



**Opening Statement and
Proposal of the University
Administration's
Representatives on the Joint
Committee**

December 15, 2010

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The University Administration's representatives on the Joint Committee look forward to our Committee's deliberations to determine the remuneration provisions for the next several years. We recognize and have great respect for the relationship that the Faculty Association and the Administration have built together, and seek to reinforce it through the conduct of these negotiations. It is our intention to participate in open dialogue, with the objective of a mutually agreeable outcome.

This opening brief outlines our view of the context and considerations that pertain to our discussions.

The "*Principles for Negotiation of Faculty Remuneration*" have guided the parties' deliberations over more than a decade. The Administration's representatives accept, as we expect MUFA's representatives do, that the general philosophies regarding compensation and working conditions continue to be important and relevant guides to our discussions.

It is our strongly held preference that the Committee achieves agreement in direct discussion. Agreements made directly between the members of the Joint Committee are always superior to ones imposed by a third party who is external to the relationship.

Our negotiations will be conducted in the context of McMaster University as the premier research-intensive, student-centered university in Canada. Our concentration on discovery permeates our teaching as well as our research. We are world renowned for our work on pedagogies that enhance learning and particularly for linking discovery and learning. We remain committed to our mission of being a student-centered, research-intensive institution.

In this context, our vision can be articulated by three main goals:

- To provide an innovative and stimulating learning environment where students can prosper;
- To achieve the next level in research results and reputation by building on existing and emerging areas of excellence; and,
- To build an inclusive community with a shared purpose.

These three goals guide all of our decision-making and are the basis upon which we enter into our discussions. The outcomes agreed to through our discussions must advance these goals.

Discussions about faculty remuneration also cannot be separated from McMaster's financial position. The University is faced with an operating deficit through to FY 2015, even when significant salary savings are forecast, unless we develop financial strategies to address the shortfall (See Appendix 1: *Multi Year Financial Projections*). The Joint Committee must be mindful of the fiscal health of the University, to ensure that we can continue supporting McMaster's reputation as Canada's premier research-intensive, student-centered university. It is the Committee's challenge to balance this stewardship responsibility with the achievement of the interests stated above.

Given the state of the economy, McMaster's current fiscal situation and the introduction by the Provincial Government of the *Public Sector Compensation Restraint to Protect Public Services Act, 2010*, (the "Compensation Restraint Act"), the University, in recent negotiations, has been seeking modest increases to total compensation over longer term agreements. Although the legislation does not apply to employees who are represented by a trade union, or to organizations that have an established framework for collectively bargaining terms and conditions of employment related to compensation, the Provincial Government has indicated that all collective agreements reached after March 24, 2010, must include 2 years of no net increases to total compensation.

In view of the demands and challenges that lie in the immediate future for the University and its faculty, it is our belief that we will all be best served by the stability and predictability provided by an agreement on matters of remuneration that expires on June 30, 2016¹.

Collegial discussion of common purposes and challenges relies on shared information. We have included references to or copies of relevant documents, and, as in previous rounds of negotiations, undertake to provide any other information the Committee requires to inform its discussions.

The University Administration's members of the Committee look forward to a full and open discussion of these numbers, trends, and plans as our deliberations ensue. We welcome the input of our faculty leaders to assist in the strategies that will ensure financial viability and sustainability for the University, so that we may continue striving toward our academic and research-oriented goals.

Major Areas of Consideration: Brief Overview

As an overview of the major areas of considerations we offer the following items, each of which will be discussed in detail below.

I: Remuneration

In view of current economic conditions, McMaster's financial position and the Provincial Government's desire to freeze compensation plans at their current levels for a 2-year period, the Administration is seeking an agreement whereby across-the-board, flat dollar and other increases are deferred until after the initial 2 year period of the renewed agreement and whereby salary floors for faculty and the librarian ceilings are maintained at their current levels until the third

¹ Current Agreement expires June 30, 2011.

year of the agreement. The faculty CP/M and librarian merit systems would continue without modification to current terms, but would be implemented on July 10th in each year of the agreement.

In addition to faculty CP/M and Librarian Merit Increases, increases to total compensation are proposed, as follows:

Year	Period	Increase
1	July 1, 2011 – July 9, 2012	0 %
2	July 10, 2012 – July 9, 2013	0 %
3	July 10, 2013 – July 9, 2014	2.0 %
4	July 10, 2014 – July 9, 2015	2.0 %
5	July 10, 2015 – June 30, 2016	2.5%

II: Extended Health and Dental Benefits

Among the changes, the drug formulary is a key area of consideration. The Administration is seeking to have MUFA members move to the Rx05 Drug Formulary to ensure fairness and equity with the other major employee groups on campus who already have migrated to the Rx05 model. A migration to this model also would include corresponding improvements to paramedical coverage over the current MUFA plan design, made available through the cost savings of the Rx05 Drug Formulary.

III: Post-Retirement Promise: Pension and Post-Retirement Benefits

Pension

Pension costs are an area of significant concern for the University. Joint Committee negotiations must include a discussion regarding increasing employee pension contributions for **current MUFA members** enrolled in the *Contributory Pension Plan for Salaried Employees of McMaster University Including McMaster Divinity College 2000* (the “Salaried Pension Plan”), to eliminate the disparity between employee contributions paid by MUFA Plan members and those paid by other employee groups in the Plan (Senior Academic and Administrative Officers (SAAO), The Management Group (TMG), CAW Staff Unit 1 (CAW Staff), as demonstrated below:

Effective Date	Pension Contributions on Salary up to YMPE*			Pension Contributions on Salary above YMPE ²		
	MUFA	SAAO & TMG	CAW Staff	MUFA	SAAO & TMG	CAW ³ Staff
July 1, 2009	5.0% (CURRENT) ↓	5.0%	5.5%	6.5% (CURRENT) ↓	6.5%	7.0%
January 10, 2010		5.5%	5.75%		7.25%	7.5%
January 9, 2011		6.0%	6.25%		8.0%	8.25%
January 8, 2012		6.5%	6.5%		8.75%	8.75%

In addition, the Administration is seeking avenues for significant changes in the post-retirement promise through the closure of the Salaried Pension Plan to new members and the introduction of a Group RRSP for MUFA members *hired after June 30, 2011*.

Post-Retirement Benefits

According to the "Report on Non-Pension Post Retirement and Post Employment Benefit Expense and Disclosure for the Fiscal Year Ending April 30, 2010 Under CICA Section 3461" (See Appendix 2), which was completed by Mercer Canada Limited, the University's non-pension accrued benefit obligation as at April 30, 2010 was \$214,560,000 of which \$206,767,000 is for the post-retirement benefit.⁴

The annual accrual costs, which must be funded through operating and research budgets, was 23,000,000 in 2009/10. The University cannot continue to ignore these costs and must find a model that would be affordable and sustainable.

For MUFA members *hired after June 30, 2011* the Administration is seeking to eliminate post-retirement benefits.

IV: Faculty Renewal

The McMaster University faculty cohort has grown appreciably over the past ten years. On October 1, 2009 McMaster had 1,306 full-time faculty members⁵, *including tenured and tenure-track, teaching stream, contract-limited appointments (CLAs), continuing appointments without academic review (CAWAR), and Special appointments*. This shows a growth of 37% from 2000 and an increase of 4% from October 1, 2008.⁶

With retirements and resignations from our core faculty complement (including tenured, tenure-track, teaching stream, special, and CAWAR, but not CLAs) hiring in the past year increased the

² YMPE - "Year's Maximum Pensionable Earnings", currently \$47,200 for 2010

³ Note: CAW Staff currently pay a premium in employee pension contributions for retaining the rule of 80. CAW will pay the full cost of the difference between Rule of 80 and Rule of 85 after 2012.

⁴ Actuaries hired by MUFA have identified a potential discrepancy in the claims data used in this Report. Mercer is reviewing the calculations. If applicable, revised information will be provided to the Joint Committee as soon as it becomes available.

⁵ 1,306 = 911 MUFA members + 395 Clinical Faculty

⁶ As reported to Statistics Canada. Also see 2010 State of the Academy, p.6.

http://www.mcmaster.ca/vpacademic/documents/SOTA2010reptSept22_001.pdf

total core faculty by 15. This increase is significant given the atmosphere of increasingly difficult financial support.⁷

During the 2009/2010 academic year 45 faculty members were promoted to Associate Professor with tenure or CAWAR and 26 promoted to Professor. In addition, tenure, permanence, or CAWAR was awarded to 16 Associate Professors.⁸

Whereas 18 tenured and tenure-track faculty joined McMaster in the 2010/11 academic year, as of August 15, 2010, teaching track faculty appointments were limited to 8. The Administration is seeking an increase to the maximum limits currently in place for teaching stream faculty to allow for a measure of teaching stream faculty that recognizes the success of this initiative, and that allows for a more proportionate representation of teaching stream faculty.

⁷ *Ibid.*

⁸ *Ibid.*

I: Remuneration

2009/10 Full-Time Faculty Count

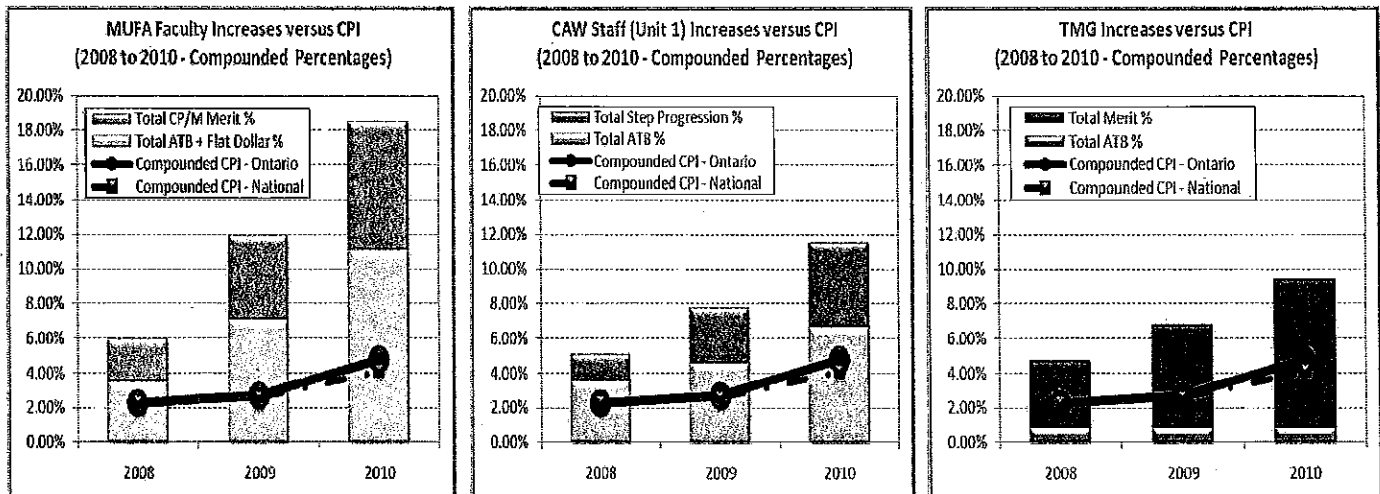
The Office of Institutional Research and Analysis reports that the 2009/10 full-time faculty count was 1,306⁹. The chart below provides the faculty distribution by rank:

Rank	Number of Employees
Professor	414
Associate Professor	483
Assistant Professor	378
Lecturer	31
Total	1,306¹⁰

In addition there are 5 Librarian positions, which are excluded from the newly formed McMaster University Academic Librarians Association bargaining unit. The employees in these positions continue to be members of MUFA, and as such their remuneration will also be determined through the Joint Committee process.

Wage Increase Environment:

The following charts show the cumulative compounded annual salary increases for MUFA Faculty, CAW Unit 1 (staff), and TMG compared to the increase in the annual Consumer Price Index ("CPI") over the period of 2008 to 2010. The cumulative compounded increase for MUFA Faculty is approximately 18.5%, versus 11.5% for CAW Unit 1 (staff) and 9.5% for TMG. **These graphs highlight that MUFA increases have far exceeded the rate of inflation and greatly outpaced the increases of other employee groups at McMaster:**



A detailed description of the provisions of the last MUFA agreement can be found in Appendix 3. In addition, the details of recent settlements for other bargaining units and employee groups at McMaster can be found in Appendix 4. A summary of compensation increases at the University since 2008 is attached in table format as Appendix 5.

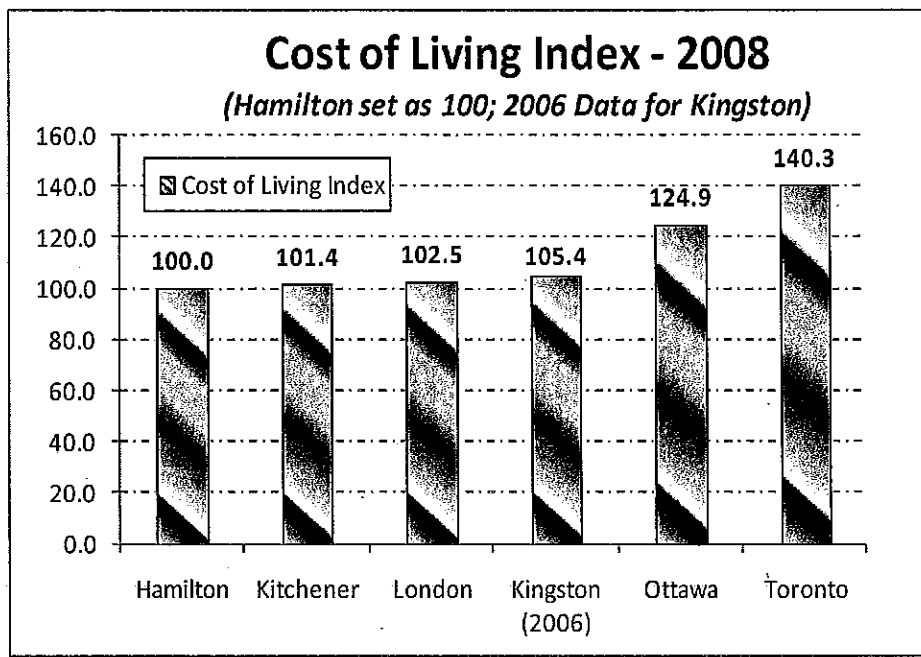
⁹ http://www.mcmaster.ca/avpira/statistics/mcmaster_statistics_full_time_faculty_by_rank_2009.html

¹⁰ 1,306 = 911 MUFA members + 395 Clinical Faculty.

External Comparative Wage Rates & Increases

A cost of living index data was obtained through the *Canadian Business Magazine's "The Best Places to do Business in Canada" 2008¹¹ and 2006¹²*. For the purpose of this comparison, Hamilton was calibrated to a value of 100.

2006 data was used for Kingston, as 2008 data was not available.



Source: *Canadian Business - "The Best Places to do Business in Canada"*

The cost of living allows us to compare our compensation to that of our G-6 peers in terms of purchasing power, assuming that the vast majority of faculty members choose to live near their place of employment.

The chart above highlights the much higher cost of living in Toronto versus Hamilton, Kitchener or London, and that Ottawa has the second highest relative cost of living.

2008-09 Faculty Salary Rankings in the G-6

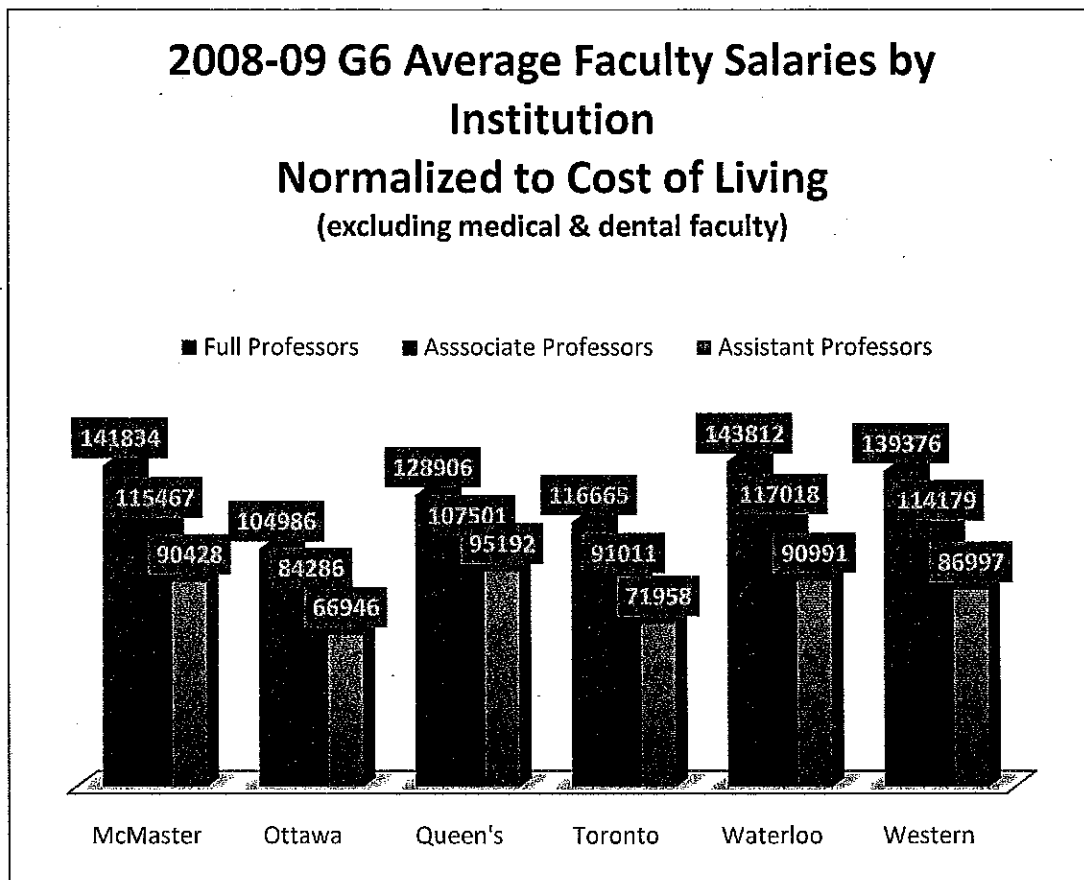
Among our peers in the G6, McMaster faculty salaries for Professors, Associate Professor and Assistant Professors¹³ rank very well. By normalizing salary figures by the cost of living in each University's locale, we are thus providing the basis for a more reasoned comparison among peers.

¹¹ <http://list.canadianbusiness.com/rankings/best-places-to-do-business/2008/intro/Default.aspx?sp2=1&d1=a&sc1=0>

¹² <http://rankings.canadianbusiness.com/bestcitiesforbusiness/list.asp?pageID=list&year=2006>

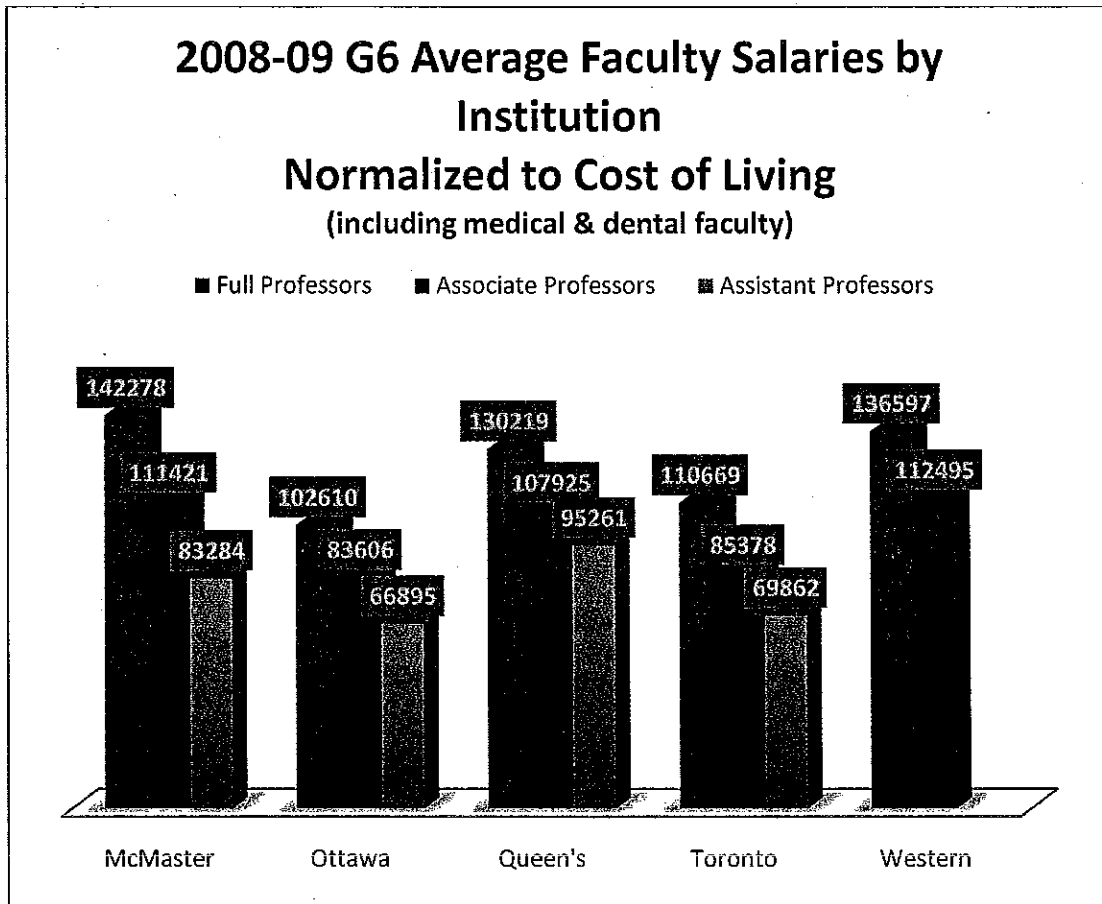
¹³ These are the only faculty groups for which comparative data is available.

