

Activity Plan

APRIL 1, 2008 TO MARCH 31, 2011

THE MEMORIAL UNIVERSITY PENSION PLAN

DEPARTMENT OF HUMAN RESOURCES, MEMORIAL UNIVERSITY OF NEWFOUNDLAND





Board of Regents

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Chairperson's Message

March 31, 2008

Honourable Joan Burke
Minister of Education
West Block, Confederation Building
P.O. Box 8700
St. John's, NL
A1B 4J6

Dear Minister Burke:

I am pleased to submit a three-year Activity Plan for the Memorial University Pension Plan. This plan covers the period April 1, 2008 to March 31, 2011.

The Board of Regents, in their position as trustee, has reviewed all strategic directions from the Minister of Education, however none pertain to the Memorial University Pension Plan. This plan has been prepared in accordance with the Pension Plan's responsibility under the *Transparency and Accountability Act*, and the *Memorial University Pensions Act*.

My signature below is on behalf of the Board of Regents and indicative of its accountability for the preparation of this plan and the achievement of the contained objectives.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gilbert Dalton". The signature is stylized and cursive, with a large initial "G" and "D".

GILBERT DALTON
Chairperson



The Memorial University Pension Plan

ACTIVITY PLAN

April 1, 2008 to March 31, 2011

Department of Human Resources
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March 31, 2008

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ACTIVITY PLAN
THE MEMORIAL UNIVERSITY PENSION PLAN
APRIL 1, 2009 TO MARCH 31, 2011

The Memorial University Pension Plan (the Plan), is a contributory defined-benefit pension plan, established in 1950 under statute of the provincial legislature. It is designed to provide retirement benefits to full-time permanent employees and qualifying contractual employees of Memorial University of Newfoundland. In addition, employees of certain separately incorporated entities of Memorial are also eligible to participate in the Plan. Benefits, which are integrated with the Canada Pension Plan, are based upon employees' years of pensionable service, best five-year average pensionable salary and a two per cent accrual factor.

Plan Overview

Authority and Administration

The Plan operates under authority of the *Memorial University Pensions Act*, which prescribes the Board of Regents of Memorial University as trustee. To assist with its responsibilities as trustee, the Board has established a University Pensions Committee to provide advice on matters relating to the Plan. This advisory committee, which has representation from across the entire University community, operates under terms of reference set out by the Board. The actual administration of the Plan is carried out by the University's Department of Human Resources.

Investments

All contributions of employees and the University are paid into the Memorial University Pension Fund for investment by external investment managers. The Statement of Investment Policy and Objectives that has been developed to guide the investment of the Fund, sets out a policy asset mix with the objective of maintaining predictable and stable benefit costs and contributions. The policy asset mix was amended in 2007 to provide for investment in two new asset classes – real estate and mortgages. It is expected that their inclusion in the asset mix will generate a modest improvement in long-term returns with a lower degree of volatility or investment risk.

Three real estate managers were appointed in March 2008 and funds will be transferred to them, over a two year phase-in period, beginning with the 2008-2009 fiscal year. It is anticipated that the sourcing of managers to invest in mortgages will also begin in 2008-2009.

Policy Asset Mix

Asset Class	Previous	Including Real Estate and Mortgages
Canadian Equity	27%	25%
U.S. Equity	20%	21%
International Equity	10%	10%
Fixed Income	40%	25%
Cash /Short term	3%	3%
Real Estate	-	8%
Mortgages	-	8%

