

## PENSION BOARD TERMS OF REFERENCE

### TERMS OF REFERENCE – THE PENSION BOARD

The Executive of the General Council (the “Executive”) as the Plan Administrator, pursuant to the Pension Benefits Act (Ontario), has established the Pension Board to support the Executive in governing, managing and operating the Plan and the Fund in accordance with the provisions set out below. The Executive continues to be responsible for overseeing all aspects of the Plan and the Fund, as well as the activities of the Pension Board.

In carrying out the mandate to support the Executive in governing, managing and operating the Plan and the Fund, and to seek, where possible, to support the Church’s human resources objectives through the design and operation of the Plan, members of Pension Board will use the skills and work-related knowledge that they possess, or ought to possess by virtue of their profession or calling, to exercise the care, diligence and skill that a person of prudence would exercise in dealing with the property of another person.

The Pension Board’s composition, operation and responsibilities are described below.

The Pension Board may delegate the performance of certain functions related to these responsibilities to others internally or externally and may establish such committees, working groups or other bodies from time to time according to the Pension Board’s relevant policies. The Pension Board is responsible to ensure that its delegates, the Pension Plan Advisory Committee (PPAC) and the Investment Committee, act in accordance with their respective Terms of Reference. The Pension Board reserves the right to override recommendations or decisions made by its delegates.

1. ***Plans Subject to the Authority of the Pension Board***

The Pension Board’s pension related authority applies solely to the Plan and the Fund.

2. ***Pension Board Composition and Selection Process***

- (a) The Pension Board will consist of nine to eleven voting members and two ex-officio (non-voting) designated staff members.
- (b) No person shall be eligible to serve as a voting member of the Pension Board if he or she is a member of the General Council Office staff.
- (c) The Executive will appoint at least 5 voting members to the Pension Board, each of whom possesses relevant experience and expertise in one or more of the following core areas of pension practice: institutional investing, actuarial, legal, human resources or pension governance. Preference will be given to individuals who are currently employed or recently retired in one of these professional pension fields.
- (d) The Executive will appoint one or two voting members to the Pension Board who are also members of the Executive (the “Executive rep(s)”).

As approved by the Sub-executive of the General Council at its April 15, 2019 meeting.

- (e) The Executive will appoint two or three voting members at large to the Pension Board. Members-at-large should be members of the Plan or of the United Church who bring a capacity to articulate the theological values and perspectives of the United Church. They are not required to be pension experts but should bring knowledge and interest in the work of pension boards and a commitment to the broader principles of pension governance. It is a priority of the Board to include people who bring the lived experience of being racialized, or are from other marginalized communities not currently present on the Board. This is a part of the church's commitment to ensure a diversity of perspectives in its deliberations.
- (f) The two ex-officio designated staff members will consist of:
  - (i) the Executive Officer, Ministry and Employment;
  - (ii) the Executive Officer, Financial Services; and
  - (iii) or their designates (the "Designated Staff Reps")
- (g) In addition to seeking the expertise referenced above, the Executive should aim for a balanced slate based on gender, geography and ethno-cultural perspectives in making appointments to the Pension Board.
- (h) Voting Pension Board members will normally serve a term of three years. The maximum number of terms that may be served consecutively by members is three, unless the Nominations Committee of the Executive grants an exception in writing. Appointments will be reviewed periodically by the Pension Board. Wherever possible, terms of the pension professionals and members-at-large should be staggered in such a manner as to ensure continuity on the Pension Board.
- (i) The Executive will appoint the Chair of the Pension Board. The Chair's appointment will be for a three-year term and may be renewed to coincide with their membership term for a maximum of nine consecutive years. (Example: if a member has served for one year and is then appointed Chair, their first term as Chair will end with their membership term. They may then be appointed as Chair for a second term of three years and will be eligible for a third term, if mutually agreed-upon).
- (j) A member of the Pension Board is expected to:
  - i. participate in all Pension Board meetings;
  - ii. be available, dedicated and willing to invest the time to be educated and otherwise obtain the knowledge necessary to enable the Pension Board to collectively discharge its obligations; and
  - iii. be bondable.

