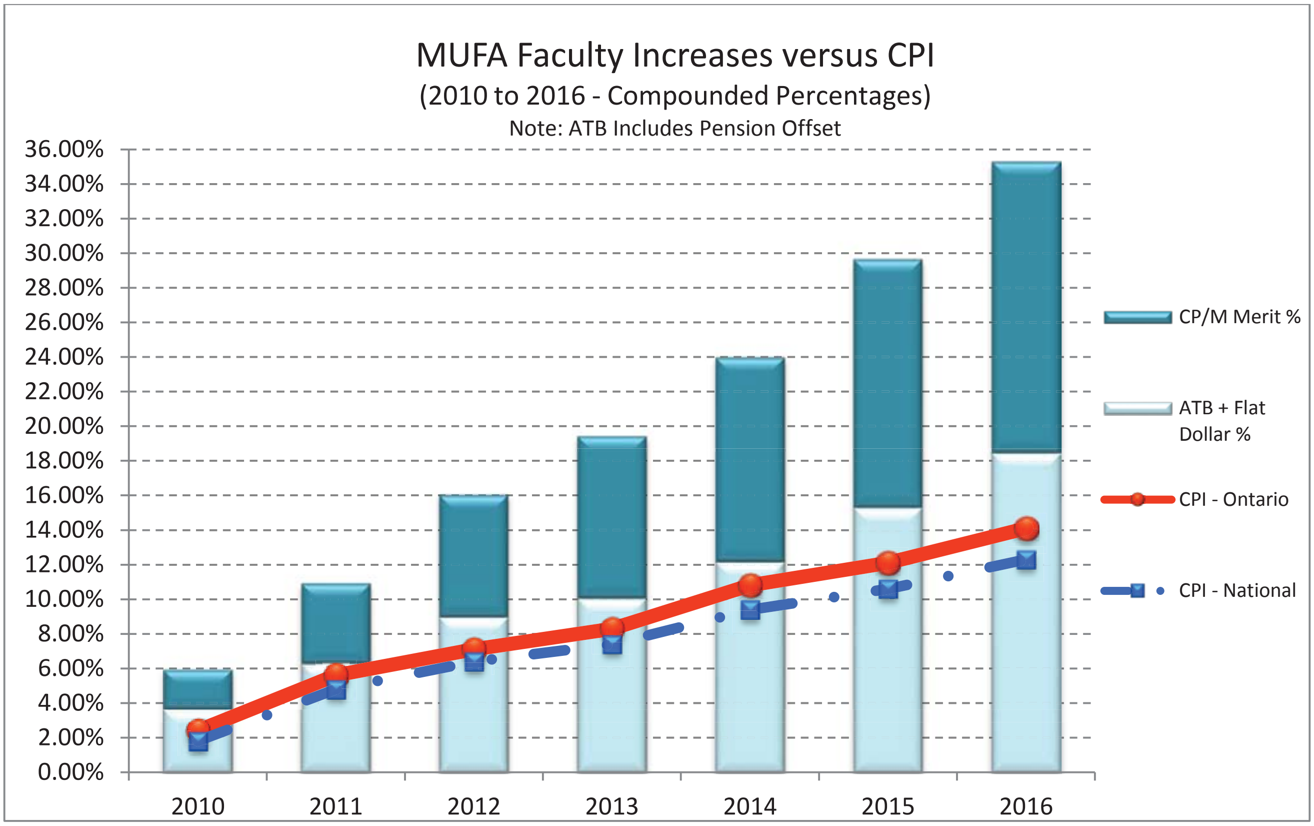


The chart below sets out the total increase to the average annual salaries at each of the G6 universities from 2010 to 2015, inclusive. Over this timeframe, the average total faculty salary increases range from $18,017.09 (U1) to $25,553.43 (U5), with an average of $20,533.75. McMaster University's average faculty salary increased by $22,921.70, or 17.9%, between 2010 and 2015, 11.63% above the G6 average. McMaster's total increase to average annual salary over the 5-year period ranks second in the G6, behind U5.[21]



[21] DataSource: IRA-U15 Data

McMaster University
The following chart shows the cumulative compounded annual salary increases for MUFA Faculty, compared to the national and Ontario CPI, over the period of 2010 to 2016.

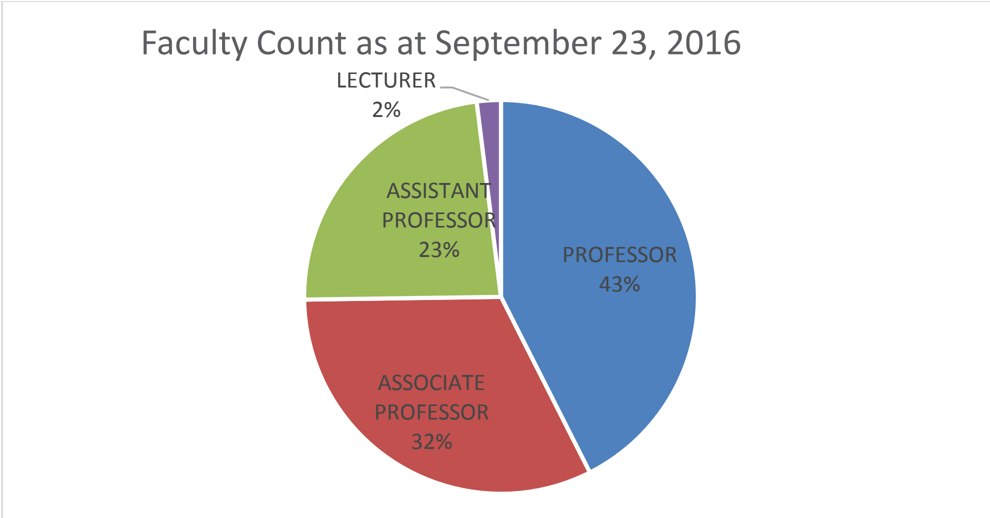


The cumulative compounded increase for MUFA Faculty is approximately 35.29%, versus 19.54% for Unifor Unit 1 (staff), 21.03% for TMG, and 18.09% for MUALA over the same time period. The compounded total CPI (National) over the same period is 12.30% and the CPI (Provincial) is 14.10%. This information highlights that MUFA increases have far exceeded the rate of inflation and greatly outpaced the increases of other employee groups at McMaster, which has been a major contributor to cost escalation. A summary of McMaster University settlements regarding ATB increases and lump sum payments, for the period 2015-2016, is included as **Appendix I.**

E. MUFA Data

Faculty Count
As at September 23, 2016, the total faculty count was 912[22]. The charts below provide the faculty distribution by rank:

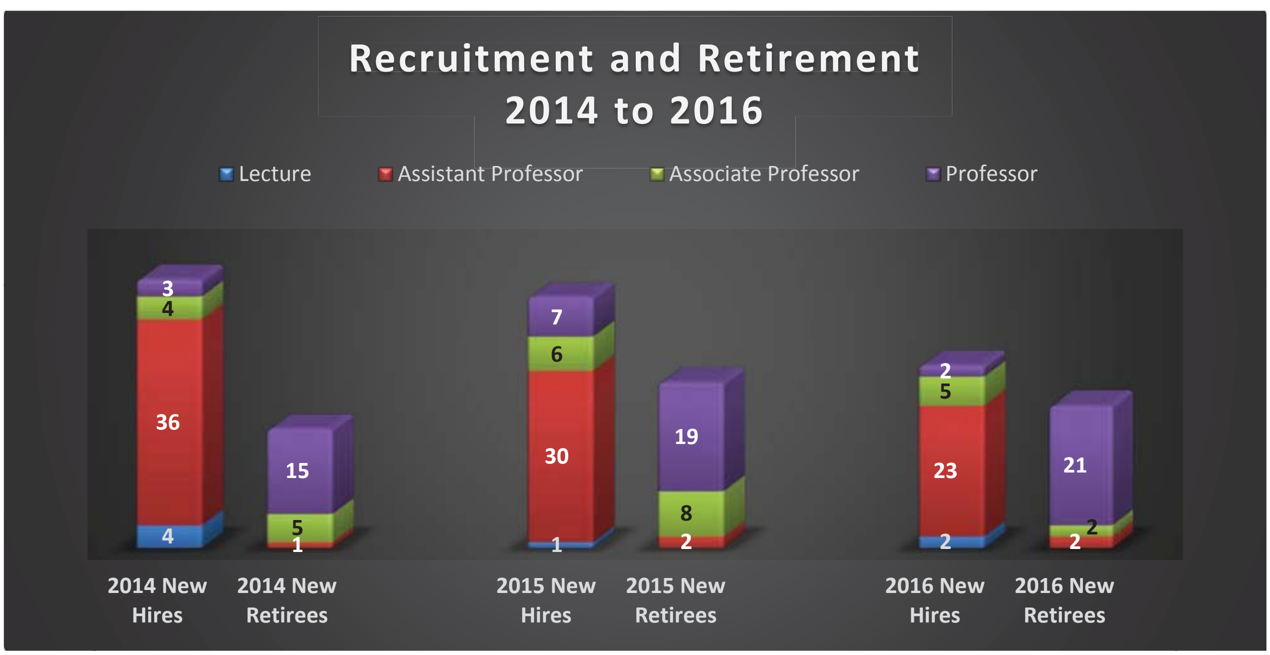
[22] Count extracted from the University's HRIS of current MUFA Faculty, including CAWAR and Special, (not including the Librarian positions) as at September 23, 2016

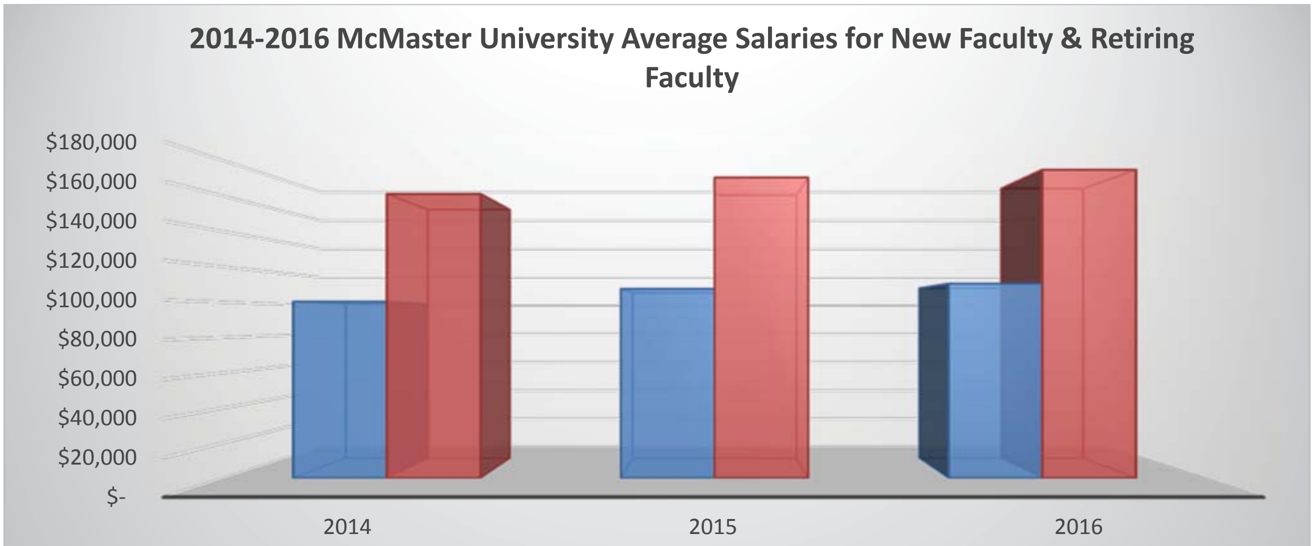


	Employees	Full Time	Part Time
PROFESSOR	388	380	8
ASSOCIATE PROFESSOR	294	288	6
ASSISTANT PROFESSOR	212	209	3
LECTURER	18	18	-
Total	**912**	**895**	**17**

Recruitment and Retirement Rates and Salaries

The following chart shows that between 2014 and 2016, 123 members joined the University at the ranks of Lecturer, Assistant Professor, Associate Professor or Professor. During the same time period, only 75 members at similar ranks retired from the University.





	2014	2015	2016
Average Hire Salary	$100,287	$107,516	$110,414
Average Retiree Salary	$161,162	$170,450	$174,799

	Lecturer	Assistant Professor	Associate Professor	Professor
2014	$83,250	$87,795	$140,000	$233,667
2015	$85,000	$86,925	$140,000	$171,136
2016	$94,000	$90,427	$169,700	$208,467

G6 Analysis by Rank

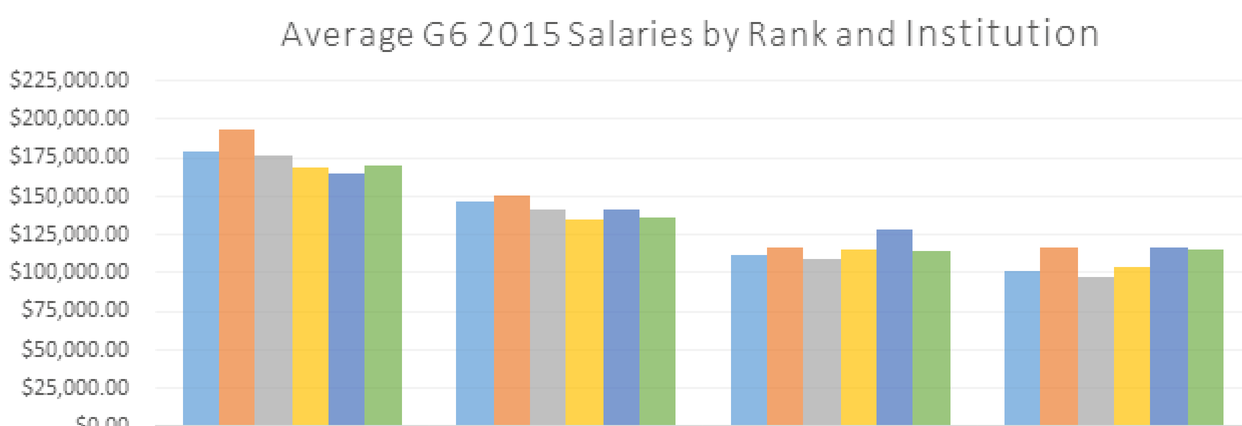
The chart below sets out the 2015 average annual salary by rank at each of the G6 universities.

- McMaster University ranks second, behind U1, in average annual salary at the Full Professor rank. McMaster's average salary at the Full Professor rank is 7.70% less than U1.

- McMaster University ranks second, behind U1, in average annual salary at the Associate Professor rank. McMaster's average salary at the Associate Professor rank is 2.86% less than U1.

