HALIFAX REGIONAL MUNICIPALITY PENSION COMMITTEE MEETING
Friday April 26, 2024
Casino Nova Scotia, Compass Room & Microsoft Teams Hybrid Meeting
9:00 am – 11:00 am

Members:	Dan White, IAFF, Co-Chair Britt Wilson, Management Melanie Parker, NSGEU Jon Beer, HRPA Greg MacKay, NUMEA Mark Voisin, CUPE Rob Ritchie, Management Jerry Blackwood, Management Raymond MacKenzie, ATU Mark Hartlen, Retiree
Alternates:	Jason Snow, HRPA Andrew Bone, Retiree Jamy-Ellen Proud, NSGEU Vicki Robertson, Management Jason Colville, ATU Patricio Garcia, ATU Laura Power, Management (acting for John Traves) Kimberley Taylor, NSGEU Dan Axford, IAFF Mike Sampson, Management (acting voting member for management) Scott MacDonald, HRPA Brian Leslie, Retiree Mike Matheson, NUMEA Martin Deeble, CUPE Brett Hartlen, IAFF Scott Chetwynd, CUPE
Participating Employers:	Angela Martell, HRCE Steve Vincent, Oceanview Heather Britten, Halifax Water
Staff:	Paula Boyd, CEO Matt Leonard, Director, Finance & Operations Carolyn Jolly, Senior Consultant Krista Tinslay, Executive Assistant
Guests:	Joe Kaiser, NSGEU Brandon Meagher, IAFF Joe Triff, IAFF

1. CALL TO ORDER

Mr. White called the meeting to order at 9:04 am.

2. LAND ACKNOWLEDGEMENT

Mr. White acknowledged that the meeting was taking place on the traditional and ancestral territory of the Mi'kmaq people.

3. DISCUSSION

Mr. White thanked everyone for attending the Special Meeting of the HRM Pension Committee.

The special meeting was requested at the March 28, 2024 regular Pension Committee meeting to further discuss and make an active decision on the Plan's contribution rates for 2025.

Mr. White referred to the materials sent out prior to the meeting including the materials from the March 28, 2024 meeting – at that meeting, Eckler presented information on the preliminary results from the December 31, 2023 valuation, and advised that the Pension Committee was in a position to consider a reduction in contribution rates. As an example they cited a reduction of 1% each side (1% employees, 1% employers) as of January 1, 2025, with possible further reductions to contribution rates of 0.5% each side the following year. Other materials provided before the meeting for review were excerpts from the Plan Text, the Plan's Funding Policy (with certain sections highlighted) and excerpts from the Q&A from the March Committee meeting.

Mr. White opened the floor to questions and discussion. Highlights of the discussion include:

Mr. Hartlen requested further information on the costs involved in a possible benefit improvement – such as a 1% increase for pensioners. Ms. Boyd referred to the Q&A document circulated prior to the March meeting – for a 1-time 1% increase to pensioner benefit payments, based on the December 31, 2022 valuation, the cost would be approximately $13 million, and to provide guaranteed indexing which would provide a 1% increase ongoing year over year, the cost would be approximately $230 million.

Mr. Hartlen requested information as to what a 1% contribution reduction would mean to an average active member. Ms. Boyd noted that employees currently contribute 12.21%, so that would reduce to 11.21% (equivalent to a 1% pay raise). Payroll for the Plan's membership is approximately $400 million, so a 1% reduction would mean approximately $4 million less being contributed to the Plan each for both employees and employers.

At the moment, employers and employees are each contributing 12%, for a total of 24%, and the cost of benefits are approximately 17% of payroll.

Ms. Boyd mentioned that the Pension Plan is now fully funded, and there is no legal or legislative requirement for any contributions above the current service cost plus a 10% margin as laid out in the Funding Policy (17% + 10% margin, for a total of 19%).

Ms. Boyd further noted that while the HRM Pension Plan has one of the highest contribution rates in the country, the benefits are also very good.

Mr. Wilson noted that as a recruiter, HRM is experiencing rejections from potential employees based on the current level of contribution rates. Compared to other plans, he stated that while the benefits are extremely generous, for a new hire, the contribution rate of 12% is an employment deterrent.