When salaries are normalized for regional cost of living, Full Professors and Associate Professors at McMaster rank 2nd in the G6, while Associate Professors rank 3rd.¹⁴



¹⁴ See Appendix 9 for source data

Among the 5 G-6 universities with medical and/or dental faculty¹⁵, McMaster Professors rank 1st, while Assistant and Associate Professors¹⁶ rank 2nd¹⁷.



Appendix 6 sets out the salary policies, including floors, ceilings, and recent increase provisions, for Faculty at the comparator G6 Universities in Ontario. Appendix 7 sets out the salary policies, including floors, ceilings, and recent increase provisions, for Librarians at comparator Universities across Canada.

Appendix 8 summarizes the G6 faculty salaries for all Full Professors, Associate Professors and Assistant Professors, all ranks combined, including and excluding medical and dental faculty, normalized for regional cost of living.

Appendix 9 details the G6 faculty salaries, broken down by rank, for Full Professors, Associate Professors and Assistant Professors, **excluding** medical and dental faculty and normalized for regional cost of living.

¹⁵ Excludes University of Waterloo.

¹⁶ The average salary information for Assistant Professors at Western was suppressed in the Statistics Canada report to prevent direct or residual disclosure of identifiable data.

¹⁷ See Appendix 10 for source data.

Appendix 10 details the G6 faculty salaries, broken down by rank, for Full Professors, Associate Professors and Assistant Professors, **including** medical and dental faculty and normalized for regional cost of living.

Consumer Price Index

The national CPI increased slowly in 2010, but is now starting to climb higher. The CPI increased by 2.4% in the 12 months to October 2010, which was a 0.5% increase over the 12-month increase of 1.9% in September 2010. Interestingly, between June and September 2009 CPI decreased, and in particular for the 12 months to September 2009 CPI was down -0.9%, which means the total CPI increase between September 2008 and September 2010 would be only approximately 1% over these 2 years.

The CPI numbers for the Province of Ontario greatly out-paced the national average during the recent months. The CPI in Ontario increased by 3.4% over the 12 months to October 2010, slightly higher than the 2.9% over the 12 months to each of September, August and July 2010, and 1.6% over the 12 months to June 2010. But again, between July and September 2009 CPI decreased, and for the 12 months to September 2009 CPI was down -1.1%, so that the simple increase in the provincial CPI would be only 1.8% over the 2 year period of September 2008 to September 2010. CPI percentage changes (year over year) for 2009 and 2010 (to date) are provided in Appendix 11.

Proposed Monetary Adjustments

In view of current economic conditions, McMaster’s financial position, and the Provincial Government’s desire to freeze compensation plans at their current levels for a 2-year period, the Administration is seeking an agreement whereby across-the-board, flat dollar and other increases are deferred until after the initial 2 year period of the renewed agreement and whereby salary floors for faculty and the librarian ceilings are maintained at their current levels through until the third year of the agreement. The faculty CP/M and librarian merit systems would continue without modification to current terms, but would be implemented on July 10th in each year of the agreement.

In addition to faculty CP/M and Librarian Merit Increases, increases to total compensation are proposed, as follows:

Year	Period	Increase
1	July 1, 2011 – July 9, 2012	0 %
2	July 10, 2012 – July 9, 2013	0 %
3	July 10, 2013 – July 9, 2014	2.0 %
4	July 10, 2014 – July 9, 2015	2.0 %
5	July 10, 2015 – June 30, 2016	2.5%

The Administration's Joint Committee representatives invite detailed discussion about the various elements of compensation (ATB, flat dollar increases, PDA, etc.) to which the above percentages would be applied.



Inspiring Innovation and Discovery

Multi Year Financial Projections

Dec 6, 2010

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Proforma as based on assumptions included, actual results will differ from assumptions.

Major Non-Capital Modeling Assumptions

Assumption	FY2011	FY2012 – FY2015
Enrollment	No change	No change
Operating grants	2% increase	2% increase
Tuition revenues	6% increase	6% increase
Other revenues	0% increase	3-5% depending on revenue
Long-term investment return	7.5%	7.5%
Short term investment return	1.0%	1.0%
Salaries and wages	3.5% salaries	3.0% salaries
Supplies and Expenses	6% increase non salary	3.5% increase
Employee benefits	Based on valuations	Based on valuations
Changes to MUFA Pension Arrangements as proposed to joint committee	none	

Proforma Projections: Income Statement

- Improvement in operating results from FY2009 proforma projections.
- MUFA contributions as proposed to joint committee

	2010	2011	2012	2013	2014	2015
INCOME STATEMENT						
REVENUE	ACTUAL					
Operating Grants	222,865	227,322	231,869	236,506	241,236	246,061
Research Grants & Contracts	150,719	153,733	159,883	166,278	172,929	179,846
Tuition Fees	154,696	163,978	173,816	184,245	195,300	207,018
Ancillary Sales & Services	68,756	70,819	72,943	75,132	77,385	79,707
Other Revenues	182,589	189,085	201,150	209,833	221,293	234,223
Investment Income (Net)	48,748	30,682	33,741	33,919	34,866	35,368
TOTAL REVENUES	828,373	835,619	873,402	905,913	943,010	982,224
EXPENSES						
Salaries & Wages	381,926	395,293	407,152	419,367	431,948	444,906
Employee Benefits	125,761	125,486	131,382	137,409	143,959	150,952
Supplies & Services	236,593	250,789	259,566	268,651	278,054	287,786
Interest on Long-Term Debt	9,969	10,972	9,773	9,696	9,668	9,639
Amortization of Capital Assets	62,474	68,840	72,763	75,651	78,924	82,814
TOTAL EXPENSES	816,723	851,380	880,636	910,774	942,553	976,097
EXCESS OF REVENUES OVER EXPENSES	11,650	-15,761	-7,234	-4,861	457	6,127

12 August 2010

McMaster University

Report on Non-Pension Post Retirement
and Post Employment Benefit Cost and
Disclosure for the Fiscal Year Ending
April 30, 2010 Under CICA Section 3461

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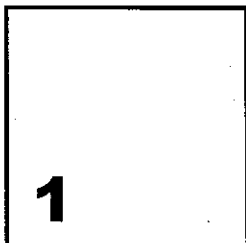


MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

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Report Highlights

This report has been prepared by Mercer (Canada) Limited at the request of McMaster University ("the University"). This report provides information on non-pension post retirement and post employment obligations and benefit cost calculated in accordance with Section 3461 of the Canadian Institute of Chartered Accountants Handbook ("CICA 3461") to enable the University to satisfy accounting and disclosure requirements for financial statements pursuant to CICA 3461. Also included in this report are results of the valuation of special retirement arrangements for certain University presidents and vice presidents ("Retiring Allowances").

The Non-Pension Post Retirement Benefit Plan, Post Employment Benefit Plan and Retiring Allowances are defined benefit plans funded on a cash basis by contributions from the University.

The University's fiscal year-end date is April 30 and the measurement date for the plan obligations as described in this report is April 30.

All results presented in this report are in Canadian dollars.

Fiscal Year Ending April 30, 2010

Non-Pension Post Retirement Benefits

The benefit cost (also referred to as expense in this report) calculated in accordance with CICA 3461 for the fiscal year ending April 30, 2010, is a charge of \$22,315,000.

The Accrued Benefit Liability as calculated in accordance with CICA 3461 is \$173,744,000.

The employer contributions and employer-paid benefit payments during the fiscal year ending April 30, 2010 were \$4,975,000.

It should be noted that future health care cost trends are difficult to predict and actual experience is likely to differ from expected. The use of a health care cost trend of 1% per year above the assumptions used in this valuation for the fiscal year ending April 30, 2010 would result in an increase to the Accrued Benefit Obligation (ABO) calculated in accordance with CICA 3461 of approximately 17%.

Post Employment Benefits

The benefit cost calculated in accordance with CICA 3461 for the fiscal year ending April 30, 2010, is a charge of \$87,000.

The Accrued Benefit Liability as calculated in accordance with CICA 3461 is \$6,157,000.

Retiring Allowances

The benefit cost calculated in accordance with CICA 3461 for the fiscal year ending April 30, 2010, is a charge of \$590,000.

The Accrued Benefit Liability as calculated in accordance with CICA 3461 is \$1,636,000.

Fiscal Year Ending April 30, 2011

The projected benefit cost calculated in accordance with CICA 3461 for the fiscal year ending April 30, 2011 for the non-pension post retirement benefits using a discount rate of 6.00% per annum is a charge of \$20,815,000.

The actual benefit cost may differ from the above mentioned projection in order to reflect any benefit plan changes or significant events taking place during the coming fiscal year.

Changes in Plan Provisions

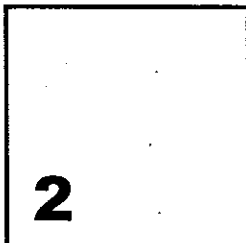
There have been changes in plan provisions since the last disclosure as of April 30, 2009. Please refer to the Summary of Plan Provisions in Appendix C and Summary of Eligibility Requirements for Non-Pension Post Retirement Benefits in Appendix E for a description of these changes.

Changes in Actuarial Assumptions

There have been changes in actuarial assumptions since the last disclosure as of April 30, 2009. Please refer to the Summary of Assumptions in Appendix C of this report for a description of these changes.

Changes in Actuarial Methods

There were no changes in actuarial methods since the last disclosure as of April 30, 2009.



Principal Expense and Disclosure Information

A summary of the principal expense and disclosure information, required pursuant to CICA 3461, for the current fiscal year and the prior fiscal year follows.

All figures in \$000's

Components of Benefit Cost	Fiscal Year Ending 30.04.10				Fiscal Year Ending 30.04.09					
	NPPR	Post Employment	Subtotal	Retirement Allowance	Total	NPPR	Post Employment	Subtotal	Retirement Allowance	Total
Current service cost	\$7,095	\$87	\$7,182	\$590	\$7,772	\$7,615	\$1,368	\$5,963	\$46	\$9,029
Interest cost	\$14,404	\$0	14,404	0	14,404	\$12,646	\$0	12,646	0	12,646
Actual return on plan assets	0	0	0	0	0	0	0	0	0	0
Actuarial loss (gain)	2,413	0	2,413	0	2,413	(25,267)	0	(25,267)	0	(25,267)
Plan amendments	0	0	0	0	0	0	0	0	0	0
Acquisitions (divestitures)	0	0	0	0	0	0	0	0	0	0
Costs arising in the period	\$23,912	\$87	\$23,999	\$590	\$24,589	(\$5,066)	\$1,368	(\$3,638)	\$46	(\$3,592)
Differences between costs arising in the period and costs recognized in the period in respect of:										
- Return on plan assets	0	0	0	0	0	0	0	0	0	0
- Actuarial loss (gain)	(1,597)	0	(1,597)	0	(1,597)	27,815	0	27,815	0	27,815
- Plan amendments	0	0	0	0	0	0	0	0	0	0
Benefit cost recognized	\$22,315	\$87	\$22,402	\$590	\$22,992	\$22,809	\$1,368	\$24,177	\$46	\$24,223

Weighted-Average Assumptions for Expense	Fiscal Year Ending 30.04.10				Fiscal Year Ending 30.04.09					
	NPPR	Post Employment	Subtotal	Retirement Allowance	Total	NPPR	Post Employment	Subtotal	Retirement Allowance	Total
Discount rate	7.50%	6.75%	7.50%	7.50%	7.50%	6.25%	5.50%	6.25%	6.25%	6.25%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Initial weighted average health care trend rate	6.91% ¹	6.91% ¹	n/a	n/a	6.83% ²	6.83% ²	n/a	n/a	n/a	n/a
Ultimate weighted average health care trend rate	4.38%	4.38%	n/a	n/a	4.73%	4.73%	n/a	n/a	n/a	n/a
Year ultimate rate reached	2027	2027	n/a	n/a	2015	2015	2015	2015	n/a	n/a

Weighted-Average Assumptions for Disclosure	Fiscal Year Ending 30.04.10				Fiscal Year Ending 30.04.09					
	NPPR	Post Employment	Subtotal	Retirement Allowance	Total	NPPR	Post Employment	Subtotal	Retirement Allowance	Total
Discount rate	6.00%	5.00%	6.00%	6.00%	6.00%	7.50%	6.75%	7.50%	7.50%	7.50%
Rate of compensation increase	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Initial weighted average health care trend rate	6.55% ³	6.55% ³	n/a	n/a	6.91% ⁴	6.91% ⁴	n/a	n/a	n/a	n/a
Ultimate weighted average health care trend rate	4.50%	4.50%	n/a	n/a	4.38%	4.38%	n/a	n/a	n/a	n/a
Year ultimate rate reached	2030	2030	n/a	n/a	2027	2027	2027	2027	n/a	n/a

- 1 Trend rate applied to the 2010 claim cost (October 31, 2009 mid-point) to trend the claim cost forward twelve months to October 31, 2010 mid-point.
- 2 Trend rate applied to the 2009 claim cost (October 31, 2008 mid-point) to trend the claim cost forward twelve months to October 31, 2009 mid-point.
- 3 Trend rate applied to the 2011 claim cost (October 31, 2010 mid-point) to trend the claim cost forward twelve months to October 31, 2011 mid-point.
- 4 Trend rate applied to the 2010 claim cost (October 31, 2009 mid-point) to trend the claim cost forward twelve months to October 31, 2010 mid-point.

McMaster University

Report on Non-Pension Post Retirement and Post Employment Benefit Cost and Disclosure for Fiscal 2010 Under CICA 3461

Change in Accrued Benefit Obligation (ABO)	Fiscal Year Ending 30.04.10				Fiscal Year Ending 30.04.09					
	NPPR	Post Employment	Subtotal	Retirement Allowance	Total	NPPR	Post Employment	Subtotal	Retirement Allowance	Total
ABO at end of prior year	\$187,830	\$6,070	\$193,900	\$1,046	\$194,946	\$197,424	\$4,702	\$202,126	\$1,000	\$203,126
Current service cost	7,095	87	7,182	590	7,772	7,615	1,368	8,983	46	9,029
Interest cost	14,404	0	14,404	0	14,404	12,546	0	12,546	0	12,546
Employees' contributions	0	0	0	0	0	0	0	0	0	0
Plan amendments	0	0	0	0	0	0	0	0	0	0
Acquisitions (divestitures)	0	0	0	0	0	0	0	0	0	0
Benefits paid	(4,975)	0	(4,975)	0	(4,975)	(4,588)	0	(4,588)	0	(4,588)
Actuarial loss (gain)	2,413	0	2,413	0	2,413	(25,267)	0	(25,267)	0	(25,267)
ABO at end of year	\$206,767⁵	\$6,157⁵	\$212,924	\$1,636⁵	\$214,560	\$187,830⁶	\$6,070⁷	\$193,900	\$1,046⁸	\$194,946

Change in Plan Assets	Fiscal Year Ending 30.04.10				Fiscal Year Ending 30.04.09					
	NPPR	Post Employment	Subtotal	Retirement Allowance	Total	NPPR	Post Employment	Subtotal	Retirement Allowance	Total
Fair value of plan assets at end of prior year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Actual return on plan assets	0	0	0	0	0	0	0	0	0	0
Employer contributions	4,975	0	4,975	0	4,975	4,588	0	4,588	0	4,588
Employees' contributions	0	0	0	0	0	0	0	0	0	0
Benefits paid	(4,975)	0	(4,975)	0	(4,975)	(4,588)	0	(4,588)	0	(4,588)
Fair value of plan assets at end of year	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Reconciliation of Funded Status to Accrued Benefit Asset (Liability)	Fiscal Year Ending 30.04.10				Fiscal Year Ending 30.04.09					
	NPPR	Post Employment	Subtotal	Retirement Allowance	Total	NPPR	Post Employment	Subtotal	Retirement Allowance	Total
Funded status at end of year	(\$206,768)	(\$6,157)	(\$212,925)	(\$1,636)	(\$214,561)	(\$187,830)	(\$6,070)	(\$193,900)	(\$1,046)	(\$194,946)
Employer contributions during period from measurement date to fiscal year end	0	0	0	0	0	0	0	0	0	0
Unamortized transitional obligation (asset)	0	0	0	0	0	0	0	0	0	0
Unamortized past service costs	0	0	0	0	0	0	0	0	0	0
Unamortized net actuarial loss (gain)	33,023	0	33,023	0	33,023	31,426	0	31,426	0	31,426
Accrued benefit asset (liability)	(\$173,745)	(\$6,157)	(\$179,902)	(\$1,636)	(\$181,538)	(\$156,404)	(\$6,070)	(\$162,474)	(\$1,046)	(\$163,520)

⁵ Based on membership data as of April 30, 2010.
⁶ Based on membership data as of May 1, 2007 projected to April 30, 2009.
⁷ Based on membership data as of April 30, 2009
⁸ Based on membership data as of April 30, 2009.

Projected benefit payments for the post retirement plan for the next 15 years are provided in the following table.

Year Ending	Benefit Payments
April 30, 2011	6,155,000
April 30, 2012	6,756,000
April 30, 2013	7,388,000
April 30, 2014	8,036,000
April 30, 2015	8,716,000
April 30, 2016	9,424,000
April 30, 2017	10,154,000
April 30, 2018	10,936,000
April 30, 2019	11,740,000
April 30, 2020	12,579,000
April 30, 2021	13,527,000
April 30, 2022	14,467,000
April 30, 2023	15,435,000
April 30, 2024	16,441,000
April 30, 2025	17,562,000

Projected medical and dental benefit payments for the post employment benefit plan for the next 10 years are provided in the following table.

Year Ending	Benefit Payments		Fiscal Year Ending 30.04.10				Fiscal Year Ending 30.04.09			
	NPPR	Post Employment	Subtotal	Retirement Allowance	Total	NPPR	Post Employment	Subtotal	Retirement Allowance	Total
April 30, 2011			478,000							
April 30, 2012			401,000							
April 30, 2013			363,000							
April 30, 2014			329,000							
April 30, 2015			300,000							
April 30, 2016			271,000							
April 30, 2017			236,000							
April 30, 2018			220,000							
April 30, 2019			190,000							
April 30, 2020			182,000							
Effect of Change in Assumed Health Care Cost Trend Rates										
Effect on aggregate of current service cost and interest cost										
▪ One-percentage point increase	\$5,122	n/a	\$5,122	n/a	\$5,122	\$5,016	n/a	\$5,016	n/a	\$5,016
▪ One-percentage point decrease	(\$3,933)	n/a	(\$3,933)	n/a	(\$3,933)	(\$3,812)	n/a	(\$3,812)	n/a	(\$3,812)
Effect on ABO at fiscal year end										
▪ One-percentage point increase	\$34,783	n/a	\$34,783	n/a	\$34,783	\$35,990	n/a	\$35,990	n/a	\$35,990
▪ One-percentage point decrease	(\$27,873)	n/a	(\$27,873)	n/a	(\$27,873)	(\$28,560)	n/a	(\$28,560)	n/a	(\$28,560)
Effect of Change in Assumed Discount Rate										
Effect on aggregate of current service cost and interest cost										
▪ One-percentage point increase	(\$1,991)	n/a	(\$1,991)	n/a	(\$1,991)	(\$2,021)	n/a	(\$2,021)	n/a	(\$2,021)
▪ One-percentage point decrease	\$2,476	n/a	\$2,476	n/a	\$2,476	\$2,549	n/a	\$2,549	n/a	\$2,549
Effect on ABO at fiscal year end										
▪ One-percentage point increase	(\$29,385)	n/a	(\$29,385)	n/a	(\$29,385)	(\$26,092)	n/a	(\$26,092)	n/a	(\$26,092)
▪ One-percentage point decrease	\$37,378	n/a	\$37,378	n/a	\$37,378	\$32,958	n/a	\$32,958	n/a	\$32,958



Certification

We have prepared an actuarial valuation of the University's post retirement benefit obligations for accounting purposes as at May 1, 2007 and extrapolated those results to May 1, 2009. In accordance with our mandate, the purpose of this valuation and extrapolation is to determine the benefit cost and obligations of the Plan in accordance with CICA 3461 for the fiscal year beginning May 1, 2009 and ending April 30, 2010 to enable the University to account for the cost of the Plan under CICA 3461.