- McMaster University ranks fifth behind U4, U1, U3, and U5, in average annual salary at the Assistant Professor rank. McMaster's average salary at the Assistant Professor rank is 13.52% less than U4. It is worth noting that U4 average Assistant Professor salary is a significant outlier in the G6 comparators. McMaster's average salary at the Assistant Professor rank is 3.63% less than U3, the second ranked average annual salary at the Assistant Professor Rank.

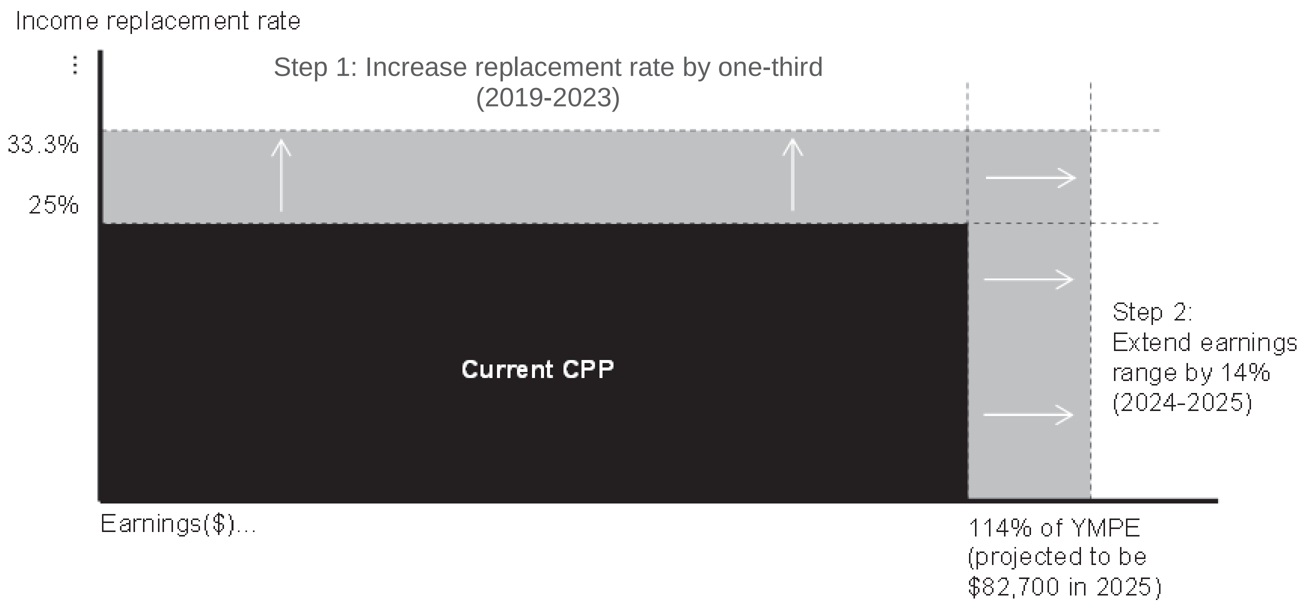
- McMaster University ranks fifth behind U4, U1, U5, and U3, in average annual salary at the Lecturer rank. McMaster's average salary at the Lecturer rank is 12.70% less than U4.



	Full Professor	Associate Professor	Assistant Professor	Lecturer/Instructor
McMaster	$178,727.98	$146,733.43	$111,440.23	$101,888.07
U1	$193,642.28	$151,054.15	$116,219.87	$116,415.70
U2	$176,433.69	$141,109.66	$109,590.22	$97,119.70
U3	$169,129.69	$134,875.78	$115,639.19	$104,293.58
U4	$164,809.33	$141,303.82	$128,857.56	$116,714.00
U5	$170,137.00	$135,988.29	$114,158.24	$115,439.33

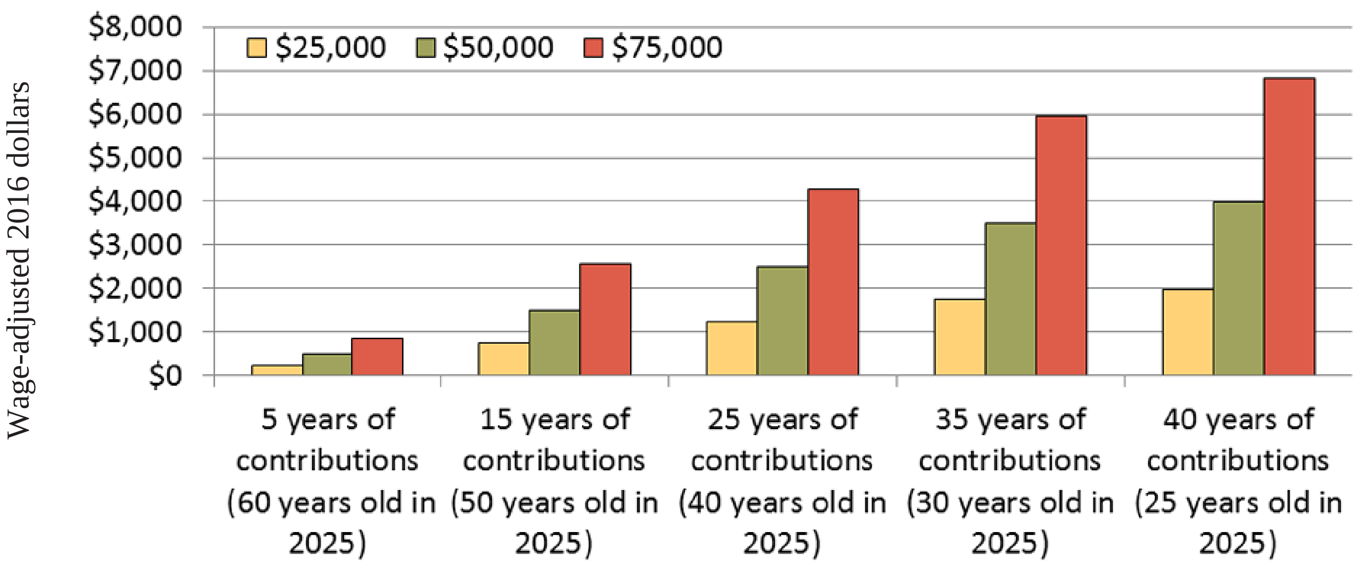
Appendix A(i)

Illustration of Planned Design Changes to Canada Pension Plan[23]



Appendix A(ii)

Illustration of Annual Enhanced CPP Benefits for Different Age Cohorts and Income Levels ($2016)



Notes: Benefits are presented in wage-adjusted 2016 dollars in order to provide a comparison to 2016 CPP levels. This illustration assumes that individuals have constant earnings and take up CPP benefits at age 65. The increase in benefits is based on contributions starting in 2025 (when enhancement is fully implemented); rounded to nearest $10. Source: Department of Finance Canada.

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[23] Source: Department of Finance Canada http://www.fin.gc.ca/n16/data/16-081_1-eng.asp

McMaster University

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A Brief on Faculty Career Progress/Merit (CP/M)

(December 12, 2016)

The Office of Institutional Research and Analysis (IRA) has conducted a study to investigate whether the Faculty Career Progress/Merit (CP/M) plan applicable to MUFA faculty members is currently cost neutral and if not to suggest potential changes to effect cost neutrality.

Background

The year over year annual salary increases for a MUFA faculty member at McMaster University have typically been comprised of two separate components: an across the board (ATB) salary increase and a merit component known as CP/M, as represented by the following equation:

New Annual Salary = Annual Base Salary + ATB increase + CP/M increase

The ATB increase is negotiated and may have a fixed dollar component plus a percentage component. The CP/M is calculated based on the par merit awarded multiplied by the value of par increment in that year. The negotiated ATB increases and the value of the par increment effective July 1 2012 to July 1 2016 are shown in Table A.1 in Appendix A. Both these increases take effect on July 1 of each year.

Table A.2 in Appendix A shows the range of percentage of equivalent CP/M to base salary costs at U6 (excluding McMaster) from settlement records from 2011-12 to 2015-16. For the other U6, the average is about 1.8% for each year between 2012-13 to 2015-16, and in 2015-16, the range was 1.52% to 2.05%. In comparison, McMaster's average is about 2.25% and varies between 2.17% and 2.31% during the same period. The percentage difference between McMaster and the U6 average varies between 0.39% and 0.54%.

Appendix A also contains a comparison with the U15 by average full-time faculty salary in Figure A.1. While the average salary of McMaster faculty trailed behind four U15 universities in 2012-13 (one year prior to the commencement of the current settlement agreement), it has since caught up to rank third highest among the U15 in 2015-16. Further details on total base salary, total CP/M, ATB and net savings related to McMaster between 2011-2012 and 2015-16 are charted in Figures A.2 to A.5. While the annual salary increases are comprised of the ATB and CP/M components, this paper will focus only on CP/M.

Faculty Career Progress/Merit (CP/M)

A faculty member during their term of service is rewarded for their performance in teaching, scholarship and other contributions made as a member of the University. On average, progress moves along an established salary profile as determined by the CP/M Plan.

The underlying principles and parameters inherent in the current McMaster CP/M Plan include:

1) The standard salary scale starts at the floor salary for an Assistant Professor;

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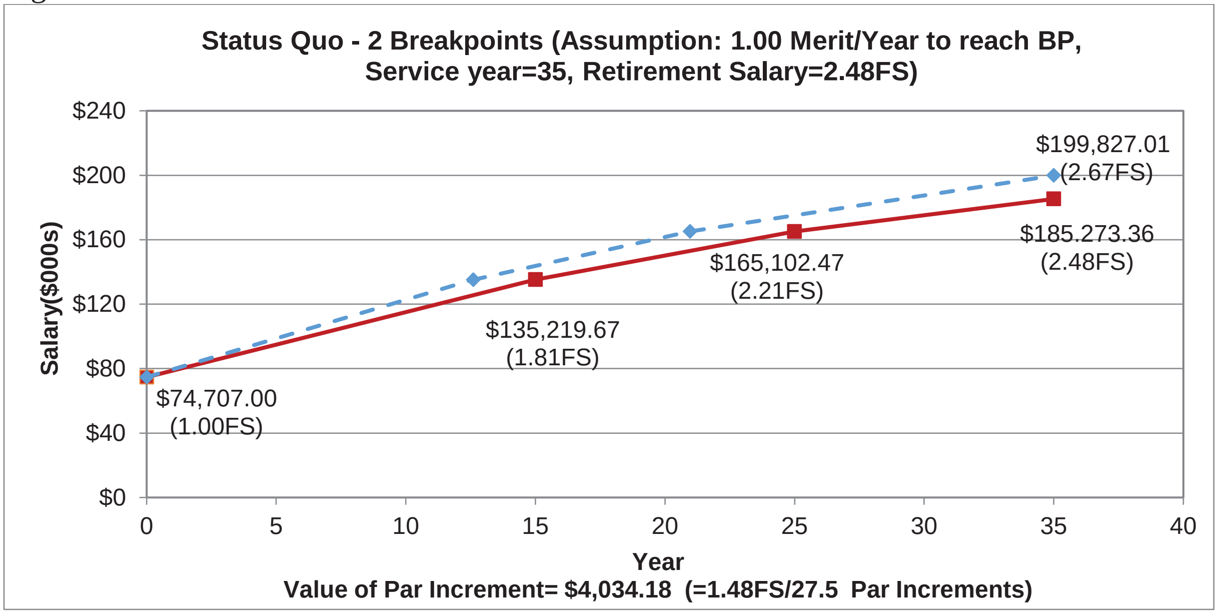
2) The value of a par increment equals the annual amount needed for a faculty member awarded par merit each year to reach 1.81 times the floor salary for an Assistant Professor at the end of 15 years; and, at the end of 35 years, a salary of 2.48 times the floor salary for an Assistant Professor. If a faculty member received 1.2 par increments annually, then at the end of 35 years, a salary of 2.675 times the floor salary for an Assistant Professor.
3) There are two breakpoints. Breakpoints are set at the following multiples of the floor of the Assistant Professor's salary scale: 1.81 (between Ranges 1 and 2) and 2.21 (between Ranges 2 and 3). Near the breakpoints between the ranges, awards are "feathered" and once a faculty reaches the final breakpoint, their par increment remains at Range 3 until retirement;
4) The par increments in Ranges 2 and 3 are decreasing fractions of the Range 1 par increment, that is, Ranges 2 and 3 are: 0.75 and 0.50 respectively of Range 1 par increment;
5) The number of par increments in the CP/M Plan awarded each year is determined by negotiation in the Joint Committee, and is normally 120 par increments per 100 faculty members;
6) A faculty member's CP/M awarded in any particular year lies between zero and 2.5 par increments, in steps of 0.25 par increments.

The CP/M Plan is graphically plotted in Figure 1 for CP/M earned in Year 2015 paid on July 1, 2016. The solid red line shows the salary progression assuming a par increment annually and the dashed blue line assumes a 1.2 par increment annually.

Figure 1



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Is CP/M Cost Neutral?

CP/M is defined to be cost neutral if the total cost of CP/M awarded each year equals the net savings when x faculty members retire and are replaced by hiring x new faculty at the lower salary of an Assistant Professor in the same year, represented by this equation:

Net Savings = CP/M costs

Where Net Savings = $base salary of all retirees – $base salary of equal number of new hires

To examine whether the McMaster CP/M Plan has been cost neutral in recent years, this study examines data from 2011-12 to 2015-16. Selected descriptive statistics for those years and the 5-year average, where relevant, are shown in Table 1 below.

Table 1

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	5 Year Average
Number of MUFA faculty	894	910	898	899	899	900
Total Base Salary ($M)	$1.14M	$1.20M	$1.23M	$1.26M	$1.30M	$1.22M
Headcount of all retirees	18	22	21	29	25	23
Headcount of all new faculty hired	52	36	47	44	32	42
Average salary of all retirees	$155,754	$155,371	$161,162	$170,450	$174,799	
Average salary of new Assistant Professor	$78,526	$86,540	$87,795	$86,925	$90,427	
Average age of all retirees	63.3	63.3	64.3	65.9	66.2	64.8
Average age of new Assistant Professor	37	36.2	35.9	37.3	37.2	36.7

Several assumptions were made for the purpose of this assessment. The net CP/M cost is based on assuming that the number of new faculty hired equals the number of retirees in a given year. As to the number of retirees, the assessment is based on all retirees. On average about 23 faculty members retired each year. Since it was not possible to match each new faculty hired to a retiree they replaced, it was assumed that new faculty hired were paid the average starting salary of a newly hired Assistant Professor in that year. Based on data available, the average salary for all new faculty hired is considerably higher than the floor salary for an Assistant Professor.

