



# UTFA Information Report

University of Toronto Faculty Association November 14, 2008

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## Appendix

to Information Report #9<sup>1</sup> – part II

### Inconvenient Truths

about the

### U of T Pension Plan: the missing contributions

#### [What is the purpose of this Appendix to Part II?](#)

Some readers may wish to see the detailed numbers and charts that are behind the text and summaries referenced in Part II of the main Information Report.

The following tables and charts provide this detail, without discussion. If the reader wishes further explanation or has questions please contact George Luste at [luste@utfa.org](mailto:luste@utfa.org)

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<sup>1</sup> This Information Report, Parts I and II as well as the Appendix to Part II, are posted on the new UTFA website, <http://www.utfa.org>

## Overview of UofT Pension Plan 1987 to 2007

All numbers are totals for both faculty and staff at U of T.

All numbers are directly from or computed from Hewitt Annual Actuarial Reports.

Columns [4], [6], and [8] take onto account column [10], the pension plan time-value-of-money.

[1] Academic Year to July 1	[2] Total Salary Base \$ in Mil	Total for Faculty & Staff & UofT						[9] Assumed Real Return Rate	[10] Actual Nominal Return Rate
		Pension Service Cost		Pension actual Input		Pension Holiday			
		[3] Yearly Cost \$ in Mil	[4] Cumulative Cost \$ in Mil	[5] Yearly Input \$in Mil	[6] Cumulative Input \$in Mil	[7] Yearly Holiday \$ in Mil	[8] Cumulative Holiday \$ in Mil		
<b>1986</b>								2.25%	
<b>1987</b>	251.9	33.7	38.1	18.0	20.4	15.7	17.8	2.50%	13.2%
<b>1988</b>	270.3	36.2	74.6	8.5	29.0	26.6	44.5	2.50%	0.3%
<b>1989</b>	290.1	38.9	128.0	8.8	42.6	30.1	84.2	2.50%	12.8%
<b>1990</b>	314.8	42.6	173.8	5.2	48.7	37.4	123.9	2.50%	1.9%
<b>1991</b>	339.3	40.8	232.2	12.2	65.9	28.6	165.0	3.00%	8.2%
<b>1992</b>	360.4	48.8	312.5	38.7	116.3	10.1	194.7	3.00%	11.2%
<b>1993</b>	358.6	53.6	417.4	32.3	169.4	21.7	246.7	3.00%	14.0%
<b>1994</b>	353.4	53.8	487.7	17.1	193.0	37.0	293.6	3.00%	3.5%
<b>1995</b>	345.7	51.8	615.0	16.4	238.8	35.8	375.5	3.00%	14.0%
<b>1996</b>	335.0	46.3	744.6	16.4	287.3	30.8	457.5	3.00%	12.6%
<b>1997</b>	339.7	46.7	959.9	15.7	367.6	30.6	592.1	3.50%	21.3%
<b>1998</b>	353.5	48.0	1,155.0	1.8	423.3	46.2	731.5	3.50%	14.6%
<b>1999</b>	362.2	48.9	1,228.0	0.0	431.8	48.9	796.0	4.00%	2.0%
<b>2000</b>	385.0	53.1	1,497.6	0.0	504.7	53.1	992.6	4.00%	16.9%
<b>2001</b>	403.2	55.4	1,473.8	0.0	479.0	55.4	994.5	4.00%	-5.1%
<b>2002</b>	434.6	59.6	1,496.6	11.5	478.7	48.1	1,017.6	4.00%	-2.4%
<b>2003</b>	462.5	67.3	1,559.2	24.4	501.6	42.9	1,057.3	4.00%	-0.3%
<b>2004</b>	494.6	72.7	1,883.2	66.6	655.7	6.1	1,227.2	4.00%	15.4%
<b>2005</b>	511.3	78.3	2,175.3	90.8	827.9	-12.4	1,347.2	4.00%	10.9%
<b>2006</b>	563.4	85.5	2,437.1	113.4	1,014.7	-27.9	1,422.2	4.00%	7.8%
<b>2007</b>	606.9	96.7	3,020.3	101.4	1,330.4	-4.7	1,689.6	4.00%	19.2%
<b>Sum</b>	<b>8,136.4</b>	<b>1,158.7</b>	<b>3,020.3</b>	<b>599.2</b>	<b>1,330.4</b>	<b>564.8</b>	<b>1,689.6</b>		
<b>Percentile-A</b>		<b>14.2%</b>		<b>7.4%</b>		<b>6.9%</b>			
<b>Percentila-B</b>					<b>44.0%</b>		<b>55.9%</b>		