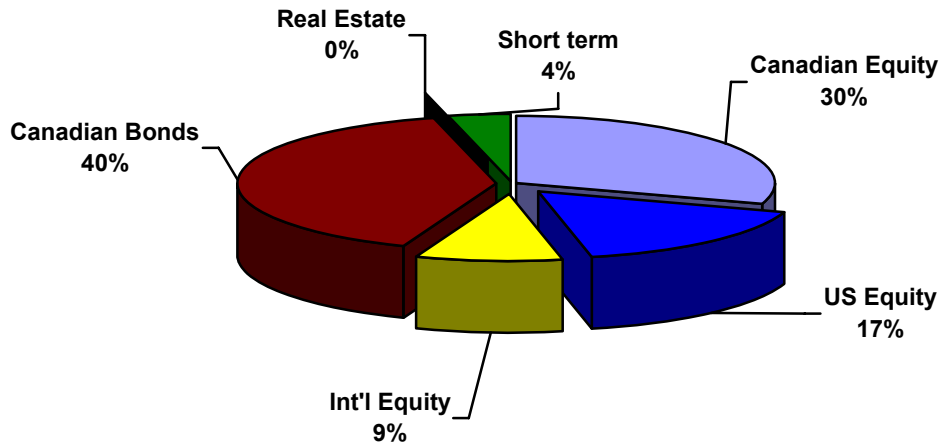
Investment Manager Benchmark Distribution

Manager	Mandate	Allocation
Jarislowsky Fraser Limited	Canadian Balanced	25%
Greystone Managed Investments Inc.	Canadian Balanced	25%
CIBC Global Asset Management Inc.	Indexed Bonds	20%
Alliance Capital Management Canada Inc.	US Equity	20%
Putnam Investments	International Equity	10%
Less amount to be re-allocated to real estate and mortgages ¹		(16%)
Grenier-Pacaud Management Associates	Real Estate	1.6%
Roycom Inc.	Real Estate	1.6%
Greystone Managed Investments Inc.	Real Estate	4.8%
To be determined	Mortgages	8%

¹ 16% of the fund will be moved from existing mandates into real estate and mortgages beginning with the 2008-2009 fiscal year.

The relative distribution of assets across the entire Fund, as at March 31, 2008, is illustrated in the following chart:

Memorial University Pension Fund Distribution of Assets at March 31, 2008



For the year ended March 31, 2008, the Fund achieved a rate of return on invested assets of -2.28 per cent. The Net Assets Available for Benefits decreased by approximately \$17 million – down from \$733.6 million at March 31, 2007 to \$716.6 million at March 31, 2008.

Actuarial Valuation

An actuarial valuation of the Plan was performed by the University’s actuary, Eckler Limited (Eckler), as at March 31, 2008. While valuations are generally required at least once every three years, annual valuations of the Plan are being performed in each of the years 2006 through 2010. These valuations have been requested by the provincial Office of the Superintendent of Pensions as a condition of granting a solvency funding exemption under the *Pension Benefits Act, 1997, Regulations*, to December 31, 2010.

In addition to reporting on the solvency position of the Plan, an actuarial valuation is performed to determine the ability of the Plan to meet its obligations or “pension promises”, on a going-concern basis. It is also used to project the cost of benefits that will accrue to active plan members in the years following the valuation. The results of the March 31, 2008 actuarial valuation are highlighted in the table on the following page, together with comparative figures at the last valuation date, March 31, 2007. Please see Table 1.

Table 1

Actuarial Balance Sheet				
	March 31, 2008 (\$ Millions)		March 31, 2007 (\$ Millions)	
	Going- Concern ¹	Solvency ²	Going- Concern	Solvency
Actuarial Value of Assets	753.9	774.8	706.28	710.02
Actuarial Liabilities	871.1	933.8	764.17	843.16
Deficit	(117.2)	(159.0)	(57.89)	(133.14)

¹ The going concern deficit, as at March 31, 2008, includes an unfunded liability of approximately \$61.9 million associated with the introduction of indexing in July 2004. Due to the nature of the amortization method and the impact of a lower valuation interest rate assumption, this liability has increased from the prior year. A financing plan is in place to amortize this amount over a remaining period of 36.25 years.

² Solvency assets include the present value of five years worth of going concern special payments (2008 - \$21.3 million)

In accordance with the *Pension Benefits Act, 1997* (the PBA), Memorial University, as employer, is required to liquidate going-concern deficiencies within 15 years of the valuation date. The total going-concern deficiency at March 31, 2008 was calculated by Eckler to be \$117.2 million. Of this amount, approximately \$61.9 million is in respect of past service costs associated with the introduction of indexing in 2004. By special provision of the PBA, the University and employees are financing the indexing liability over a remaining period of 36.25 years through contributions equivalent to 1.2% of pensionable payroll (shared equally by the University and employees). The balance, namely \$55.3 million (\$117.2 - \$61.9), must be liquidated by the University through special payments of 2.16% of payroll over not less than 15 years. The payment required for 2008-2009 is \$4.3 million.