The data suggest that the McMaster current CP/M Plan has not been cost neutral in the last five years. Over this period, total CP/M costs have exceeded total net savings and the university has borne between 14% and 46% of the CP/M costs. On average, the current CP/M Plan has only been 64.7% cost neutral. In other words, the true cost or incremental CP/M costs to McMaster has been approximately 35.3% of the overall CP/M value (see Table 2 and Appendix A, Figure

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A.4). The annual total CP/M cost as a percentage of total base salary is about 2.3%. This incremental CP/M cost to McMaster represents roughly 0.67% of total base salary in 2015-16. The five-year average is 0.79%.

Table 2

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	5 Year Average
Total Net Savings	$1,390,089	$1,514,287	$1,540,712	$2,422,241	$2,109,297	
Total CP/M Cost	$2,566,872	$2,760,257	$2,663,856	$2,818,793	$2,974,531	
% Total CP/M Cost/ Total Base Salary	2.2%	2.3%	2.2%	2.2%	2.3%	2.3%
Incremental CP/M Cost (CP/M – Net Savings)	$1,176,783	$1,245,970	$1,123,145	$396,552	$865,234	$961,537
% Incremental CP/M/ Total CP/M Cost	45.8%	45.1%	42.2%	14.1%	29.1%	35.3%

Table 2 also shows that the net cost of CP/M fluctuates significantly from year to year, largely because of variability in the number of faculty who retire in any given year. The higher the number of retirees, the closer the CP/M cost approximates to Net Savings.

A more robust approach to this can be made by assuming that retirements happen on a regular basis each year. The CP/M model was originally premised on the notion that a young faculty member would join the academy shortly after achieving their PhD at about age 30 and would retire at the then mandatory age of 65. In other words an academic career would last 35 years and at steady state 1/35th of the total faculty number would retire each year. With the current complement this is about 26 faculty members retiring each year. Table 1 shows that we have achieved this number of retirees only once in the past 5 years and therefore the net cost of CP/M as outlined in Table 2 are anomalously high. We have therefore repeated the calculation with this assumption that there are 26 retirees per year.

Table 3

	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	5 Year Average
Total Net Saving	$2,007,907	$1,789,612	$1,907,548	$2,171,664	$2,193,669	
Total CPM Cost	$2,566,872	$2,760,257	$2,663,856	$2,818,793	$2,974,531	
% Total CP/M Cost/ Total Base Salary	2.2%	2.3%	2.2%	2.2%	2.3%	2.3%
Incremental CP/M (CP/M – Net Savings)	$558,965	$970,645	$756,308	$647,128	$780,862	$742,782
% Incremental CP/M/ Total CP/M Cost	21.8%	35.2%	28.4%	23.0%	26.3%	26.9%

Based on this set of calculations, Table 3 shows that under steady state conditions the current CP/M model is 73.1% cost neutral on average. Compared to results in Table 2, the incremental

CP/M costs to McMaster are lower, as is the volatility, ranging between 22% and 35% of the CP/M costs. On average, the incremental CP/M cost to McMaster is approximately 26.9% of the total CP/M costs or roughly 0.60% of the total base salary costs in 2015-16. The five-year average is 0.61%.

The application of or the departure of key parameters from the current CP/M principles explains the departure from cost neutrality. The first parameter is the starting salary. For the CP/M model to be cost neutral, the starting salary must be close to the floor salary for an Assistant Professor. Table 1 shows that the average salary of new faculty hired is actually higher than the floor salary for an Assistant Professor. In fact, the starting salary of 81% all new faculty members hired between 2011-12 and 2015-16 exceeds 110% of the floor salary for an Assistant Professor.

The years of service is the second parameter. While the CP/M Plan assumes that faculty members reach retirement after working 35 years, the current difference between average starting age and average retirement age is under 30.

The third parameter is the salary ratio. After working 35 years, the salary at retirement is estimated to be 2.48 or 2.675 times the floor salary for an Assistant Professor assuming faculty members are awarded on average 1 or 1.2 par increments annually respectively. The data indicate that on average this ratio is 2.43.

The departure from the expected ratios is exacerbated by the award of ATB with a fixed dollar value component over many years at McMaster. The application of a fixed dollar amount increase to both the higher salary of retiring faculty (numerator) and the floor salary of an Assistant Professor (denominator) over time causes a significant departure from the desired ratio that undergirds the CP/M model.

Remodelling the CP/M Plan

This section of the paper explores two CP/M options. One option explores the impact of adding a third breakpoint to the current CP/M Plan (Option 1) and the second explores a near 100% cost neutral model by running simulations to solve for a new retirement to floor salary ratio or value of par increment that would result in cost neutrality under existing conditions (Option 2).

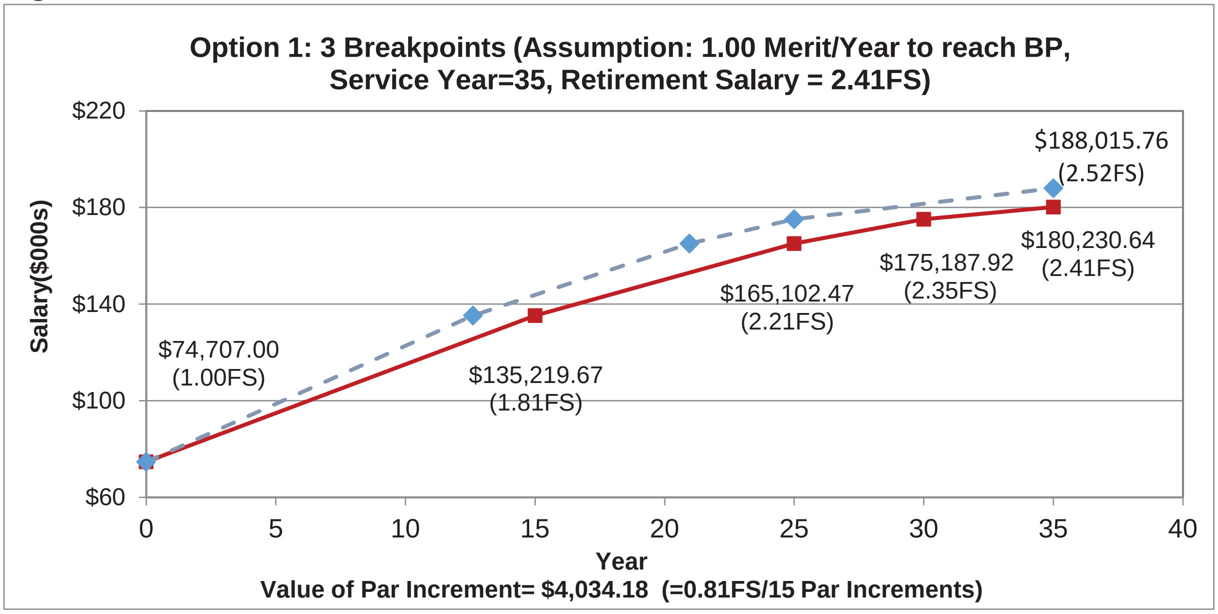
Option 1

The current CP/M Plan has two breakpoints. If a third breakpoint was added to the model and the value of par increment is maintained, the resulting CP/M model is shown in Figure 2. Principles of Option 1 are the same as the current CP/M Plan except for the following changes:

1) The value of par increment remains the same as the current CP/M Plan. However, at the end of 35 years, the retiring salary would be 2.41 times the floor salary for an Assistant Professor, if a faculty member received par merit annually (solid red line). If a faculty member received 1.2 par merit annually, then at the end of 35 years, the salary would be 2.52 times the floor salary for an Assistant Professor (dashed blue line).

2) There are three breakpoints set at multiples of the floor of the Assistant Professor's salary scale as follows: 1.81 (between Ranges 1 and 2); 2.21 (between Ranges 2 and 3); 2.35 (between Ranges 3 and 4).
3) The par increments in Ranges 2, 3 and 4 (new) are decreasing fractions of the Range 1 par increment, that is, Ranges 2, 3 and 4 are: 0.75; 0.5; and 0.25 respectively of Range 1 par increment.

Figure 2



The simulation results based on 2012-13 to 2015-16 data shown in Table 4 indicate that Option l would be 80% cost neutral. For Option 1, the annual total CP/M cost as a percentage of total salary is about 2.09%. The incremental CP/M cost to McMaster would have been roughly 0.4% of total base salary in 2015-16. The five-year average is 0.41%.

Table 4

Year	CP/M Cost	Reduction from Original CPM Cost (%)	Reduction from Original CPM Cost ($)	Estimated Net Saving / Total CPM
2012-13	$2,521,717	9%	$238,540	71%
2013-14	$2,381,825	11%	$282,031	80%
2014-15	$2,541,158	10%	$277,634	85%
2015-16	$2,709,802	9%	$264,729	81%
2016-17	$2,771,783	8%	$255,570	80%

Table 5 indicates the redistribution of faculty members in Option 1, that is, adjustments from the current CP/M Plan with three Ranges to a model with four Ranges, and for comparison, the ideal headcount distribution for Option 1. A model is considered a good fit if the ideal headcount distribution in each Range is close to the adjusted distribution of the faculty population by

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Range. A good fit signifies that the model will remain relatively stable. The ideal faculty headcount distribution of the proposed model by Range is calculated as follows:

$$Headcount\ in\ Range = \frac{The\ length\ of\ the\ service\ year\ in\ the\ current\ salary\ range}{Total\ Service\ Year} \times Total\ Headcount$$

Table 5

Total Headcount	Range I	Range II	Range III	Range IV	Change in Par Increment
Current model distribution	273	315	299		
Option 1 Model					
Remaining in Range I	273				$0.00
Remaining in Range II		315			$0.00
Remaining in Range III			113		$0.00
Redistributed from Range III to IV				186	-$1008.55
Distribution under the Option 1	**273**	**315**	**113**	**186**	
Ideal distribution for Option 1	**296**	**296**	**148**	**148**	

The fit for Option 1 is not as good as Option 2 discussed below. However, one significant feature of Option 1 is there is no negative financial impact on all faculty except for the 186 who would move from Range 3 to Range 4 (see last column "Change in Par Per Merit" in Table 5). Since the par increment in Range 4 is 0.25 of Range 1 ($4,034.18), faculty members impacted would receive about $1,000 less per par increment than with the current model.

Option 2

Under existing conditions, what changes to the CP/M model are required for it to be 100% or close to 100% cost neutral? To develop this model, simulations are run to solve for a new retirement to floor salary ratio that would allow CP/M to be cost neutral. This ratio once determined then sets the value of par increment for the model.

The value of par increment is determined by this equation:

$$Value = \frac{(Retirement\ to\ Floor\ Salary\ Ratio - Starting\ to\ Floor\ Salary\ Ratio)}{Total\ Par\ Increments}\ x\ Floor\ Salary$$

Using this methodology, alternative models were prepared and assessed, culminating in the selection of Option 2 that is graphically reflected in Figure 3. Principles of Option 2 are similar to the current CP/M Plan except for the following changes:

1) The standard salary scale starts at the floor salary for an Assistant Professor however, on average the starting salary of a new faculty is the equivalent to Year 5 of the floor salary.
2) The value of par increment equals the amount needed for a faculty member awarded par merit each year to reach 1.73 times the floor salary for an Assistant Professor at the end of 15 years; and, at the end of 35 years, a salary of 2.28 times the floor salary of an Assistant

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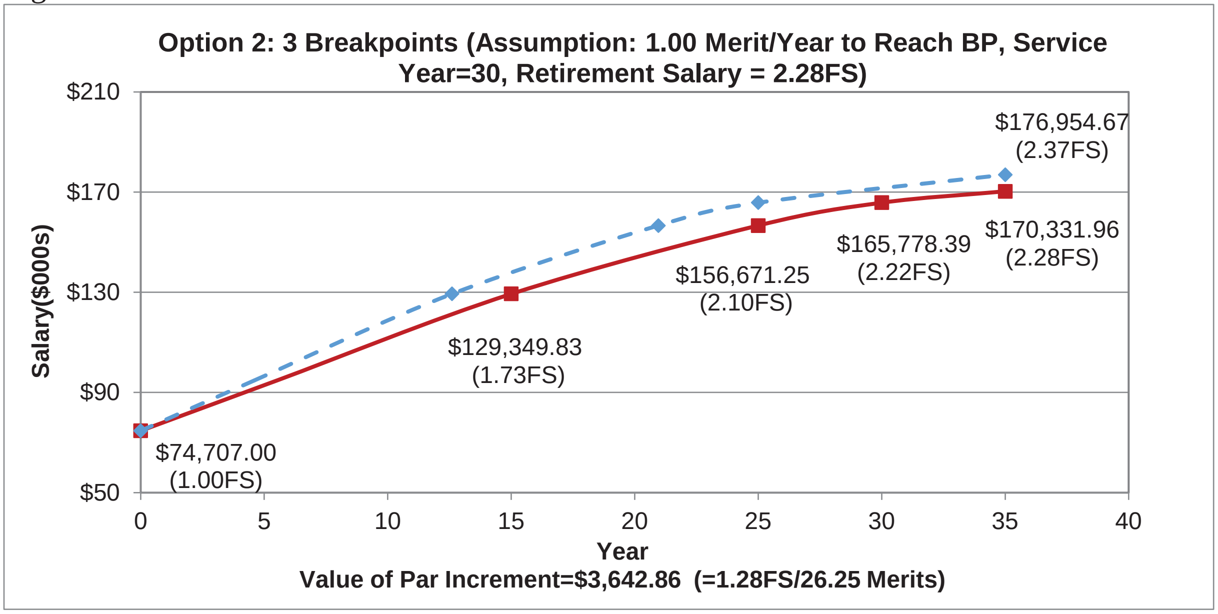
Professor (solid red line). If a faculty member received 1.2 par merit annually, then at the end of 35 years, a salary of 2.37 times the floor salary of an Assistant Professor (dashed blue line).

3) There are three breakpoints. Breakpoints are set at multiples of the floor of the Assistant Professor's salary scale as follows: 1.73 (between Ranges 1 and 2); 2.10 (between Ranges 2 and 3); 2.22 (between Ranges 3 and 4).
4) The par increments in Ranges 2, 3 and 4 (new) are decreasing fractions of the Range 1 par increment, that is, Ranges 2, 3 and 4 are: 0.75; 0.5; and 0.25 respectively of Range 1 par increment.

Figure 3



Note that while Option 2 assumes the standard scale starting at the floor salary for an Assistant Professor, the calculations take into account the fact that the starting salary of an Assistant Professor on average is closer to the salary at Year 5 of the model. As well, while Option 2 shows a service period of 35 years, it takes into consideration the fact that on average faculty tend to retire at around 30 years of service. This is possible because the value of par increment would be the same whether it is calculated using floor salary or salary at Year 5 since its value is only dependent on the total par increments set based on the number of service years.

