

Policy Name:	Pension Governance Policy		
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Chapter	3. Pension Governance Policy	Responsible Office:	Office of Finance and Administration
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Policy Statement

This policy statement establishes the governance structure for NSCAD University’s pension plan and outlines the responsibilities of various parties in effectively administering the plan in accordance with the established objectives and best practice. This policy is intended to be complementary to other policies and collective agreements governing the terms and conditions of employment for faculty and staff. In situations where this policy may be in conflict with Collective Agreements, the Collective Agreements shall prevail.

Reason for Policy

NSCAD University maintains a defined contribution pension plan to assist plan members to achieve a level of financial security in retirement. With a defined contribution pension plan there is no guarantee on the level of benefit employees will receive when they retire. The retirement benefit for each employee will be dependent upon how much money is invested through employer and employee contributions prior to retirement (contribution levels), the investment options selected by the employee, and the performance of the investments.

The University’s responsibilities are twofold:

- optimization of the pension plan in accordance with pension governance best practice; and
- timely provision of education, information and tools to support pension plan members in making informed and rational decisions regarding their retirement income.

The governance objective for the pension plan is to be 100% compliant with the Capital Accumulation Plan Guidelines as established by the Joint Forum of Financial Market Regulators.

In determining investment options, the University will take into account that members' circumstances vary in terms of risk tolerance, time horizon, investment objectives and income goals. In recognizing this, the University will ensure that the investment portfolio of the plan has a range of options to accommodate the varying needs of plan members. The University will provide educational seminars on an annual basis to assist plan members with making informed investment decisions. All plan members will be encouraged to use the investment selection tools provided by the Fund Holder / Pension Services Provider(s). Additionally, plan members are encouraged to seek external financial advice.

Policy Applies to

- FUNSCAD Unit 1
- FUNSCAD Unit 2
- NSGEU Local 82
- Union Exempt Employees

Who Should Read this Policy

- FUNSCAD Unit 1
- FUNSCAD Unit 2
- NSGEU Local 82
- Union Exempt Employees

Contacts

All questions regarding this policy should be directed to the Director of Human Resources, 902-494-8131.

Definitions

Pension Plan

An arrangement to provide people with a source income during retirement when they are no longer earning an income from employment. Often retirement plans require both the employer and employee to contribute money to a fund during their employment in order to achieve a level of financial security upon retirement. It is a tax deferred savings vehicle that allows for the tax-free accumulation of a fund for later use as a retirement income. For the purposes of this policy, Pension Plan (or ‘plan’) refers to the ‘Registered Pension Plan for Employees of the Nova Scotia College of Art and Design’.

Defined Contribution

Pension Plan

A defined contribution (DC) pension plan is a type of retirement plan in which the employer, employee or both make contributions on a regular basis. Individual accounts are set up for participants and benefits are based on the amounts credited to these accounts plus any investment earnings on the money in the account. Only employer and employee contributions to the account are guaranteed, not the future benefits. In defined contribution plans, future benefits fluctuate on the basis of investment earnings. NSCAD’s plan is a defined contribution plan.

Capital Accumulation Plan

(CAP) Guidelines

The Guidelines for Capital Accumulation Plans are a set of voluntary standards, developed by the Joint Forum of Financial Market Regulators, pertaining to the governance of CAP pension plans. The guidelines outline and clarify the rights and responsibilities of CAP sponsors, service providers and CAP members and ensure that CAP members are provided the information and assistance that they need to make investment decisions in a capital accumulation plan. This plan is a Capital Accumulation Plan.

Joint Forum of Financial

Market Regulators

The Joint Forum was founded in 1999 by the Canadian Council of Insurance Regulators, the Canadian Securities Administrators, and the Canadian Association of Pension Supervisory Authorities. It also includes representation from the Canadian Insurance Services Regulatory Organizations.

The Joint Forum is a mechanism through which pension, securities and insurance regulators co-ordinate, harmonize and streamline the regulation of financial products and services in Canada. Its goal is continuous improvement of the financial services regulatory system through greater harmonization and coordination of regulatory approaches.

Employer A business or party that employs plan members for remuneration and who is required to make contributions to the pension plan on behalf of plan members, collect contributions from plan members and remit them to each employee’s pension account. For this plan, the Employer is the NSCAD University Board of Governors.

Plan Sponsor The individual or entity that is responsible for designing the pension plan and for establishing, amending or terminating the pension plan, to the extent permitted under negotiated Collective Agreements. For this plan, the Plan Sponsor is the NSCAD University Board of Governors.