During the year ended March 31, 2008, the University made a special payment into the Fund of \$6,745,000, liquidating the \$4,146,000 unfunded liability, identified in the March 31, 2007, that the University was solely responsible to fund.

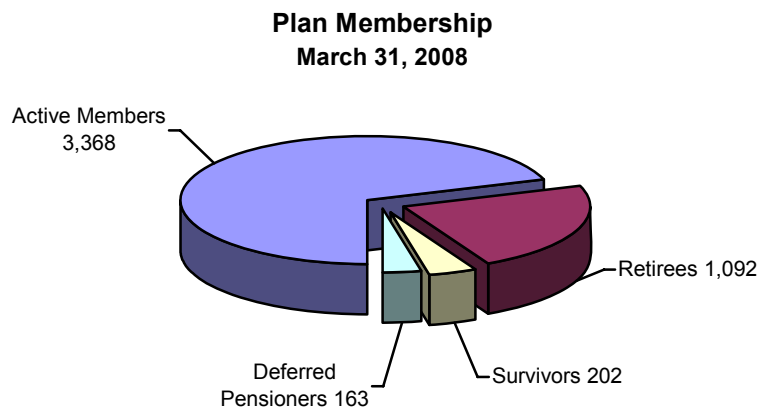
Current Service Cost

The March 31, 2008 valuation revealed that the current service cost for active participating members had increased. Current service cost is the basis upon which the Plan's contribution rate for both employees and the University is determined. An increase in the contribution rate of 0.64% is required.

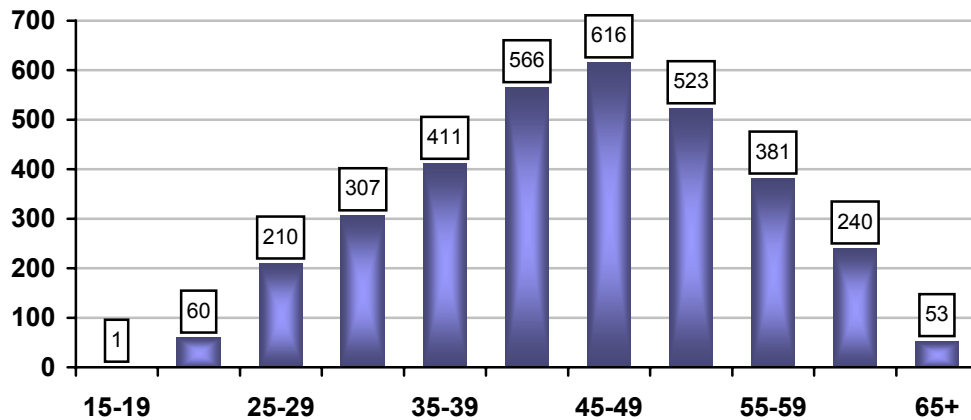
Rate Structure	Old Rate	New Rate
Earnings up to Year's Basic Exemption under Canada Pension Plan	9.2%	9.84%
Earnings between Year's Basic Exemption under Canada Pension Plan and the Year's Maximum Pensionable Earnings under Canada Pension Plan	7.4%	8.04%
Earnings above Year's Maximum Pensionable Earnings under Canada Pension Plan	9.2%	9.84%

Plan Membership Statistics

	March 31		
	2008	2007	2006
Active Members	3,368	3,203	3,055
Retirees (incl. survivors)	1,294	1,231	1,165
Deferred Pensioners	163	149	134
Average Age at Retirement	60.47	60.46	60.50



**Age Distribution - Active Members
March 31, 2008**



Mandate

The mandate of the Board of Regents of Memorial University, acting as the trustee for the Pension Plan, is set out in the *Memorial University Pensions Act*. In this role, the Board is responsible for the administration of the fund. Administration of the fund involves:

- collecting employee contributions and depositing employer contributions into the fund;
- investing funds in accordance with the Act;
- paying pensions to eligible retired employees or their beneficiaries as per the Act; and,
- keeping complete books of account detailing all transactions of the fund.