The simulation results based on 2012-13 to 2015-16 data shown in Table 6 indicate that Option 2 would be very close to cost neutral. For Option 2, the annual total CP/M cost as a percentage of total base salary is about 1.68%. The incremental CP/M cost to McMaster would have been minimal at roughly 0.02% of total base salary in 2015-16. The five-year average is about 0.03%.

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Table 6

Year	CPM COST	Reduction from Original CPM Cost (%)	Reduction from Original CPM Cost ($)	Estimated Net Saving / Total CPM
2012-13	$2,054,697	26%	$705,560	87%
2013-14	$1,930,160	28%	$733,696	99%
2014-15	$2,077,741	26%	$741,052	105%
2015-16	$2,204,753	26%	$769,778	99%
2016-17	$2,257,581	25%	$769,773	98%

As shown in Table 7 below while there will be some redistribution among the Ranges, the ultimate redistributed headcount will be close to the ideal for Option 2. Compared to Option 1, Option 2 would result in some redistribution of faculty by Range and varying reductions in the value of par increment for all faculty. For those who remain in the same range, the reduction in the value of par increment compared to current would be relatively small. For those faculty who move from a lower to a higher Range, the impact would be larger.

Table 7

Total Headcount	Range I	Range II	Range III	Range IV	Reduction in Par Increment
Current model distribution	273	315	299		
Proposed Model					
Remaining in Range I	240				$391.32
Remaining in Range II		202			$293.49
Remaining in Range III			8		$195.66
Redistributed from Range I to II		33			$1,302.04
Redistributed from Range II to III			113		$1,204.21
Redistributed from Range III to IV				291	$1,106.38
Distribution of Proposed Model	**240**	**235**	**121**	**291**	
Ideal New Model distribution	**248**	**245**	**124**	**269**	

A two-breakpoint version of the proposed model is provided in Appendix B. Similar to Option 2, the 2-breakpoint version accommodates starting salaries close to the current average salary for an Assistant Professor and a service term of 30 years. While both models would be cost neutral, compared to the 3-breakpoint proposed model, the fit of this 2 breakpoint model is not as good and it has a higher negative impact on faculty overall.

Conclusion

In conclusion, CP/M costs at McMaster have not been cost neutral over the last five years covered in this study. Moreover, the analysis shows that even under steady state assumptions there is a significant true cost to the institution associated with the current CP/M parameters.

We propose consideration of one of three options to address this imbalance. The first is to maintain status quo, that is, to maintain the current CP/M Plan, but to recognize that it contains an implicit increase in salary mass. This incremental CP/M would be calculated as a component of the salary negotiation and incorporated as part of the net compensation increase along with ATB increase. In this way the equation outlined at the beginning of this document would become:

New Annual Salary = Base Annual Salary + ATB increase + incremental CP/M + cost-neutral CP/M

where the negotiated total ATB increase includes the incremental CP/M. The incremental CP/M would constitute about 0.61% of total salary base for the Status Quo approach.

The second approach is to adopt the current CP/M Plan but with modification to incorporate a third breakpoint (Option 1) to yield 80% cost neutrality. Similar to the first approach, the incremental CP/M would be a component of the salary negotiation and incorporated as part of the net compensation increase along with ATB increase. In this instance, the incremental CP/M would be roughly 0.41% of the salary base.

The third approach is to adopt a new cost neutral CP/M model. Option 2 discussed has three breakpoints, fits the current conditions, and has the least negative impact overall to faculty among alternative cost neutral models that were assessed. This option would reduce total CP/M cost by about 25% in order to be approximately cost neutral.

This paper also finds that to maintain the required retirement to floor salary ratio for cost neutrality, the ATB component should be a negotiated percentage of base salary, not a fixed dollar value.

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Appendix A

Table A.1: Summary of Par Increment and ATB (July 1, 2012 – July 1, 2016)

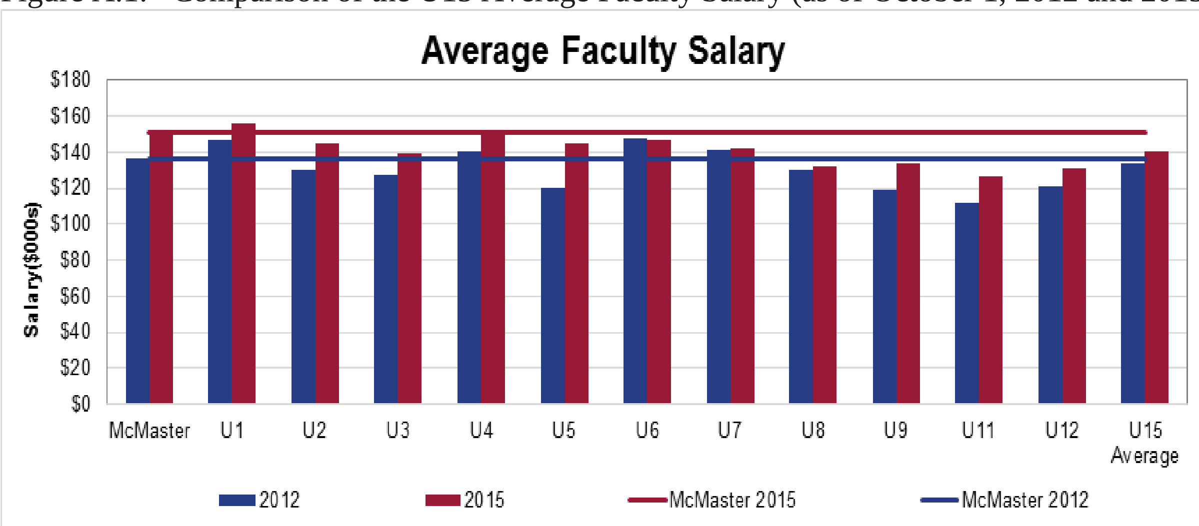
Effective Date	Value of Par Increment	ATB ($)	ATB (%)
01-Jul-12	$3,577.12	$2,000	1.00%
01-Jul-13	$3,612.87	$0	1.00%
01-Jul-14	$3,716.50	$1,250	1.00%
01-Jul-15	$3,872.12	$1,850	1.50%
01-Jul-16	$4,034.18	$1,925	1.50%

Table A.2: % PTR/Merit to Base Salary from 2011-12 to 2015-16

Year	U6 Range	U6 Average (excl. MCM)	McMaster (MCM)	Difference
2011-12	1.71 - 2.17%	1.86%	2.25%	0.39%
2012-13	1.72 - 2.12%	1.84%	2.31%	0.47%
2013-14	1.68 - 2.01%	1.79%	2.17%	0.39%
2014-15	1.73 - 1.91%	1.82%	2.24%	0.43%
2015-16	1.52 - 2.05%	1.76%	2.30%	0.54%

Source: OCAV-DE Record of Settlements (estimated %PTR/Salary at time of settlement)
Note: U6 Range and U6 Average excludes Ottawa. The %PTR/Salary for Ottawa for 2011-12 to 2015-16 is not available, and is estimated at 1.5% for 2016-17 to 2017-18.

Figure A.1: Comparison of the U15 Average Faculty Salary (as of October 1, 2012 and 2015)



Source: U15 Data Exchange
Notes:

1. Excludes clinicians, visitors and research only faculty.
2. Includes all Full Professors, Associate Professors, Assistant Professors and Lecturers.
3. Excludes three universities with partial data.
4. U15 Average includes partial data of the three universities excluded from the Figure above.

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Figure A.2: Total Base Salary, CP/M and ATB Dollars ($Millions)

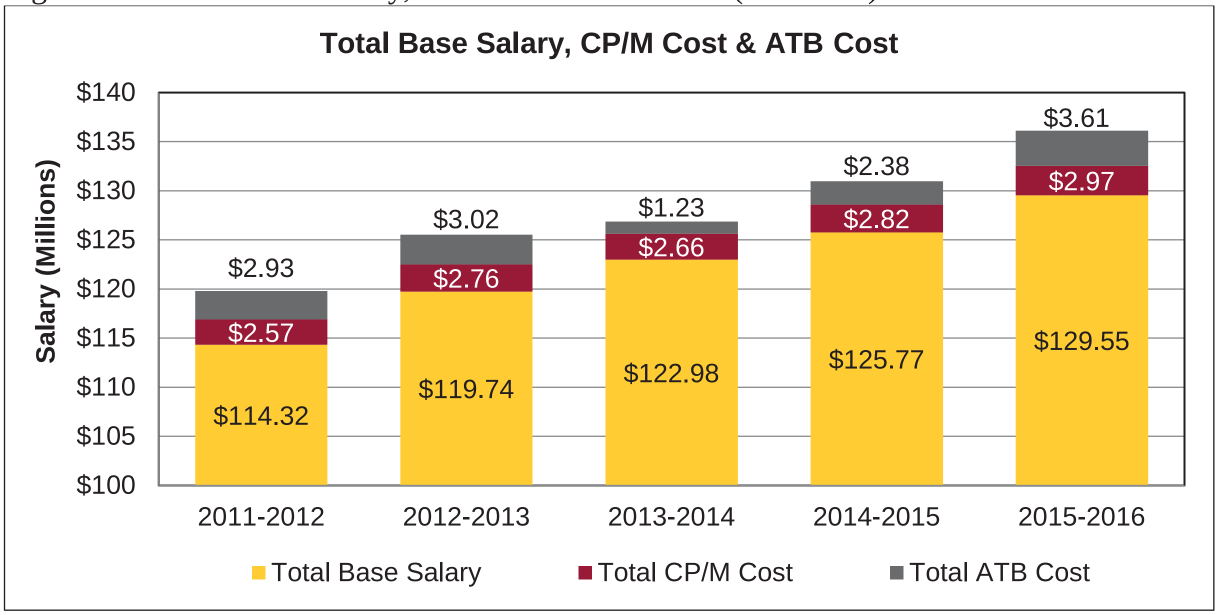

Figure A.3: % Distribution of Total Base Salary, CP/M and ATB

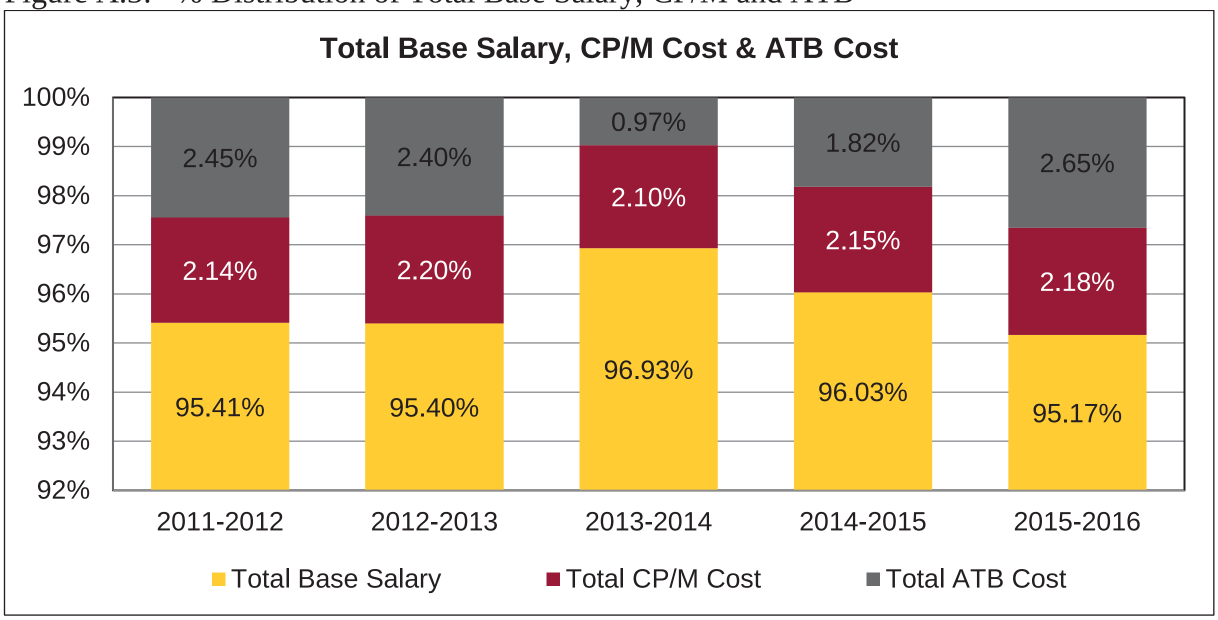

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Figure A.4: Comparison of CP/M, ATB and Net Savings (Actual #Retirees)