Plan

Administrator The individual, group, body or entity that is ultimately responsible for the oversight, management and administration of the pension plan and its pension fund. This function includes, but is not limited to, selecting and monitoring the activities of third-party service providers. For this plan, the Plan Administrator is the NSCAD University Board of Governors.

Plan Member An individual who has benefits accumulated in a pension plan.

Fund Holder The financial institution or party that is retained by the Plan Administrator to hold the pension fund’s assets in accordance with the terms of the fund holder agreement(s), the requirements of legislation (including the Income Tax Act) and the terms of the pension plan. For this plan, the Fund Holder is currently Manulife Financial.

Pension Fund The accumulated unwithdrawn funds resulting from contributions by the employer and the employee, held by the Fund Holder.

Pension Services

Provider The entity (or entities) or individual(s) that is/are retained by the Plan Administrator to perform some or all of the delegated duties (that the administrator is required to perform) associated with the pension plan and pension fund.

Joint Pension & Benefits

Advisory Committee A joint employer and employee committee tasked with advising the NSCAD Board of Governors on matters related to the Plan. This includes making recommendations with respect to the plan, monitoring the administration of the plan and to promoting awareness and understanding of the plan among members.

Fiduciary Duty The positive duty of the NSCAD Board of Governors and the Joint Pension & Benefits Advisory Committee is to act responsibly in the interest of plan members. The Pension Benefits Act and common law set out standard of care for a fiduciary. These include honesty, use of specialists with expertise, avoidance of conflict of interest, even-handedness, and impartiality in decisions. The expectation is a level of care, diligence and skill that a person of ordinary prudence would exercise in dealing with the property of another person.

Regulator The provincial or federal jurisdiction in which pension plans are registered, and that oversees the application of pension legislation (provincial or federal) to pension plans. For this plan, the Regulator is the Province of Nova Scotia and the governing legislation is the Pension Benefits Act.

Canada Revenue

Agency The agency that administers the provisions of the Income Tax Act (Canada), that require compliance by pension plans and fund holder arrangements.

The Policy

The NSCAD Board of Governors (the ‘Board’) has established the pension plan on behalf of the University for the benefit of its employees. Where any reference in the pension plan is made to any action to be taken, consent, approval or opinion to be given, discretion or decision to be exercised by the University, such shall be through the Board or delegate. The Board has established a Joint Pension & Benefits Advisory Committee, comprised of pension plan members and one non-member advisor, which is responsible for an advisory role for the pension & benefit plans.

The University and plan members are both important stakeholders of the pension plan and each should contribute to the governance structure. This document will outline the broad roles of each stakeholder with whom the various responsibilities for plan governance reside.

1. Role of the Board of Governors

As the plan’s Employer, Sponsor, and Administrator, the University’s Board of Governors has fiduciary responsibility for the pension plan, and is responsible for ensuring that the plan is governed and administered in accordance with negotiated collective agreements and employment contracts. Specifically, the Board of Governors shall:

- 1.1 Establish the governance structure and the Joint Pension & Benefits Advisory Committee, to ensure that the pension plan is governed appropriately.
- 1.2 Monitor the performance of the Joint Pension & Benefits Advisory Committee and resolve any concerns arising from the outcomes of the Joint Pension & Benefits Advisory Committee in discharging its responsibilities. The Board has the authority and responsibility to lead the resolution of any concerns in consultation with the Joint Pension & Benefits Advisory Committee, including possible changes in the governance structure.
- 1.3 Ratify recommendations of the Financial and Physical Resources Committee pertaining to changes in the pension plan.

2. Role of Financial and Physical Resources Committee

The Board of Governors has designated the Financial and Physical Resources Committee to ensure that the University's responsibilities are fulfilled. The Financial and Physical Resources Committee has overall responsibility for monitoring the operations of the pension plan and for making recommendations to the Board with regard to changes in the pension plan. Specifically, the Finance and Physical Resources Committee shall:

- 2.1 Review this policy statement annually and recommend amendments as necessary;
- 2.2 Recommend the appointment of the Fund Holder and Pension Services Provider(s), with input and recommendations from the Joint Pension & Benefits Advisory Committee, to manage and maintain Fund assets and records of plan members;
- 2.3 Review the Joint Pension & Benefits Advisory Committee's annual report and occasional plan design evaluations and recommend changes to the plan stemming from these reports;
- 2.4 Review the performance of the Fund Holder and Pension Services Provider(s) on an annual basis;
- 2.5 Determine the investment options to be offered under the plan upon the recommendation from the Joint Pension & Benefits Advisory Committee; and
- 2.6 Delegate tasks to employees of the University and to the various agents it has retained with respect to the pension plan.