Mr. Hartlen agreed with some of the comments that at this time there is an appetite to reduce contributions, however, if the Plan is in a position to consider an increase to pensioner benefits as well, then the Committee should do so.

Ms. Boyd noted that the decision does not need to be one or the other (contribution reduction or benefit improvement). Based on the Funding Policy, the Pension Committee is required to make an active decision on contribution rates every year. That decision was not required over the past number of years but as a result of the Plan's updated Funding Policy, an active decision is now required.

Mr. MacKenzie commented that active members are paying far more than the cost of the current pension benefits they are earning so if it is possible for a savings, that should be given to the active employees. An increase to pensioners can be considered at a later date.

Mr. Wilson commented that active members have shouldered the burden of ensuring that retired members receive their promised benefit, and now the Plan has reached a point where it is in a very good financial position and is not legally or legislatively required to have contribution rates at their current levels.

Mr. MacDonald provided some commentary on the history of the Pension Plan. He expressed concern that the Plan's actuary in 2020 noted that contribution rates may need to be increased by 4% in order to fully fund the Plan, and now, just three short years later, the Committee is in a position to discuss reducing contribution rates.

Mr. MacDonald noted such a dramatic shift in a short period of time shows that a decision to reduce contribution rates may be a bit premature, and he feels that more work is required on the Funding Policy to set out criteria and/or steps for making decisions for both contribution rate and pension benefit changes.

Mr. White agreed that work is required on the Funding Policy to create more specific guidelines, and he would like the Committee to commit to making those changes.

Mr. MacDonald reiterated that the Funding Policy states that any reduction in contributions should not be made until the Actuary feels the reduction can be maintained on a long-term basis, such as five years, and at this point he feels it is premature. If investment returns continue the course they currently appear to be on, then the Committee can consider reducing contribution rates again in 2025 commencing on January 1, 2026.

Ms. Boyd remarked that the Committee needs to find a balance between what's best for the Plan, what's best for active members, what's best for the employers, and what's best for retirees.

Mr. Bone suggested that this is the earliest opportunity to reduce contributions. Perhaps a 0.5% reduction for both sides would be more sustainable at this time?

Mr. Deeble commented that for an average worker, a 1% reduction in contribution rates would not necessarily have that much of an effect and suggested that leaving contribution rates at current levels would be the prudent decision.

Mr. Hartlen noted that having a discussion on reducing contribution rates is refreshing news. However, he does agree with Mr. MacDonald that making this decision at this time is a bit premature.

Mr. Hartlen also agreed that having language in the Funding Policy that is more prescriptive and provides guidelines for both contribution and pension benefit changes would be beneficial.

Mr. White called for a poll of voting members – in terms of reducing contribution rates by 1% per side, for a total of 2%, as of January 1, 2025:

Voting Member	For	Against
Greg MacKay, NUMEA	X	
Melanie Parker, NSGEU		X
Mark Hartlen, Retirees		X
Dan White, IAFF		X
Mark Voisin, CUPE		X
Jon Beer, HRPA		X
Raymond MacKenzie, ATU		X
Rob Ritchie, Management	X	
Jerry Blackwood, Management	X	
Britt Wilson, Management	X	
Laura Power, on behalf of Management	X	
Mike Sampson, on behalf of Management	X	

It should be noted that those stating an “Against” position remained open to a reduction in the future but felt that taking immediate action may be premature. Those stating a “For” position were comfortable with a decrease now but were also comfortable with taking a slower approach and waiting to examine the situation in another year’s time.

Mr. White thanked everyone for their comments and noted the final count as a tie vote. Further, he has heard a strong voice to develop a more robust Funding Policy which would lay out guidelines and criteria for both contribution rate and pension benefit changes.

Following further discussion,

It was moved by Mark Hartlen, seconded by Jon Beer to maintain current contribution rates for 2025, and complete a review of the Funding Policy by December 31, 2024

4. ADJOURNMENT

Moved by Raymond MacKenzie to adjourn the meeting at 10:50 am. Meeting adjourned.

Dan White, Co-Chair