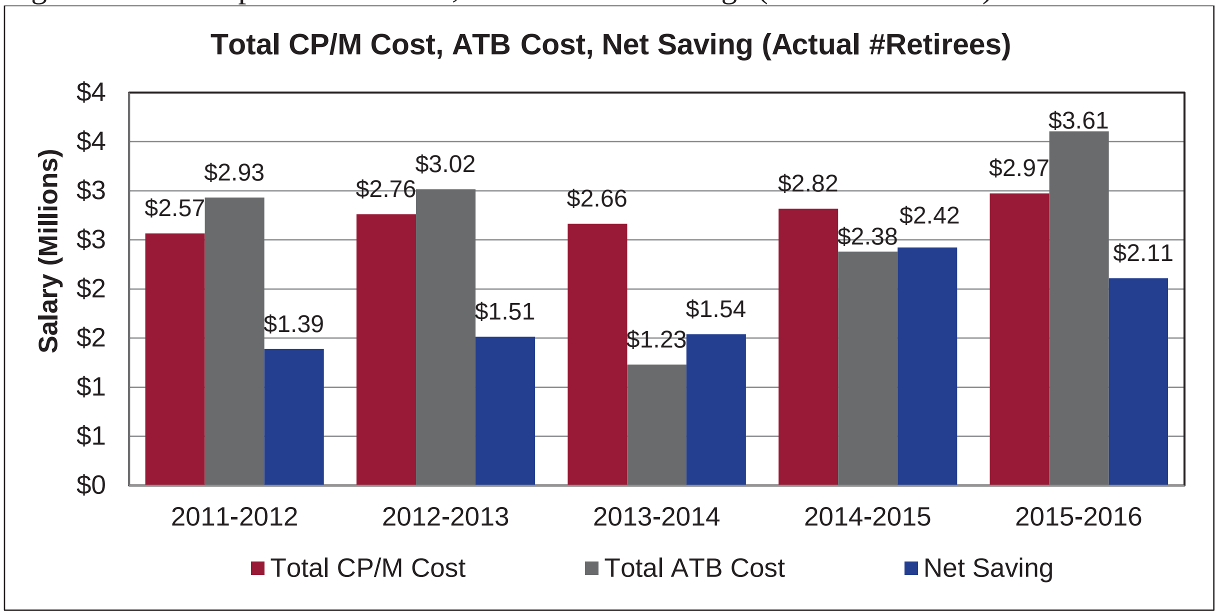
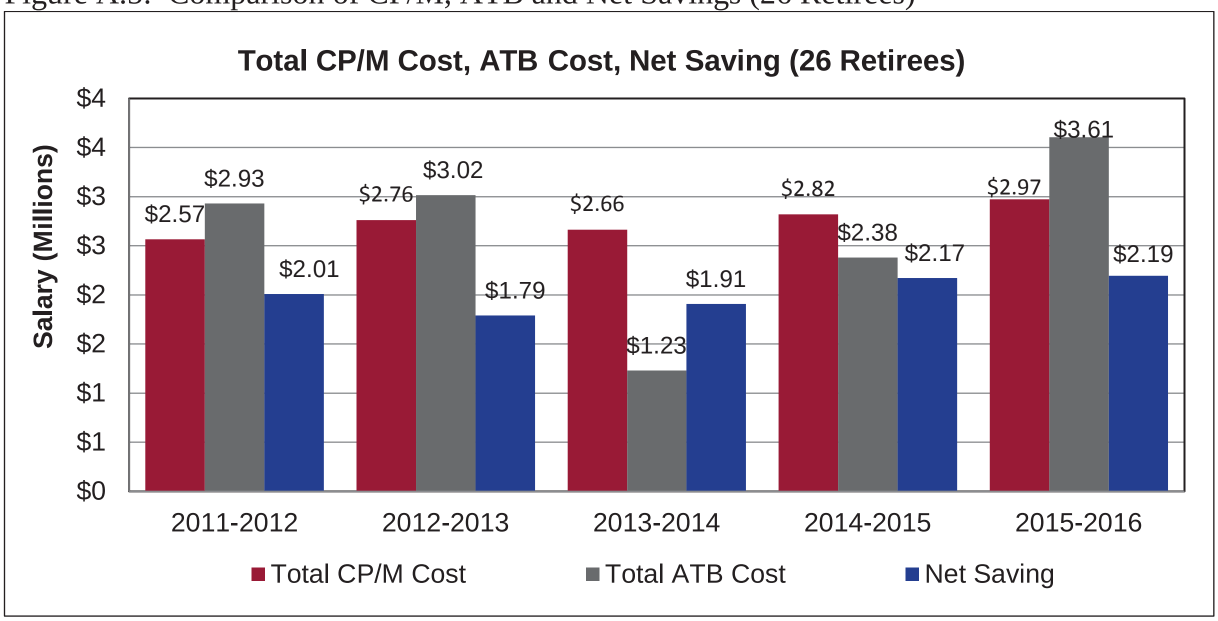


Figure A.5: Comparison of CP/M, ATB and Net Savings (26 Retirees)



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Appendix B

Figure B.1: Two Breakpoint Alternative to the Option 2 (~100% cost neutral)

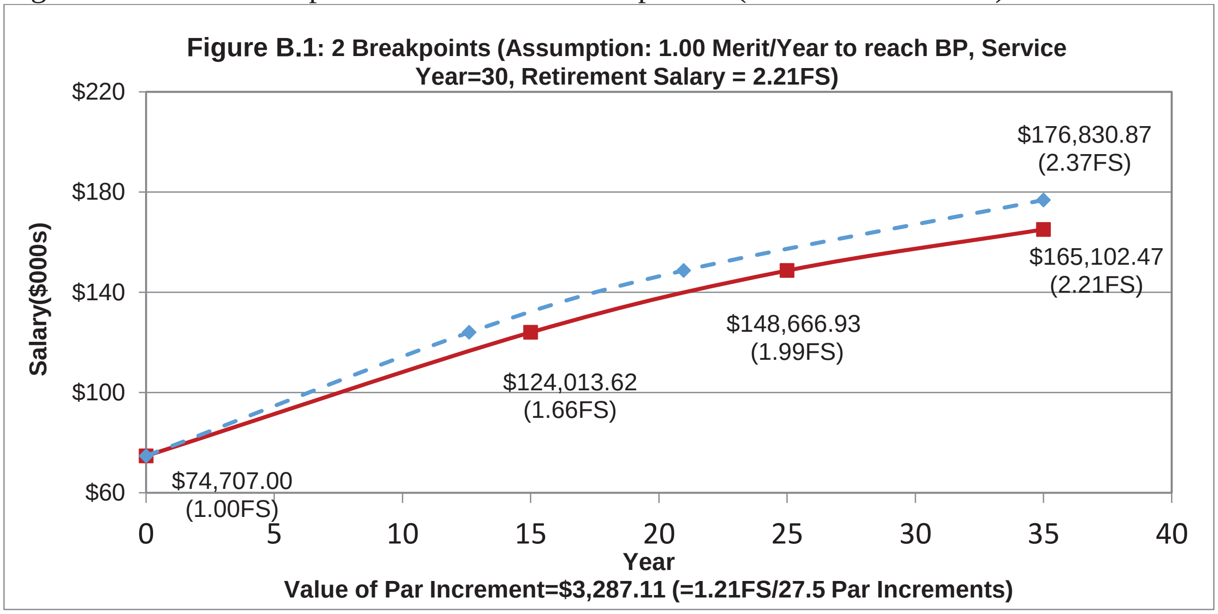

Table B.1

Year	CP/M Cost	Reduction from Original CPM Cost (%)	Reduction from Original CPM Cost ($)	Estimated Net Saving / Total CPM
2012-13	$2,047,454	26%	$712,803	87%
2013-14	$2,003,350	25%	$660,506	95%
2014-15	$2,108,984	25%	$709,808	103%
2015-16	$2,219,972	25%	$754,559	99%
2016-17	$2,263,380	25%	$763,973	98%

Table B.2

Total Headcount	Range I	Range II	Range III	Reduction in Par Per Merit
Current Model distribution	273	315	299	
New Model				
Remaining in Range I	225			$747.07
Remaining in Range II		117		$560.30
Remaining in Range III			299	$373.54
Redistributed from Range I to II		48		$1,568.85
Redistributed from Range II to III			198	$1,382.08
Distribution under New Model	**225**	**165**	**497**	
Ideal New Model Distribution	**248**	**245**	**393**	

Appendix C

Billing Group 121 Faculty and 123 MUFA Librarians
Health Benefits Summary

Average Number of Covered Certificates per Benefit Year Compared to Previous Year

2012–2013
1,020

2013-2014
996
-2.4%

2014-2015
975
-2.1%

2015-2016
975
0.0%

Amount Paid per Benefit Year Compared to Previous Year

2012–2013
$1,374,826

2013-2014
$1,519,080
10.5%

2014-2015
$1,568,932
3.3%

2015-2016
$1,676,972
6.9%

Average Cost per Certificate

2012-2013
$1,348

2013-2014
- $1,525
- 13.2%

2014-2015
- $1,609
- 5.5%

2015-2016
- $1,720
- 6.9%

The total Health Benefit cost in 2015-2016 was $1,676,972

Benefit	Total Cost 2015-16	Percentage of Total Cost
Contact Lenses or Eyeglasses	$110,178.03	6.57%
Hospital, in Canada	$25,370.00	1.51%
Medical Services & Equipment	$79,585.10	4.75%
Miscellaneous	$1,117.30	0.07%
Paramedical Practitioners	$376,450.41	22.45%
Pay Direct Drugs	$1,070,730.89	63.85%
Reimbursement Drugs	$13,637.17	0.81%
Unallocated	-$97.30	-0.01%

Calculations may not add due to rounding.

In 2015-2016 Health benefits increased by $108,040 or 6.9%

The below sub-categories account for 89.3% of that increase

Benefit	$ increase 2015-2016	% increase 2015-2016
Paramedical Practitioners	**$66,772.49**	**21.6%**
Massage Therapist	*$18,492.06*	*19.2%*
Physiotherapist	*$22,034.25*	*28.4%*
Psychologist	*$13,917.32*	*47.8%*
Pay Direct Drugs	**$29,685.98**	**2.9%**
Prescription	*$72,972.80*	*8.9%*

Calculations may not add due to rounding.

Billing Group 121 Faculty and 123 MUFA Librarians
Dental Benefits Summary

Average Number of Covered Certificates per Benefit Year Compared to Previous Year

- 2012-2013: 1,003
- 2013-2014: 981, -2.2%
- 2014-2015: 960, -2.1%
- 2015-2016: 963, 0.3%

Amount Paid per Benefit Year Compared to Previous Year

- 2012-2013: $1,187,184
- 2013-2014: $1,176956, -0.9%
- 2014-2015: $1,182,613, 0.5%
- 2015-2016: $1,274,485, 7.8%

Average Cost per Certificate

- 2012-2013: $1,183
- 2013-2014: $1,200, 1.4%
- 2014-2015: $1,232, 2.7%
- 2015-2016: $1,325, 7.5%

The total Dental Benefit cost in 2015-2016 was $1,274,485

Benefit	Total Cost 2015-16	Percentage of Total Cost
Diagnostic, Preventive	$247,235.39	19.40%
Major Restorative	$141,421.99	11.10%
Orthodontics	$87,039.80	6.83%
Periodontics, Endodontics	$485,730.70	38.11%
Surgical, Restorative	$313,176.76	24.57%
Unallocated	-$120.00	-0.01%

Calculations may not add due to rounding.

In 2015 – 2016 Dental benefits increased by $91,871 or 7.8%

The below sub-categories account for 87.2% of that increase

Benefit	$ increase 2015-2016	% increase 2015-2016
Orthodontics	**$22,774.54**	**35.4%**
Orthodontics	*$22,774.54*	*35.4%*
Periodontics, Endodontics	**$32,354.16**	**7.1%**
Periodontics	*$32,278.41*	*8.1%*
Surgical, Restorative	**$24,953.76**	**8.7%**
Silicate, Composite, Acrylic	*$13,593.70*	*6.4%*

Calculations may not add due to rounding.

Appendix D

Active Unifor, TMG, MUALA and Faculty Benefit Comparison

As of November 2016

Item	Unifor Unit 1 Staff	TMG	MUFA Faculty	MUALA
Contract Date	**May 1, 2016**	**July 3, 2016**	**July 1, 2013**	**August 1, 2016**
Life Insurance				
	175% annual salary basic 25-500% annual salary optional Combined maximum $675,000	175% annual salary basic 25-1000% annual salary optional Combined maximum $1,175,000	175% annual salary basic 25-1000% annual salary optional Combined maximum $1,175,000	175% annual salary basic 25-1000% annual salary optional Combined maximum $1,175,000
Extended Health Care				
Vision Care	$250 per person per 24 months "rolling benefit"	$400 per person per 24 months "rolling benefit"	$250 per person per 24 months "rolling benefit"	$400 per person per 24 months "rolling benefit"
Eye exams	$100 per person per 24 months	$100 per person per 24 months	$100 employee only per 24 months	$100 per person per 24 months
Drug formulary	RX05	RX05	Mandatory generic drug substitution	RX05
Paramedical:				
Christian Science Practitioners	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person
Massage Therapists	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person
Naturopaths	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person
Occupational Therapist		$500 per benefit year per person	$500 per benefit year per person	
Osteopaths, Chiropractors, Podiatrists, Chiropodists,	$500 per benefit year per practitioner per person	$500 per benefit year per practitioner per person	$500 per benefit year per practitioner per person	$500 per benefit year per practitioner per person
Physiotherapists	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person
Psychologists	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person
Social Worker	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person	
Speech Therapists	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person	$500 per benefit year per person
Orthotics	80% up to $400 per person over 2 benefit years	80% up to $400 per person over 2 benefit years	80% up to $400 per person over 2 benefit years	80% up to $400 per person over 2 benefit years
Hearing Aids	80% up to $1000 per person per ear over 3 benefit years 100% of initial purchase as result of an accident	80% up to $1000 per person per ear over 3 benefit years 100% of initial purchase as result of an accident	80% up to $1000 per person per ear over 3 benefit years 100% of initial purchase as result of an accident	75% up to $500 per person per ear over 3 benefit years 100% of initial purchase as result of an accident
Hospital Coverage	No	No	Difference between ward and semi-private to a maximum of $110 per day Where costs exceed $300 per person per benefit year out of pocket expenses beyond $300 reimbursed at 100%	No
Private Room			$10 per day per person for private room	
Nursing	40% of the first $25,000 of eligible expenses, where expenses exceed $25,000 we will pay 80% of the next $25,000 of eligible expenses Each benefit year after a claim has been paid, 1/2 of the amount used will be reinstated After 2 benefit years without claims return to full coverage	40% of the first $25,000 of eligible expenses, where expenses exceed $25,000 we will pay 80% of the next $25,000 of eligible expenses Each benefit year after a claim has been paid, 1/2 of the amount used will be reinstated After 2 benefit years without claims return to full coverage	40% of the first $25,000 of eligible expenses, where expenses exceed $25,000 we will pay 80% of the next $25,000 of eligible expenses Each benefit year after a claim has been paid, 1/2 of the amount used will be reinstated After 2 benefit years without claims return to full coverage	40% of the first $25,000 of eligible expenses, where expenses exceed $25,000 we will pay 80% of the next $25,000 of eligible expenses Each benefit year after a claim has been paid, 1/2 of the amount used will be reinstated After 2 benefit years without claims return to full coverage
Dental				
Dental Assignment	No	No	No	No
Preventative	100% 48 month complete exam 100% 9 month recall	100% 48 month complete exam 100% 9 month recall	100% 48 month complete exam 100% 9 month recall	100% 48 month complete exam 100% 9 month recall
Basic Restorative	85%	85%	85%	85%
Major	70% maximum $2500 per benefit year per person	70% maximum $2500 per benefit year per person	70% maximum $2500 per benefit year per person	70% maximum $2500 per benefit year per person
Dental Implants	Covered, including surgery, subject to limitations under the plan	Covered, including surgery, subject to limitations under the plan	Covered, including surgery, subject to limitations under the plan	Covered, including surgery, subject to limitations under the plan
Orthodontic	50% maximum $2500 per lifetime	50% maximum $2500 per lifetime	50% maximum $2500 per lifetime	50% maximum $2500 per lifetime

Item	Unifor Unit 1 Staff	TMG	MUFA Faculty	MUALA
Long Term Disability				
Elimination Period	6 months to 5 years =15 weeks 5-10 years = 18 weeks >10 years = 26 weeks	<5 years =15 weeks 5-10 years = 4 months >10 years = 6 months	6 months	6 months
Disability Benefit	75% of monthly net income, up to a maximum of $7,000	75% of monthly net income, up to a maximum of $7,000	85% of monthly net income, up to a maximum of $10,000	85% of monthly net income, up to a maximum of $10,000
Professional Development Allowance				
		$2,500	$2,100	$2,325
Vacation				
	Less than 1 year - 1.25 day per month;	Less than 1 year - 1.25 days per month for Band L and below; 1.67 days per month for Band M and above		Less than 1 year - 1.92 day per month;
	1 but less than 4 years - 15 days;	1 but less than 4 years - 15 days for Band L and below; 20 days for Band M and above;		1 but less than 17 years - 23 days;
	4 but less than 14 years - 20 days;	4 but less than 10 years - 20 days;		17 but less than 18 years - 24 days;
	14 but less than 15 years - 21 days;	10 but less than 12 years - 21 days;		18 but less than 30 years - 25 days;
	15 but less than 16 years - 22 days;	12 but less than 14 years - 22 days;		30 or more years - 30 days
	16 but less than 17 years - 23 days;	14 but less than 16 years - 23 days;		
	17 but less than 18 years - 24 days;	16 but less than 18 years - 24 days;		
	18 but less than 30 years - 25 days;	18 but less than 30 years - 25 days;		
	30 or more years - 30 days	30 or more years - 30 days	4 weeks	
Pregnancy and Parental Leave				
	Option A:	Option A:	Option A:	Option A:
	19 weeks; SUB at 90%	19 weeks; SUB at 95%	-first 2 weeks at 100% -week 3 up to week 19; SUB at 90%	-first 2 weeks at 100% -week 3 up to week 19; SUB at 90%
	Option B:	Option B:	Option B:	Option B:
	- 4 weeks leave at 100%	- 4 weeks leave at 100%	- 4 weeks leave at 100%	- 4 weeks leave at 100%
Personal Days				
	2 Personal Days	5 Management Compensation Days		

The information contained on this document is intended as a brief summary of the main provisions of the McMaster University Benefit Plans. As it is a summary only, this document is not intended to have legal effect. For full details of eligibility and benefit provisions and the terms and conditions of the Plan, reference should be made to the official Plan text. Further, in the event of any discrepancy or inconsistency, the official Plan document and applicable regulations will govern.