In addition, we have prepared a second actuarial valuation of the University's benefit obligations for accounting purposes as at April 30, 2010. In accordance with our mandate, the purpose of this valuation is to determine the obligations of the Plan in accordance with CICA 3461 to enable the University to satisfy the disclosure requirements under CICA 3461.

We have prepared actuarial valuations of the University's post employment benefit and retiring allowance obligations for accounting purposes as at April 30, 2009 and April 30, 2010. The purpose of these valuations is to determine the benefit cost and obligations of the Plan in accordance with CICA 3461 for the fiscal year beginning May 1, 2009 and ending April 30, 2010 to enable the University to account for the cost of the Plan and to satisfy disclosure requirements under CICA 3461.

This report has been prepared exclusively for McMaster University. This valuation report may not be relied upon for any purpose other than what is described in this report or by any party other than McMaster University and its auditors. Mercer is not responsible for the consequences of any other use.

Over time, a plan's total cost will depend on a number of factors, including the amount of benefits the plan pays, the number of people paid benefits, the amount of plan expenses, and the amount earned on any assets invested to pay the benefits. These amounts and other variables are unknowable at the valuation date, but are predicted to fall within a reasonable range of possibilities.

To prepare this report, actuarial assumptions, as described in Appendix C, were used to select a single scenario from the range of possibilities. The results of that single scenario are included in this report. However, the future is uncertain and the plan's actual experience will differ from those assumptions; these differences may be significant or material. Different assumptions or scenarios may be within the reasonable range and results based on those assumptions would be different. Also, actuarial assumptions may be changed from one valuation to the next because of legislated changes to government coverages, plan experience, changes in expectations about the future and other factors.

Because actual plan experience will differ from the assumptions, decisions about benefit changes, benefit security and/or benefit-related issues should be made only after careful consideration of alternative future financial conditions and scenarios, and not solely on the basis of a valuation report or reports.

Plan Provisions

The results of the valuations set forth in this report reflect the provisions of the plans as of the dates of the valuations as reported to us by Management. These results reflect the changes in eligibility and cost sharing arrangements made since the last valuation for various employee groups of McMaster with the exception of the following:

- Introduce copay program for CAW Unit 1 (Support staff) employees hired on or after October 1, 2009
- Introduce copay program for IUOE (Operating Engineers) employees hired on or after March 1, 2010
- Introduce copay program for CAW Unit 3 (Parking and Transit) employees hired on or after March 16, 2010

There were no other changes made to the Plan since the date of the last valuation for accounting purposes as at May 1, 2007 which had a material impact on the benefit cost for the fiscal year ending on April 30, 2010 or the ABO as of April 30, 2010.

A summary of the plan provisions and the eligibility changes are provided in Appendix D and Appendix E. These plan provisions have been certified by the University under Employer Certification in Appendix F of this report.

There was no substantive commitment reported to us by Management.

Data

The valuations and extrapolations are based on membership data as at May 1, 2007 and April 30, 2010 provided by the University for the post retirement plan and as at April 30, 2009 and April 30, 2010 for the post employment and retiring allowance plans. The membership data is summarized in Appendix B of this report.

Subsequent Events

Based on discussions with representatives of the University, to our knowledge there have been no events subsequent to April 30, 2010 which, in our opinion, would have a material impact on the results of the valuations and extrapolations.

Methods and Assumptions

The actuarial valuation methods, and Management accounting policies and assumptions used in the valuations and determination of benefit cost are summarized in Appendix C of this report.

Valuation methods and assumptions are the same as the prior year's valuation except for the following:

- Age 65 per capita claims cost have been updated based on the group's recent claims experience
- Age 65 per capita claim costs have been developed using a refined methodology where
 - claim costs have been developed by benefit rather than as an aggregate medical cost
 - the aging assumption has been updated based on the most recent Mercer Aging Study
 - the ODB drug offset assumption has been updated to reflect current estimates
- Separate trend assumptions were applied for hospital, prescription drug, vision and other medical benefits.
- The dental trend assumption was updated from 4.00% per annum to 4.50% per annum.
- The retirement assumption has been updated to account for the elimination of mandatory retirement at age 65
- The aging factors have been updated based on the 2007 Mercer Aging Study
- The full eligibility criteria for all non Parking services Hourly plan members was updated from the earlier of age 55 or 80 points to the eligibility listed in Appendix E of this report
- The full eligibility criteria for all Salaried plan members was updated from the earlier of age 55 with 2 years of service or 80 points to the eligibility listed in Appendix E of this report
- The discount rate for the post retirement plan and the retiring allowances was decreased from 7.50% per annum to 6.00% per annum

- LTD claim costs were revised to reflect more recent experience
- The LTD disability mortality and recovery assumptions were updated to reflect more recent CIA (Canadian Institute of Actuaries) experience studies
- There was a correction to the post employment valuation program to correct a prior error regarding administration and tax rates
- The discount rate for the post employment plan was decreased from 6.75% per annum to 5.00% per annum

Emerging experience, differing from the assumptions, will result in gains or losses that will be revealed in future valuations and will affect future benefit cost.

Actuarial computations in accordance with CICA 3461 are for purposes of enabling the University to fulfill accounting requirements pursuant to CICA 3461. Determination for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein. Accordingly, additional determinations are needed for other purposes such as plan design costings.

Statement of Opinion

The methods used in the valuations of benefit obligations and determination of plan costs were selected by Management in accordance with the requirements of CICA 3461.

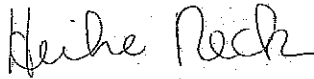
The preparers of the financial statements have selected the assumptions used in the valuations of the plan obligations and determination of plan costs. They are Management's best-estimate assumptions, selected for accounting purposes, in accordance with CICA 3461. We are not expressing any opinion on these assumptions.

In our opinion,

- The data on which the valuations are based is sufficient and reliable for the purposes of the valuations, and
- The calculations have been made in accordance with the requirements of CICA 3461.

This report has been prepared and our opinion given, in accordance with accepted actuarial practice in Canada.

Respectfully submitted,



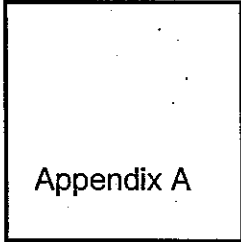
Heike Reck
Fellow of the Society of Actuaries
Fellow of the Canadian Institute of Actuaries

27 October 2010

Date

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Development of Costs

This Appendix shows the financial position of the plan and the calculation of the various components of plan costs.

Non-Pension Post Retirement Benefits

Financial Position of the Plan

	01.05.09	01.05.08
1. ABO		
a. Retirees and surviving spouses	(\$75,640,000)	(\$76,393,000)
b. Active fully eligible members	(60,198,000)	(63,803,000)
c. Active not fully eligible members	(51,992,000)	(57,228,000)
d. Total (a. + b. + c.)	(\$187,830,000)	(\$197,424,000)
2. Fair value of plan assets	0	0
3. Surplus (Deficit) (1.d. + 2.)	(\$187,830,000)	(\$197,424,000)
4. Employer contributions during period from measurement date to fiscal year end	0	0
5. Unamortized transitional obligation (asset)	0	0
6. Unamortized past service cost	0	0
7. Unamortized net actuarial loss (gain)	31,426,000	59,241,000
8. Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)	(\$156,404,000)	(\$138,183,000)

Reconciliation of Accrued Benefit Asset (Liability)

	Fiscal Year Ending 30.04.10	Fiscal Year Ending 30.04.09
1. Accrued benefit asset (liability) at beginning of year	(\$156,404,000)	(\$138,183,000)
2. Benefit cost for the year	(22,315,000)	(22,809,000)
3. Benefit payments	4,975,000	4,588,000
4. Accrued benefit asset (liability) at end of year	(\$173,744,000)	(\$156,404,000)

Components of the benefit cost calculations are developed below.

Interest Cost

	Fiscal Year Ending 30.04.10	Fiscal Year Ending 30.04.09
1. ABO	\$187,830,000	\$197,424,000
2. a. Current service cost	\$7,095,000	\$7,615,000
b. Weighted for timing	\$7,095,000	\$7,615,000
3. a. Plan amendment	\$0	\$0
b. Weighted for timing	\$0	\$0
4. a. Benefit payments	\$5,734,000	\$5,397,000
b. Weighted for timing	\$2,867,000	\$2,698,000
5. Average ABO (1. + 2.b. + 3.b. - 4.b.)	\$192,058,000	\$202,341,000
6. Discount rate	7.50%	6.25%
7. Interest cost (5. x 6.)	\$14,404,000	\$12,646,000

Amortization Amounts

Amortizations	Unamortized Amount as of 01.05.09	Years Remaining	Annual Amortization Amount
1. Transitional obligation (asset)	\$0	N/A	\$0
2. Past service cost	\$0	N/A	\$0
3. Unamortized loss (gain) subject to amortization as of May 1, 2009			
a. Unamortized net actuarial loss (gain)			\$31,426,000
b. ABO			187,830,000
c. 10% of ABO (b.)			18,783,000
d. Unamortized net actuarial loss (gain) subject to amortization (excess of a. over c., if any)			12,643,000
e. Expected average remaining service lifetime			15.5
f. Amortization amount (d. ÷ e.)			\$816,000

Analysis of Loss (Gain) in Obligation (ABO)

Gains and Losses Due to:	As at 30.04.10
1. Change in discount rate	\$41,738,000
2. Benefit payments differing from expected	(759,000)
3. Change in trend assumption	7,140,000
4. Change in retirement assumption	3,630,000
5. Updated claims experience	(8,358,000)
6. Refinement of claim cost setting methodology	(16,314,000)
7. Update to aging factors	(3,022,000)
8. Update to post-65 prescription drug offset assumption	(19,491,000)
9. Change in eligibility requirement for recent hires	(4,279,000)
10. All other demographic (gain) loss	2,128,000
11. Total	\$2,413,000

Post Employment Benefits

Financial Position of the Plan

	01.05.09	01.05.08
1. ABO	(\$6,070,000)	(\$4,702,000)
2. Fair value of plan assets	0	0
3. Surplus (Deficit) (1. + 2.)	(\$6,070,000)	(\$4,702,000)
4. Employer contributions during period from measurement date to fiscal year end	0	0
5. Unamortized transitional obligation (asset)	0	0
6. Unamortized past service cost	0	0
7. Unamortized net actuarial loss (gain)	0	0
8. Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)	(\$6,070,000)	(\$4,702,000)

Retirement Allowance

Financial Position of the Plan

	01.05.09	01.05.08
1. ABO	(\$1,046,000)	(\$1,000,000)
2. Fair value of plan assets	0	0
3. Surplus (Deficit) (1. + 2.)	(\$1,046,000)	(\$1,000,000)
4. Employer contributions during period from measurement date to fiscal year end	0	0
5. Unamortized transitional obligation (asset)	0	0
6. Unamortized past service cost	0	0
7. Unamortized net actuarial loss (gain)	0	0
8. Accrued benefit asset (liability) (3. + 4. + 5. + 6. + 7.)	(\$1,046,000)	(\$1,000,000)

Appendix B

Membership Data

The actuarial valuation of the post retirement plan is based on membership data as at April 30, 2010, provided by the University. The actuarial valuations of the post employment plan are based on membership data as at April 30, 2009 and April 30, 2010, provided by the University.

We have not independently verified the accuracy or completeness of the data except to the extent required by generally accepted professional standards and practices. Mercer will not be held responsible for any liability arising from the use of incomplete, inaccurate or not up-to-date data or documentation. We have applied tests for internal consistency, as well as for consistency with the data used for the previous valuation. These tests were applied to membership reconciliation, basic information (date of birth, date of hire, date of membership, gender, etc.), earnings, and service. The results of these tests were satisfactory.

Plan membership data are summarized below. For comparison, we have also summarized corresponding data from the previous valuation.

Non-Pension Post Retirement***Analysis of Membership Data – Salaried Employees***

Salaried Employees	30.04.10	01.05.07
Active Members – Total		
Number	4,050	4,174
Average years of service	11.7 years	10.6 years
Average age	46.8	45.4
Retirees		
Number with post 65 life insurance	1,119	901
Average post 65 life insurance benefit	\$5,000	\$5,000
Average age for members with post 65 life insurance	68.9	68.0
Number with medical	1,399	1,244
Average age for members with medical	72.0	71.8
Number of Spouses with Medical Coverage	1,031	890
Average age of spouses	69.4	66.7
Number with dental	1,370	1,210
Average age for members with dental	71.8	71.6
Number of spouses with dental coverage	1,027	889
Average age of spouses	69.4	66.7
Total number of retirees	1,407	1,272
Surviving Spouses		
Number with medical	173	145
Average age with medical	79.1	76.5
Number with dental	163	136.0
Average age with dental	78.8	76.5
Total number of surviving spouses	173	147

Analysis of Membership Data – Hourly Employees

Hourly Employees	30.04.10	01.05.07
Active Members – Total		
Number	313	333
Average years of service	14.9 years	13.3 years
Average age	49.3	48.1
Retirees		
Number with post 65 life insurance	169	144
Average post 65 life insurance benefit	\$5,000	\$5,000
Average age for members with post 65 life insurance	70.4	69.2
Number with medical	217	210
Average age for members with medical	73.8	73.3
Number of Spouses with Medical Coverage	138	127
Average age of spouses	72.3	71.6
Number with dental	193	180
Average age for members with dental	72.7	72.2
Number of spouses with dental coverage	133	121
Average age of spouses	71.8	71.2
Total number of retirees	219	213
Surviving Spouses		
Number with medical	66	51
Average age with medical	80.0	82.5
Number with dental	54.0	37.0
Average age with dental	78.1	80.4
Total number of surviving spouses	66	51

Reconciliation of Membership

The membership movement for all categories of membership since the previous actuarial valuation is as follows

	Active	Retirees	Surviving Spouses	Total
Total at 01.05.07	4,507	1,485	198	6,190
Adjustments		12	47	59
New entrants	839			839
Disability				-
Terminations	(698)			(698)
Deaths		(140)	(22)	(162)
Retirements	(285)	285		-
Surviving spouses		(16)	16	-
Total at 30.04.10	4,363	1,626	239	6,228

The distribution of the active salaried members by age and completed years of service as at April 30, 2010 is summarized as follows:

**Distribution of Active Salaried Plan Members
By Age Group and Completed Years of Service as at 30.04.10**

Age	Years of Completed Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
Under 20								0
20 - 24	26	3						29
25 - 29	138	41	1					180
30 - 34	195	132	18					345
35 - 39	206	204	60	10				480
40 - 44	164	269	131	36	31			631
45 - 49	135	228	147	69	94	42	3	718
50 - 54	93	148	89	84	127	68	38	647
55 - 59	36	91	72	51	122	78	74	524
60 - 64	42	41	40	39	97	42	78	379
65+	3	18	10	7	20	15	44	117
Total	1,038	1,175	568	296	491	245	237	4,050

The distribution of the active hourly members by age and completed years of service as at April 30, 2010 is summarized as follows:

**Distribution of Active Hourly Plan Members
By Age Group and Completed Years of Service as at 30.04.10**

Age	Years of Completed Service							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30+	
Under 20								0
20 - 24	2							2
25 - 29	4	3						7
30 - 34	8	6	1					15
35 - 39	4	11	3	2				20
40 - 44	4	25	1	5	9			44
45 - 49	6	23	6	6	15	2	4	62
50 - 54	2	18	4	7	18	8	3	60
55 - 59	1	18	4	8	20	9	6	66
60 - 64		3	2	7	10	3	9	34
65+			1				2	3
Total	31	107	22	35	72	22	24	313

The distribution of the salaried retirees and surviving spouses by age as at April 30, 2010 is summarized as follows:

**Distribution of Salaried Inactive Members
By Age Group as at 30.04.10**

Age	Life Insurance		Health		Dental	
	Count	Average Amount	Single	Family	Single	Family
Under 50						
50 - 54	11	5,000	0	11	0	11
55 - 59	77	5,000	18	64	18	64
60 - 64	235	5,000	59	184	59	184
65 - 69	315	5,000	87	250	85	248
70 - 74	275	5,000	85	215	80	213
75 - 79	157	5,000	97	155	89	155
80 - 84	49	5,000	88	100	79	102
85 - 89		5,000	64	39	58	38
90 +		5,000	43	13	38	12
Total	1,119	5,000	541	1,031	506	1,027

The distribution of the hourly retirees and surviving spouses by age as at April 30, 2010 is summarized as follows:

**Distribution of Hourly Inactive Members
By Age Group as at 30.04.10**

Age	Life Insurance		Health		Dental	
	Count	Average Amount	Single	Family	Single	Family
Under 50			1	0	1	0
50 - 54			0	0	0	0
55 - 59	9	5,000	3	7	3	7
60 - 64	24	5,000	5	21	5	21
65 - 69	50	5,000	16	39	16	39
70 - 74	42	5,000	27	27	24	27
75 - 79	33	5,000	24	22	19	20
80 - 84	11	5,000	32	13	25	10
85 - 89		5,000	20	7	12	7
90 +		5,000	17	2	9	2
Total	169	5,000	145	138	114	133

Post Employment Benefits

Disabled Employees at April 30, 2009

Averages			
Number	Age	Duration of Disability (Years)	Life Insurance
94	53.6	6.9	\$78,000

Disabled Employees at April 30, 2010

Averages			
Number	Age	Duration of Disability (Years)	Life Insurance
94	53.0	7.2	\$81,000



Appendix C

Valuation Methods and Assumptions

This Appendix describes the methods and assumptions used to value the plan as well as accounting policies used to calculate the benefit cost.

Cost Method

ABO numbers shown in this report are computed using the Projected Benefit Method Pro Rated on Service, as defined in CICA 3461. The objective under this method is to expense each member's benefits under the plan as they accrue, taking into consideration projections of benefit costs to and during retirement. The ABO is determined under this method as follows:

Under the Projected Benefit Method Pro Rated on Service, an equal portion of the total estimated future benefit is attributed to each year of service up to the attainment of full eligibility.

The ABO is the actuarial present value of the accrued benefit as of the valuation date and the current service cost is the actuarial present value of the benefit deemed to accrue in the fiscal year.

For retirees, spouses and surviving spouses, the ABO is the present value of all future projected benefits.

For each active member, a "full eligibility" date is determined as the first date the member has or will have met the age and service requirements to qualify for all benefits after retirement.

Full eligibility is attained when a member is eligible for an immediate unreduced pension or eligible for an immediate reduced pension and elects immediate pension plus additional requirements. Please refer to appendix E for detailed eligibility requirements.

For active members who have reached "full eligibility", the ABO is the present value as of the valuation date of all future projected benefits. For these members, the current service cost is zero.

For active members who have not yet reached "full eligibility", the ABO is the present value of all future projected benefits, multiplied by the ratio of service at the valuation date to projected service at "full eligibility". For these members, the current service cost is the present value of benefits as of the valuation date deemed to accrue in the fiscal year, and is determined as the present value of all future projected benefits divided by the projected service at "full eligibility".

The plan's current service cost is the sum of the individual current service costs, and the plan's ABO is the sum of the individual ABOs for all members under the plan.

Post Employment

For each employee currently disabled and entitled to future benefits, the ABO is the actuarial present value of all future projected benefits determined as at the valuation date.

All changes in the ABO, including increases arising from new claims and actuarial gains and losses, are reported as current service cost.

Funding Policy

The non-pension post retirement benefits, post-employment benefits and retiring allowances are funded on a pay-as-you-go basis. The University funds on a cash basis as benefits are paid. No assets have been segregated and restricted to provide the non-pension post retirement benefits, post-employment benefits and retiring allowances.

Accounting Policies

Non-Pension Post Retirement Benefits

Management applied the Recommendations of Section 3461 of the CICA Handbook retroactively.

The ABO for medical, dental and life insurance benefits are aggregated for the purpose of determining cumulative gains and losses. Cumulative gains and losses on post retirement benefits in excess of 10% of the aggregate ABO at the beginning of the year are amortized over the expected average remaining service life (EARSL) of active members expected to receive benefits under the plan (15.5 years for 2010 expense; 14.0 years for projected 2011 expense):

Obligations are attributed to the period beginning on the member's date of hire and ending on the date of reaching full eligibility for benefits.

The University's fiscal year end and the measurement date of the University's obligations is April 30. The post retirement benefit plan is a defined benefit plan.

Post Employment Benefits

The University has elected to recognize actuarial gains and losses on post employment benefits in income immediately.

The University's fiscal year end and the measurement date of the University's obligations is April 30. The post employment benefit plan is a defined benefit plan.

Retiring Allowances

The University has elected to recognize actuarial gains and losses on retiring allowances in income immediately.

The University's fiscal year end and the measurement date of the University's obligations is April 30. The retiring allowances are defined benefits.

We have used claims and expense data submitted by Sun Life without further audit and participant data as supplied by the University. We have reviewed the information for internal consistency, and we have no reason to doubt its substantial accuracy.

Summary of Assumptions

The following assumptions were used in valuing the benefit obligations under the plan.