**Table -1**

### U of T RPP - Service Costs - Contributions - Holidays - Time Value of \$ - Summary Data

All numbers are totals for both faculty and staff at U of T.

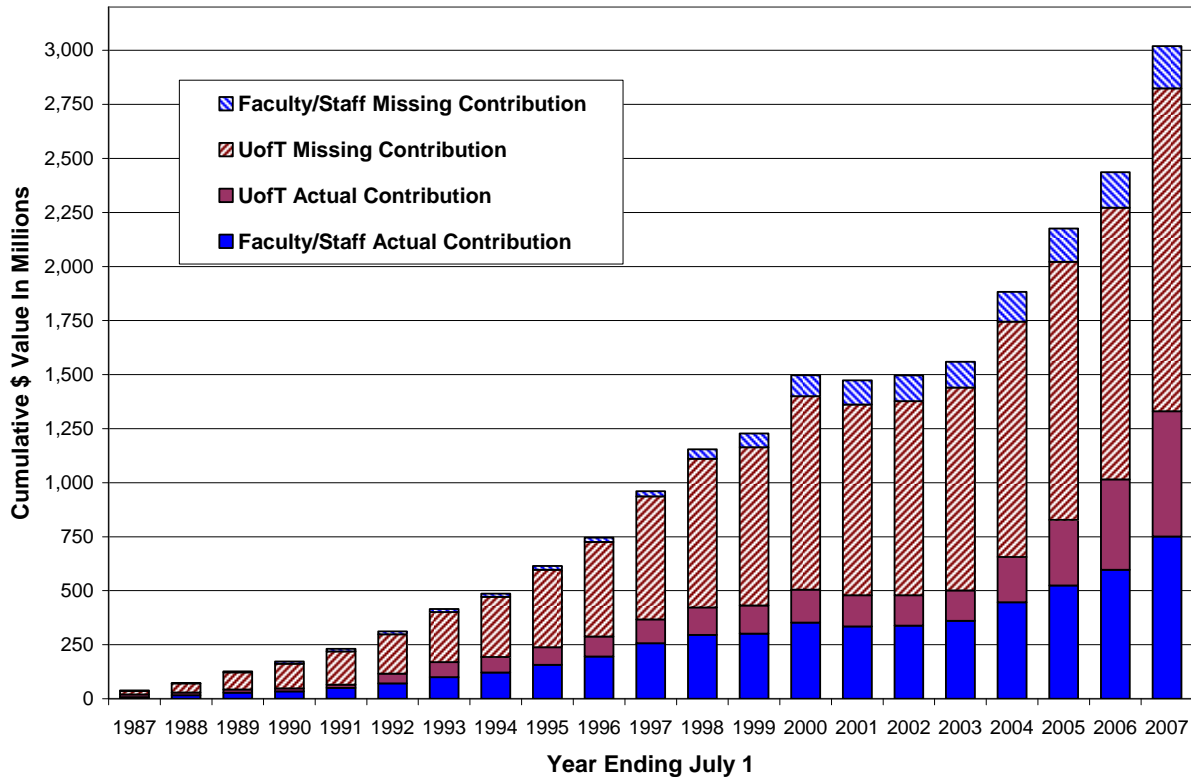
All numbers are directly from or computed from Hewitt Annual Actuarial Reports.

Columns [4], [6], [8], [10], [12], and [14] take onto account column [15], the pension plan time-value-of-money.

