



University of Toronto Faculty Association
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November 23, 2011

Mr. Richard B. Nunn, Chair of Governing Council
Mr. W. John Switzer, Chair of Pension Committee of Governing Council
Mr. W. David Wilson, Chair of Business Board of Governing Council
University of Toronto
Toronto, ON

Re: UTFA Motion of November 16, 2011 regarding UofT Pension Plan and UTAM

Dear Sirs:

UTFA represents over 3,000 faculty and librarians at the University of Toronto and UTFA Council has sixty elected representatives.

Attached is a motion that was passed unanimously at the November 16, 2011 meeting of UTFA Council expressing concerns regarding our pension plan and the management of its assets. It makes three information requests regarding UTAM and its pension investments.

On behalf of UTFA Council I ask that this letter and motion be circulated to the membership of your council, committee and board respectively and that the actions requested via the motion be initiated.

Sincerely,

A handwritten signature in blue ink that reads "George Luste". The signature is written in a cursive, flowing style.

George Luste
President, UTFA

Cc
David Naylor, President, University of Toronto

UTFA Council motion, regarding the Governance of the University of Toronto Registered Pension Plan

Passed unanimously by UTFA Council on November 16, 2011

Motion to be forwarded to the Chairs of the Pension Committee, Business Board and Governing Council

Whereas:

- the University of Toronto Faculty Association (UTFA) represents faculty and librarians (both active and retired) at the University of Toronto.
- sixty-two percent (62% or \$1.9 billion) of the total accrued going concern liability in our pension plan is for the 6,000 faculty and librarians who are members of the pension plan.
- the current wind-up deficit (or solvency deficit including 75% pension indexation) is in the range of two billion dollars (\$2 billion)
- UTAM has underperformed the median return of all pension plans by about one billion dollars (\$1 billion) since 2000
- UTAM has invested pension funds in alternative assets such as over one hundred hedge funds, hedge fund-of-funds, and private equity funds which can be complex, non-transparent, illiquid and difficult to value correctly.

UTFA Council moves that:

- the Pension Committee request a report from UTAM that provides a timetable that could achieve an investment allocation whereby a minimum of 90% of all assets could be in “publicly traded stocks and bonds” (as was recommended by the Jackman report of February, 2010).
- the Pension Committee request a report from UTAM that provides a possible timetable for reallocating a minimum of 80% of its investments assets to low cost, passive index funds or ETFs.
- the Pension Committee request that UTAM prepare a report providing timetables and the associated implications for reducing its total investment expenses to each of the following three levels: (i) to 60 basis points (bp) – or 0.60%, (ii) to 40 bp and (iii) to 25 bp. [100bp equals 1%]
- the above three reports be made available to UTFA by March 1, 2012 or if that is not possible that an alternative date be set by UTAM.