Appendix E

Your Health Matters

Introducing Prior Authorization

When you or a family member are sick, you need to focus on healthy decisions and informed treatment choices. A discussion with your doctor that includes talking about prior authorization is an important step to help you make those choices.

WE'VE ADDED PRIOR AUTHORIZATION TO YOUR BENEFITS PLAN

Prior authorization requires that coverage for certain drug therapies is pre-approved based on medical criteria.

WHY THE CHANGE?

Did you know employers in Canada spend about $200 million each week on prescription drug claims?* Generally speaking, this isn't only because of the number of claims; it's also because a small number of claims are very expensive.

Prior authorization can help manage the costs in a small number of cases where very expensive drugs are used. That keeps your drug plan affordable in the long-term, and you still get the health care coverage you need.

WILL THIS AFFECT THE QUALITY OF MY HEALTH CARE?

Prior authorization aims to manage costs while providing reimbursement for the right treatment for you, taking into account safety, cost and efficacy.

- Prior authorization only affects some drugs within selected categories, not every prescription you and/or your dependents may need.
- If your plan sponsor chose the "grandfathering" option and you are taking one of the drugs included in the prior authorization program in the 120 days before prior authorization begins, you don't have to apply for authorization; you'll be considered pre-approved for reimbursement if you are reimbursed now.
- You can still have a choice of drugs for your condition
- The included drugs aren't critical care related drugs, so the approval time shouldn't have any effect on the condition.

You can find a list of the drugs and forms by going to **mysunlife.ca/priorauthorization.**

Life's brighter under the sun

Sun Life Financial

Start taking advantage of the many benefits of the Sun Life Preferred Pharmacy Network today!

Good news! You are eligible to take advantage of the benefits of the Sun Life Preferred Pharmacy Network (PPN)–a network of participating pharmacies across Canada, excluding Quebec. It is designed to reduce claim costs for plan members like you when you shop for most specialty drugs that require prior authorization at participating pharmacies using your Sun Life Drug card.

By filling your prescription at a Sun Life PPN pharmacy, you will benefit from potentially reduced claim costs for specialty drugs.

Additionally, you can take advantage of a few benefits that are not sponsored by Sun Life. These include:

- A range of services that may be offered by the pharmacies participating in the Sun Life PPN, including injection services (where available), smoking cessation clinics, e-refills, home delivery (where available) and more.
- You may choose to speak with McKesson Canada, an expert with patient assistance programs, about co-pay assistance counselling which includes assistance with navigating and applying for government and manufacturer financial assistance programs. This benefit is available in Quebec. Rest assured that any information you share with McKesson Canada regarding co-pay assistance will not be shared with Sun Life or your plan sponsor.

If you are currently taking a drug within the previously mentioned categories and would like to find out if you can benefit from the Sun Life PPN, you can either:

- speak with a Sun Life PPN advisor at 1-855-885-6425 between 8 a.m. and 8 p.m. EST, Monday to Friday, or
- visit the Sun Life PPN website at mysunlife.ca/sunlifepharmacynetwork.

* Source: Canadian Institute for Health Information, Drug Expenditures in Canada, 1985-2009

Questions?
If you have any questions, please contact the Sun Life Customer Care Centre at 1-800-361-6212.

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Group Benefits are offered by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.
GB00220-E 12-15 ml-mp

Sun Life Financial

Introducing Prior Authorization

WHICH DRUGS ARE INCLUDED?

Some, but not all, drugs used to treat the following conditions require prior authorization:

- Anti-inflammatory – specialty
- Asthma
- Blood disorders
- Cancer (drugs administered orally)
- Cholesterol
- Diabetes
- Heart disease therapy
- Hepatitis
- Human immunodeficiency virus (HIV)
- Lupus
- Multiple sclerosis
- Muscle-nerve disorder
- Osteoporosis
- Pulmonary arterial hypertension
- Rare diseases

A category of drugs called **biologics** also needs prior authorization. Biologics are used to treat conditions such as:

- Rheumatoid arthritis
- Crohn's disease
- Psoriatic arthritis
- Ankylosing spondylitis
- Plaque psoriasis

HOW DOES PRIOR AUTHORIZATION WORK?

For each of the conditions listed above, if the drug your doctor recommends needs prior authorization, you need to send Sun Life a completed prior authorization form before filling your prescription.

For biologics:

For some categories of biologic drugs, there is a preferred drug. The preferred drug is selected based on expert opinion concerning factors like safety, cost and efficacy. You need to try the preferred drug before you can apply for reimbursement for another drug in that category, unless you are not able to take the preferred drug because of a pre-existing condition.

If this preferred drug does not improve your condition, you and your doctor can submit a prior authorization form for coverage for a different drug that your doctor recommends for you.

For both non-biologics and biologics:

Provided that we have all of your information, Sun Life will review each request within five business days, and let you know in writing if it is approved. You will need to submit another form only if you need to renew the prescription if the approval period has ended. If the request is not approved, you can still use the drug your doctor has recommended, but it will not be reimbursed by your drug plan.

Let your doctor know

Next time you visit your doctor, let him or her know you have prior authorization on your plan and take a moment to talk about the authorization process. You may want to refer to the "Talking to your doctor about prior authorization" brochure available from your plan sponsor.

WHERE DO I FIND A PRIOR AUTHORIZATION FORM?

Simply visit the plan member website at **mysunlife.ca/priorauthorization.**

Your Pay-Direct Drug card – a fast and easy way to cover your eligible prescription drugs

- No claim forms to complete.
- No waiting for a cheque in the mail.

If your prior authorization request is approved, you can use your Pay-Direct Drug card at the pharmacy. Present your card each time and your pharmacist will send us your claim electronically. Sun Life pays the covered amount directly to your pharmacy, so you only have to pay the balance. If your spouse also has a benefit plan that includes a Pay-Direct Drug card, your pharmacist can send claims electronically to both plans at the same time – to make the initial claim and then claim the unpaid balance from the other plan. This is called "coordination of benefits" and it could mean that you have no out-of-pocket costs at all!

There are lots of resources and support available to answer the questions you may have about your treatment. Ask your doctor for details.

QUESTIONS?

If you have any questions, please contact the Sun Life Customer Care Centre at 1-800-361-6212.

SUN LIFE COLLABORATES WITH EXPERT ORGANIZATIONS TO DEVELOP AND MAINTAIN THE PRIOR AUTHORIZATION PROGRAM.

Carepath, a leading organization focused on patient outcomes in cancer care, reviewed the oral Oncology product category and the Rheumatoid Arthritis category was developed in ongoing consultation with the Ontario Rheumatology Association and the Canadian Rheumatology Associations.

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GB00218-E 12-15 ml-mp

Sun Life Financial

Talking to your doctor about Prior Authorization

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Sun Life Financial

NEXT TIME YOU VISIT YOUR DOCTOR(S), YOU MAY WANT TO TAKE THIS INFORMATION WITH YOU. IT WILL HELP YOU IF YOUR DOCTOR PRESCRIBES A DRUG INCLUDED IN THE PRIOR AUTHORIZATION PROCESS.

LET YOUR DOCTOR KNOW:

1 Your health plan requires prior authorization for some drugs.

2 Some, but not all, drugs used to treat the following conditions require prior authorization:

- Anti-inflammatory - specialty
- Asthma
- Blood disorders
- Cancer (drugs administered orally)
- Cholesterol
- Diabetes
- Heart disease therapy
- Hepatitis
- Human immunodeficiency virus (HIV)
- Lupus
- Multiple sclerosis
- Muscle-nerve disorder
- Osteoporosis
- Pulmonary arterial hypertension
- Rare diseases

A category of drugs called **biologics** also needs prior authorization. Biologics are used to treat conditions such as:

- Rheumatoid arthritis
- Crohn's disease
- Psoriatic arthritis
- Ankylosing spondylitis
- Plaque psoriasis

3 For each of the conditions listed above, if the drug your doctor recommends needs prior authorization, you need to send Sun Life a completed prior authorization form before filling your prescription.

You can find a list of the drugs and forms by going to **mysunlife.ca/priorauthorization.**

For biologics:

For some categories of biologic drugs, there is a preferred drug. You need to try the preferred drug before you can apply for reimbursement for another drug in that category, unless you are not able to take the preferred drug because of a pre-existing condition.

If this preferred drug does not improve your condition, you and your doctor can submit a prior authorization form to use a different drug that your doctor recommends for you.

4 If your plan sponsor chose the "grandfathering" option and you are taking one of the drugs included in the prior authorization program in the 120 days before prior authorization begins, you don't need to apply for approval.

SOME THINGS TO REMEMBER

- You can get a prior authorization form by going to **mysunlife.ca/priorauthorization.**
- Provided that we have all of your information, Sun Life will review your request within five business days, and let you know in writing if you are approved.
- If the request is not approved, you can still use the drug your doctor has recommended, but you will not be reimbursed by your drug plan..

YOUR PAY-DIRECT DRUG CARD – A FAST AND EASY WAY TO COVER YOUR ELIGIBLE PRESCRIPTION DRUGS

- No claim forms to complete.
- No waiting for a cheque in the mail.

If your prior authorization request is approved, you can use your Pay-Direct Drug card at the pharmacy. Present your card each time and your pharmacist will send us your claim electronically. Sun Life pays the covered amount directly to your pharmacy, so you only have to pay the balance. If your spouse also has a benefit plan that includes a Pay-Direct Drug card, your pharmacist can send claims electronically to both plans at the same time – to make the initial claim and then claim the unpaid balance from the other plan. This is called "coordination of benefits" and it could mean that you have no out-of-pocket costs at all!

START TAKING ADVANTAGE OF THE MANY BENEFITS OF THE SUN LIFE PREFERRED PHARMACY NETWORK TODAY!

Good news! You are eligible to take advantage of the benefits of the Sun Life Preferred Pharmacy Network (PPN)–a network of participating pharmacies across Canada, excluding Quebec. It is designed to reduce claim costs for plan members like you when you shop for most **specialty drugs that require prior authorization** at participating pharmacies using your Sun Life Drug card.

By filling your prescription at a Sun Life PPN pharmacy, you will benefit from potentially reduced claim costs for specialty drugs.

Additionally, you can take advantage of a few benefits that are not sponsored by Sun Life. These include:

- A range of services that may be offered by the pharmacies participating in the Sun Life PPN, including injection services (where available), smoking cessation clinics, e-refills, home delivery (where available) and more.
- You may choose to speak with McKesson Canada, an expert with patient assistance programs, about co-pay assistance counselling which includes assistance with navigating and applying for government and manufacturer financial assistance programs. This benefit is available in Quebec. Rest assured that any information you share with McKesson Canada regarding co-pay assistance will not be shared with Sun Life or your plan sponsor.

If you are currently taking a drug within the previously mentioned categories and would like to find out if you can benefit from the Sun Life PPN, you can either:

- speak with a Sun Life PPN advisor at 1-855-885-6425 between 8 a.m. and 8 p.m. EST, Monday to Friday, or
- visit the Sun Life PPN website at **mysunlife.ca/sunlifepharmacynetwork.**

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- No claim forms to complete.
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If your prior authorization request is approved, you can use your Pay-Direct Drug card at the pharmacy. Present your card each time and your pharmacist will send us your claim electronically. Sun Life pays the covered amount directly to your pharmacy, so you only have to pay the balance. If your spouse also has a benefit plan that includes a Pay-Direct Drug card, your pharmacist can send claims electronically to both plans at the same time – to make the initial claim and then claim the unpaid balance from the other plan. This is called "coordination of benefits" and it could mean that you have no out-of-pocket costs at all!

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- speak with a Sun Life PPN advisor at 1-855-885-6425 between 8 a.m. and 8 p.m. EST, Monday to Friday, or
- visit the Sun Life PPN website at mysunlife.ca/sunlifepharmacynetwork.

Questions?
If you have any questions, please contact the Sun Life Customer Care Centre at 1-800-361-6212.

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Sun Life Financial

Prior Authorization
Your Frequently Asked Questions

Q: WHAT IS PRIOR AUTHORIZATION?

A: Under prior authorization, Sun Life must pre-approve coverage for certain drug therapies based on medical criteria.

Q: WHY IS PRIOR AUTHORIZATION IMPORTANT?

A: Prior authorization ensures that specialty drugs are covered when they are most needed. You and your doctor still have all of the choices in treatments, while managing costs and keeping your health plan viable for the long term.

Q: WHICH DRUGS ARE AFFECTED?