Non-Pension Post Retirement Benefits

<i>Measurement date</i>	April 30	
<i>Discount rate</i>	<ul style="list-style-type: none"> ▪ 7.50% per annum for April 30, 2009 ABO and 2010 benefit cost determination ▪ 6.00% per annum for April 30, 2010 ABO 	
<i>Salary increases</i>	Salaried Plans: 4.50 % per annum for clinical faculty 5.25% per annum for all other salaried staff Hourly Plans: 4.50% per annum	
<i>Health care cost trend rates for 2010 benefit cost determination</i>	Medical	8.60% per annum in 2007 grading down to 4.50% per annum in and after 2027
	Dental	4.00% per annum
<i>Health care cost trend rates for April 30, 2010 ABO</i>	Hospital	4.50% per annum
	Drug	9.00% per annum in 2010 grading down to 4.50% per annum in and after 2030
	Vision	4.50% per annum
	Other Medical	4.50% per annum
	Dental	4.50% per annum
<i>Mortality</i>	1994 Uninsured Pensioners Mortality Table with projected improvements (Generational)	

<i>Withdrawal</i>	Ontario Medium							
	Rates at sample ages are shown below:							
	Age	Male	Female					
	20	36.0%	36.0%					
	30	11.2%	11.2%					
	40	3.4%	3.4%					
	50	1.2%	1.2%					
	60	0.2%	0.2%					
	No withdrawal assumed after attainment of eligibility for retirement.							
<i>Retirement rates for 2010 benefit cost determination and April 30, 2010 ABO for Hourly Plans</i>	Salaried plans	25% on attainment of full eligibility for unreduced pension benefits (i.e. 80 points (age + service)) 100% at age 65						
	Hourly plans	Hourly Plan 2: 100% at age 64 Hourly Plan 4: 25% on attainment of full eligibility 100% at age 64						
<i>Retirement rates for April 30, 2010 ABO for Salaried Plans</i>	All plans	Age	Rate					
		Attainment of full eligibility	15%					
		Attainment of full eligibility – 64	10%					
		65	50%					
		66-69	50%					
		70+	100%					
<i>Dependent coverage</i>	85% of active members are assumed to elect dependent coverage. Actual coverage data provided by the client is used for retired members.							
<i>Age difference</i>	For active members, a male is assumed to be 3 years older than his spouse. Actual data provided by the client is used for retired members.							
<i>Age 65 per capita claims costs</i>	Fiscal Year Ending 30.04.07⁹							
		Salaried Plan					Hourly Plan	
		Plan 1	Plan 2	Plan 3	Plan 4	Plan 5/6/7	Plan 2	Plan 4
	Medical	\$574	\$1,198	\$1,519	\$1,417	\$1,502	\$545	\$1,041
	Dental	\$455	\$442	\$323	\$559	\$567	\$160	\$229

⁹ 2007 claim cost (October 31, 2007 mid-point)

Age 65 per capita claims costs	Fiscal Year Ending 04.30.2010 ¹⁰						
	Salaried Plan					Hourly Plan	
	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5/6/7	Plan 2	Plan 4
Hospital	\$60	\$50	\$35	\$30	\$20	\$30	n/a
Drug	860	1,800	2,800	1,810	1,460	1,150	1,660
Vision	10	13	30	40	45 ¹¹	30	45
Other	115	95	65	90	140	75	75
Medical	\$1,045	\$1,958	\$2,930	\$1,970	\$1,665	\$1,285	\$1,780
Dental	\$570	\$570	\$580	\$625	\$650	\$360	\$310

Aging factors for 2010 benefit cost determination	Attained Age	Medical	Dental
	55 – 59	4.7%	-0.5%
	60 – 67	4.6%	-0.5%
	68 – 76	3.3%	-0.5%
	77 – 86	1.5%	-0.5%
	Over 87	1.0%	-0.5%

Aging factors for April 30, 2010 ABO	The change in claiming levels from one age to the next are shown below for sample ages:				
Age	Semi-Private Hospital	Prescription Drug	Other Medical	Vision	Dental
55	7.0%	3.8%	-0.2%	-0.5%	-0.4%
60	7.8%	2.8%	-0.6%	-0.6%	-0.7%
65	10.0%	2.1%	-0.5%	-0.6%	-0.9%
70	9.5%	1.1%	1.2%	-0.5%	-1.1%
75	9.3%	0.5%	1.7%	-0.6%	-1.3%
80	8.2%	0.2%	2.2%	-0.6%	-1.8%
85	6.8%	0.3%	2.3%	-0.7%	-2.9%

Prescription drug offset assumption at age 65 and after	<ul style="list-style-type: none"> 55% of drug claims for 2010 benefit cost determination (44% of total medical cost) 65% of drug claims for April 30, 2010 ABO
Administrative expenses as a percentage of paid claims	Medical 6.00% Dental 6.00% Life insurance 6.00%
Taxes	10.00% of claims and administrative expenses for all medical and dental benefits, inclusive of 2.00% premium tax on claims and administration.

¹⁰ 2010 claim cost (October 31, 2010 mid-point)

¹¹ Age 65 per capita vision claim cost for salaried Plan 7 members is \$68 due to inclusion of eye exams for retirees.

Post Employment Benefits

The following assumptions were used in valuing the benefit obligations under the plan.

<i>Measurement date</i>	April 30		
<i>Discount rate</i>	6.75% per annum as of April 30, 2009		
	5.00% per annum as of April 30, 2010		
<i>Medical cost increases</i>	8.60% per annum in 2007 grading down to 4.5% per annum in and after 2027 fiscal 2010 expense determination		
	8.10% per annum in 2010 grading down to 4.5% per annum in and after 2030 for April 30, 2010 ABO		
<i>Dental cost increases</i>	4.00% per annum for fiscal 2010 expense determination		
	4.50% per annum for April 30, 2010 ABO		
<i>Per disabled employee monthly claims costs (before taxes and administration costs),</i>		Fiscal Year Ending 30.04.10¹²	Fiscal Year Ending 30.04.09¹³
	Medical		
	▪ Single	\$255	\$451
	▪ Family	\$408	\$451
	Dental care		
	▪ Single	\$49	\$108
	▪ Family	\$137	\$108
	Total		
	▪ Single	\$304	\$559
	▪ Family	\$545	\$559
<i>Claims cost development</i>	2010 claim costs for medical and dental benefits were based on employee LTD claims costs from 2007 to 2009, projected to the current valuation period. Medical claim costs for disabled lives were assumed to be 3 times as high as those for active lives. We have assumed that healthy families have costs that are 2.8 times those of a single healthy person.		
<i>Mortality and recovery assumptions for disabled employees for April 30, 2009 ABO</i>	Mortality and recovery rate assumptions for medical and dental benefits provided to disabled employees are based on modified 87GLTD tables. Mortality and recovery rate assumptions for life insurance benefits provided to disabled employees are based on modified Krieger tables. Modification factors vary by age and time since disability and are available upon request.		
<i>Mortality and recovery assumptions for disabled employees for April 30, 2010 ABO</i>	Mortality and recovery rate assumptions for benefits provided to disabled employees are based on the Canadian Group Long Term Disability Termination Experience 1988-1997 Modification factors vary by age and time since disability and are available upon request.		

¹² 2010 claim cost (October 31, 2010 mid-point)

¹³ 2009 claim cost (October 31, 2009 mid-point)

Claims Cost Development

Non-Pension Post Retirement Benefits

The per covered member claim costs used in the April 30, 2010 valuation for purposes of determining the liabilities as at April 30, 2010 were based on the actual retiree and dependent claims information for the 3 year period, January 1, 2007 to December 31, 2009, increased with assumed health care cost trend rates to 2010. This claims experience was collected and analysed separately for employee group (hourly and salaried), plan (plan 1-5 for salaried employees and plans 2 and 4 for hourly employees) and benefit (Hospital, Prescription Drug, Vision Care, Other Medical and Dental benefits).

A description of the process used to set the "Age 65 per capita claims costs" (shown in Appendix C – Summary of Assumptions) is as follows:

- For each calendar year of claims, a cost per covered member was developed by dividing the total annual claims by the total number of eligible retirees, and dependents covered during the year.
- The costs are then increased with assumed health care cost trend rates from the claims experience year to the midpoint of the valuation year of October 31, 2010.
- As indicated, this analysis was performed for each calendar year 2007, 2008 and 2009. The assumed cost per covered member for the April 30, 2010 valuation was based on a weighted average of the costs for the three years, as follows:

Percentage Contribution to Valuation Assumed 2010 Claim Cost	Weight
2007 claims experience	17%
2008 claims experience	33%
2009 claims experience	50%
Total	100%

- This cost per person has been adjusted to the cost per covered member at age 65 based on the individual ages of the covered members using the "Aging factors" assumptions shown in Appendix C – Summary of Assumptions).

See the attached example.

Salaried Plan 1's claims cost assumptions were developed based on an average of the actual claims experience for retired members and their dependants, for the calendar years 2007 and 2009. The claims cost assumptions include adjustments to reflect benefit changes that occurred since the experience period. Claim costs were then increased with assumed health care cost trend rates to the mid-point (October 30, 2010) of the valuation period. Refer to the schedule for the development of costs on the following page.

Salaried Plan 1

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2010 per Covered Member Claim Costs at Age 65

	2009 Total	2008 Total	2007 Total
Actual McMaster University retirees' paid claims (before administration costs and taxes)			
Hospital	\$39,839	\$22,185	\$30,205
Drug	51,395	44,362	44,696
Vision care	1,000	1,300	1,000
Other medical	21,333	10,891	17,815
Dental	49,458	52,865	54,555
Total	\$163,025	\$131,603	\$148,272
Number of McMaster University retirees, spouses and surviving spouses			
- Eligible for medical benefits	128	130	138
- Eligible for dental benefits	123	124	131
Per covered member costs			
Hospital	\$311.24	\$170.65	\$218.88
Drug	401.53	341.25	323.89
Vision care	7.81	10.00	7.25
Other medical	166.67	83.78	129.10
Dental	402.09	426.33	416.46
Total	\$1,289.34	\$1,032.01	\$1,095.56
Trend to July 01, 2009			
Hospital	1.00	1.05	1.09
Drug	1.00	1.10	1.21
Vision care	1.00	1.00	1.00
Other medical	1.00	1.05	1.09
Dental	1.00	1.05	1.09
2009 per covered member costs			
Hospital	\$311.24	\$178.33	\$239.02
Drug	401.53	375.37	391.90
Vision care	7.81	10.00	7.25
Other medical	166.67	87.55	140.98
Dental	402.09	445.52	454.77
Total	\$1,289.34	\$1,096.77	\$1,233.92
Weighting	50%	33%	17%
Trend to October 30, 2010			
Hospital	1.060		
Drug	1.135		
Vision care	1.000		
Other medical	1.060		
Dental	1.060		
2010 per covered member costs			
Hospital	\$270.29		
Drug	444.14		
Vision care	8.45		
Other medical	144.22		
Dental	451.02		
Total	\$1,318.12		

Adjustment factors to convert 2010 per covered member costs
into age 65 per covered member costs

Hospital	0,2220
Drug	1.9363
Vision care	1.1838
Other medical	0.7974
Dental	1.2638

Per covered member age 65 claims costs (2010 per covered member costs x adjustment factors)

Hospital	\$60.00
Drug - prior to 65% drug offset	860.00
Vision care	10.00
Other medical	115.00
Dental	570.00
Total	\$1,615.00

Drug offset assumption at age 65 65%

Per covered member age 65 claims costs	
Hospital	\$60.00
Drug - incorporating 65% drug offset	301.00
Vision care	10.00
Other medical	115.00
Dental	570.00
Total	\$1,056.00

Salaried Plan 2

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2010 per Covered
Member Claim Costs at Age 65

	2009 Total	2008 Total	2007 Total
Actual McMaster University retirees' paid claims (before administration costs and taxes)			
Hospital	\$49,600	\$65,701	\$69,060
Drug	276,598	244,126	259,005
Vision care	2,200	2,891	2,599
Other medical	32,501	42,730	30,229
Dental	135,623	144,972	152,302
Total	\$496,522	\$500,420	\$513,196
Number of McMaster University retirees, spouses and surviving spouses			
- Eligible for medical benefits	337	344	351
- Eligible for dental benefits	319	326	332
Per covered member costs			
Hospital	\$147.18	\$190.99	\$196.75
Drug	820.77	709.67	737.91
Vision care	6.53	8.40	7.40
Other medical	96.44	124.21	86.12
Dental	425.15	444.70	458.74
Total	\$1,496.07	\$1,477.98	\$1,486.93
Trend to July 01, 2009			
Hospital	1.00	1.05	1.09
Drug	1.00	1.10	1.21
Vision care	1.00	1.00	1.00
Other medical	1.00	1.05	1.09
Dental	1.00	1.05	1.09
2009 per covered member costs			
Hospital	\$147.18	\$199.59	\$214.86
Drug	820.77	780.64	892.87
Vision care	6.53	8.40	7.40
Other medical	96.44	129.80	94.05
Dental	425.15	464.71	500.96
Total	\$1,496.07	\$1,583.14	\$1,710.14

Weighting	50%	33%	17%
Trend to October 30, 2010			
Hospital	1.060		
Drug	1.135		
Vision care	1.000		
Other medical	1.060		
Dental	1.060		
2010 per covered member costs			
Hospital	\$186.55		
Drug	930.28		
Vision care	7.30		
Other medical	113.63		
Dental	478.19		
Total	\$1,715.95		
Adjustment factors to convert 2010 per covered member costs into age 65 per covered member costs			
Hospital	0.2680		
Drug	1.9349		
Vision care	1.7809		
Other medical	0.8360		
Dental	1.1920		
Per covered member age 65 claims costs (2010 per covered member costs x adjustment factors)			
Hospital	\$50.00		
Drug - prior to 65% drug offset	1,800.00		
Vision care	13.00		
Other medical	95.00		
Dental	570.00		
Total	\$2,528.00		
Drug offset assumption at age 65			
	65%		
Per covered member age 65 claims costs			
Hospital	\$50.00		
Drug - incorporating 65% drug offset	630.00		
Vision care	13.00		
Other medical	95.00		
Dental	570.00		
Total	\$1,358.00		

Salaried Plan 3

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2010 per Covered Member Claim Costs at Age 65

	2009 Total	2008 Total	2007 Total
Actual McMaster University retirees' paid claims (before administration costs and taxes)			
Hospital	\$3,740	\$4,070	\$2,420
Drug	58,175	39,197	57,144
Vision care	1,200	1,253	1,477
Other medical	1,439	3,520	4,738
Dental	19,803	20,244	21,908
Total	\$84,357	\$68,284	\$87,687
Number of McMaster University retirees, spouses and surviving spouses			
- Eligible for medical benefits	42	42	44
- Eligible for dental benefits	42	42	44

Per covered member costs			
Hospital	\$89.05	\$96.90	\$55.00
Drug	1,385.12	933.27	1,298.72
Vision care	28.57	29.84	33.57
Other medical	34.26	83.81	107.69
Dental	471.51	481.99	497.91
Total	\$2,008.50	\$1,625.81	\$1,992.89

Trend to July 01, 2009			
Hospital	1.00	1.05	1.09
Drug	1.00	1.10	1.21
Vision care	1.00	1.00	1.00
Other medical	1.00	1.05	1.09
Dental	1.00	1.05	1.09

2009 per covered member costs			
Hospital	\$89.05	\$101.27	\$60.06
Drug	1,385.12	1,026.60	1,571.45
Vision care	28.57	29.84	33.57
Other medical	34.26	87.58	117.60
Dental	471.51	503.68	543.73
Total	\$2,008.50	\$1,748.96	\$2,326.41

Weighting	50%	33%	17%
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Trend to October 30, 2010	
Hospital	1.060
Drug	1.135
Vision care	1.000
Other medical	1.060
Dental	1.060

2010 per covered member costs	
Hospital	\$93.62
Drug	1,472.12
Vision care	29.83
Other medical	69.90
Dental	524.10
Total	\$2,189.57

Adjustment factors to convert 2010 per covered member costs into age 65 per covered member costs	
Hospital	0.3739
Drug	1.9020
Vision care	1.0058
Other medical	0.9299
Dental	1.1067

Per covered member age 65 claims costs (2010 per covered member costs x adjustment factors)	
Hospital	\$35.00
Drug - prior to 65% drug offset	2,800.00
Vision care	30.00
Other medical	65.00
Dental	580.00
Total	\$3,510.00

Drug offset assumption at age 65	65%
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Per covered member age 65 claims costs	
Hospital	\$35.00
Drug - incorporating 65% drug offset	980.00
Vision care	30.00
Other medical	65.00
Dental	580.00
Total	\$1,690.00

Salaried Plan 4

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2010 per Covered Member Claim Costs at Age 65

	2009 Total	2008 Total	2007 Total
Actual McMaster University retirees' paid claims (before administration costs and taxes)			
Hospital	\$54,530	\$48,870	\$42,835
Drug	1,580,434	1,458,659	1,298,464
Vision care	65,786	57,146	52,992
Other medical	141,599	154,573	145,481
Dental	936,348	848,279	849,806
Total	\$2,778,697	\$2,567,527	\$2,389,578
Number of McMaster University retirees, spouses and surviving spouses			
- Eligible for hospital benefits	950	925	924
- Eligible for medical benefits	1,703	1,622	1,554
- Eligible for dental benefits	1,706	1,628	1,547
Per covered member costs			
Hospital	\$57.40	\$52.83	\$46.36
Drug	928.03	899.30	835.56
Vision care	38.63	35.23	34.10
Other medical	83.15	95.30	93.62
Dental	548.86	521.06	549.32
Total	\$1,656.06	\$1,603.71	\$1,558.96
Trend to July 01, 2009			
Hospital	1.00	1.05	1.09
Drug	1.00	1.10	1.21
Vision care	1.00	1.00	1.00
Other medical	1.00	1.05	1.09
Dental	1.00	1.05	1.09
2009 per covered member costs			
Hospital	\$57.40	\$55.21	\$50.62
Drug	928.03	989.23	1,011.03
Vision care	38.63	35.23	34.10
Other medical	83.15	99.59	102.23
Dental	548.86	544.50	599.88
Total	\$1,656.06	\$1,723.76	\$1,797.86
Weighting	50%	33%	17%
Trend to October 30, 2010			
Hospital	1.060		
Drug	1.135		
Vision care	1.000		
Other medical	1.060		
Dental	1.060		
2010 per covered member costs			
Hospital	\$58.89		
Drug	1,092.47		
Vision care	36.74		
Other medical	97.35		
Dental	589.46		
Total	\$1,874.91		

Adjustment factors to convert 2010 per covered member costs
into age 65 per covered member costs:

Hospital	0.5094
Drug	1.6568
Vision care	1.0887
Other medical	0.9245
Dental	1.0603

Per covered member age 65 claims costs (2010 per covered member costs x adjustment factors)

Hospital	\$30.00
Drug - prior to 65% drug offset	1,810.00
Vision care	40.00
Other medical	90.00
Dental	625.00
Total	\$2,595.00

Drug offset assumption at age 65 65%

Per covered member age 65 claims costs

Hospital	\$30.00
Drug - incorporating 65% drug offset	633.50
Vision care	40.00
Other medical	90.00
Dental	625.00
Total	\$1,418.50

Salaried Plan 5

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2010 per Covered Member Claim Costs at Age 65

	2009 Total	2008 Total	2007 Total
Actual McMaster University retirees' paid claims (before administration costs and taxes)			
Hospital	\$2,920	\$0	\$0
Drug	169,087	91,940	0
Vision care	9,796	2,345	0
Other medical	32,037	10,864	0
Dental	135,352	65,953	0
Total	\$349,193	\$171,101	\$0
Number of McMaster University retirees, spouses and surviving spouses			
- Eligible for medical benefits	217	206	-
- Eligible for dental benefits	218	207	-
Per covered member costs			
Hospital	\$13.46	\$0.00	\$0.00
Drug	779.20	446.31	0.00
Vision care	45.14	11.38	0.00
Other medical	147.64	52.74	0.00
Dental	620.88	318.61	0.00
Total	\$1,606.32	\$829.04	\$0.00
Trend to July 01, 2009			
Hospital	1.00	1.05	1.09
Drug	1.00	1.10	1.21
Vision care	1.00	1.00	1.00
Other medical	1.00	1.05	1.09
Dental	1.00	1.05	1.09
2009 per covered member costs			
Hospital	\$13.46	\$0.00	\$0.00
Drug	779.20	490.94	0.00
Vision care	45.14	11.38	0.00
Other medical	147.64	55.11	0.00
Dental	620.88	332.95	0.00
Total	\$1,606.32	\$890.38	\$0.00

Weighting	100%	0%	0%
Trend to October 30, 2010			
Hospital	1.060		
Drug	1.135		
Vision care	1.000		
Other medical	1.060		
Dental	1.060		
2010 per covered member costs			
Hospital	\$14.27		
Drug	884.64		
Vision care	45.14		
Other medical	158.55		
Dental	658.36		
Total	\$1,758.96		
Adjustment factors to convert 2010 per covered member costs into age 65 per covered member costs			
Hospital	1.4017		
Drug	1.6504		
Vision care	0.9968		
Other medical	0.8943		
Dental	0.9873		
Per covered member age 65 claims costs (2010 per covered member costs x adjustment factors)			
Hospital	\$20.00		
Drug - prior to 65% drug offset	1,460.00		
Vision care	45.00		
Other medical	140.00		
Dental	650.00		
Total	\$2,315.00		
Drug offset assumption at age 65 65%			
Per covered member age 65 claims costs			
Hospital	\$20.00		
Drug - incorporating 65% drug offset	511.00		
Vision care	45.00		
Other medical	140.00		
Dental	650.00		
Total	\$1,366.00		

Hourly Plan 2

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2010 per Covered Member Claim Costs at Age 65. Note: Due to the lack of credibility of Hourly Plan 2 claims experience, Hourly Plan 4 claims experience was used to determine the drug, vision, other medical and dental 2010 per covered member claim costs at age 65. Salaried Plan 4 claims experience was used to determine the hospital 2010 per covered member claim costs at age 65 due to similar plan design.