### **3. *Appointment Process***

- (a) All appointments will be made by the Executive of the General Council.
- (b) Prospective pension professionals will be recommended to the Nominations Committee by the Board Chair after an interview.

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- (c) The Board Chair, and the committee Chair in the case of appointees to the Pension Plan Advisory Committee and the Investment Committee, will comment to the Nominations Committee on the reappointment of members, based on regular member assessment.
- (d) The Board Chair will also review expressions of interest for member-at-large positions and offer comment to the Nominating Committee.
- (e) If the number of voting members of the Pension Board at any point in time is less than nine, the Executive of the General Council will appoint the number of voting members necessary to achieve at least nine.

**4. Pension Board Operation**

- (a) The Pension Board will meet at least four times a year and the Pension Board will adopt meeting processes and procedures.
- (b) A meeting will be properly constituted only if a majority of the voting members are present in person or participating by telephone, video conference or other technology.
- (c) Proxy votes are not permitted at any time. However, another voting member of the Executive of the General Council may attend as an alternate Executive Representative.
- (d) A motion is deemed passed with an affirmative vote from a majority of the voting members of the Pension Board participating in the meeting.
- (e) Decisions may be made by E-mail under terms established from time to time by the Church and published in The Manual By-Laws of the United Church.
- (f) In the event the Chair cannot attend a particular meeting of the Pension Board, the chair may designate a member to chair or the remaining members present may appoint a member to act as interim Chair for the purposes of that meeting.
- (g) Pension Board members are entitled to reimbursement from the Fund of reasonable expenses incurred personally in the conduct of their duties, in accordance with the Pension Board's expense chargeback policy.
- (h) Minutes will be prepared in draft form, provided to the Pension Board prior to the following meeting and approved at that meeting. Church staff will be assigned to take minutes and act as Secretary to the Pension Board.
- (i) The Pension Board will adopt a forward agenda to assist in preparing agendas for each of its meetings.

- (j) The Pension Board, where necessary, will develop code of conduct policies and guidelines that will apply to its pension activities and the activities of its delegates.
- (k) The Pension Board will adopt any additional operating/process policies it deems necessary for the efficient and effective discharge of its responsibilities under these terms of reference.

5. ***The Pension Board's Responsibilities***

The Pension Board has responsibilities in the following areas.

General governance:

- (a) recommend to the Executive of the General Council, governance policies necessary for the effective governance of the Plan and the Beliefs and Guiding Principles related to Plan design, funding, and investment;
- (b) recommend a review of the Plan's governance structure at least every seven years;
- (c) Annually, review compliance with:
  - i. applicable pension standards and the Income Tax Act, Canada;
  - ii. all policies adopted by the Pension Board and the Executive;
  - iii. the Code of Conduct for the Plan and the Fund; and
  - iv. the Pension Board's Terms of Reference;and report results to the Executive of the General Council;
- (d) at least annually, undertake a collective self-assessment and report the results to the Executive of the General Council.

Financial controls:

- (a) appoint the Fund's auditor and arrange for the review and execution of related documents in accordance with the Pension Board's relevant policies;
- (b) with support from staff, monitor and evaluate the performance of the Fund's auditor and its compliance with contracts, mandates and applicable legislation;
- (c) approve the audit plan for the financial statements of the Fund;
- (d) approve the audited financial statements for the Fund;
- (e) with support from staff, respond to the auditor's recommendations; and
- (f) receive and approve the auditor's independence letter.

Operating expenses:

- (a) approve the annual budget for the payment of Plan and Fund operating expenses;
- (b) approve the expense chargeback policy for the Plan; and

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- (c) monitor and evaluate expense performance relative to the budget.

Communications:

- (a) given the importance of communication with Plan members and other stakeholders, the Pension Board will adopt a communications policy;
- (b) non-routine Plan communications to Plan members, their spouses and beneficiaries, participating employers and relevant regulators will be subject to approval by the Pension Board.