A: Some, but not all, drugs used to treat the following conditions require prior authorization:

- Anti-inflammatory – specialty
- Asthma
- Blood disorders
- Cancer (drugs administered orally)
- Cholesterol
- Diabetes
- Heart disease therapy
- Hepatitis
- Human immunodeficiency virus (HIV)
- Lupus
- Multiple sclerosis
- Muscle-nerve disorder
- Osteoporosis
- Pulmonary arterial hypertension
- Rare diseases

A category of drugs called biologics also needs prior authorization. Biologics are used to treat conditions such as:

- Rheumatoid arthritis
- Crohn's disease
- Psoriatic arthritis
- Ankylosing spondylitis
- Plaque psoriasis

Q: HOW DOES PRIOR AUTHORIZATION WORK?

A: For several conditions listed above, if coverage for the drug your doctor recommends needs prior authorization, you need to send Sun Life a completed prior authorization form before filling your prescription.

For biologics:
For some categories of biologic drugs, there is a preferred drug. The preferred drug is selected based on expert opinion concerning factors like safety, cost and efficacy. You need to try the preferred drug before you can apply for reimbursement for another drug in that category, unless you are not able to take the preferred drug because of a pre-existing condition.

If this preferred drug does not improve your condition, you and your doctor can submit a prior authorization form to use a different drug that your doctor recommends for you.

You can find a list of the drugs and forms by going to **mysunlife.ca/priorauthorization.**

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Q: WILL THIS AFFECT THE QUALITY OF MY HEALTH CARE?

A: Prior authorization aims to reimburse you for the right treatment for you, taking into account the safety, cost and efficacy of the drug while managing the overall drug plan costs for both you and your employer.

Q: WHAT IF I'M ALREADY TAKING ONE OF THE IMPACTED DRUGS?

A: If your plan sponsor chose the "grandfathering" option and you are taking one of the drugs included in the prior authorization program in the 120 days before the program begins, you don't need to apply for approval.

Q: WILL THIS LIMIT MY PRESCRIPTION DRUG OPTIONS?

A: No. You still have a choice of which prescription drugs you want to take for your condition.

Q: CANCER TREATMENT IS ON THE LIST OF DRUGS IMPACTED. WOULDN'T A DELAY IN RECEIVING THESE DRUGS BE DANGEROUS?

A: Prior authorization for drugs used in treating cancer applies only in cases where the disease is stabilized by treatment and where the drugs aren't being administered in a hospital.

Q: WHERE DO I FIND A PRIOR AUTHORIZATION FORM?

A: You can find a list of the drugs and forms by going to **mysunlife.ca/priorauthorization.**

Q: DOES MY PLAN COVER THE COST TO VISIT MY DOCTOR TO HAVE THE PRIOR AUTHORIZATION FORM COMPLETED?

A: No, it doesn't. However, you may be able to claim this cost through your Health Spending Account (HSA) if you have one through this or any other plan under which you are covered. You may also take the time to speak to your doctor about prior authorization and have any forms completed during your visit, if required.

Q: IF I'M APPROVED FOR A DRUG, DO I HAVE TO SUBMIT A FORM EVERY TIME I NEED THE PRESCRIPTION RENEWED?

A: You will need to submit another form only if you need to renew the prescription if the approval period for your drug has ended.

Q: IF I'M NOT APPROVED FOR A DRUG, CAN I STILL TAKE THE DRUG MY DOCTOR RECOMMENDS?

A: If the request is not approved, you can still use the drug your doctor has recommended, but it will not be reimbursed by your drug plan.

Q: HOW WILL I KNOW IF I HAVE TO APPLY FOR PRIOR AUTHORIZATION?

A: If you have one of the conditions listed above, you may wish to review the prior authorization drug list by going to **mysunlife.ca/priorauthorization.**

If you are not aware of the drugs that require approval and you take a prescription to the pharmacy for one of these drugs, the pharmacist will advise you if the drug needs prior authorization. You may purchase the drug at that time and pay for it or you can complete the Sun Life form and request approval before purchasing it.

Q: HOW DO I APPLY FOR PRIOR AUTHORIZATION?

A: If you are prescribed a drug that requires you to apply for prior authorization, you and your doctor should complete and submit a prior authorization form to Sun Life.

Q: WILL I HAVE TO APPLY FOR PRIOR AUTHORIZATION FOR EVERY PRESCRIPTION I WANT TO BE REIMBURSED FOR?

A: Prior authorization applies to a limited number of drugs, not every prescription you and/or your dependents may need. Also, not every drug for the conditions named above is impacted.

Q: WHO REVIEWS MY PRIOR AUTHORIZATION FORM?

A: Sun Life reviews the prior authorization forms.

Q: HOW LONG WILL THE REVIEW TAKE?

A: Provided that we have all of your information, Sun Life will review your request within five business days, and let you know in writing if you are approved.

Q: HOW DO YOU SELECT THE DRUGS AND CATEGORIES THAT ARE AFFECTED, AND CHOOSE THE PREFERRED DRUGS?

A: TELUS Health evaluates prescription drugs for safety, cost and efficacy and determines which categories should have prior authorization. Within the prior authorization categories, some have preferred drugs based on cost-effectiveness evaluations. Preferred drugs are ones that maximize outcomes at the most reasonable cost.

Q: HOW WAS THE PRIOR AUTHORIZATION PROGRAM DEVELOPED?

A: In addition to working with TELUS Health, Sun Life collaborates with expert organizations to develop and maintain the prior authorization program. For example, Carepath, a leading organization focused on patient outcomes in cancer care, reviewed the oral Oncology product category. The Rheumatoid Arthritis category was developed in ongoing consultation with the Ontario Rheumatology Association and the Canadian Rheumatology Associations.

Q: WILL THE LIST OF DRUGS THAT REQUIRE PRIOR AUTHORIZATION CHANGE?

A: Yes. TELUS Health reviews the list as new drugs become available. They also review the list regularly to see if any drugs should be removed from the list.

Dispensing Fee Frequency Limit (DFFL) Frequently Asked Questions

OVERVIEW

1. WHAT IS A DISPENSING FEE FREQUENCY LIMIT (DFFL)?

The Dispensing Fee Frequency Limit (DFFL) is a plan feature that sets a threshold for the number of dispensing fees paid for by your drug plan. Your drug plan will reimburse the amount of the dispensing fee per maintenance drug up to a pre-determined number of times (e.g. five times per maintenance drug per benefit period). The limit applies to the majority of maintenance drugs.

2. HOW DOES IT WORK?

If a plan member is taking a maintenance drug that is impacted by the DFFL, every time that maintenance drug prescription is filled, each dispensing fee counts towards the DFFL limit. When the limit is reached, the plan member will then pay for the dispensing fee out of their pocket.

3. WHY SHOULD I CONSIDER THE DFFL OPTION FOR MY PLAN MEMBERS?

Sun Life is continuously looking for ways to keep employer-sponsored drug plans affordable. The DFFL is one of a number of drug management options from Sun Life to help plan sponsors manage their overall drug costs and encourage plan members to be informed consumers when they shop for their prescription drugs.

4. WHICH DRUG PLANS CAN ADD THIS OPTION?

All Pay Direct Drug plans are invited to implement this plan design option at renewal.

5. CAN I CHOOSE NOT TO ADD THE DFFL TO MY PLAN?

Yes, the DFFL is optional.

6. IS THERE A COST TO PUT DFFL IN PLACE?

No. Our DFFL is a value-added solution under our BrightChoices offering, and can be implemented on all Pay Direct Drug plans at no cost.

7. I HAVE PLAN MEMBERS BASED IN QUÉBEC. IF I DECIDE TO ROLL OUT THE DFFL TO MY PLAN MEMBERS ACROSS CANADA, WILL IT STILL APPLY TO THOSE BASED IN QUÉBEC?

Currently, the DFFL option is not available in Québec. Other options, different than DFFL, can be put in place in this important market to help control drug costs. In the meantime, plan members in Québec should review their prescriptions and look for ways to minimize their dispensing fee costs by getting longer supplies of their maintenance drugs.

PLAN MEMBER EXPERIENCE

8. WHAT IS A MAINTENANCE DRUG?

Maintenance drugs are commonly used for the treatment of chronic (long-term) conditions, and may be dispensed in larger quantities of 90 days or more. Maintenance drugs are also typically used for diseases when the duration of therapy can reasonably be expected to exceed one year.

9. WHICH MAINTENANCE DRUG CATEGORIES ARE IMPACTED BY THE DFFL?

The maintenance drug categories impacted by DFFL include, but are not limited to, the following: Antiasthmatics, Female Hormone Replacement Therapy, Antiparkinsons, Oral/transdermal contraceptives, Cardiac drugs, Antihypertensives, Cholesterol lowering drugs, Diabetes drugs and Thyroid agents.

10. WHICH DRUGS ARE EXCLUDED FROM THE DFFL?

Some maintenance medications are automatically excluded from the DFFL for specific reasons such as cost, storage, patient safety and monitoring. These include, but are not limited, to the following: Antibiotics for infections, Anti-anxiety drugs/sedatives, sleeping pills, and Narcotic Pain medications. Also excluded are extremely expensive therapies where a monthly supply is reasonable to decrease wastage, such as genetic replacement therapies.

11. WHERE CAN MY PLAN MEMBERS FIND OUT IF THEIR MEDICATION IS IMPACTED BY THE DFFL?

Plan members may refer to the plan member website mysunlife.ca for a list of drug categories impacted by the DFFL. Plan members may also call the Sun Life CCC at 1-800-361-6212 to see if their medication is impacted by the DFFL.

12. HOW WAS THE LIST OF TARGETED MAINTENANCE DRUGS SELECTED?

Our pharmacy benefit manager, TELUS Health Solutions, together with Sun Life, determined the maintenance drugs that are targeted by this plan option.

13. WILL THE LIST OF TARGETED MAINTENANCE DRUGS CHANGE?

Yes. All new maintenance medications will be reviewed to determine if they should be included in the DFFL plan option.

PLAN COVERAGE

14. HOW WILL PLAN MEMBERS FIND OUT WHAT THEIR LIMIT IS?

The limit is defined by you. You should make your plan members aware that a DFFL is being added to the plan at least 30 days before the DFFL is added.

We have prepared a FAQ document that you can share with plan members to educate them about the DFFL. Plan members can also reference their group benefits booklets to find out their limit.

15. HOW CAN PLAN MEMBERS FIND OUT IF THEY ARE CLOSE TO REACHING THEIR LIMIT?

Plan members can find out if they are close to reaching their limit by reviewing the number of claims they have previously claimed for the current benefit period. This information can be found by visiting the plan member website at **mysunlife.ca**.

Once signed in to the website, plan members can review their claims history by clicking on **Recent claims** under the **Medical/Dental** section. From there, they can determine the number of maintenance drugs they have recently claimed that will count towards their limit.

Dispensing Fee Frequency Limit (DFFL) Q&A

16. WHAT HAPPENS WHEN A PLAN MEMBER REACHES THEIR LIMIT?

Once the limit is reached, the plan member is responsible for any dispensing fee costs incurred above the limit. For example, if the limit for your plan is five dispensing fees per maintenance drug per benefit year, then the plan member is covered for five dispensing fees per maintenance drug per benefit year.

If the plan member has a particular maintenance drug dispensed more than five times during the benefit period, the plan member is responsible for the dispensing fee portion of the drug cost for the balance of the benefit period (e.g. $9.60 was the national dispensing fee average in 2013[1]). Subject to the particulars of your plan's drug coverage, the plan member will still be reimbursed for the drug ingredient portion of the total prescription cost.

17. HOW DOES DFFL WORK WITH COORDINATION OF BENEFITS (COB)?

If your plan members have group benefits with another provider and they submit any remaining balance claims to Sun Life as second payor, the dispensing fee for this balance claim will count towards the limit.

18. MY PLAN ALREADY HAS A DISPENSING FEE CAP IN PLACE. IS DFFL THE SAME THING?

No. A dispensing fee cap is a dollar limit on the maximum that will be reimbursed for a dispensing fee. Should the dispensing fee exceed the maximum allowable by your plan, the plan member will be responsible to pay the difference directly at the time of purchase. The DFFL is a limit on the number of dispensing fees the plan member will receive coverage for during the benefit period.

19. MY PLAN ALREADY HAS A DISPENSING FEE CAP IN PLACE. CAN I ADD THE DFFL OPTION AS WELL?

Yes. Both plan variables can work in conjunction with one another.

20. MY PLAN ALREADY HAS THE MAINTENANCE SUPPLY PROGRAM IN PLACE. HOW IS THIS DIFFERENT FROM THE DFFL?

The maintenance supply program encourages plan members who are taking drugs (both acute and maintenance) on a prolonged basis to purchase a 100-day or three-month supply at one time (rather than refilling prescriptions every month.) The DFFL is a limit on the number of dispensing fees the plan member will receive coverage for during the benefit period. Both products can work together under one plan.

EXCEPTION PROCESS

21. I HAVE PLAN MEMBERS ON MAINTENANCE DRUGS THAT NEED THEIR DRUGS DISPENSED MORE FREQUENTLY FOR MEDICAL REASONS. WHAT CAN THEY DO?

If a plan member has a medical reason for requiring a more frequently dispensed drug, they can apply for a DFFL exception request. Plan members can contact the Sun Life Customer Care Centre (CCC) at 1-800-361-6212 to obtain the exception request form. They will need to send their completed form, including their doctor's signature to Sun Life. Provided that we have all the required information, Sun Life will review each request within five business days, and plan members will be notified in writing if their exception request was approved.

Approval for exception requests lasts for one year. Plan members will need to reapply for exception approval after one year.

[1] Source: IMS Brogan, 2013

FOR INTERNAL AND EXTERNAL USE

Dispensing Fee Frequency Limit (DFFL) Frequently Asked Questions

OVERVIEW

1. WHAT IS A DISPENSING FEE FREQUENCY LIMIT (DFFL)?

The Dispensing Fee Frequency Limit (DFFL) is a plan feature that sets a threshold for the number of dispensing fees per maintenance drug paid for by your drug plan. Your drug plan will reimburse the amount of the dispensing fee up to a pre-determined number of times (e.g. five times per maintenance drug per benefit period). The limit applies to the majority of maintenance drugs.

2. HOW DOES IT WORK?

If you are taking a maintenance drug that is impacted by the DFFL, every time you have it filled at the pharmacy, the dispensing fee will count towards the limit.

MAINTENANCE DRUGS

3. WHAT ARE MAINTENANCE DRUGS?

Maintenance drugs are commonly used for the treatment of chronic (long-term) conditions and may be dispensed in larger quantities, e.g. supplies of 90 days or more. Maintenance drugs are also typically used for diseases when the duration of therapy can reasonably be expected to exceed one year.

4. WHICH MAINTENANCE DRUG CATEGORIES ARE IMPACTED BY THE DFFL?

The maintenance drug categories impacted by DFFL include, but are not limited to, the following: Antiasthmatics, Female Hormone Replacement Therapy, Antiparkinsons, Oral/transdermal contraceptives, Cardiac drugs, Antihypertensives, Cholesterol lowering drugs, Diabetes drugs and Thyroid agents.