	2009 Total	2008 Total	2007 Total
Actual McMaster University retirees' paid claims (before administration costs and taxes)			
Hospital	54,530	48,870	42,835
Drug	257,477	240,504	282,312
Vision care	16,170	11,971	13,076
Other medical	19,651	35,772	22,296
Dental	81,672	76,204	73,119
Total	\$429,499.97	\$413,320.68	\$433,639.00
Number of McMaster University retirees, spouses and surviving spouses			
- Eligible for Hospital benefits	950	925	924
- Eligible for medical benefits	339	324	312
- Eligible for dental benefits	311	296	282
Per covered member costs			
Hospital	57.40	52.83	46.36
Drug	759.52	742.30	904.85
Vision care	47.70	36.95	41.91
Other medical	57.97	110.41	71.46
Dental	262.61	257.45	259.29
Total	\$1,185.20	\$1,199.93	\$1,323.87
Trend to July 01, 2009			
Hospital	1.00	1.05	1.09
Drug	1.00	1.10	1.21
Vision care	1.00	1.00	1.00
Other medical	1.00	1.05	1.09
Dental	1.00	1.05	1.09
2009 per covered member costs			
Hospital	57.40	55.21	50.62
Drug	759.52	816.53	1,094.87
Vision care	47.70	36.95	41.91
Other medical	57.97	115.38	78.04
Dental	262.61	269.03	283.15
Total	\$1,185.20	\$1,293.09	\$1,548.59
Weighting	50%	33%	17%
Trend to October 30, 2010			
Hospital	1.060		
Drug	1.135		
Vision care	1.000		
Other medical	1.060		
Dental	1.060		
2010 per covered member costs			
Hospital	58.89		
Drug	947.32		
Vision care	43.15		
Other medical	85.30		
Dental	284.36		
Total	\$1,419.03		

Adjustment factors to convert 2010 per covered member costs
into age 65 per covered member costs

Hospital	0.5094
Drug	1.2140
Vision care	0.6952
Other medical	0.8792
Dental	1.2660

Per covered member age 65 claims costs (2010 per covered member costs x adjustment factors)

Hospital	\$30.00
Drug - prior to 65% drug offset	1,150.00
Vision care	30.00
Other medical	75.00
Dental	360.00
Total	\$1,645.00

Drug offset assumption at age 65 65%

Per covered member age 65 claims costs

Hospital	\$30.00
Drug - incorporating 65% drug offset	402.50
Vision care	30.00
Other medical	75.00
Dental	360.00
Total	\$897.50

Hourly Plan 4

Development of Non-Pension Post Retirement Claims Costs Assumptions for 2010 per Covered Member Claim Costs at Age 65

	2009 Total	2008 Total	2007 Total
Actual McMaster University retirees' paid claims (before administration costs and taxes)			
Drug	257,477	240,504	282,312
Vision care	16,170	11,971	13,076
Other medical	19,651	35,772	22,296
Dental	81,672	76,204	73,119
Total	\$374,970	\$364,451	\$390,804
Number of McMaster University retirees, spouses and surviving spouses			
- Eligible for medical benefits	339	324	312
- Eligible for dental benefits	311	296	282
Per covered member costs			
Drug	759.52	742.30	904.85
Vision care	47.70	36.95	41.91
Other medical	57.97	110.41	71.46
Dental	262.61	257.45	259.29
Total	\$1,127.80	\$1,147.10	\$1,277.51
Trend to July 01, 2009			
Drug	1.00	1.10	1.21
Vision care	1.00	1.00	1.00
Other medical	1.00	1.05	1.09
Dental	1.00	1.05	1.09
2009 per covered member costs			
Drug	759.52	816.53	1,094.87
Vision care	47.70	36.95	41.91
Other medical	57.97	115.38	78.04
Dental	262.61	269.03	283.15
Total	\$1,127.80	\$1,237.88	\$1,497.96
Weighting	50%	33%	17%

Trend to October 30, 2010	
Drug	1.135
Vision care	1.000
Other medical	1.060
Dental	1.060

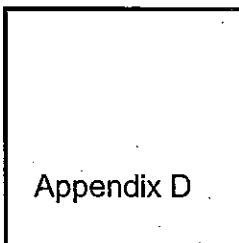
2010 per covered member costs	
Drug	947.32
Vision care	43.15
Other medical	85.30
Dental	284.36
Total	\$1,360.13

Adjustment factors to convert 2010 per covered member costs into age 65 per covered member costs	
Drug	1.7523
Vision care	1.0429
Other medical	0.8792
Dental	1.0902

Per covered member age 65 claims costs (2010 per covered member costs x adjustment factors)	
Drug - prior to the 65% drug offset	1,660.00
Vision care	45.00
Other medical	75.00
Dental	310.00
Total	\$2,090.00

Drug offset assumption at age 65 65%

Per covered member age 65 claims costs	
Drug - incorporating 65% drug offset	581.00
Vision care	45.00
Other medical	75.00
Dental	310.00
Total	\$1,011.00



Summary of Plan Provisions

Please note that this summary only outlines the plan's general provisions as required for valuation purposes. Detailed listings of all provisions can be found in the McMaster employee benefit booklets.

Non-Pension Post Retirement

Extended Health Care – Salaried Plan (Research Associates, TMG, CAW, and Affiliates)

	Plan 1	Plan 2	Plan 3	Plan 4
Eligibility	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired on or before June 30, 1994 ▪ If the retiree is married, Spousal coverage continues for the life of the spouse. 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired between July 1, 1994 and November 30, 1996, or retired earlier and opted to participate in this plan ▪ If the retiree is married, Spousal coverage continues for the life of the spouse 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired between December 1, 1996 and June 30, 1998, or retired earlier and opted to participate in this plan ▪ If the retiree is married, Spousal coverage continues for the life of the spouse 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired after July 1, 1998, or retired earlier and opted to participate in this plan ▪ See Appendix E for additional requirements ▪ If the retiree is married, Spousal coverage continues for the life of the spouse
Deductible	<ul style="list-style-type: none"> ▪ \$25 single/ \$50 family (annual) 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None
Reimbursement	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted 	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted 	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted 	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted

	Plan 1	Plan 2	Plan 3	Plan 4
Benefits				
▪ Drug	▪ 100% of prescription drug	▪ 100% of prescription drug ▪ \$6.50 dispensing fee cap	▪ 100% of prescription drug ▪ \$6.50 dispensing fee cap	▪ 100% of prescription drug ▪ \$6.50 dispensing fee cap
▪ ODB	▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription	▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription	▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription	▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription
Hospital				
▪ Semi-Private	▪ 100%	▪ 100%	▪ 100%	▪ None
▪ Private	▪ \$10 max/day for charges in excess of semi-private room rate	▪ \$10 max/day for charges in excess of semi-private room rate	▪ \$10 max/day for charges in excess of semi-private room rate	▪ None
Convalescent Care (rehab only)	▪ \$20 maximum/day (Rehab only) up to 120 days/benefit year.	▪ \$20 maximum/day (Rehab only) up to 120 days/benefit year.	▪ \$20 maximum/day (Rehab only) up to 120 days/benefit year.	▪ \$20 maximum/day (Rehab only) up to 120 days/benefit year.
Chronic Care	▪ None	▪ None	▪ None	▪ None
Professional Services				
▪ Psychologist	▪ \$15 per 1/2 hour for initial visit; \$15/visit thereafter; max \$225/year	▪ \$15 per 1/2 hour for initial visit; \$15/visit thereafter; max \$225/year	▪ \$15 per 1/2 hour for initial visit; \$15/visit thereafter; max \$225/year	▪ \$15 per 1/2 hour for initial visit; \$15/visit thereafter; max \$300/year
▪ Physiotherapist	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/visit, \$300/year
▪ Speech Therapist	▪ \$200/year	▪ \$200/year	▪ \$200/year	▪ \$200/year
▪ Other Paramedical	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/visit, \$300/year
Hearing Aids	▪ Only as a result of an accident (unlimited)	▪ Only as a result of an accident (unlimited)	▪ Only as a result of an accident (unlimited)	▪ 75%, \$500 max/3 years ▪ 3 years
Vision				
▪ Deductible	▪ Does not apply	▪ Does not apply	▪ Does not apply	▪ Does not apply
▪ Glasses or Contact Lenses	▪ \$100 maximum/24 months ▪ Coverage for Retiree only (no dependents)	▪ \$100 maximum/ ▪ Coverage for Retiree only (no dependents)	▪ \$150 maximum/24 months ▪ Coverage for Retiree and dependents	▪ \$250 maximum/24 months ▪ Coverage for Retiree and dependents
Private Duty Nursing	▪ 40% of first \$25,000 (maximum \$10,000) ▪ 80% of next \$25,000 (maximum \$20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full	▪ 40% of first \$25,000 (maximum \$10,000) ▪ 80% of next \$25,000 (maximum \$20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full	▪ 40% of first \$25,000 (maximum \$10,000) ▪ 80% of next \$25,000 (maximum \$20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full	▪ 40% of first \$25,000 (maximum \$10,000) ▪ 80% of next \$25,000 (maximum \$20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full
Out-of-Country	▪ \$10,000 lifetime maximum	▪ \$10,000 lifetime maximum	▪ \$10,000 lifetime maximum	▪ \$10,000 lifetime maximum

Extended Health Care – Salaried Plan (Faculty, Clinical Faculty, and Librarians)

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5/6/7*
Eligibility	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired on or before June 30, 1994 ▪ If the retiree is married, Spousal coverage continues for life of the spouse 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired between July 1, 1994 and Nov 30, 1996, or earlier and opted to participate in this plan ▪ If the retiree is married, Spousal coverage continues for life of the spouse 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired between Dec 1, 1996 and June 30, 1998, or earlier and opted to participate in this plan ▪ If the retiree is married, Spousal coverage continues for life of the spouse 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired after July 1, 1998, or retired earlier and opted to participate in this plan ▪ If the retiree is married, Spousal coverage continues for life of the spouse 	<ul style="list-style-type: none"> ▪ Retired faculty with at least 80 points or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired after July 1, 2005 ▪ See Appendix E for additional requirements ▪ If the retiree is married, Spousal coverage continues for life of the spouse
Deductible	<ul style="list-style-type: none"> ▪ \$25 single/ \$50 family (annual) 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None
Reimbursement	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted 	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted 	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted 	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted 	<ul style="list-style-type: none"> ▪ 100% unless otherwise noted
Benefits					
▪ Drug	<ul style="list-style-type: none"> ▪ 100% of prescription drug 	<ul style="list-style-type: none"> ▪ 100% of prescription drug ▪ \$6.50 dispensing fee cap 	<ul style="list-style-type: none"> ▪ 100% of prescription drug ▪ \$6.50 dispensing fee cap 	<ul style="list-style-type: none"> ▪ 100% of prescription drug ▪ \$6.50 dispensing fee cap 	<ul style="list-style-type: none"> ▪ 100% of prescription drug ▪ \$6.50 dispensing fee cap
▪ ODB	<ul style="list-style-type: none"> ▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription 	<ul style="list-style-type: none"> ▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription 	<ul style="list-style-type: none"> ▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription 	<ul style="list-style-type: none"> ▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription 	<ul style="list-style-type: none"> ▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription
Hospital					
▪ Semi-Private	<ul style="list-style-type: none"> ▪ 100% 	<ul style="list-style-type: none"> ▪ 100% 	<ul style="list-style-type: none"> ▪ \$110 cap on semi-private. Any amount over \$300 paid by retiree is covered by the Plan 	<ul style="list-style-type: none"> ▪ \$110 cap on semi-private. Any amount over \$300 paid by retiree is covered by the Plan 	<ul style="list-style-type: none"> ▪ \$110 cap on semi-private. Any amount over \$300 paid by retiree is covered by the Plan
▪ Private	<ul style="list-style-type: none"> ▪ \$10 max/day for charges in excess of semi-private room rate 	<ul style="list-style-type: none"> ▪ \$10 max/day for charges in excess of semi-private room rate 	<ul style="list-style-type: none"> ▪ \$10 max/day for charges in excess of semi-private room rate 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None

*Plans 5/6/7 are not available to Clinical Faculty staff.

Plan 5 is for those retired between July 1, 2005 and June 30, 2006, Plan 6 is for those retired between July 1, 2006 and June 30, 2007, and Plan 7 is those retired after July 1, 2007.

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5/6/7*
Convalescent Care (rehab only)	▪ \$20 max/day (Rehab only) up to 120 days/benefit year	▪ \$20 max/day (Rehab only) up to 120 days/benefit year	▪ \$20 max/day (Rehab only) up to 120 days/benefit year	▪ \$20 max/day (Rehab only) up to 120 days/benefit year	▪ \$20 max/day (Rehab only) up to 120 days/benefit year
Chronic Care	▪ None	▪ None	▪ None	▪ None	▪ None
Professional Services					
▪ Psychologist	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15 per 1/2 hour for initial visit; \$15/visit thereafter; max \$225/year	▪ \$300/year per person
▪ Physiotherapist	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/visit, \$225/year	▪ \$300/year per person
▪ Speech Therapist	▪ \$200/year	▪ \$200/year	▪ \$200/year	▪ \$200/year	▪ \$200/year
▪ Other Paramedical	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year	▪ \$15/visit, \$225/year	▪ \$300/year per person
Hearing Aids	▪ Only as a result of an accident (unlimited)	▪ Only as a result of an accident (unlimited)	▪ Only as a result of an accident (unlimited)	▪ 75%, \$500 max/3 years	▪ 75%, \$500 max/3 years
Vision (for retiree only)					
▪ Deductible	▪ Does not apply	▪ Does not apply	▪ Does not apply	▪ Does not apply	▪ Does not apply
▪ Glasses or Contact Lenses	▪ \$100 max/24 months	▪ \$100 max/24 months	▪ \$150/24months; \$200 where the period exceeds 3 years. One occurrence only.	▪ \$150/24months; \$200 where the period exceeds 3 years. One occurrence only.	▪ \$250/24months with dependent coverage; \$100 every two years for retirees for eye exams only for Plan 7
Private Duty Nursing	<ul style="list-style-type: none"> ▪ 40% of first \$25,000 (max \$10,000) with a 2 year rollover ▪ lifetime maximum of 80% of next \$25,000 (max 20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full. 	<ul style="list-style-type: none"> ▪ 40% of first \$25,000 (max \$10,000) with a 2 year rollover ▪ lifetime maximum of 80% of next \$25,000 (max \$20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full. 	<ul style="list-style-type: none"> ▪ 40% of first \$25,000 (max \$10,000) ▪ 80% of next \$25,000 (max \$20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full. 	<ul style="list-style-type: none"> ▪ 40% of first \$25,000 (max \$10,000) ▪ 80% of next \$25,000 (max \$20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full. 	<ul style="list-style-type: none"> ▪ 40% of first \$25,000 (max \$10,000) ▪ 80% of next \$25,000 (max \$20,000) ▪ Each yr after a claim has been paid, 1/2 of the amount utilized will be reinstated. After 2 yrs with no claims, entitlement is returned to full.
Out-of-Country	▪ \$10,000 lifetime maximum	▪ \$10,000 lifetime maximum	▪ \$10,000 lifetime maximum	▪ \$10,000 lifetime maximum	▪ \$10,000 lifetime maximum

*Plans 5/6/7 are not available to Clinical Faculty staff.

Plan 5 is for those retired between July 1, 2005 and June 30, 2006, Plan 6 is for those retired between July 1, 2006 and June 30, 2007, and Plan 7 is those retired after July 1, 2007.

Extended Health Care – Hourly Plan

	Plan 2 (Parking)	Plan 4
Eligibility	<ul style="list-style-type: none"> ▪ Retired after age 55 ▪ Retired on or before June 30, 1999 ▪ If the retiree is married, Spousal coverage continues for the life of the spouse 	<ul style="list-style-type: none"> ▪ Retired after age 55 or factor 80 ▪ Retired on or after July 1, 1999 or retired earlier and is not a member of Parking Services ▪ See Appendix E for additional requirements ▪ If the retiree is married, Spousal coverage continues for the life of the spouse
Deductible	▪ None	▪ None
Reimbursement	▪ 100% unless otherwise noted	▪ 100% unless otherwise noted
Benefits		
▪ Drug	<ul style="list-style-type: none"> ▪ 100% of prescription drug ▪ \$5.00 dispensing fee cap 	<ul style="list-style-type: none"> ▪ 100% of prescription drug ▪ \$6.50 dispensing fee cap
▪ ODB	<ul style="list-style-type: none"> ▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription 	<ul style="list-style-type: none"> ▪ Covers deductible up to \$100 and dispensing fee up to \$6.11 per prescription
Hospital		
▪ Semi-Private	▪ 100%	▪ None
▪ Private	▪ \$10 max/day for charges in excess of semi-private room rate	▪ None
Convalescent Care	▪ \$20 maximum/day	▪ \$20 maximum/day
Chronic Care	▪ None	▪ 120 day maximum/ benefit year
Professional Services		
▪ Psychologist	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year
▪ Physiotherapist	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year
▪ Speech Therapist	▪ \$200/year	▪ \$200/year
▪ Other Paramedical	▪ \$15/half-hour, \$225/year	▪ \$15/half-hour, \$225/year
Hearing Aids	▪ None	▪ Initial charge if a result of an accident
Vision		
▪ Deductible	(for retirees only) ▪ Does not apply	(for retirees and dependents) ▪ Does not apply
▪ Glasses or Contact Lenses	▪ \$100 maximum/ 24 months	▪ \$250 maximum/24 months*
Private Duty Nursing	<ul style="list-style-type: none"> ▪ 40% of first \$25,000 (maximum \$10,000) ▪ 80% of next \$25,000 (maximum \$20,000) ▪ 2 year rollover 	<ul style="list-style-type: none"> ▪ 40% of first \$25,000 (maximum \$10,000) ▪ 80% of next \$25,000 (maximum \$20,000) ▪ 2 year rollover
Out-of-Country	▪ \$10,000 lifetime maximum	▪ \$10,000 lifetime maximum

*Reimbursement for Operating Engineers is limited to \$100 per person every 24 months

Dental – Salaried Plan

	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5/6/7*
Eligibility	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired on or before June 30, 1994 ▪ If the retiree is married, Spousal coverage continues for the life of the spouse. 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired between July 1, 1994 and November 30, 1996, or retired earlier and opted to participate in this plan ▪ If the retiree is married, Spousal coverage continues for the life of the spouse. 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired between December 1, 1996 and June 30, 1997, or retired earlier and opted to participate in this plan ▪ If the retiree is married, Spousal coverage continues for the life of the spouse. 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired after July 1, 1998 ▪ If the retiree is married, Spousal coverage continues for the life of the spouse. 	<ul style="list-style-type: none"> ▪ Retired faculty with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) ▪ Retired after July 1, 2005 ▪ See Appendix E for additional requirements ▪ If the retiree is married, Spousal coverage continues for the life of the spouse.
Deductible	▪ None	▪ None	▪ None	▪ None	▪ None
Benefits					
▪ Diagnostic and Preventative Services	<ul style="list-style-type: none"> ▪ 100% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 100% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 100% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 100% ▪ Current year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 100% ▪ Current year's fee guide. ▪ No maximum
▪ Basic Restorative	<ul style="list-style-type: none"> ▪ 80% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 80% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 85% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 85% ▪ Current year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 85% ▪ Current year's fee guide ▪ No maximum
▪ Major Restorative	<ul style="list-style-type: none"> ▪ 50% ▪ Previous year's fee guide ▪ \$2,000 max/ year 	<ul style="list-style-type: none"> ▪ 50% ▪ Previous year's fee guide ▪ \$2,000 max/ year 	<ul style="list-style-type: none"> ▪ 50% ▪ Previous year's fee guide ▪ \$2,000 max/ year 	<ul style="list-style-type: none"> ▪ 70% ▪ Current year's fee guide ▪ \$2,000 max/ year 	<ul style="list-style-type: none"> ▪ 70% ▪ Current year's fee guide ▪ \$2,500 max/ year
▪ Orthodontic	<ul style="list-style-type: none"> ▪ 50% ▪ Previous year's fee guide ▪ \$2,000 maximum/ lifetime 	<ul style="list-style-type: none"> ▪ 50% ▪ Previous year's fee guide ▪ \$2,000 maximum/ lifetime 	<ul style="list-style-type: none"> ▪ 50% ▪ Previous year's fee guide ▪ \$2,000 maximum/ lifetime 	<ul style="list-style-type: none"> ▪ 50% ▪ Current year's fee guide ▪ \$2,000 maximum/ lifetime 	<ul style="list-style-type: none"> ▪ 50% ▪ Current year's fee guide ▪ \$2,500 maximum/ lifetime

*Plans 5/6/7 are not available to Clinical Faculty staff.