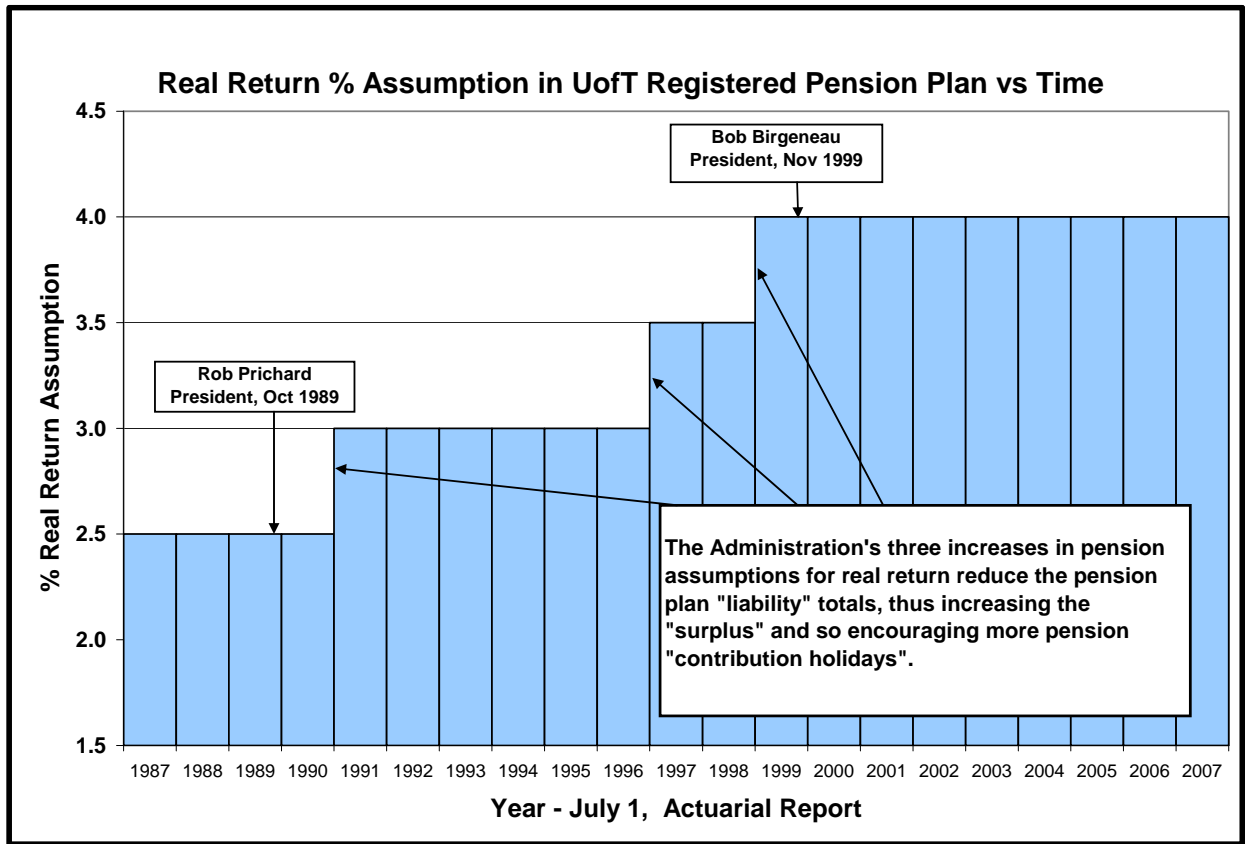
[1] Academic Year to July 1	[2] Total Salary Base \$ in Mil	Faculty & Staff - Pension Plan Members						Employer - U of T, Pension Plan Sponsor & Administrator						[15] Actual Market Return Rate	[16] Assumed Real Return Rate	
		[3] Pension Service Cost \$ in Mil	[4] Cumulative Service Cost \$ in Mil	[5] Actual Pension Input \$ in Mil	[6] Cumulative Pension Input \$ in Mil	[7] Yearly Pension Holiday \$ in Mil	[8] Cumulative Pension Holiday \$ in Mil	[9] Pension Service Cost \$ in Mil	[10] Cumulative Service Cost \$ in Mil	[11] Actual Pension Input \$ in Mil	[12] Cumulative Pension Input \$ in Mil	[13] Yearly Pension Holiday \$ in Mil	[14] Cumulative Pension Holiday \$ in Mil			
1986																2.25%
1987	251.9	8.9	10.1	6.9	7.8	2.0	2.3	24.8	28.1	11.1	12.6	13.7	15.5	13.2%	2.50%	
1988	270.3	9.6	19.7	8.5	16.4	0.0	2.3	26.6	54.8	0.0	12.6	26.6	42.2	0.3%	2.50%	
1989	290.1	10.4	34.0	8.8	28.4	1.6	4.4	28.5	94.0	0.0	14.2	28.5	79.8	12.8%	2.50%	
1990	314.8	11.2	46.0	5.2	34.2	6.0	10.6	31.4	127.8	0.0	14.5	31.4	113.3	1.9%	2.50%	
1991	339.3	12.2	63.0	12.2	50.2	0.0	11.4	28.6	169.2	0.0	15.7	28.6	153.5	8.2%	3.00%	
1992	360.4	13.1	84.7	13.1	70.4	0.0	12.7	35.7	227.9	25.6	45.9	10.1	182.0	11.2%	3.00%	
1993	358.6	17.2	116.1	17.6	100.3	0.0	14.5	36.4	301.3	14.7	69.1	21.7	232.2	14.0%	3.00%	
1994	353.4	16.8	137.6	17.1	121.5	0.0	15.0	37.0	350.1	0.0	71.5	37.0	278.6	3.5%	3.00%	