Values

We will place a high value on the following in the pursuit of our vision and mission.

Leadership Each person in a management position is a highly effective teacher, coach, and motivator of people.

Integrity Each person displays high standards of personal integrity, and respect for the capabilities and views of others.

Client Focus Each person seeks ways to always understand clients' needs, circumstances and point of view.

Quality Focus Each person displays high standards of quality, and an ongoing focus on innovation and continuous improvement.

Primary Clients

The primary clients of the Memorial University Pension Plan are:

- full-time permanent employees;
- qualifying contractual employees;
- employees of certain separately incorporated entities of Memorial University;
- retired employees in receipt of pensions; and,
- survivors of eligible employees.

Vision and Mission

Mission

By 2011, the Memorial University Pension Plan will have ensured the provision of secure, affordable and competitive retirement incomes for employees of Memorial University of Newfoundland.

Measure: Secure retirement incomes

Indicator: Reduced unfunded liability

Vision

The vision of the Memorial University Pension plan is of participating employees who are responsibly preparing for retirement and of retired employees, or their survivors, who receive stable retirement incomes.

Objectives

Issue One: Responsible stewardship in the collection, investment, and disbursement of the fund

The Board of Regents, as trustee of the Fund, is responsible to ensure that funding objectives for the Plan are met and that contributions are invested in a prudent and timely manner. It must further ensure that the Plan is administered in accordance with the *Memorial University Pensions Act* and other governing legislation.

The following objective will be the focus of the Plan for each of the fiscal years ending March 31, 2009, 2010 and 2011 and will be reported upon in each of the respective annual reports:

Objective: The Memorial University Pension Plan will have collected and invested responsibly the contributions received from the Plan's eligible members and the Board, as well as awarded monies to eligible retired members or their survivors and paid associated administrative expenses.

Measure: Collected and invested all contributions, awarded all eligible pension benefits and paid administrative expenses

Indicators: Contributions are collected and invested
Eligible retired members/survivors are receiving pension benefits
Administrative expenses are paid

Issue Two: Unfunded Liability

The Memorial University Pension Plan, as a registered pension plan, must comply with the funding requirements of the Newfoundland and Labrador *Pension Benefits Act, 1997* (PBA). When the Plan experiences funding deficiencies, as measured by periodic actuarial valuations, the University must make additional special payments into the Plan. The PBA requires that going concern deficiencies be amortized over a period not greater than 15 years, while solvency deficiencies must be paid over not more than 5 years. By special provision of the PBA, Memorial University is exempt from the solvency funding requirements to December 31, 2010 and is amortizing past service costs associated with indexing, introduced in 2004, over a remaining period of 36.25 years. The remaining going concern unfunded liability, namely \$55.3 million, as at March 31, 2008, will be amortized over 15 years, with annual special payments of 2.16% of pensionable payroll. The first special payment, for the 2008-2009 fiscal year, will be \$4.3 million.

With respect to the unfunded liability, the following objective will be the focus for each of the fiscal years ending March 31, 2009, 2010 and 2011 and will be reported upon in each of the respective annual reports:

Objective: Memorial University will make annual special payments of 2.16% of pensionable payroll toward the going concern unfunded liability, in addition to the 1.2% indexing payment.

Measure: Unfunded liability reduced

Indicators: Annual special payments of 1.2% of pensionable payroll towards liability (\$4.3 million in 2008 / 2009)

Conclusion

The Memorial University Pension Plan, through the administration of the Department of Human Resources at Memorial University, is dedicated to the provision of secure, affordable and competitive retirement incomes for employees of Memorial University of Newfoundland. The mandate of the Plan from the *Memorial University Pensions Act*, is to ensure that all eligible employees are provided with the security of planning for their retirement. The Board, acting as trustee for the Plan, is also committed to addressing the going concern of the unfunded liability with annual and special payments.