Plan design, Plan funding, legal and administration:

Issues related to Plan design and Plan funding are analyzed and considered by the Pension Plan Advisory Committee. The Committee makes recommendations to the Board and presents items for approval. The Pension Board shall:

- (a) recommend to the Executive, members for the Pension Plan Advisory Committee;
- (b) recommend to the Executive of the General Council, for its approval, the establishment of any new retirement arrangements or termination of the existing Plan;
- (c) assess modifications or refinements to Plan design (e.g., changing the Normal Retirement Date) and to approve any amendments to the Plan;
- (c) approve the Plan's funding policy;
- (d) approve appointment of the actuary, in consideration of recommendations from the Pension Plan Advisory Committee;
- (e) monitor and evaluate the consistency of the Plan's funded status with the funding policy and consider recommendations from the Pension Plan Advisory Committee concerning benefit improvements, changes to benefit accrual rates, contribution levels, and contribution holidays;
- (f) approve the actuarial valuation reports and cost certificates;
- (g) approve significant Plan administration policies as recommended by PPAC;
- (h) appoint external agents that provide Plan administration services, such as a third-party administration service provider(s), consultants and legal advisers and arrange for the review and execution of related documents in accordance with the Pension Board's relevant policies; and
- (i) ensure that documents and reports relating to the Plan's benefit administration required by applicable legislation are filed with the regulators.

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Investment:

Issues related to the Fund's investment are analyzed and considered by the Investment Committee. The Investment Committee makes recommendations to the Board and presents items for approval. The Pension Board shall:

- (a) recommend to the Executive of the General Council members for the Investment Committee;
- (b) approve the appointment and/or termination of the Plan's Custodian, with supporting rationale from the Investment Committee;
- (b) approve, with supporting rationale from the Investment Committee, investment policies, including the Statement of Investment Policies and Procedures and all other investment policies and guidelines not necessarily contained in the Statement of Investment Policies and Procedures such as policies related to responsible investing;
- (c) approve new asset classes, investment strategies and risk mitigation strategies of significance to the Fund.

**6. *Orientation and Continued Learning Policies and Guidelines***

The Pension Board, with support from staff, will develop policies regarding orientation of Pension Board members and continued learning for its members.

**7. *Reporting Policies and Guidelines***

Reporting by the Pension Board

Because the Executive of the General Council retains the responsibility to oversee its delegates, it is necessary for it to receive information from the Pension Board to enable it to discharge those oversight responsibilities.

The Pension Board will provide an annual report to the Executive of the General Council, at each regular fall meeting of the Executive. The report will address:

- (a) recommendations regarding any changes to beliefs and guiding principles related to Plan design, funding or investment;
- (b) any changes in the Statement of Investment Policies and Procedures;
- (c) the investment performance of the Fund;
- (d) the previous year's audited financial statements for the Plan;
- (e) any changes in the Plan's auditor, actuary, external legal counsel, investment managers or any other agent, adviser or provider of services to the Plan or Fund;

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- (f) any material administration activities, including a change from third-party to internal administration or vice versa;
- (g) key administration services performance as measured against service standards;
- (h) information regarding the funded status of the Plan, including the actuarial valuation report or any updates since the last valuation and any material changes in funding assumptions;
- (i) any amendments to the Plan since the previous report;
- (j) legislative compliance;
- (k) the results of any pension governance reviews
- (l) any other information that the Executive requests to be reported by the Pension Board; and
- (m) any other information that the Pension Board feels is appropriate.

The annual report will include a signed statement from the Chair of the Pension Board confirming that each Pension Board and Committee member has completed the Code of Conduct Compliance Certificate.

#### Reporting to the Pension Board

Because the Pension Board retains the responsibility to oversee its delegates, it is necessary for it to receive adequate and timely information from those to whom it has delegated the performance of pension-related functions. The Pension Board will establish its own reporting policies and guidelines, describing the information it needs from its delegates and the timing and format to be followed.