Dental – Hourly Plan

	Plan 2 (Parking)	Plan 4
Eligibility	<ul style="list-style-type: none"> ▪ Retired after age 55 ▪ Retired on or before June 30, 1999 ▪ If the retiree is married, Spousal coverage continues for the life of the spouse ▪ Is a member of Parking Services 	<ul style="list-style-type: none"> ▪ Retired after age 55 ▪ Retired on or after July 1, 1999, or retired earlier is not a member of Parking Services ▪ If the retiree is married, Spousal coverage continues for the life of the spouse
Deductible	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None
Benefits		
<ul style="list-style-type: none"> ▪ Diagnostic and Preventative Services 	<ul style="list-style-type: none"> ▪ 100% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 100% ▪ Previous year's fee guide ▪ No maximum
<ul style="list-style-type: none"> ▪ Basic Restorative 	<ul style="list-style-type: none"> ▪ 80% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 85%* ▪ Previous year's fee guide ▪ No maximum
<ul style="list-style-type: none"> ▪ Periodontal 	<ul style="list-style-type: none"> ▪ 80% ▪ Previous year's fee guide ▪ No maximum 	<ul style="list-style-type: none"> ▪ 85%† ▪ Previous year's fee guide ▪ No maximum
<ul style="list-style-type: none"> ▪ Major Restorative 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None
<ul style="list-style-type: none"> ▪ Orthodontic 	<ul style="list-style-type: none"> ▪ None 	<ul style="list-style-type: none"> ▪ None

* 80% for Operating Engineers and Security group

† 50% for Operating Engineers and Security group

Life Insurance

	Salaried	Hourly
Eligibility	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension) 	<ul style="list-style-type: none"> ▪ Retired with at least 80 points (age+service) or (after age 55 with 2 yrs svc & elect immediate pension)
Benefits prior to age 65 (if retiree elects to pay 100% of premiums)		
<ul style="list-style-type: none"> ▪ Retired prior to January 1, 1993 	<ul style="list-style-type: none"> ▪ 1x, 2x, 3x salary, maximum insurable earnings of \$100,000 	<ul style="list-style-type: none"> ▪ 1x salary, maximum \$100,000
<ul style="list-style-type: none"> ▪ Retired after January 1, 1993 and chose to move to new plan as an employee 	<ul style="list-style-type: none"> ▪ 1.75x salary, maximum insurable earnings of \$100,000 	<ul style="list-style-type: none"> ▪ 1x salary, maximum \$100,000, unless hired prior to July 1, 1997 and retain former coverage
Benefits after age 65 (or if employee retires prior to 65 and does not elect to continue in above)		
<ul style="list-style-type: none"> ▪ Paid up policy for those retired prior to July 1, 1993 	<ul style="list-style-type: none"> ▪ \$5,000 	<ul style="list-style-type: none"> ▪ \$5,000

Post Employment Benefits

Major Medical

Deductible	▪ None
Reimbursement	▪ 100% unless otherwise noted
Benefits	
▪ Drug	▪ 100% of prescription drug ▪ \$5.00 dispensing fee cap
▪ Hospital	
– Semi-Private	▪ None
– Private	▪ None
▪ Professional Services	
– Psychologist	▪ \$500/year
– Physiotherapist	▪ \$500/year
– Speech Therapist	▪ \$500/year
– Massage Therapist	▪ \$500/year when ordered by a doctor
– Other Paramedical	▪ \$500/year
▪ Hearing Aids	▪ 75%, \$500 max/3 years
▪ Vision	
– Deductible	▪ Does not apply
– Glasses or Contact Lenses	▪ \$250 maximum/24 months
– Eye exams	▪ \$85/24 months
▪ Private Duty Nursing	▪ 40% of first \$25,000 (maximum \$10,000) ▪ 80% of next \$25,000 (maximum \$20,000) ▪ 2 year rollover
▪ Out-of-Country	▪ Up to 60 days; \$1,000,000 lifetime maximum

Dental Benefits

Deductible	▪ None
Benefits	
▪ Diagnostic and Preventative Services	▪ 100% ▪ Previous year's fee guide ▪ No maximum
▪ Basic Restorative	▪ 85% ▪ Previous year's fee guide ▪ No maximum
▪ Major Restorative	▪ 70% ▪ 2002 fee guide ▪ \$2,500 maximum/year
▪ Orthodontic	▪ 50% ▪ 1997 fee guide ▪ \$2,500 maximum/lifetime

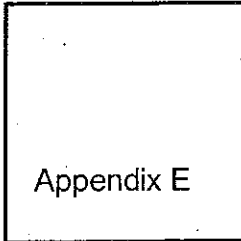
Life Insurance

Basic Coverage ■ 1.75x base salary

Basic life insurance is continued while the employee is on LTD at the University's expense. The coverage is self-insured by the University.

Retirement Allowances

Benefits provided as per employment contractual obligations for specific Senior Administrators'.



Summary of Eligibility Requirements for Non-Pension Post Retirement Benefits

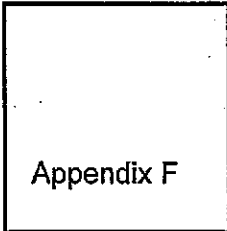
Detailed eligibility requirements for the McMaster non-pension post retirement benefit plan are listed on the following pages.

Benefit	Eligibility Requirement
Immediate unreduced pension (CAW and Clinical Faculty)	minimum 80 points (age + service)
Immediate unreduced pension (all members hired after June 30, 2006 who are not CAW or Clinical Faculty)	minimum 85 points (age + service)
Immediate unreduced pension (all members hired before July 1, 2006 who are not CAW or Clinical Faculty)	minimum 80 points (age + service) for retirement dates before 1/1/2012 minimum 81 points (age + service) for retirement dates between 1/1/2012 and 31/12/2012 minimum 82 points (age + service) for retirement dates between 1/1/2013 and 31/12/2013 minimum 83 points (age + service) for retirement dates between 1/1/2014 and 31/12/2014 minimum 84 points (age + service) for retirement dates between 1/1/2015 and 31/12/2015 minimum 85 points (age + service) for retirement dates on or after 1/1/2016
Immediate reduced pension Non-pension post-retirement benefits	55 years of age and a minimum of 2 years of service eligible for an immediate unreduced pension, or eligible for an immediate reduced pension and elect immediate pension plus additional requirements for recent hires as provided below

McMaster University

Report on Non-Pension Post Retirement and Post Employment
Benefit Cost and Disclosure for Fiscal 2010 Under CICA 3461

<u>Employee Group</u>	<u>Additional eligibility requirements for recent hires</u>
Faculty	for new hires on or after July 1, 2006, minimum of 10 years of employment service at retirement to be eligible for post retirement benefits
Clinical Faculty	no additional requirements
Librarians	for new hires on or after June 16, 2006, minimum of 10 years of employment service at retirement to be eligible for post retirement benefits
Research Associates	no additional requirements
TMG	for new hires to the University on or after June 16, 2006 no post retirement benefits provided
CAW (formerly MUSA)	for new hires on or after June 15, 2006, minimum of 10 years of cumulative service with the University at retirement to be eligible for post retirement benefit
Affiliates	for new hires to the University on or after July 1, 2007 no post retirement benefits provided
Ops & Maint. (SEIU)	for new hires on or after October 1, 2004, minimum of 10 years of employment service at retirement to be eligible for post retirement benefits
Machinists (SEIU)	for new hires to the University on or after April 1, 2009, minimum of 10 years of employment service at retirement to be eligible for post retirement benefits
Int. Union Oper. Eng (IUOE)	for new hires to the University on or after December 1, 2005, minimum of 10 years of employment service at retirement to be eligible for post retirement benefits
Security Services	for new hires to the University on or after July 1, 2008, minimum of 10 years of employment service at retirement to be eligible for post retirement benefits
Parking	no additional requirements
Hospitality (SEIU)	for new hires to the University on or after January 1, 2006, minimum of 10 years of employment service at retirement to be eligible for post retirement benefits
Cleaners	new position of "Cleaner" created September 2005, no post retirement benefits



Employer Certification

With respect to the Report on Non-Pension Post Retirement and Post Employment Benefit Cost and Disclosure for the Fiscal Year Ending April 30, 2010 under CICA Section 3461 of the University's non-pension post retirement and post employment benefit plans, I hereby certify that, to the best of my knowledge and belief:

- The membership data supplied to the actuary provides a complete and accurate description of all persons who are entitled to benefits under the terms of the plan for service up to the date of the valuation;
- A copy of the plan documents and of all amendments made up to April 30, 2010 were supplied to the actuary;
- All substantive commitments have been communicated to the actuary;
- Accounting policies adopted by the University are those described in this report;
- The actuarial methods, amortization method and amortization periods to be used for the purposes of the valuation are those described in this report;
- Management's best-estimate assumptions for purposes of the valuation of the plan and the extrapolation of the financial position of the plan as of the fiscal year end April 30, 2010 are those described in this report; and
- All events subsequent to the valuation that may have an impact on the results of the valuation have been communicated to the actuary.

_____ Oct 26, 2010 _____
Date

_____ M. Kelly _____
Signed

_____ Nancy Gray _____
Name

_____ Director, Finance _____
Title

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The Joint Administration/Faculty Association
 Committee to consider University Financial Matters
 and to discuss and negotiate matters related to Terms
 and Conditions of Employment of Faculty

1280 Main Street West
 Hamilton Ontario
 L8S 4K1

REPORT OF THE JOINT ADMINISTRATION/FACULTY ASSOCIATION COMMITTEE

The Joint Committee is pleased to announce that the representatives of the McMaster University Faculty Association (MUFA) and the Administration have agreed to a remuneration settlement for the three-year period from July 1, 2008* to June 30, 2011, subject to ratification by MUFA members who participate in the Career Progress/Merit Scheme and MUFA Librarians. Negotiations were serious but collegial and followed the Principles established by the Joint Committee. MUFA and the Administration feel that the resulting agreement represents a reasonable balance of interests within the University while promoting the shared goals of fair remuneration for faculty and librarians along with the support of excellence in scholarship. The three-year term of the agreement facilitates planning by the University but also ensures a degree of income predictability for faculty and librarians during what may be a period of economic uncertainty.

The agreement includes across the board salary increases and adjustments to base salaries in each of the three years. The adjustments to base salaries for faculty and for librarians are designed to give maximum benefit to individuals who are in the earlier phases of their careers. Salary floors for faculty and librarians are increased in each year by 3.5%. These salary increases are comparable to those recently agreed to at other Ontario universities.

The central importance of the Career Progress/Merit (CP/M) system for rewarding the achievements in research, teaching and service is reaffirmed with 120 units per 100 faculty and with annual increases of 3.5% to the base par value.

There is a modest improvement to the parental leave benefit. In each year the Professional Development Allowance is increased by \$50 for both faculty and librarians. Other benefits remain unchanged.

The agreement includes a commitment to write the terms of reference for, and to strike, two *ad hoc* committees: one to examine the structure of McMaster's pension plan, including the possible creation of a supplementary pension plan, and the second to examine the many facets of faculty workload.

An information session will be held by the Joint Committee to discuss the agreement on Friday, April 4th, 2008 at 3:00 pm in IAHS 143.

For the McMaster Faculty Association

Peter Sutherland
 Richard Stubbs
 Herb Schellhorn

For the McMaster Administration

Ilene Busch-Vishniac
 Karen Belaire
 Susan Denburg

March 14, 2008

* The start date for the Agreement's terms with respect to Librarians is June 16th.

Text of the Agreement For the Period July 1, 2008 to June 30, 2011

Term: Three years. July 1, 2008 to June 30, 2011

Across the Board Salary Increase:

Faculty — Effective on July 1 of each year

Year/Rank	2008/09	2009/10	2010/11
Assistant/Lecturer	3.0% + \$750	3.0% + \$750	3.25% + \$750
Associate	3.0% + \$600	3.0% + \$600	3.25% + \$600
Full	3.0% + \$275	3.0% + \$275	3.25% + \$275

Librarians — Effective on June 16 of each year

Level	2008/09	2009/10	2010/11
1 and 2	3.0% + \$500	3.0% + \$500	3.25% + \$500
3 and 4	3.0% + \$400	3.0% + \$400	3.25% + \$400
5	3.0% + \$300	3.0% + \$300	3.25% + \$300

Application of Percentage ATB plus flat dollar increase:

Example: Assistant Professor with a 2007 base salary of \$80,000:

July 1, 2008 +3.00% = \$82,400.00 + \$750 = \$83,150.00 (new base)

July 1, 2009 +3.00% = \$85,644.50 + \$750 = \$86,394.50 (new base)

July 1, 2010 +3.25% = \$89,202.32 + \$750 = \$89,952.32

In each year the faculty member's CP/M award will then be added to the base salary

Floors and (Librarian) Ceilings:

Salary Floors increased in each year by 3.5%. Librarian Ceilings increased in each year by 3.5%

Career/Progress Merit:

Maintain current system with 120 units per 100 faculty and par increments tied to the Assistant Professor Floor:

$$\text{Base par increment} = (\text{Assistant Floor Salary} \times .81) / 15$$

Salary Breakpoints are at 1.81 and 2.21 times the Assistant Professor Floor. Normal feathering applies. The Librarian Merit Pool will be calculated according to the process described in the policy on salary and benefit negotiations.

Professional Development Allowance:

For both Faculty and Librarians increase current allowances by \$50 in each year as follows:

Faculty — July 1, 2008 \$1700; July 1, 2009 \$1750; July 1, 2010 \$1800

Librarians — June 16, 2008 \$1250; June 16, 2009 \$1300; June 16, 2010 \$1350

Parental Leave Support:

Effective July 1, 2008 for faculty, and June 16, 2008 for Librarians, increase SUB from 85% to 90%. All other current elements unchanged.

Supplementary Pension / Pension Structure:

Write terms of reference for an *ad hoc* committee to examine these topics, on the understanding that any recommended change to the current pension provision would be cost-neutral.

Faculty Workload:

Strike a joint Faculty Association / Administration committee to study faculty workload issues. The committee will be provided with a budget, the amount to be agreed upon, for consulting services.

Current MUFA Faculty Joint Agreement (2008 – 2011)

During the current 3 year agreement, Across-the-Board ("ATB"), Flat Dollar and other provision increases were negotiated to be:

Year 1: 3% Across-the-Board
(July 1, 2008) Increase to the Salary Floors of 3.5% (impact of par merit increasing by 3.5%)
\$750, \$600 or \$275 Flat Dollar Increase (depending on rank)
\$50 Increase to Professional Development Allowance
Increase parental leave SUB from 85% to 90%
Average Actual Salary Increase (including CP/M) = approximately 6.0%

Year 2: 3% Across-the-Board
(July 1, 2009) Increase to the Salary Floors of 3.5% (impact of par merit increasing by 3.5%)
\$750, \$600 or \$275 Flat Dollar Increase (depending on rank)
\$50 Increase to Professional Development Allowance
Average Actual Salary Increase (including CP/M) = approximately 5.9%

Year 3: 3.25% Across-the-Board
(July 1, 2010) Increase to the Salary Floors of 3.5% (impact of par merit increasing by 3.5%)
\$750, \$600 or \$275 Flat Dollar Increase (depending on rank)
\$50 Increase to Professional Development Allowance
Average Actual Salary Increase (including CP/M) = approximately 6.0%

Current MUFA Senior Librarian Joint Agreement (2008 – 2011)

During the current 3 year agreement, Across-the-Board ("ATB"), Flat Dollar and other provision increases were negotiated to be:

Year 1: 3% Across-the-Board
(June 16, 2008) \$500, \$400 or \$300 Flat Dollar Increase (depending on classification)
\$50 Increase to Professional Development Allowance
Increase parental leave SUB from 85% to 90%
Average Actual Salary Increase (including Merit) = approximately 5.6% (MUFA & those librarians who are now in MUALA)

Year 2: 3% Across-the-Board
(June 16, 2009) \$500, \$400 or \$300 Flat Dollar Increase (depending on classification)
\$50 Increase to Professional Development Allowance
Average Actual Salary Increase (including Merit) = approximately 5.6% (MUFA & those librarians who are now in MUALA)

Year 3: 3.25% Across-the-Board
(June 16, 2010) \$500, \$400 or \$300 Flat Dollar Increase (depending on classification)
\$50 Increase to Professional Development Allowance
Average Actual Salary Increase (including Merit) = approximately 5.9% (remaining MUFA members only)

Other Bargaining Units and Employee Groups on Campus

In the period 2007 through to 2010, collective bargaining settlements were reached on campus with the Machinists (SEIU Local 2.on BGPWU), Special Constables (CAW Local 555, Unit 4), Post Doctoral Fellows (CUPE 3906, Unit 3), Teaching Assistants (CUPE 3906, Unit 1), CAW Local 555, Unit 1 representing office and technical workers, Operating Engineers (IUOE 772, C.F.L.-A.F.L.-C.I.O.), and Parking and Transit (CAW Local 555, Unit 3). The outcomes of these settlements are summarized below.

Machinists (SEIU Local 2.on BGPWU)

- 18-month term, expires September 30, 2010
- ATB increase of 2.75% (1.84% annualized) effective three months into the renewed agreement

Special Constables (CAW Local 555, Unit 4)

- 4-year term, expires June 30, 2011
- Market adjustment of 11% and vacation improvements in the first year
- ATB increases of 3% on July 1 in 2007, 2008, 2009
- ATB increase of 2.25% on July 1, 2010

Postdoctoral Fellows (CUPE Local 3906, Unit 3)

- 1st agreement, 2-year term, expires August 27, 2011
- Lump sum of \$500 to each employee, employed at date of ratification
- Year 1 - Increase minimum salary to \$27,500
- Year 2 – Increase minimum salary to \$28,250 (2.72% increase)
- Lump sum of \$500 to each employee, employed on the 1st anniversary date of ratification

Teaching Assistants (CUPE Local 3906, Unit 1)

- 2-year term, expires August 31, 2011
- Employee classification A (Graduate TA – 1,915 assignments):
 - 2.24% increase effective September 1, 2009
 - 1.42% increase effective September 1, 2010
- Employee classification B (Undergraduate TA – 842 assignments):
 - 4.10% increase effective September 1, 2009
 - 2.55% increase effective September 1, 2010

Office and Technical Staff (CAW Local 555, Unit 1)

- 3-year term, expires August 31, 2012
- Lump sum payment of \$1,000 for full-time: \$500 for part-time upon ratification
- ATB increase of 1% on December 1, 2009
- ATB increase of 2% on August 8, 2010
- ATB increase of 2.75% on August 7, 2011
- Post Retirement Benefits Co-Pay Program

Years of Continuing Service	Percentage of Yearly Cost Payable by Retirees	Percentage of Yearly Cost Payable by University
30 or more	25	75
25 – 30	50	50
20 – 25	75	25
10 – 20	100	0

- Employee pension contribution increases

Effective Date:	Employee Contribution Rate Up to YMPE:	Employee Contribution Rate Above YMPE:
June 16, 2008	5.5%	7%
January 10, 2010	5.75%	7.5%
January 9, 2011	6.25%	8.25%
January 8, 2012	6.5%	8.75%

International Union of Operating Engineers (IUOE Local 772, C.F.L.-A.F.L.-C.I.O.)