Appendix A

Applicable Sections from the Memorial University Pensions Act.

Application of Act

3. (1) This Act applies to
 - (a) a person appointed by the board employed full-time for an indefinite term upon an annual salary paid wholly and directly by the board;
 - (b) a person employed full-time for an indefinite term by the Memorial University Recreation Complex Inc.;
 - (c) a person employed full-time for an indefinite term by a related not-for-profit employer whose operations and financial position are reported in the university's consolidated financial statements and who is, upon the date of the coming into force of this paragraph, a member of the pension plan or in receipt of a pension benefit from the fund;
 - (d) a person directed by the board to be included in the pension plan under subsection 29.1(2); and
 - (e) a person appointed by the board or by an employer referred to in paragraph (b) or (c), who is employed on a less than full-time basis for an indefinite period as directed by the board and approved by the minister.
- (2) The board may exempt an employee from the operation of this Act.
- (3) An employee who before his or her appointment by the board had been contributing to a pension plan may elect to continue his or her contributions to that plan by advising the board within 60 days of the beginning of his or her appointment.
- (4) Where an employee makes an election under subsection (3), the board may contribute an amount to that employee's pension plan not exceeding that which it would have otherwise contributed to the fund with respect to that person.

Administration of Act

4. The board shall administer this Act and may appoint officers and other staff that are necessary for that purpose.

Pension Fund

5. There shall be a fund to be known as The Memorial University Pension Fund into which shall be paid

- (a) all contributions made by employees;
- (b) all contributions made by the board under paragraph 34(1)(n) of the *Memorial University Act*;
 - (b.1) contributions made by an employer referred to in paragraphs 3(1)(b) and (c) of this Act;
- (c) amounts that may be voted by the Legislature for the purpose of the fund; and
- (d) accruals of interest on the amounts mentioned in paragraphs (a), (b), (b.1) and (c).

Investment of Fund

7. The fund shall be held in trust by the board and may be invested in
- (a) bonds or debentures of a municipality in Canada or a public school corporation or other corporation, which are guaranteed by the Government of Canada or a province;
 - (b) investments in which life insurance companies are authorized by the Parliament of Canada to invest funds, subject to the limitation on investments in stocks, bonds, debentures and real estate mortgages set out in the *Insurance Companies Act* (Canada); and
 - (c) other securities and upon terms and conditions that are approved for the purpose by the Lieutenant-Governor in Council; or
 - (d) any of the securities or investments referred to in paragraphs (a) to (c).

Bank Account

9. (1) All money paid into the fund shall be deposited to the credit of the fund in an account kept in a bank approved by the minister.

(2) All money required by the board for the purpose of this Act shall be paid out of the account established under subsection (1) by cheques signed by members of the board, or officers of the university, that may be authorized by the board.

Accounts

10. The board shall keep complete books of account in which shall be entered all amounts paid into and out of the fund and all details of the amounts and all other transactions and the details of those transactions carried on by the board in connection with the fund.

Report; Audit of Fund

11. (1) The chairperson of the board shall not later than September 30 in each year submit to the minister a report of the work of the board in connection with the fund and the report shall include an account made up to the preceding March 31, setting out the receipts and expenditures of the fund during the preceding year and a statement of the assets and liabilities of the fund.

(2) The minister shall lay the report and account before the Legislature within 15 days after they are submitted to him or her, if the Legislature is then in session, and, if not, then within 15 days after the beginning of the next session.

(3) The account submitted under subsection (1) shall be signed by the chairperson or vice-chairperson and by the treasurer of the board, and certified by the auditor general or a person appointed under section 38 of the *Memorial University Act* and shall include any relevant report which that auditor may have made to the board.

(4) The account kept under subsection (1) shall be audited annually.

Contributions to Fund

12. (1) An employee shall contribute to the fund an amount set by directive of the Minister of Finance from time to time.