1995	345.7	16.0	175.1	16.4	157.3	0.0	17.1	35.8	439.9	0.0	81.5	35.8	358.4	14.0%	3.00%	
1996	335.0	15.5	214.6	16.4	195.5	0.0	19.2	30.8	530.0	0.0	91.8	30.8	438.3	12.6%	3.00%	
1997	339.7	16.1	279.8	15.7	256.2	0.0	23.3	30.6	680.0	0.0	111.3	30.6	568.7	21.3%	3.50%	
1998	353.5	16.9	340.0	1.8	295.7	15.1	44.1	31.1	815.0	0.0	127.6	31.1	687.4	14.6%	3.50%	
1999	362.2	18.0	365.2	0.0	301.6	18.0	63.3	30.9	862.8	0.0	130.1	30.9	732.7	2.0%	4.00%	
2000	385.0	19.8	450.0	0.0	352.6	19.8	97.1	33.3	1,047.5	0.0	152.1	33.3	895.4	16.9%	4.00%	
2001	403.2	20.7	446.7	0.0	334.6	20.7	111.8	34.7	1,027.0	0.0	144.4	34.7	882.7	-5.1%	4.00%	
2002	434.6	22.3	457.8	11.5	337.8	10.8	119.7	37.3	1,038.8	0.0	140.9	37.3	897.9	-2.4%	4.00%	
2003	462.5	24.4	480.7	24.4	361.1	0.0	119.3	42.9	1,078.5	0.0	140.5	42.9	938.0	-0.3%	4.00%	
2004	494.6	25.6	584.3	25.6	446.3	0.0	137.7	47.1	1,298.9	41.0	209.4	6.1	1,089.5	15.4%	4.00%	
2005	511.3	26.7	677.6	26.7	524.5	0.0	152.7	51.6	1,497.7	64.1	303.3	-12.4	1,194.5	10.9%	4.00%	
2006	563.4	29.5	762.3	29.5	597.3	0.0	164.6	56.0	1,674.9	83.9	417.4	-27.9	1,257.6	7.8%	4.00%	
2007	606.9	32.0	946.8	32.0	750.1	0.0	196.2	64.7	2,073.6	69.4	580.3	-4.7	1,493.4	19.2%	4.00%	
Sum	8,136.4	382.9	946.8	289.4	750.1	94.0	196.2	775.8	2,073.6	309.8	580.3	470.8	1,493.4			
Percentile-A		4.7%		3.6%		1.2%		9.5%		3.8%		5.8%				
Percentile-B				75.6%	79.2%	24.5%	20.7%			39.9%	28.0%	60.7%	72.0%			