- 4-year and 2-month term, expires April 30, 2014
- Lump sum payment of \$1,725 for employees upon ratification
- ATB increase of 2% on September 5, 2010
- ATB increase of 1.75% on September 4, 2011
- ATB increase of 1.25% on March 4, 2012
- ATB increase of 1.75% on September 2, 2012
- ATB increase of 1.75% on March 3, 2013
- ATB increase of 2.5% on February 16, 2014
- Post Retirement Benefits Co-Pay Program

Years of Continuing Service	Percentage of Yearly Cost Payable by Retirees	Percentage of Yearly Cost Payable by University
30 or more	25	75
25 - 30	50	50
20 - 25	75	25
10 - 20	100	0

- Employee pension contribution increases

Effective Date:	Employee Contribution Rate Up to YMPE:	Employee Contribution Rate Above YMPE:
Current	3.5%	5%
March 4, 2012	4.5%	6%
September 2, 2012	5%	7%
March 3, 2013	6%	8%
February 16, 2014	6.5%	8.75%

Parking and Transit (CAW Local 555, Unit 3)

- 4.5-year term, expires September 15, 2014
- Lump sum payment to each FT parking control officer, excluding the Shift Leader, employed at date of ratification, of \$1,325; Lump sum payment to each PT employee, employed at date of ratification, equal to 2.00% of wages earned between March 22, 2009 and March 20, 2010
- Increase for PT shift leader of 2.83% and PT parking control of 1.95% on April 4, 2010
- Increase for FT shift leader of 1% and FT parking control of 1%; Increase for PT shift leader of 2.92% and PT parking control of 3.18% on August 7, 2011
- Increase for FT shift leader of 1% and FT parking control of 1% on March 4, 2012
- Increase for FT shift leader of 1% and FT parking control of 1%; Increase for PT shift leader of 0.81% and PT parking control of 0.88% on September 2, 2012
- Increase for FT shift leader of 1% and FT parking control of 1%; Increase for PT shift leader of 0.8% and PT parking control of 0.87% on March 3, 2013
- Lump sum payment to each FT parking control officer employed at September 15, 2013 of \$750

- Increase for FT shift leader of 0.98% and FT parking control of 0.97%; Increase for PT shift leader of 3.59% and PT parking control of 3.90% on February 16, 2014
- Increase for FT shift leader in the Bargaining Unit as of July 5, 2014 of 7.20%; Increase for PT shift leader in the Bargaining Unit as of July 5, 2014 of 9.62% and PT parking control in the Bargaining Unit as of July 5, 2014 of 0.83%
- Post Retirement Benefits Co-Pay Program

Years of Continuing Service	Percentage of Yearly Cost Payable by Retirees	Percentage of Yearly Cost Payable by University
30 or more	25	75
25 – 30	50	50
20 – 25	75	25
10 – 20	100	0

- Employee pension contribution increases

Effective Date	Employee Contribution Rate Up to YMPE:	Employee Contribution Rate Above YMPE:
Current	3.5%	5%
March 4, 2012	4.5%	6%
September 2, 2012	5.5%	7%
March 3, 2013	6%	8%
February 16, 2014	6.5%	8.75%

Operations and Maintenance & Casual Custodians (SEIU Local 2 on BGPWU)

- 5-year deal, expires September 30, 2015 – Total Compensation Increases of 0% in years 1 & 2
- Lump sum payment of \$1,725 for O&M Skilled Trades and \$1,000 for O&M Lesser Skilled Trades upon ratification
- Increase to the Group Leader Premium for Gardeners of \$4.00/hour, for a total of \$5.00/hour on October 1, 2010
- ATB increase of 2% for O&M Skilled Trades effective on the Date of Ratification by both parties
- ATB increase of 1.75% for O&M Skilled Trades on September 4, 2011
- ATB increase of 1.25% for O&M Skilled Trades on March 4, 2012
- ATB increase of 1.75% for O&M Skilled Trades on September 2, 2012
- Lump sum payment of \$125 for each Employee in all O&M Classifications on November 11, 2012
- ATB increase of 1.75% for O&M Skilled Trades and 3.69% for Cleaners and Casual Cleaners on March 3, 2013
- Lump sum payment of \$1,808 for each Employee in the Custodian & Labourer Classification on March 3, 2013
- ATB increase of 2.5% for O&M Skilled Trades and 1.85% for Cleaners and Casual Cleaners on February 16, 2014
- ATB increase of 3% for O&M Skilled Trades and 1.82% for Cleaners and Casual Cleaners on January 4, 2015
- Lump sum payment of \$536 for each Employee in the Custodian & Labourer Classification on January 4, 2015
- Increase to Tool Allowance for O&M Skilled Trades of \$50/year to \$250/year
- Elimination of University-Paid WSIB for all O&M Employees on October 1, 2010
- Elimination of first 3 days of paid sick leave for all sick leave occurrences for all O&M Employees on October 1, 2010
- Elimination of Personal Days for O&M Lesser Skilled Trades on October 1, 2010

- Introduce 25% Employee Paid Premiums on Extended Health Care and Dental Benefit Plans on May 1, 2011 for O&M Lesser Skilled Trades
- Elimination of paid Uniforms in the 2012 calendar year for all O&M Employees
- Post Retirement Benefits Co-Pay Program

Years of Continuing Service	Percentage of Yearly Cost Payable by Retirees	Percentage of Yearly Cost Payable by University
30 or more	25	75
25 – 30	50	50
20 – 25	75	25
10 – 20	100	0

- Employee pension contribution increases

Effective Date:	Employee Contribution Rate Up to YMPE:	Employee Contribution Rate Above YMPE:
Current	3.5%	5%
March 4, 2012	4.5%	6%
September 2, 2012	5%	7%
March 3, 2013	6%	8%
February 16, 2014	6.5%	8.75%

Sessional Faculty (CUPE Local 3906, Unit 2)

- 3-year term, expires April 30, 2013
- Total compensation increases of 0% in years 1 and 2
- Year 3 – May 1, 2012:
 - 3% increase to minimum rate of pay (note: the University may elect to pay above minimum, so an increase to minimum rates does not necessarily translate into an increase for all Sessional Faculty members if they are already paid above the new minimum)
 - 3% increase to aggregate seniority minimum rate of pay
 - 3% wage increase to hourly music instructors
 - 3% Increase to Union Expense Fund (to \$13,029.50)
 - 3% Increase to per diem rate for post-contract work (to \$425.39)
 - 20% Increase to Union Professional Development Fund (to \$30,000)
 - Increase Union Benefit Fund from \$25,000 to \$50,000

Summary of McMaster University Compensation Increases

Compensation Plan	2008	2009	2010	2011	2012	2013	2014	2015
IUOE Operating Engineers	Dec 1/08 3.0% ATB +\$130 1/2ly for gas fit cert	Sept 16/08 2.5%	Mar 1/10 Lump Sum \$1,725 Sep 5/10 2.0% ATB	Sep 4/11 1.75% ATB	Mar 4/12 1.25% ATB Sep 2/12 1.75% ATB	Mar 3/13 1.75% ATB	Feb 16/14 2.5% ATB	Expires Apr 30/14
CAW Unit 3 Parking & Transit	Sept 16/08 2.5%	Mar 16/09 1.0%	Apr 4/10 PT Lead 2.83% PT 1.95% Apr 23/10 Lump Sum of \$1,325 (FT) or 2.0% of wages (PT)	Aug 7/11 FT & FT Lead 1.0% PT Lead 2.92% PT 3.18%	Mar 4/12 FT & FT Lead 1.0% Sep 2/12 FT & FT Lead 1.0% PT Lead 0.81% PT 0.98%	Mar 3/13 FT & FT Lead 1.0% PT Lead 0.80% PT 0.87% Oct 4/13 Lump Sum of \$750 (FT)	Feb 16/14 FT Lead 0.98% PT 0.97% PT Lead 3.59% PT 3.9% Jul 6/14 FT Lead 7.2% PT Lead 9.62% PT 0.83%	Expires Sep 15/14
CUPE Unit 2 Sessional Faculty	May 1/08 +\$450/+600 (minimum/ seniority rates) (-8.0%/10.4%)	May 1/09 +\$225/+350 (minimum/ seniority rates) (-3.7%/5.5%)	No Compensation Increase	No Compensation Increase	May 1/12 (minimum/ seniority rates) (3.0%/3.0%)	Expires Apr 30/13		
SEIU Operations & Maintenance	Oct 1/08 2.75% ATB Other class Adj's	Oct 1/09 2.75% ATB Other class Adj's	Oct 1/10 Lump Sum of \$1,725 (Skilled) or \$1,000 (Lesser Skilled) Oct 1/10 2.0% ATB (Skilled)	Sep 4/11 1.75% ATB (Skilled)	Mar 4/12 1.25% ATB (Skilled) Sep 2/12 1.75% ATB (Skilled) Nov 1/12 Lump Sum of \$125	Mar 3/13 1.75% ATB (Skilled) 3.69% ATB (Cleaners) Lump Sum of \$1,808 (Custodians & Labourers)	Feb 16/14 2.5% ATB (Skilled) 1.85% ATB (Cleaners)	Jan 4/15 3% ATB (Skilled) 1.82% ATB (Cleaners) Lump Sum of \$536 (Custodians & Labourers)
SEIU Casual Custodians	Oct 1/08 2.75% ATB	Oct 1/09 2.75% ATB	No Compensation Increase	No Compensation Increase	No Compensation Increase	Mar 3/13 3.69% ATB	Feb 16/14 1.85% ATB	Jan 4/15 1.82% ATB
SEIU Machinists	Apr 1/08 2.0% ATB	Jul 1/09 2.75% ATB	Expires Sept 30/10					
SEIU Hospitality (FT&PT)	Jan 1/09 2.75% ATB P.T. Sat class adj	Jan 1/10 2.75% ATB P.T. Sat class adj	Expires Dec 31/10					

Compensation Plan	2008	2009	2010	2011	2012	2013	2014	2015
The Management Group	June 16/08 0.8% ATB +3.2% Merit Pool	Dec 16/09 0% ATB +2.0% Merit Pool	July 12/10 0% ATB +3.0% Merit Pool	Reviewed Annually	Reviewed Annually	Reviewed Annually	Reviewed Annually	Reviewed Annually
MUFA Faculty Association	July 1/08 3.0% +CPIM +\$750 (Asst) +\$600 (Assoc) +\$275 (Full)	July 1/09 3.0% +CPIM +\$750 (Asst) +\$600 (Assoc) +\$275 (Full)	July 1/10 3.25% +CPIM +\$750 (Asst) +\$600 (Assoc) +\$275 (Full)	Expires June 30/11				
MUALA Librarians			Negotiating first CBA					
CAW Unit 4 Security Officers	July 1/08 3.0% + vacation incr	July 1/09 3.0%	July 1/10 2.25%	Expires June 30/11				
CUPE Unit 4 Post-Docs		July 09 Lump Sum of \$500 Minimum Salary to \$27,500	July 10 Lump Sum of \$500 Minimum Salary to \$28,250	Expires Aug 27/11				
CUPE Unit 1 Teaching Assistants	Sept 1/08 Grads 2.7% ATB U/Grads 3.75% ATB	Class "A" \$38.85/hour on September 1, 2009 Class "B" \$21.60/hour on September 1, 2009	Class "A" \$39.40/hour on September 1, 2010 Class "B" \$22.15/hour on September 1, 2010	Expires Aug 31/11				
CAW Unit 1 Administrative	June 16/08 2.5% ATB Dec 16/08 1.0% ATB	\$1000 (full-time) \$500 (part-time) Dec 1/09 -1% ATB	Aug 8/10 2.00% ATB	Aug 7/11 2.75% ATB	Expires Aug 31/12			

Note: Recent settlements with CAW Unit 1 (Office & Technical Staff), IUOE Operating Engineers, CAW Unit 3 (Parking & Transit) and SEIU (O&M) included:

- Post Retirement Benefits Co-Pay Program
- Employee pension contribution increases

Recent settlements with SEIU (O&M) included:

- 0% Total Compensation Increases in years 1 and 2.
- 25% Employee paid premiums on Extended Health Care and Dental benefit premiums.

FACULTY Salary Policy - Salary Structure and Description of Salary Increases by Institution - G6 Ontario Universities - Summary as of October 1, 2010

Name of Institution	Effective Date	Union Status	Membership of Bargaining Unit	Rank & Salary Scale		Type of Increase	Amount		Date of Increase	Recipient of Increase		
				Rank	Salary Floor		Salary Ceiling	\$			%	
McMaster University	01-Jul-08	No	Full-Time Tenured/Tenure Stream and Teaching Stream (Lecturers/Sr Lecturers)	Full Prof	2008/09 \$93,186 2009/10 \$96,448 2010/11 \$99,824	None	Across the Board		3% in year 1 and 2, 3.25% in year 3	July 1st of each year	All members of bargaining unit	
				Assoc Prof	2008/09 \$73,607 2009/10 \$76,183 2010/11 \$78,849	None	Career Progress/Merit (CP/M Plan)	by par increments (0.-2.5) in steps of 0.25 ranges from \$1537.41-\$3074.81 (2008/09) \$1591.22-\$3181.44 (2009/10) \$1646.91-\$3293.84 (2010/11) by salary			All members of bargaining unit	
				Asst Prof	2008/09 \$56,941 2009/10 \$58,934 2010/11 \$60,997	None	Flat dollar increase	\$750 Assis/Lec \$600 Associate \$275 Professor				
				Lecturer/Sr Lecturers	2008/09 \$45,863 2009/10 \$47,672 2010/11 \$49,237	None						
University of Ottawa	01-May-08	YES	Tenured/Tenure Track Faculty, Librarians, Language Teachers and Counsellors (none active)	Full Prof	\$87,840	\$153,353	Across the Board		3.00%	May 1st, 2009	Full-time faculty and Professional Librarians	
				Assoc Prof	\$73,161	\$127,047			3.00%	May 1st, 2009		
				Asst Prof - Lecturer/Sr Lecturers	\$68,229	\$91,601			3.00%	May 1st, 2009	Full-time faculty and Professional Librarians	
					\$54,182	\$71,668			3.00%	May 1st, 2009		
Queen's University	01-May-09	YES (OUFA)	Tenured/Tenure Track Faculty, Adjunct Faculty (continuing, term, initial, renewable), Librarians & Archivists	Full Prof	\$88,635	N/A	Across the Board			3.20%	01-May-09	All Limited Term, Tenured/Tenure Track Faculty and Continuing Adjunct members of the bargaining unit
				Assoc Prof	\$70,202	N/A	Career Development: PTR and Merit combined	\$2,754 (value of average merit, 10 points)				
				Asst Prof	\$60,584	N/A	Anomalies Fund	\$350,000				
							Other	\$150,000	\$8,500			
University of Toronto	01-Jul-08	No	Tenured/Tenure Stream (Professoriate), Teaching Stream (Lecturers and Sr Lecturers), and Librarians	Full Prof	min. \$83,600 (no max)		Across the Board			3.00%	July 1st 2008	Tenured/Tenure Stream (Professoriate), Teaching Stream (Lecturers and Sr Lecturers), and Librarians
				Assoc Prof	\$62,400							
				Asst Prof	\$50,800	\$86,500						
				Asst Prof Conditional Lecturer/Sr Lecturers	\$42,700	\$70,600						
				\$66,700		PTR Adjustment			2.00%			

FACULTY Salary Policy - Salary Structure and Description of Salary Increases by Institution - G6 Ontario Universities - Summary as of October 1, 2010

Name of Institution	Effective Date	Union Status	Membership of Bargaining Unit	Rank & Salary Scale			TYPE OF INCREASE	AMOUNT		DATE OF INCREASE	RECIPIENT OF INCREASE														
				Rank	Salary Floor	Salary Ceiling		\$	%																
University of Waterloo	1-May-08	NO (FAUW)	Full-time faculty with an appointment of one year or longer	Full Prof	\$109,286	None	Across the Board		3.00%	May 1st of each year	All members of bargaining unit														
												Assoc Prof	\$85,763	None	Market Adjustment	\$400	May 1st 2008	All members of bargaining unit							
																			Asst Prof/ Clinical Lecturers	\$68,158	None	Merit		May 1st of each year	
												Lecturer	\$52,851	None	Outstanding Performance Fund	\$3226 (SIU - Selective Increase Unit)	May 1st of each year								
University of Western Ontario	01-Jul-09	UWOFA (Full-time)	Full-Time Probationary and Tenured Faculty, Limited-Term Faculty (up to 5 yr contract)	Full Prof	\$91,236	N/A	Across the Board		3.25%	July 1st of each year	Probationary, Tenure and Limited Term Only														
												Assoc Prof	\$74,647	N/A	Performance-Linked Career Progress Fund (PLCP - merit)	Salary point value differs by salary range	July 1st of each year	Probationary, Tenure and Limited Term Only							
																			Asst Prof	\$65,076	N/A	Career Trajectory Fund (including gender anomaly)	\$500,000	July 1st of each year	Probationary, Tenure and Limited Term Only
												Lecturer	\$47,849	N/A	Market Adjustment		at any time of year	Probationary, Tenure and Limited Term Only							
				Other	\$10,833	N/A																			

LIBRARIAN Salary Policy - Salary Structure and Description of Salary Increases by Institution - Ontario G6 Universities - Summary as of October 1, 2010

Name of Institution	Effective Date	Union Status	Membership of Bargaining Unit	Rank & Salary Scale					TYPE OF INCREASE	AMOUNT		DATE OF INCREASE	RECIPIENT OF INCREASE
				Rank	Salary Floor	Salary Ceiling	\$	%					
McMaster University	18-Jun-09	No	Full-time and Part-time, seasonal and Contractually Limited Appointments (greater than 12 mths)	Librarian - Level 1	2008/09 \$45,234 2009/10 \$46,817 2010/11 \$48,455	2008/09 \$73,425 2009/10 \$75,995 2010/11 \$78,656	Across the Board (ATB) and Librarian Merit Process	ATB	2008/2009 Level 1 and 2 - 3.0% + \$500, Level 3 and 4 - 3.0% + \$400, Level 5 - 3.0% + \$300	2009/2010 Level 1 and 2 - 3.0% + \$500, Level 3 and 4 - 3.0% + \$400, Level 5 - 3.0% + \$300	18-Jun-08 18-Jun-09 18-Jun-10	All members of bargaining unit	
				Librarian - Level 2	2008/09 \$48,850 2009/10 \$50,560 2010/11 \$52,329	2008/09 \$79,297 2009/10 \$82,072 2010/11 \$84,944							
				Librarian - Level 3	2008/09 \$54,225 2009/10 \$56,123 2010/11 \$58,087	2008/09 \$89,021 2009/10 \$91,101 2010/11 \$94,290							
				Librarian - Level 4	2008/09 \$61,843 2009/10 \$64,008 2010/11 \$66,248	2008/09 \$103,366 2009/10 \$103,899 2010/11 \$107,536							
				Librarian - Level 5	2008/09 \$72,355 2009/10 \$74,887 2010/11 \$77,508	2008/09 \$117,450 2009/10 \$121,560 2010/11 \$125,815							
University of Ottawa	01-May-06	AP/VO	Tenured/Tenure Track Faculty, Librarians, Language Teachers and Counsellors	Full Librarian (V)	\$87,638	\$120,651	Across the Board		3.30%	01-May-09	Regular Librarians		
				Associate Librarian (IV)	\$77,456	\$105,285							
				Assistant Librarian (III)	\$68,117	\$95,240							
				General Librarian (II)	\$57,728	\$79,678							
Queen's University	01-May-08	YES (QUFA)	Tenured/Tenure Track Faculty, Adjunct Faculty (continuing, term, initial, renewable), Librarians & Archivists	Librarian / Archivist	\$80,625	N/A	Across the Board		3.20%	01-May-09	All Librarian and Archivist members of the bargaining unit		
University of Toronto	01-Jul-08	No	Tenured/Tenure Stream (Professoriate), Teaching Stream (Lecturers and Sr Lecturers), and Librarians	Librarian I	\$51,900		Across the Board	Career Development: \$2219 if sal < \$64,500; \$1806 if sal < \$103,200; \$774 if sal < \$100,360 and \$516 if sal > \$108,360	Merit: Normal score is 2 points (\$848) Special adjustment: \$1,000 per year to each member's base salary	3.00%	July 1st 2008	Tenured/Tenure Stream (Professoriate), Teaching Stream (Lecturers and Sr Librarians)	
				Librarian II	\$54,300								
				Librarian III	\$70,300								
				Librarian IV	\$83,300								
University of Waterloo	01-May-08	No	Librarians, Not part of the faculty bargaining unit. Part of the staff salary agreement.	None	None	None	Scale		3.00%	May 1st of each year	All staff members.		
				Senior Associate General	\$71,070 \$66,710 \$61,500 \$47,380	Not applicable	Basic Merit Catch Up (07/08 only)	3.00% est. 2% 3.12%	01-Jul-08	Basic and Merit for all librarians and archivists. "Catch up" for long serving members.			

Salaries of Full-time Teaching Staff at 66 Universities, 2006/07-2009/10 (Normalized)

APPENDIX 8

All Staff including medical/dental (all ranks combined, including deans)

Institution	2006-2007					2007-2008					2008-2009					2009-2010 Preliminary				
	Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile	
				10th	90th				10th	90th				10th	90th				10th	90th
McMaster	1,191	102,763	101,342	68,646	133,882	1,198	107,701	107,018	69,159	140,865	1,227	112,010	111,255	69,446	149,884	1,293	116,737	115,729	71,064	156,152
Ottawa	1,073	78,856	78,371	53,600	105,524	1,161	81,942	80,738	56,642	109,862	1,190	83,550	81,008	59,010	111,639	1,247	90,206	88,696	62,871	121,590
Queen's	801	103,233	101,888	76,081	127,564	819	108,554	107,500	80,673	134,355	811	114,460	114,145	86,136	141,039			n/a		
Toronto	2,559	83,266	81,560	50,534	116,902	2,595	86,638	84,618	51,708	121,980	2,663	90,516	88,935	53,901	127,948			n/a		
Western	1,251	99,012	94,303	66,547	133,471	1,304	105,219	99,872	70,430	144,909	1,313	111,542	105,791	74,560	155,845			n/a		

All Staff excluding medical/dental (all ranks combined, including deans)

Institution	2006-2007					2007-2008					2008-2009					2009-2010 Preliminary				
	Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile	
				10th	90th				10th	90th				10th	90th				10th	90th
McMaster	748	105,306	106,065	70,397	134,894	744	111,008	112,502	73,434	141,326	738	116,699	119,028	74,995	150,412	769	121,765	124,653	76,183	156,923
Ottawa	940	79,487	78,396	56,909	104,265	1,027	82,373	80,776	58,414	108,983	1,064	89,690	80,926	60,418	110,790	1,115	90,353	88,188	64,582	120,026
Queen's	702	102,311	101,517	74,852	127,170	720	107,650	106,947	79,480	132,606	714	113,578	113,182	84,693	139,376			n/a		
Toronto	1,983	86,576	84,669	56,738	119,357	2,040	89,779	87,303	58,156	123,919	2,121	93,807	91,414	60,305	130,399			n/a		
Waterloo	938	107,908	108,306	74,639	138,487	936	113,037	113,262	78,005	144,704	975	118,086	118,139	79,516	151,136			n/a		
Western	999	99,433	94,877	66,195	135,613	1,029	104,606	99,629	70,245	144,455	1,032	110,423	105,311	74,217	152,438			n/a		

Note: Report does not show the count of 'teaching staff excluded' as in the Salaries of full-time teaching staff at Canadian universities and colleges.