(1.1) The Minister of Finance shall by directive set the rate of contributions to be paid by employees at a level sufficient to fund one half of

(a) the current service costs of the plan as determined by the most recent actuarial valuation; and

(b) the cost of amortization over 40 years of the unfunded liability, on the coming into force of this section, arising from the cost of providing indexed benefits in relation to past service under section 24.1.

(2) The allowances referred to in sections 23 and 24 shall be paid in that proportion that the period in which a contribution made under subsection (1) bears to the entire period of the employee's pensionable service.

(3) There shall be deducted from the salary of each employee and paid into the fund the contributions payable under this section.

(3.1) The board and an employer referred to in paragraphs 3(1)(b) and (c) shall contribute to the fund an amount equal to the contributions paid by their employees under this section and additional amounts required to be paid by an employer under the *Pension Benefits Act, 1997* and the rateable share of those additional amounts shall be determined by the board.

Retirement

15. (1) An employee shall be retired

(a) on his or her reaching normal retirement age; or

(b) if he or she is not participating in the long term disability insurance plan of the university or a similar plan substituted for it and is unable to perform his or her duties effectively owing to a physical or mental incapacity medically certified to the satisfaction of the board or an employer referred to in paragraphs 3(1)(b) and (c) and approved by the board as likely to be permanent.

(2) An employee who has reached age 60 and who is entitled to a pension benefit under subsection (5) may elect to retire before the employee's normal retirement age and upon that election shall receive an immediate pension.

(3) An employee who has reached age 55 and who is entitled to a pension benefit under subsection (5) may elect to retire before reaching age 60.

(4) An employee who has elected to retire under subsection (3)

(a) shall, if he or she has less than 30 years pensionable service, receive an immediate pension to be reduced by 1/2 of 1% for each month from the beginning of his or her pension to the 1st day of the month following his or her 60th birthday; or

(b) shall, if he or she has 30 years or more pensionable service, receive an immediate pension.

(5) An employee who retires or ceases to be a member of the plan is entitled to a deferred pension benefit in accordance with this Act where

(a) with respect to pensionable service credited before January 1, 1997, the employee has completed 5 years of pensionable service; and

(b) with respect to pensionable service credited on and after January 1, 1997, the employee has completed 2 years of pensionable service.

(6) [Rep. by 1997 c35 s4]

(7) An employee born on August 31 shall retire on his or her 65th birthday and every other employee shall retire on the August 31 following his or her 65th birthday.

(8) Notwithstanding subsection (7), the board or an employer referred to in paragraphs 3(1)(b) and (c), with the approval of the board, may extend the period of service of an employee for not more than 3 years beyond normal retirement age and those additional years of service are years of pensionable service.

To Whom Pension Payable

16. The board shall award a pension to an employee who is entitled to a pension benefit under section 15 and has retired under that section.

President's Pension

17. (1) The president of the university shall be retired

(a) on reaching retirement age; or

(b) if he or she is unable to perform his or her duties effectively owing to physical or mental incapacity medically certified to the satisfaction of the board to be likely to be permanent

and the board shall award him or her a pension equal to $\frac{2}{3}$ of his or her pensionable salary.

(2) When the president dies the board shall award to the surviving principal beneficiary an allowance equal to $\frac{1}{2}$ of the pension being paid to the president at the date of the president's death or, if not retired at that date, an allowance equal to $\frac{1}{2}$ of the pension that the president would have been entitled to if the president had been retired at the date of death.

(3) Subsections (1) and (2) do not apply unless the president contributes to the fund annually 6% of his or her salary as fixed by the board.

Temporary Pension

22. (1) Where an employee who has not less than 10 years pensionable service is retired under paragraph 15(1)(b) more than 5 years before reaching normal retirement age the board shall award him or her a pension.

(2) At the discretion of the board, the pension awarded under subsection (1) may be awarded from year to year until the board is satisfied that the incapacity is permanent or until normal retirement age is reached.

