

The Impact of the Current Economic Market Decline on Pensioners in the McMaster Registered Pension Plans

The current economic market decline has provoked many questions and media coverage concerning the status of Registered Pension Plans in Canada. The McMaster University Retirees Association has asked the Benefits and Pension Unit of Human Resources Services to prepare a brief explanation of how these events impact pension payments from the registered plans.

The impact of the markets on the McMaster Pension Plan funds was recently addressed in the McMaster Update, December 2008 (Volume 1, Issue 1). The follow are excerpts from the article

“The pension plans are designed to provide benefits over the long term, and fluctuations in the markets are anticipated and taken into account in the portfolio’s investment strategy.”

“The amount of the pension a McMaster plan member receives does not fluctuate with the status of the plan and payments come out of a pool of funds separate from the University’s operating budget.”

An electronic copy is posted at the Public Relations website
http://www.mcmaster.ca/opr/html/opr/publications/main/mcmaster_update.html

McMaster’s Defined Benefit Pension Plans

Both the Salaried and Hourly McMaster Pension Plans provided by McMaster are defined benefits plans. In general, a defined benefit plan structure has the following key elements:

- Employee Contribution formula is defined (as outlined in the plan text).
- Your base pension benefit at the time of retirement can be estimated in advance according to the formula defined in the plan text. Investment returns do not impact your base monthly pension payment. The only impact is on potential annual pension increases.
- Employer (University) Contributions are not predictable and are dependent on the plan’s investment returns, assumptions and experience (assumptions are governed by Actuarial Standards).

Additional Information

To learn more about the governance structure, investment policies and procedures , or quarterly investment returns for the pension funds please visit www.workingatmcmaster.ca/pensions/ .

Pensioners are encouraged to visit the websites provided above and review documentation provided by McMaster Human Resources Services. If additional information is required please contact myself or Jeff Chuchman, Benefits and Pension Specialist, chuchj@mcmaster.ca or (905) 525-9140, ext. 21264.

Wishing you all the best in 2009.

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