

BOARD MANUAL

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SUBJECT: Terms of Reference – Pension Committee

Role

The board delegates the responsibility for designated administration of the Pension Plan for Employees of the Kitchener-Waterloo Hospital (K-W Pension Plan) and for the investment of the pension plan funds to the Pension Committee as a subcommittee of the Resources Committee. The Pension Committee conveys its findings and recommendations to the Resources Committee for consideration and, where required, decision by the Resources Committee.

Membership

- Treasurer (voting)
- Other directors, to a maximum of two (voting)
- Board Chair (ex-officio member, voting)
- CEO (ex-officio member, non-voting)
- Community Members, to a maximum of three, not employed by the hospital with pension and/or investment experience (voting)
- Members appointed by the Pension Advisory Committee who are not executive-level employees of the hospital, to a maximum of three (voting)
- Hospital employees who are members of the K-W Pension Plan, appointed by the CEO, to a maximum of two (voting)
- Vice-President Finance and CFO (ex-officio, non-voting)
- Vice-President Human Resources (ex-officio, non-voting)
- The Chair of the Committee is appointed by the Board from either the Directors or the Community members of the Committee

Responsibilities

1. Strategic Matters

 Review and recommend to the Resources Committee policies and processes to ensure that the pension benefits are provided as promised by the K-W Pension Plan to the pension plan beneficiaries. b. Monitor the policies and processes to ensure that the K-W Pension Plan is compliant with legislative requirements, funding requirements, investment policies, and plan administration requirements.

2. Governance

- a. Develop and recommend an annual Pension Committee work plan to the Resources Committee.
- b. Annually, review the committee's terms of reference, and the Pension Plan Governance Policy. Recommend any changes to the Resources Committee.
- c. Annually, review the committee's performance evaluation and implement appropriate action for improvement.
- d. Monitor and review the processes outlined in the Pension Plan Governance Policy and report findings to the Resources Committee.
- Appoint internal agents to carry out certain pension functions and ensure they
 have proper training. (This will include appointing two or more individuals who
 will have the authority to sign the authorizations for payments from the
 pension fund.)
- f. Recommend to the Resources Committee the appointment of external providers such as outsourced Chief Investment Officer, Actuary, Legal Counsel, and Trustee and Custodian.

3. Asset Management

- a. Review the Statement of Investment Policies and Procedures (SIP&P) and recommend any amendments for review by the Resources Committee and approval of the board. The SIP&P will include investment return objectives, benchmarks, constraints of the fund, specifics regarding the investment monitoring process, and the steps that will be taken if fund managers are not performing in accordance with the benchmarks set in the SIP&P.
- b. Conduct investment review meetings, at least quarterly, with the Investment Oversight Manager.
- c. Monitor the investment performance of the Investment Oversight Manager on agreed terms of measurement as specified by SIP&P.
- d. Cause the hospital staff to prepare and present to the Pension Committee quarterly financial statements relating to all pension activities in the period.

4. Plan Administration

a. Review the plan administration processes at least annually including internal and external providers and report on the effectiveness of the processes to the Resources Committee. This report should include:

- Procedures in place for handling plan member enrolments, terminations, retirements and deaths;
- ii. Procedures in place for payments from the fund;
- iii. Samples of employee communication material including annual member statements; and
- iv. An annual report from the third party administrator that summarizes all plan member status.
- Review an annual report provided by management on all pension plan communications and educational activities provided to plan members and recommend any changes to the Resources Committee.
- Review all plan documents at least annually to ensure they meet normal pension plan standards and recommend any changes to the Resources Committee.

5. Plan Design

a. Review plan design changes and proposed plan amendments and recommend appropriate action to the Resources Committee. This will include a review of any plan design suggestions from the Pension Advisory Committee.

6. Reports Required/Reviewed

- a. Cause management to prepare and review an annual report for the Resources Committee that includes the following:
 - i. Confirmation that the required reports have been filed and the required disclosure information has been provided to the plan members;
 - Confirmation that the pension plan has been administered in accordance with the legislation and the filed plan document; and
 - iii. Summary of the reports that the Pension Committee has received measuring the pension fund performance in relation to the Statement of Investment Policies and Procedures.
- b. Receive and review, at least annually, a report from the Pension Advisory Committee.

Procedures

- Regarding Pension Advisory Committee membership, the board shall provide information to members or retired members in order to facilitate appointments to the advisory committee, as prescribed by applicable legislation.
- 2. The Pension Committee membership excludes any individuals who are currently drawing pension benefits from the K-W Pension Plan.

- The board will appoint members to serve on the committee for a one-year term.
 The board may reappoint any members of the committee for additional one-year terms.
- 4. The board will appoint the Chair from among the voting director members of the committee.
- 5. A majority of voting members will constitute a quorum.
- 6. Committee Chair is a voting member and shall be included in the determination of a quorum, but shall only vote to break a tie, or when a vote is by written ballot.
- 7. The Board Chair, or a Vice Chair delegate, is an ex-officio, voting member of all board committees and when present shall be included in the determination of a quorum.
- 8. The Committee will meet four times a year and at the call of the Committee Chair.
- 9. Committee meetings are not public meetings.
- A director may attend any committee meeting but only committee members may vote. The Committee Chair may invite staff and other persons to attend committee meetings.

Reporting and Accountability to the Board

Following each committee meeting, the committee will report to the Resources Committee on the activities, findings and any recommendations of the committee. This will be accomplished by:

- Through the Chair, Resources Committee, a written or verbal report at the next scheduled board meeting;
- A motion for each matter requiring a decision by the committee and supporting documents as applicable; and
- Making the meeting package and approved minutes available to all directors on the board portal

References

- 3-A-10: Corporate By-law No. 1(2019)
- Section 3-B
- 4-B-4 Rules of Procedure at Board Meetings
- 7-20 Pension Governance Policy