Survivor's Allowance

- 23.** (1) Where an employee
- (a) dies while in receipt of a pension;
 - (b) is entitled to a pension on retirement under section 15, and dies after retirement but before receiving a pension; or
 - (c) is entitled to a pension on retirement under section 15, and dies before retirement

the board shall award to the surviving principal beneficiary an allowance equal to 60% of the pension being paid to the employee or to which the employee is entitled at the date of death, without actuarial reduction, and on the death of the surviving principal beneficiary an allowance which the surviving principal beneficiary was receiving at the date of death, if the surviving principal beneficiary leaves a child or children under age 18, shall be paid by the board to the guardian of the child or children to be expended at the direction of the board for the support, maintenance and education of each child until the child reaches age 18, and where there are 2 or more children each child shall share equally in the benefits to be derived from the allowance.

(2) Notwithstanding subsection (1), the age limit of 18 set out in that subsection is increased to 24 while the child is in full-time attendance at a school or post-secondary institution, or is infirm.

(3) [Rep. by 1997 c35 s12]

Allowance to Survivors of Deferred Pensioners

24. The board shall pay an allowance in accordance with section 23 to the surviving principal beneficiary or child of a deferred pensioner who dies before receiving the deferred pension.

Indexing

24.1 (1) On the first day of the month following the month in which this section comes into force, and on each anniversary of that day, the amount of a pension or survivor benefit being paid to a person who has reached the age of 65 shall be adjusted by multiplying

- (a) the annual amount of the pension or survivor benefit;
- (b) 60% of the ratio that the Consumer Price Index for the previous calendar year bears to the Consumer Price Index for the calendar year immediately before the previous calendar year,

but the amount of an increase shall not exceed 1.2% of the annual pension or survivor benefit.

(2) The amount of a pension or survivor benefit being paid to a person shall not decrease by reason only of an adjustment under subsection (1).

Refund

25. (1) Where an employee ceases to be an employee before becoming entitled to a pension under this Act, the board shall refund to the employee, within 12 months of the person ceasing to be an employee or, upon ceasing to be an employee, at the person's own request, the amount of the employee's contributions to the fund together with interest at the prescribed rate.

(1.1) Where an employee ceases to be an employee after becoming entitled to a pension under this Act, the employee shall elect

(a) a deferred pension; or

(b) subject to the locking-in provisions of the *Pension Benefits Act, 1997*,

(i) a return of the employee's contributions made to the fund before January 1, 1997, together with interest at the prescribed rate, and transfer of the commuted value of the pension benefit accrued after December 31, 1996 in accordance with subsection (1.2), or

(ii) a transfer of the commuted value of the employee's deferred pension benefit in accordance with subsection (1.2).

(1.2) A transfer under paragraph 25(1.1)(b) shall be to a pension vehicle or other retirement arrangement that may be prescribed, provided that the employee meets the terms and conditions required under these arrangements.

(2) The refund of contributions and payment of interest under subsection (1) are instead of all pension rights under this Act.

(3) A person who has ceased to be an employee and who has received a refund under subsection (1) may, if the person is re-employed by the board or an employer referred to in paragraphs 3(1)(b) and (c), be credited with the prior pensionable service that the employee may elect to purchase by paying an amount to be calculated in accordance with the terms and conditions that may be prescribed.

(4) For the purpose of this section, "prior pensionable service" means all pensionable service under the pension plan.

Residual Amounts

25.1 Where, upon the death of an employee in receipt of a pension, an allowance is paid to an eligible dependent and that dependent dies or ceases to be entitled to the allowance, any amount by which the contribution made by the deceased employee, plus interest at the prescribed rate, credited to the date of retirement, exceeds the aggregate of all amounts paid on behalf of the deceased employee under this Act shall be paid to the deceased employee's estate.

Repayment of Contributions to Survivor

26. Where an employee dies before becoming entitled to a pension under this Act, the board shall pay to a surviving principal beneficiary the amount the employee has contributed to the fund, together with interest at the prescribed rate, and, where the employee does not leave a surviving principal beneficiary but leaves a child or children under age 18, the board shall pay the amount to the guardian of the child or children, to be expended at the direction of the board, for the support, maintenance and education of the child or children until the child or children reach 18 and where there are 2 or more children each child shall share equally in the benefits derived from the payment.