Table -2

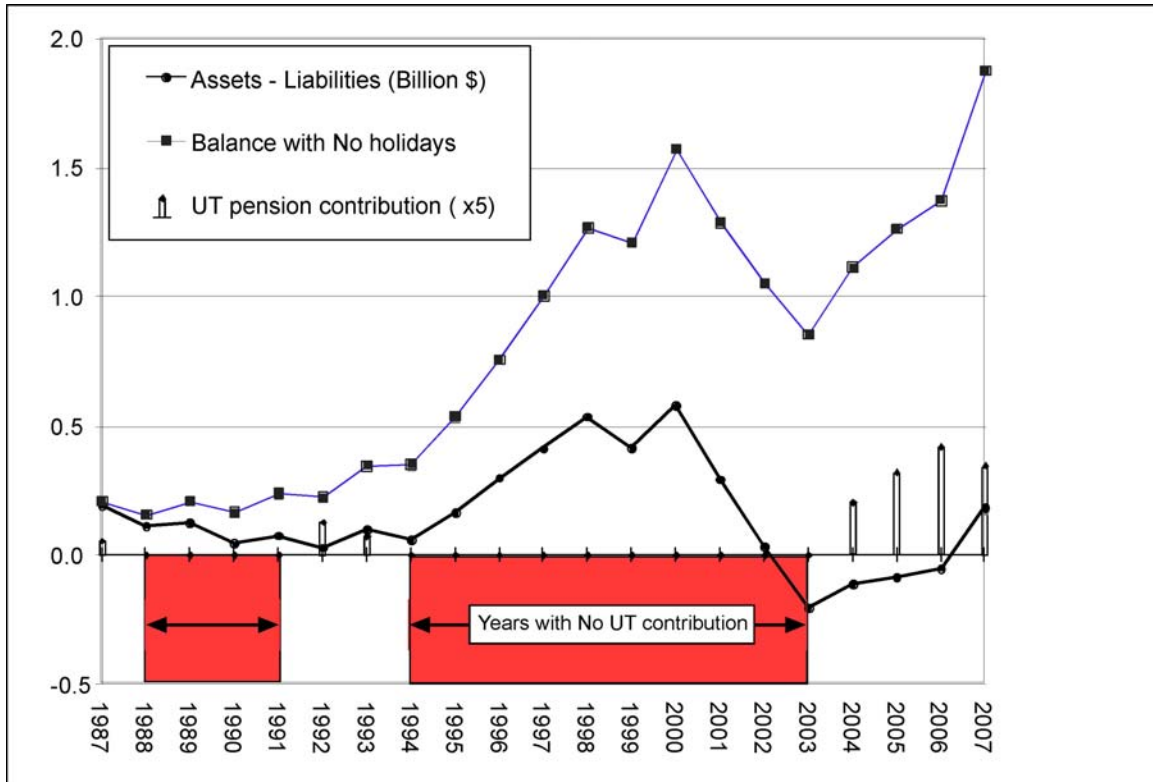
**UofT Pension Plan - Cumulative Totals - 1987 - 2007**  
 using the interest rate realized by the pension plan



**Chart - 1**



**Chart-2**



**Chart - 3**

Notes on above chart:

- (Assets – Liabilities) are according to U of T data on the pension liabilities, based on their assumptions. Note that according to this data, the pension fund was in surplus in 2007. This data differs from the numbers given in Part 1, where the pension fund is calculated to be \$0.5 Billion in deficit, according to the wind-up cost. It does not reflect the changes in interest rate assumptions which significantly reduced liabilities and so made the notional surplus between 1994 and 2001 possible
- Balance with no holidays shows what might have been if there were no pension contribution holidays for either UT Administration or the faculty/staff. As per the text, the difference between the two curves is about \$1.7 Billion as of 2007.
- The UT Administration pension contribution is shown with a vertical scale that is magnified by five times. Note that the administration starts contributing significantly more to the pension fund starting in 2004, in an effort to “catch up”.

[This chart courtesy of Jun Nogami]