5. WHERE CAN I LEARN WHETHER MY MAINTENANCE DRUGS ARE TARGETED BY THE DFFL?

If you want to know if a particular maintenance drug is impacted by the dispensing fee limit for your plan, please contact the Sun Life CCC at 1-800-361-6212.

6. WHICH DRUGS ARE EXCLUDED FROM THE DFFL?

Some maintenance medications are automatically excluded from the DFFL for specific reasons, such as cost, storage, patient safety or patient monitoring. These include, but are not limited, to the following: Antibiotics for infections, Anti-anxiety drugs/sedatives, sleeping pills, and Narcotic Pain medications. Also excluded are extremely expensive therapies where a monthly supply is reasonable to decrease wastage, such as genetic replacement therapies. To learn whether a specific drug is excluded from the DFFL, please contact the Sun Life CCC at 1-800-361-6212.

Dispensing Fee Frequency Limit (DFFL) Q&A

7. WILL THE LIST OF TARGETED MAINTENANCE DRUGS CHANGE?

Yes. All new maintenance medications will be reviewed to determine if they should be included in the DFFL plan option.

8. WHAT IS MY LIMIT?

The limit is defined by your plan. To learn about your limit, please refer to your group benefits booklet.

9. HOW DO I FIND OUT IF I AM CLOSE TO REACHING MY LIMIT?

You can find out if you are close to reaching your limit by reviewing the number of maintenance drug prescriptions you have claimed for the current benefit period. You can find this information by visiting **mysunlife.ca.**

Once signed in to the website, you can review your claims history by clicking on Recent Claims under the **Medical/Dental** section. From there, you can determine the number of maintenance drugs you have recently claimed that will count towards your limit.

10. WHAT HAPPENS WHEN I REACH MY LIMIT?

Once your limit is reached, you are responsible for paying the dispensing fees. For example, if your limit is five per maintenance drug per benefit year, but you have the maintenance drug dispensed a sixth time, then, you will be responsible for the dispensing fee cost at that time and for the balance of the benefit period (the average dispensing fee cost in 2013 was $9.60[1]). Subject to the particulars of your drug plan coverage, you will still be reimbursed for the drug ingredient portion of the total prescription cost.

11. HOW DOES DFFL WORK WITH COORDINATION OF BENEFITS (COB)?

If you have group benefits with another provider and you submit any remaining balance claims to Sun Life as second payor, the dispensing fee for this balance claim will count towards your limit.

12. I LIVE IN THE PROVINCE OF QUÉBEC AND MY PLAN HAS DFFL. DOES THE DFFL STILL APPLY TO ME?

Currently, the DFFL option is not available in Québec. Other options, different than DFFL, can be put in place in this important market to help control drug costs. In the meantime, if you reside in Québec, you should review your prescriptions and speak with your physician about getting longer supplies of your maintenance drugs.

PLAN COVERAGE

13. WHY HAS MY PLAN SPONSOR IMPLEMENTED A DFFL?

Plan sponsors are looking to maintain the affordability of drug plan coverage for their plan members. By implementing the DFFL, you will be encouraged to purchase a greater supply of maintenance drugs at one time. In turn, you will minimize your potential out-of-pocket cost.

14. MY DRUG PLAN ALREADY HAS A DISPENSING FEE CAP IN PLACE. IS THE DFFL THE SAME THING?

No. A dispensing fee cap is a dollar limit on the maximum that will be reimbursed for a dispensing fee. Should the dispensing fee exceed the maximum allowable by your plan, you will be responsible to pay the difference directly at the time of purchase. The DFFL is a limit on the number of dispensing fees you will be covered for during the benefit period.

15. MY PLAN ALREADY HAS THE MAINTENANCE SUPPLY PROGRAM. HOW IS THIS DIFFERENT FROM THE DFFL?

The maintenance supply program encourages employees who are taking drugs (both acute and maintenance) on a prolonged basis to purchase a 100-day or three-month supply at one time (rather than refilling prescriptions every month.) The DFFL is a limit on the number of dispensing fees you will be covered for during the benefit period. It is possible that you may have both options working together on your plan.

EXCEPTION PROCESS

16. I'M ON A MAINTENANCE DRUG WHICH REQUIRES MORE FREQUENT DISPENSING FOR A MEDICAL REASON. WHAT CAN I DO?

If you have a medical reason for requiring a more frequently dispensed drug, you can apply for an exception request. Please contact the Sun Life CCC at 1-800-361-6212 to obtain the exception request form, and have the form filled out and signed by your physician, and return the completed form to Sun Life. Provided that we have all of your information, Sun Life will review each request within five business days and let you know in writing if it is approved.

Approval for exception requests lasts for one year. You will need to reapply for exception approval after one year.

17. I'M ON A MAINTENANCE DRUG BUT MY PRESCRIPTION IS ONLY FOR A MONTH'S SUPPLY. WHAT CAN I DO?

Please check with your physician and/or your pharmacist to see if you can obtain a longer supply for your prescription.

[1] Source: IMS Brogan, 2013

Appendix G

Summary of G6 ATB and CP/M Programs

Institution	Term	ATB	Other	CP/M Program
McMaster University	July 1, 2013 to June 30, 2017	Adjustment to pay scale: July 1, 2013 – 0% July 1, 2014 - $1,250 July 1, 2015 – 1.5% + $1,850 July 1, 2016 – 1.5% + $1,925	Pension offset (added to base salary): July 1, 2013 – 1.0% July 1, 2014 – 1.0%	Annual steps in the par salary scale are equal over the first fifteen-year range (Range 1), then equal but lower over the next ten-year range (Range 2), and then equal but lower again until retirement (Range 3). The par increments in Ranges 2 and 3 are decreasing fractions of the Range 1 par increment, namely: Range 2: 0.75 of Range 1 par increment Range 3: 0.50 of Range 1 par increment A par increment shall equal the annual amount needed for a faculty member awarded par merit each year to reach 1.81 times the floor salary for an Assistant Professor at the end of 15 years
U2	May 1, 2015 to April 30, 2018	Adjustment to pay scale: May 1, 2015 – 1.95% May 1, 2016 – 1.95% May 1, 2017 – 1.50%	Salary thresholds for T1 and T2 for all ranks will be increased by 2% each year in addition to the annual adjustment to scale	Within each Faculty the Selective Increase Pool for members is determined as follows: 0.25 SIU for each FTE member + 0.25 SIU for each FTE member with salary below T2 + 0.5 SIU for each FTE member with salary below T1. Effective May 1/16 the selective increase unit (SIU) is $3,786
U5	May 1, 2016 to April 30, 2018	May 1, 2016 – 1.7% economic increase January 1, 2017 - 0.8% ATB May 1, 2017 – 1.7% economic increase January 1, 2018 – 0.8% ATB	Salary scales have minimum and maximum and are adjusted in accordance with the economic increase % Individual salary adjustments to base salary of at least $2,000 but total amount of adjustments not to exceed $45,000 annually. Requires	Progress through the Ranks intended to recognize satisfactory performance New PTR increments applies to faculty with offers of employment dated after April 5, 2006. PTR value is based on current salary. As salary increases PTR value decreases. Old PTR increment is a fixed amount based on rank; current salary does not impact PTR value. PTR increment shall be the greater of the amount calculated under the Old and New PTR programs. Extra PTR upon promotion 1 PTR – Assistant to Associate

Institution	Term	ATB	Other	CP/M Program
			disclosure to the Association	1.5 PTR – Associate to Full Professor
U1	July 1, 2014 to June 30, 2017	<u>Arbitration Award</u> July 1, 2014 – 1.0% ATB January 1, 2015 – 0.9% ATB July 1, 2015 – 1.0% ATB January 1, 2016 – 0.9% ATB July 1, 2016 – 1.75% ATB (applies to full time salary less than $158,400) Salary greater than $158,400 will receive a $2,772 increase to salary.	Compensation program includes a 5% Deans Merit Pool which is separate from the PTR funds. July 1, 2017, a flat dollar increase to base salary in an amount equal to 0.4% of the June 30, 2017 salary mass.	Progress through the Ranks (PTR) Designed to produce salary progress leading to a career end salary of 2.5 to 2.7 times a faculty member's starting salary assuming average PTR awards throughout career. Breakpoint is 2.2 times higher than minimum starting salaries and is intended to occur after about the 20^{th} year of service. Two pools, one below the breakpoint (July 1, 2015 breakpoint was $135,400) and the second above the breakpoint. July 2016 the increment is $1,800 for each faculty member above the breakpoint (increased to account for ATB increases); $3,100 for each faculty member below the breakpoint. July 1, 2016 a structural change to PTR program to include 3 PTR pools: 1. For each X% of ATB, faculty members below the reference point ($) would receive X% increase to base salary. 2. Salary above reference point ($) would receive a flat dollar increase equal to X% of the reference point ($) 3. Residual money will be directed to the PTR pool to the PTR pool.
U3	July 1, 2014 to June 30, 2018	July 1, 2014 – 1.25% ATB + $1,050 increase to base salary July 1, 2015 – 1.00% ATB +	July 1, 2015 – Performance Linked Career Progress Fund established. Total # of points assigned = # of FT faculty x 2.4. A value is assigned to each point based on salary ranges.	Performance Assessment Indicator (PAI) is the weighted average of performance level points assigned and ranges from 0 to 4 points. The total number of points available = # of members x 2.40. 2.2 of the 2.40 is distributed as Basic Salary Points and 0.2 as Discretionary Salary Points.

Institution	Term	ATB	Other	CP/M Program
		$1,050 increase to base salary July 1, 2016 – 1.00% ATB + $1,050 increase to base salary July 1, 2017 – 1.00%	July 1, 2017 – Career Trajectory Fund established in the amount of $800 per faculty member. Fund administered by Committee of five members and focus is on gender-based anomaly adjustments.	Each salary point has a $ value assigned that varies based on the base salary range. Total salary points awarded may not exceed 6 total points. Basic Salary Points (BSP) calculated as follows: BSP = PAI x adjustment factor (adjustment factor = 2.2 /average PAI within the Unit)

Appendix H

Status of Recent Settlements: Ontario G6 Universities

University	Bargaining Group	Employees Represented	Year	ATB	Merit	Other Items	Term of New Agreement
U1	U1 Faculty Association	Faculty & Librarians	2014-2015	1% + 0.9%		Pension: 7.15% up to YMPE and 9.5% above YMPE Vision Care: $400 every 24 months Eye Exam: $110 every 24 months PERA: $2,000 Faculty & $1,700 Librarians Health Care Spending Acct: $650 (July 1, 2017) Child Care Benefit Plan: $2,000 annual/child under age 7	3 Years
			2015-2016	1% + 0.9%			
			2016-2017	1.75%			
U2	Faculty Association of U2	Faculty & Librarians	2015-2016	1.95%		Pension: 6.25% up to YMPE, 8.95% up to 2x YMPE and 9.95% over 2x YMPE FPER: $1,805 per year	3 Years
			2016-2017	1.95%			
			2017-2018	1.50%			
U3	U3 Faculty Association	Academic Staff	2014-2015	1.25% + $1,050		Pension: 5.5% of PE for >20 years of ser. Vision Care: $150 per year; or $300 every 24 months Flexible Benefit Credits: $2,000 (January 1, 2016) for either Prof. Expenses or Health Care Spending Acct Hospital: Semi-private or private	4 Years
			2015-2016	1% + $1,050			
			2016-2017	1% + $1,050			
			2017-2018	1.00%			
U5	Association of University Professors	Full Time - Faculty & Librarians	2016-2017	1.7% + 0.8%	1.50%	Pension: 0.8% increase to contributions[24] 5.45% x salary up to the integration level + 8.45% x salary above the integration level (maximum salary: $214,998) Hearing Aids: $2,000 every 5 years Out of Country Health: max lifetime $5m (May 1, 2017) Faculty complement maintained at existing 1,311 level	2 Years
			2017-2018	1.7% + 0.8%	1.50%		

[24] Note: the integration level is different from YMPE. In 2015, the integration level was $37,793

U4	U4 Faculty Association	Full Time - Faculty, Term/Cont Adjunct Faculty with teaching only responsibility, Librarians and Archivists	2015-2016	1.00%	1.52%	Pension: 7% up to YMPE and 9% above YMPE Tuition Support: $3,000 per annum (any Uni in N. America) Vision Care: $250 every 24 months Eye Exam: $75 every 24 months Professional Expense: $1,804 for 2016-2017 Child Care Benefit Plan: $2,250 annual/child under age 7	4 Years
			2016-2017	1.25%	1.41%		
			2017-2018	1.50%	1.36%		
			2018-2019	1.75%	1.31%		

Appendix I: Summary of McMaster University Settlements: ATB increases and Lump Sum Payments (2015-2016)

	Unifor, Unit 1 (2016-2019)		Machinists (2015-2020)		Security (2015-2019)		MUALA (2015-2019)		Hospitality (2016-2021)		CUPE PDFs (2016-2019)		TMG (2016)		SAAO (2016) (Freeze since 2009)	
	ATB	Lump Sum	ATB	Lump Sum	ATB	Lump Sum	ATB	Lump Sum	ATB	Lump Sum	ATB	Lump Sum	ATB	Lump Sum	ATB	Lump Sum
Year 1	1.25%	$500	0.85%	$1,000	0.75% 0.75% (Market Adj. for Level 7 only)	$1,000 (FT) $500 (PT)	0.75% 0.8% (pension offset)	$2,000	0.48% (1.1% Skills Adj.)	$250 for each employee; **and** $600/$400/$275 for FT/PT Annual/ Seasonal EEs; **and** $150 for EE Special Leaves	1.0%	$300	1.25%	n/a	0%	n/a
Year 2	1.25%	--	0.90%	--	0.75% 0.75% (Market Adj. for Level 7 only)	--	0.75%	--	0.47% (0.19% Skills Adj.)	--	1.0%		n/a	n/a	n/a	n/a
Year 3	1.25%	$610 (Pension offset)	1.0%	--	0.75% 0.75% (Market Adj. for Level 7 only)	$512 (Pension offset)	0.75%	--	0.8% (0.19% Skills Adj.)	$250 (pension offset)	0.75%		n/a	n/a	n/a	n/a
Year 4	n/a	n/a	1.25%	--	0.75% 1.20% (Market Adj. for Level 7 only)	--	1.0%	--	0.0%	--	n/a	n/a	n/a	n/a	n/a	n/a
Year 5	n/a	n/a	1.0%	$1,200 (for 1 EE in Pension Plan)	N/A	--	N/A	--	0.0%	$500	n/a	n/a	n/a	n/a	n/a	n/a