Repayment of Contributions of Deceased Employees

27. (1) Where an employee dies before becoming entitled to a pension under this Act and leaves neither a principal beneficiary nor a child, the board shall pay to the employee's executor or administrator the amount the employee has contributed to the fund together with interest at the prescribed rate.

(2) When an employee dies and leaves neither a principal beneficiary nor a child, the board shall pay to the employee's executor or administrator the following benefit:

(a) where the employee was in receipt of a pension, an amount equal to the amount the employee has contributed to the fund, with interest at the prescribed rate, credited to the date of retirement, less the total of pension payments received by the employee; or

(b) where the employee was entitled to a pension on retirement under this Act and dies before receiving a pension, the following amounts:

(i) in respect of pensionable service before January 1, 1997 , the employee's contributions together with interest at the prescribed rate, and

(ii) in respect of pensionable service on and after January 1, 1997 , the commuted value of the pension.

Saving

28. Nothing in this Act shall prejudice the right of the board to make a special contract of employment with an employee which contains a provision that this Act shall not apply to him or her.

Adjustment or Cancellation of Pension

29. The board may adjust or cancel a pension or allowance which has been awarded or paid as a result of error or misrepresentation and if an overpayment of pension or allowance has been made the board may reduce, suspend, or withdraw future payments of pension until the amount overpaid has been recovered.

Policy Directive

29.1 (1) Subject to the approval of the minister, the board may prescribe policy directives to give effect to this Act including directives prescribing rates of interest and terms and conditions under which an employee or a person about to become an employee may purchase service which shall be counted as pensionable service.

(2) Subject to the approval of the minister, the board may prescribe by policy directive that

(a) employees appointed by the board who are employed full-time or part-time for a fixed term of employment on a salary paid wholly and directly by the board; and

(b) employees of an employer referred to in paragraphs 3(1)(b) and (c) who are employed full-time or part-time for a fixed term of employment,

be included in the pension plan.

(3) A directive prescribed under subsection (2) may establish the terms and conditions upon which prior service with the board or an employer referred to in paragraph 3(1)(b) or (c) may be counted as pensionable service under this Act and may provide for matters relating to the prior service.

Reciprocal Agreements

34. (1) The board may, with the approval of the minister, enter into a reciprocal agreement with

(a) the province;

(b) the Government of Canada;

(c) the government of another province of Canada;

(d) an agency of the province, the Government of Canada or the government of another province of Canada ;

(f) a company, corporation, institution or a legal entity authorized to carry on business in Canada ; and

(g) another person approved by the board

to give effect to the purposes set out in subsection (2) and to provide that payments be made into and out of the fund under that agreement.

(2) Where an employee who was formerly employed by a government, agency, institution or other person with whom there is a reciprocal agreement under subsection (1), and that government, agency, institution or other person has a pension plan in which the employee was formerly a member, that employee may be credited with pensionable service under this Act that is the whole or part of his or her years of pensionable service credited to him or her under his or her former plan in accordance with that reciprocal agreement.

Agreement with President

35. (1) The board may enter into an agreement with the president of the university at the date of his or her appointment as president or after that date but with effect from that date providing for

(a) the awarding of a pension which for the purposes of this section includes an annuity, allowance, or gratuity, to the president or to his or her surviving principal beneficiary and children, on his or her retirement or on his or her illness or death before or after retirement, and the conditions under which he or she will be entitled to retire;

(b) the terms and conditions upon which a pension may be awarded, including whether it will be awarded on a contributory or non-contributory basis, and the amount of the contribution, to be paid by the person to whom the pension applies; and

(c) other matters touching the awarding and payment of a pension.

(2) An agreement referred to in subsection (1) may include by reference a provision of this Act, other than section 17, as a provision to which the agreement is subject.

(3) A pension awarded under an agreement referred to in subsection (1)

(a) which includes the provisions of the Act, other than section 17, referred to in subsection (2) which relate to the payment of contributions shall be paid out of the fund; and

(b) which does not include the provisions of the Act referred to in paragraph (a) shall be paid out of the current income of the university.

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