3. Role of the Office of Finance and Administration

The Board of Governors has delegated the day-to-day operations of the plan to the Office of Finance and Administration. Specifically, the Office of Finance and Administration shall:

- 3.1 Collect and remit contributions to the Plan for members;
- 3.2 Maintain membership records;
- 3.3 Ensure that new members complete required documentation and are properly enrolled in the plan;
- 3.4 Ensure that terminated members complete required documentation and are properly withdrawn from the plan;

- 3.5 Oversee the day-to-day administration of the plan, including ensuring regulator-required reporting is completed, liaising with the Fund Holder / Pension Services Provider(s), overseeing tendering when required, and regularly monitoring and analyzing fund performance;
- 3.6 Coordinate the Joint Pension & Benefits Advisory Committee and provide the committee with necessary information to fulfill its responsibilities; and
- 3.7 Organize regular training and education opportunities for plan members in coordination with the Joint Pension & Benefits Advisory Committee and pension services providers.

4. Role of Joint Pension & Benefits Advisory Committee

To assist with the decision-making process, the Board has created a Joint Pension & Benefits Advisory Committee to advise the Finance and Physical Resources Committee on matters related to the Plan. The role of the Joint Pension & Benefits Advisory Committee is to make recommendations with respect to the Plan, monitor the administration of the Plan and to promote awareness and understanding of the Plan among members. Specifically the Committee shall:

- 4.1 Meet at least two times a year to discuss pension related matters;
- 4.2 Review fund performance information twice a year;
- 4.3 Work with the Director, Human Resources to support the planning of educational opportunities for Plan members;
- 4.4 Receive input from Plan members and recommend appropriate action as required;
- 4.5 Submit an annual report to the Finance and Physical Resources Committee on the pension plan and the activities of the committee. This review should include:
 - 4.5.1 An evaluation of the performance of the Fund Holder / Pension Services Provider(s) on an annual basis and report any issues or concerns to the Finance and Physical Resources Committee;
 - 4.5.2 A recommendation for any changes to the investment options to be offered under the Plan; and
 - 4.5.3 A recommendation for any changes to the overall plan, the governance structure, and all things sundry.
- 4.6 Conduct a full evaluation of the plan design at least every three years in the context of this policy statement and recommend changes to the Finance and Physical Resources Committee as appropriate. This analysis should include consideration of the plan's tax efficiency, contribution level, investment management fees, structure, and available investment options. The committee shall have no authority to establish or change Employer/Employee contribution rates under the plan.
- 4.7 Make additional recommendations to the Financial and Physical Resources Committee beyond those contained in the annual report, as deemed warranted.

5. Role of Plan Members

Individual plan members maintain significant responsibility for managing and monitoring the performance of their pension contributions. Plan Members assume the responsibility for making investment decisions and for understanding that those decisions will affect the amount of money that accumulates in the plan. This includes determining the amount they will invest in any particular investment option and to change their investment options as they see fit. In recognition of these responsibilities, plan members are strongly encouraged to:

- 5.1 Access information about the nature and features of the plan;
- 5.2 Educate themselves about the plan by attending University sponsored seminars and using the investment and financial planning tools, including online tools provided by the University, the Fund Holder and/or the Pension Services Provider(s);
- 5.3 Obtain independent investment advice from appropriately qualified individuals;
- 5.4 Review their quarterly statements and notify the University of any discrepancies as soon as possible; and
- 5.5 Review and select options at termination and file all documents with the Plan Administrator.

6. Role of the Funder Holder and Pension Services Provider

The Fund Holder has been retained by NSCAD University to hold the pension fund's assets in accordance with the terms of the fund holder agreement, the requirements of legislation, and the terms of the plan. The Fund Holder is engaged to provide a full range of recordkeeping, education, reporting, and fund management services to assist the University in meeting these responsibilities.

In establishing and operating a defined contribution plan, NSCAD University may obtain the services of third party Pension Services Provider(s) to assist with the carrying out of certain responsibilities to ensure the ongoing integrity and compliance of the plan with regulatory requirements. The Pension Services Provider may be the Fund Holder, or another third party.

Forms and Tools

None