
THE UNIVERSITY OF BRITISH COLUMBIA



Human Resources
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Date: March 16, 2007

To: Deans, Directors, Department Heads and Administrators

From: Lisa Castle, AVP, Human Resources

CC: President, Vice-Presidents
HR Networks, HR Executives, HR Advisory Services, Faculty Relations

Re: Update on Mandatory Retirement #2

The purpose of this memorandum is to update you on developments on this important matter since my memorandum dated February 1, 2007 (www.hr.ubc.ca/memos.html).

Context

In the February 13, 2007 Throne Speech, the Provincial Government committed to introduce legislation to end mandatory retirement. No details were provided, nor is it certain that the promise to introduce legislation means that it will be passed in the current legislative session.

The Provincial Government has been consulting with employers and unions and has, we understand, received conflicting views about the necessity for the change, and if implemented, how the Government should manage the impact on workplaces, including the length of any transition or phase-in period.

At UBC

Faculty

As you may recall from my earlier memo, the University began facilitated discussions with the Faculty Association with the assistance of Mark Brown, a Vice Chair of the Labour Relations Board.

After hearing the initial presentations of the University and the Faculty Association, Mr. Brown concluded that it would not be useful to hold further discussions until after the introduction of legislation. His sense was that the parties needed to understand the legal context before fruitful discussions could be held. Neither the Faculty Association nor the University challenged that assessment.

Prior to the pause in discussions, the University and the Faculty Association were able to establish an agreed upon list of relevant issues (not to be interpreted as an agreed upon list of solutions or approaches). While we await a request from Mr. Brown to return to these discussions, the University continues to develop proposals to address and resolve the key issues. We understand the Faculty Association is doing so as well, and these mutual preparations bode well for informed discussions when we are called back together.

You are no doubt aware that there are a few dozen faculty members who are close to age 65. Some of them believe that mandatory retirement is wrong, and have initiated a series of actions requesting that the Board of Governors abolish the mandatory retirement policy, or at a minimum, place a moratorium on the application of the policy.

Of particular note in this regard is the letter dated March 8, 2007 in which the Faculty Association filed a grievance with the University seeking the immediate abolition of mandatory retirement.

The University fully accepts that mandatory retirement is likely to be ended by legislation at some point, but, in an uncertain context as to the substance and timing of the legislation, it is important that the university community be aware of the nature of the issues to be resolved.

Without the knowledge of the specifics of the proposed legislation, I would like to provide a brief summary of several key issues:

- Retirement as a process – taking a phased approach to provide better support and encourage retirement when appropriate. Research informs us that many faculty members will retire later than age 65 when presented with a defined contribution pension plan as at UBC. In the United States, we also know that professors on the west coast retire later than professors in other parts of the country. These factors prompt a number of questions:
 - Options for phasing in – we have an Agreement on Reduced Appointments, but is it an effective model for the future?
 - Incentives such as buy-outs and early retirement allowances – what should be offered, how broadly, and with what associated costs?
 - What is required for financial and pre-retirement counselling?
 - Are post retirement benefits appropriate? If so, to what extent and how should they be paid for?
 - What connections should be maintained after retirement: computer access and space - office, research, and social?

- Tenure and Performance
 - While the collective agreement does not preclude it, we think we need to introduce a clear and fair post-tenure review process to assess the performance of all faculty members. Agreement on such a process would ensure the consistent implementation of individual assessment and respect for departmental cultures. Objectives of the process should include:
 - an expectation of performance across teaching, research and scholarly work and service,
 - a constructive, developmental approach to assessment, and
 - a fair distribution of workload amongst all faculty members consistent with Faculty practices and priorities.
 - The University's goal is to establish a process that faculty members will support and see as reasonable, and does not create burdensome administrative tasks. Given that such a process has not been implemented consistently across departments and faculties, we would like to reach a mutually fair resolution that avoids disputes about the principles, methodology, content and form of the process.

- Benefit Plans
 - Anticipated large cost increases, as certain benefits are costly beyond 65 (e.g. life insurance);
 - In order to contain cost increases, should there be any restriction on benefits such as, for example, out-of-country coverage, maximum benefits, limitations on prescription drugs, and ending coverage at a later age such as 69? Would such restrictions be permitted under the legislation, particularly in self-insured plans such as ours?
 - Certain benefit plans are either wholly or partly insured by the insurance carrier, and the University requires certainty on whether we can obtain coverage and if so, what coverage they will insure and at what cost;
 - Where benefits are employee-paid, what consideration should be given to the potential for of higher premiums forced upon younger faculty members with lower salaries?
 - The Income Replacement Plan (LTD or Long Term Disability) covers both full and partial disability. Most employers don't offer an LTD plan beyond 65. There is

very limited, if any, Canadian experience data for insurers to set premium rates if insurers would even consider them. Any premiums are likely to be costly.

- **Illness, Disability and Duty to Accommodate**
 - Illness – short-term sick leave is more likely to result in increased costs to departments with more “senior” faculty members; if LTD is not available at 65, what are the options for financial support for faculty members who have long-term, repetitive or terminal illnesses?
 - Disability – what options exist if LTD is not available after age 65 for both full and partial disabilities?
 - Accommodation for older professors who may be less mobile – how should the University respond to and fund the needs of such faculty members? Considerations of consistency, academic impact, cost, resources, and education are critical, and processes are necessary to ensure that these requests are considered fairly.

- **Academic Planning**
 - Certainty for academic role – how do we encourage planned commitments to retire?
 - Redefining academic priorities – how do we respond to emerging disciplines and research opportunities, and to student/public demand in new areas if we have less flexibility in new hiring?
 - Many current faculty positions have bridging arrangements in place, with current assumptions about retirement being set against new hires – how do we address this significant cost issue that may affect departments for up to 10 years?

- **Post-retirement appointments** – a complete review of Policy 27 will be required.

- **Cost** – while factors below duplicate discussion in other paragraphs, this paragraph is intended to convey a clear sense of all the potential costs involved in ending mandatory retirement:
 - Higher salaries (in the short run as we support more expensive senior faculty rather than hire less expensive junior faculty, and in the long run as the average service years of faculty increases). This includes lower turnover savings to fund increments, merit and Performance Salary Adjustment (PSA);
 - Bridged anticipated retirements;
 - Phased retirement approaches;
 - Higher pension costs (because salaries are higher later in a career, the University’s contribution, fixed at approximately 10% of salary, will be based on a higher cost of salaries, and a consequent higher actual cost);
 - Higher benefit costs;
 - Costs of illness, disability and duty to accommodate.

Staff

The University is preparing now for meetings with all of the unions and association representing staff. We expect to meet with CUPE 2950, representing the University’s unionized administrative workers, this month and we expect to meet with others soon after.

CONCLUSION

Thank you for your interest in this important social change. We are working diligently on possible solutions to the issues as we prepare to return to facilitated discussions with the Faculty Association, and to begin discussions with the staff representatives.

We will continue to communicate with you as developments occur.

Thank you.