Source for cost of living: Canadian Business Magazine, 2008

Source: Statistics Canada

PREPARED BY THE OFFICE OF INSTITUTIONAL RESEARCH AND ANALYSIS

UPDATED DATE: NOV. 10, 2010

Salaries of Full-time Teaching Staff at G6 Universities, 2006/07-2009/10 (Normalized)

APPENDIX 9

All Staff excluding medical/dental

FULL PROFESSOR

Institution	2006-2007					2007-2008					2008-2009					2009-2010 Preliminary				
	Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile	
				10th	90th				10th	90th				10th	90th				10th	90th
McMaster	269	127,724	127,246	108,513	147,359	265	134,953	134,322	114,166	157,553	255	141,834	140,111	120,664	167,017	271	147,643	145,137	126,694	172,198
Ottawa	294	98,602	97,846	87,285	110,137	297	104,017	103,200	92,434	114,102	305	104,986	104,533	93,570	114,102	327	113,422	113,395	100,350	122,682
Queen's	249	117,844	116,318	98,836	137,699	266	122,765	120,701	102,120	145,368	276	128,906	126,040	108,538	151,650					
Toronto	688	107,032	102,170	87,616	132,641	707	111,749	106,689	91,113	137,667	743	116,665	111,028	95,052	143,528					
Waterloo	304	131,276	129,908	113,917	148,874	327	136,576	135,831	118,671	155,654	334	143,812	142,135	124,272	163,270					
Western	263	124,437	118,176	103,140	153,870	273	131,773	125,800	108,752	162,836	284	139,376	131,768	114,525	175,908					

ASSOCIATE PROFESSOR

Institution	2006-2007					2007-2008					2008-2009					2009-2010 Preliminary				
	Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile	
				10th	90th				10th	90th				10th	90th				10th	90th
McMaster	215	104,574	104,641	86,988	122,599	247	108,733	108,730	88,161	128,431	246	115,467	115,240	94,125	136,719	263	120,697	120,439	99,529	142,315
Ottawa	288	80,290	79,392	71,350	91,244	320	83,473	82,679	73,358	94,529	349	84,286	83,343	73,046	94,529	390	89,591	89,040	78,706	101,638
Queen's	240	99,175	97,166	84,916	115,388	257	103,175	101,089	87,410	120,305	262	107,501	105,692	91,360	123,456					
Toronto	561	84,886	82,367	68,038	102,126	574	87,646	84,879	69,165	106,723	617	91,011	88,089	71,433	109,613					
Waterloo	323	107,403	107,158	86,789	127,791	302	111,521	110,761	90,457	134,060	310	117,018	116,883	94,934	139,509					
Western	335	104,186	98,137	84,532	132,592	340	109,926	104,032	87,682	140,003	357	114,179	107,268	90,439	145,558					

ASSISTANT PROFESSOR

Institution	2006-2007					2007-2008					2008-2009					2009-2010 Preliminary				
	Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile		Count	Average	MEDIAN	Percentile	
				10th	90th				10th	90th				10th	90th				10th	90th
McMaster	227	83,041	84,051	58,977	104,105	201	87,957	87,303	61,006	114,207	198	90,428	90,525	63,237	116,604	196	92,538	89,520	65,646	121,698
Ottawa	307	62,710	63,126	53,600	70,226	348	65,914	66,074	56,178	74,710	355	66,946	66,886	55,850	76,328	345	71,578	71,578	60,822	82,165
Queen's	197	85,285	x	x	x	179	90,193	84,855	71,028	116,822	160	95,192	x	x						
Toronto	474	67,256	62,645	51,361	91,109	481	69,464	65,296	49,787	94,777	469	71,598	67,223	51,064	95,669					
Waterloo	232	83,181	82,956	64,935	101,613	226	86,620	85,015	67,327	106,305	242	90,991	89,381	70,994	111,353					
Western	298	x	x	x	x	313	82,201	78,431	66,594	98,412	294	86,977	81,925	69,310	101,680					

Note 1: Report does not show the count of teaching staff excluded¹ as in the Salaries of full-time teaching staff at Canadian universities and colleges.

x - suppressed in the Statistics Canada report to prevent direct or residual disclosure of identifiable data.

Source for cost of living: Canadian Business Magazine, 2008

Source: Statistics Canada

PREPARED BY THE OFFICE OF INSTITUTIONAL RESEARCH AND ANALYSIS

UPDATED DATE: NOV. 10, 2010

Salaries of Full-time Teaching Staff at 65 Universities, 2006/07-2009/10 (Normalized)

APPENDIX 10

All Staff including medical/dental

FULL PROFESSOR

Institution	2006-2007			2007-2008			2008-2009			2009-2010 Preliminary		
	Count	Average	Percentile	Count	Average	Percentile	Count	Average	Percentile	Count	Average	Percentile
		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th
McMaster	386	128,682	108,445 150,000	384	135,426	113,981 159,999	377	142,278	120,239 168,154	400	148,679	144,366 174,917
Ottawa	365	96,006	84,927 110,137	366	101,274	89,674 114,102	372	102,610	89,970 114,102	396	110,729	113,134 122,682
Queen's	296	119,160	115,486 139,954	314	124,244	104,262 148,151	324	130,219	125,802 152,589		n/a	
Toronto	920	102,358	100,605 130,601	936	106,653	77,811 135,906	980	110,669	108,376 141,401		n/a	
Western	388	118,793	116,728 148,864	405	128,119	124,602 163,451	417	136,597	130,682 178,692		n/a	

ASSOCIATE PROFESSOR

Institution	2006-2007			2007-2008			2008-2009			2009-2010 Preliminary		
	Count	Average	Percentile	Count	Average	Percentile	Count	Average	Percentile	Count	Average	Percentile
		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th
McMaster	380	100,849	99,504 121,148	418	106,091	104,658 127,567	443	111,421	108,422 135,200	482	114,476	112,028 141,260
Ottawa	329	78,491	78,738 91,244	357	82,070	82,617 94,529	382	83,606	83,403 94,529	424	88,923	89,229 101,638
Queen's	265	99,354	97,402 115,145	283	103,184	101,075 119,945	288	107,925	105,692 123,892		n/a	
Toronto	754	79,141	80,078 100,207	761	81,997	82,125 106,157	805	85,378	85,594 109,024		n/a	
Western	400	101,789	97,561 127,083	412	107,585	103,405 135,975	430	112,495	106,920 142,643		n/a	

ASSISTANT PROFESSOR

Institution	2006-2007			2007-2008			2008-2009			2009-2010 Preliminary		
	Count	Average	Percentile	Count	Average	Percentile	Count	Average	Percentile	Count	Average	Percentile
		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th		(MEDIAN)	10th 90th
McMaster	381	80,103	75,000 102,000	362	82,551	76,983 107,744	367	83,284	74,344 110,609	369	86,412	78,291 114,209
Ottawa	328	62,174	63,126 70,186	375	65,767	65,986 74,709	380	66,895	67,288 76,182	372	71,641	71,862 82,370
Queen's	224	85,772	x	204	90,687	86,425 116,192	183	95,261	x		n/a	
Toronto	607	64,632	62,043 89,762	603	67,368	65,099 92,260	572	69,862	67,208 95,222		n/a	
Western	357	79,681	76,578 93,950	382	83,848	80,422 100,103	367	x	x		n/a	

Note 1: Report does not show the count of 'teaching staff excluded' as in the Salaries of full-time teaching staff at Canadian universities and colleges.

x - suppressed in the Statistics Canada report to prevent direct or residual disclosure of identifiable data.

Source for cost of living: Canadian Business Magazine, 2008

Source: Statistics Canada

PREPARED BY THE OFFICE OF INSTITUTIONAL RESEARCH AND ANALYSIS

UPDATED DATE: NOV. 10, 2010

Consumer Price Index – Percentage Change by Month (Year Over Year)

CPI (2008)¹⁹

CPI	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
National	2.2	1.8	1.4	1.7	2.2	3.1	3.4	3.5	3.4	2.6	2.0	1.2
Ontario	2.1	1.5	0.8	1.3	1.8	2.8	3.6	3.5	3.7	2.5	2.1	1.5

CPI (2009)²⁰

CPI	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
National	1.1	1.4	1.2	0.4	0.1	-0.3	-0.9	-0.8	-0.9	0.1	1.0	1.3
Ontario	1.4	1.5	1.8	0.6	0.4	0.0	-1.2	-1.0	-1.1	0.2	1.0	1.2

CPI (2010)

CPI	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
National	1.9	1.6	1.4	1.8	1.4	1.0	1.8	1.7	1.9	2.4		
Ontario	1.9	1.8	1.4	2.2	1.9	1.6	2.9	2.9	2.9	3.4		

Consumer Price Index - National – Percentage Change by Calendar Year (12 Month Average)

Annual average indexes are obtained by averaging the indexes for the 12 months of the calendar year.

CPI (Annual Summary) – National²¹

Year	CPI	% Change from Prior Year
2002 = 100		
2007	111.5	2.2
2008	114.1	2.3
2009	114.4	0.3
2010*	116.3*	1.7*

CPI (Annual Summary) – Ontario²²

Year	CPI	% Change from Prior Year
2002 = 100		
2007	110.8	1.8
2008	113.3	2.3
2009	113.7	0.4
2010*	116.2*	2.2*

Note: The 2010 figures are estimates based on the 10 months to-date (January to October, 2010).

¹⁹ <http://www.bankofcanada.ca/cpi.html?style=print>

²⁰ <http://www.statcan.gc.ca/subject-sujet/subtheme-soustheme.action?pid=3956&id=2178&lang=eng&more=0>

²¹ <http://www40.statcan.gc.ca/101/cst01/ECON46A-eng.htm>

²² <http://www40.statcan.gc.ca/101/cst01/ECON150A-eng.htm>

II: Extended Health and Dental Benefits

Extended Health and Dental Benefits Costs

The current costs of extended health and dental benefits are summarized below.

Extended Health Claims from July 1, 2008 to June 30, 2010 (MUFA members only)

July 1, 2008 – June 30, 2009			July 1, 2009 – June 30, 2010		
Active	Retired	Total	Active	Retired	Total
\$1,215,075.35	\$871,551.33	\$2,086,626.68	\$1,374,666.54	\$889,487.45	\$2,264,153.99

Dental Claims from July 1, 2008 to June 30, 2010 (MUFA members only)

July 1, 2008 – June 30, 2009			July 1, 2009 – June 30, 2010		
Active	Retired	Total	Active	Retired	Total
\$989,757.22	\$520,935.58	\$1,510,692.80	\$1,058,365.46	\$547,197.48	\$1,605,562.94

The Administration is seeking a model for the extended health and benefits plans that allows the University to contain costs, while maintaining fair and equitable benefit plan provisions across the institution. The drug formulary is a key item for discussion in this regard.

Rx05 Drug Formulary

The Administration is seeking to have MUFA members move to the Rx05 model. Based on the detailed Extended Health Care Claims data, provided to MUFA on December 10, 2010:

- For the period July 1, 2009 to June 30, 2010 **prescription drugs** represent **79.98% of the total** expenditure within the extended health plan design for MUFA members and retirees. Active MUFA members account for 48.12% of this cost and retirees account for 31.86% of the total cost.
- For the same period, July 1, 2009 to June 30, 2010, **prescription drug** for active MUFA members represent **79.25% of the total** cost of their extended health care claims.

Implementing a drug formulary with mandatory generic drug substitution will ensure the long term sustainability of the drug plan while helping to achieve the best value from the benefit plan design.

Other employee groups, including TMG, CAW, and other hourly groups, migrated to the Rx05 drug formulary some time ago. These employees and their dependents continue to enjoy medically required prescription drug coverage at a lower cost. For TMG, CAW, and hourly groups, the move to the Rx05 drug formulary allowed for improvements to the paramedical coverage. For MUFA members, the savings achieved with implementation of the Rx05

formulary, combined with removal of semi-private and private hospital coverage will also allow for the proposed improvements to paramedical coverage.

Similarity in plan design improves equity between the groups, improves efficiency and reduces administrative costs. Accordingly, the Administration proposes a migration to the Rx05 drug formulary, removal of semi-private and private hospital coverage, with corresponding improvements to paramedical coverage effective July 1, 2011, as follows:

- Implement a managed drug formulary (Rx05) with generic drug substitution for all health plan members effective July 1, 2011.
- Paramedical benefits to be increased to **\$500** per practitioner per benefit year, with no per visit maximum. Massage therapy will no longer require a doctor's note.
- Semi-private and private hospital coverage to be removed from the plan design. (OHIP provided Ward coverage remains available.)

These proposed changes are summarized in more detail in the chart below:

	MUFA Members – CURRENT	PROPOSED BENEFIT PLAN REVISION
Eye Exams	\$100 per employee every 24 months	No Change
Drug Formulary	Basic Formulary	Rx05
Paramedicals: Physiotherapists, Chiropractors, Podiatrists, Chiropodists, Naturopaths & Christian Science Practitioners	\$300 per person per practitioner each benefit year. No per visit maximum.	\$500 per person per practitioner each benefit year. No per visit maximum.
Paramedicals: Massage Therapy	\$300 per person each benefit year. No per visit maximum. Doctor's note required.	\$500 per person each benefit year. No per visit maximum. No referral required.
Paramedicals: Psychologists	\$300 per person each benefit year. No per visit maximum.	\$500 per person each benefit year. No per visit maximum.
Paramedicals: Speech Therapists	\$200 per person each benefit year. No per visit maximum.	\$500 per person each benefit year. No per visit maximum.
Hospital Coverage	Difference between ward and semi-private to a max. of \$110/day. Where costs exceed \$300/person/year out of pocket expenses beyond \$300 reimbursed at 100%. \$10/day per person for private room.	Standard OHIP Coverage
Dental: Major Restorative	Implants included.	No Change
Out-of-Province, Out-of-Country (Blue Cross)	\$1,000,000 lifetime coverage (100% of eligible expenses). Limited to 120 days per visit.	No Change

III: Post-Retirement Promise – Pension and Post-Retirement Benefits

Pension

The Salaried Pension Plan is suffering considerable financial challenges, the result of which is that the University's minimum required contributions to the Salaried Pension Plan have been rising exponentially.

The 2010/11 Consolidated Budget stated the issue succinctly:

The operating environment continues to tighten with pressures on both revenue and expense. Attention will be firmly focused on improving the operating results over the next few years and stabilizing the balances in reserves and funds. The rising deficit in future years will present a considerable challenge to the University unless significant actions are undertaken. The solution to creating fiscal stability rests in adopting a more strategic and focused approach to allocate resources to support key core mission initiatives, maximizing revenues and dramatically constraining costs. The University must make significant progress to address rising expenditures that strain financial sustainability and threaten the long-term financial viability of the organization. *The biggest risks to long-term financial viability are the pending pension deficit payments projected at \$35 million in 2011/12 and \$40 million in 2012/13, an increase over the current level of \$8 million.* (Emphasis added)¹⁸

Even before the global economic recession, the Salaried Plan was in deficit. The most recent Report on the Actuarial Valuation of the Salaried Plan, as at July 1, 2008¹⁹, disclosed that the Salaried Plan had a going-concern deficit of \$75,655,000. The current service cost for the 2008/2009 plan year was \$43,766,000, of which \$14,240,000 in contributions was paid by members and the remaining \$29,526,000 was paid by the University. In addition, the University is paying \$8,425,000 per year as minimum special payments flowing from the University's statutory obligation to pay down the going-concern deficit.²⁰

Whereas member contributions to the Salaried Pension Plan are set during compensation negotiations, the University's contributions are expressed as a multiple of employee contributions, based on a calculation that involves the current service cost²¹, less member contributions, plus any deficit or solvency payments that are required. The calculation is dependent on assumptions about years of employment, salary levels, post-retirement longevity, and the return on pension plan investments.

¹⁸ 2010/11 Consolidated Budget, p. 10. <http://www.mcmaster.ca/bms/pdf/consbud10.pdf>

¹⁹ <http://www.workingatmcmaster.ca/med/document/Plan-2000-Valuation--July-1,-2008-%28signed%29-1-40.pdf>

²⁰ 2010/11 Consolidated Budget, Appendix K.

²¹ The "current service cost" represents the cost of all pension benefits earned by Plan members in a current year, determined by periodic actuarial evaluations.

The employer contribution built into the operating, ancillary and research unit benefit charges for salaried faculty and staff increased from 210%²² of member contributions in the 2008/09 fiscal year to 240%²³ of member contributions for fiscal year 2009/10 and increased again to 270%²⁴ of member contributions for fiscal year 2010/11. For the 2011/12 fiscal year, the rate of employer contributions is projected at 280%²⁵ of member contributions, with probable increases thereafter based on the July 1, 2011 actuarial valuation²⁶. We project increases notwithstanding the announced solvency deficit relief measures, of which we plan to take advantage if/when the details become known.

Mercer has estimated the financial position of the Salaried Pension Plan projected to July 1, 2010 using the same methodology and assumptions as contained in the July 1, 2008 valuation report. The results are as follows²⁷:

\$ millions	Salaried Plan
Market Value of Assets (a)	951.3
Going Concern Smoothed Value of Assets (b)	1090.0
Going Concern Liabilities (c)	1,256.8
Going Concern Deficit (market value (a – c))	(305.5)
Going Concern Deficit (smoothed (b – c))	(160.8)
Going Concern Asset / Liability Ratio (smoothed (b/c))	0.87
Solvency Deficit (smoothed)	(123.0)
Solvency Ratio (mkt value of assets / solvency liabilities)	0.78

²² *Guidelines for Preparation of Operating Budgets for the Fiscal Year 2009/10*
<http://www.mcmaster.ca/bms/pdf/opguide10.pdf>

²³ *Guidelines for Preparation of Operating Budgets for the Fiscal Year 2010/11, 2011/12 and 2012/13*
<http://www.mcmaster.ca/bms/pdf/opguide11.pdf>

²⁴ *Ibid.*

²⁵ *Guidelines for Preparation of Operating Budgets for the Fiscal Year 2011/12, 2012/13 and 2013/14*
<http://www.mcmaster.ca/bms/pdf/opguide12.pdf>

²⁶ *Ibid.*

²⁷ *Salaried Pension Plan Financial Projection as of July 1, 2010 – See Appendix 12*

Increased Pension Contributions for Current Plan Members

The University has made significant progress to reduce the long-term financial impact of the pension obligation for non-represented employees and, through the collective bargaining process, for unionized employees.

The MUFA executive has acknowledged that it is right for MUFA members to shoulder a fair share of the burden imposed by the financial crisis; that most MUFA members have relatively secure positions; that MUFA members received pay increases in July 2010, which are based on the situation before the start of the financial meltdown; that the size of President George’s October 26, 2009 request²⁸ for increased pension contributions was relatively modest; that the financial disruption has still not run its course; and that even before the crisis, the University was sitting on a worrisome pension deficit, which remains to be addressed²⁹.

Since the October 26, 2009 request for a mid-agreement adjustment to MUFA members’ employee contributions to the Salaried Pension Plan, employee contributions by all other significant employee groups in the Salaried Pension Plan have increased.

To be fair and equitable with other employee groups on campus the Joint Committee discussions must include a conversation regarding increasing employee pension contributions for *current employees* enrolled in the Salaried Pension Plan, to align with the increases paid by other employee groups in the Plan (Senior Academic and Administrative Officers (SAAO), The Management Group (TMG), CAW Staff Unit 1 (CAW Staff)), as summarized in the following table:

MUFA, SAAO, TMG & CAW, Unit 1 - Employee Pension Contribution Increases:

Effective Date	Pension Contributions on Salary up to YMPE*			Pension Contributions on Salary above YMPE*		
	MUFA	SAAO & TMG	CAW Staff	MUFA	SAAO & TMG	CAW Staff
July 1, 2009	5.0%	5.0%	5.5%	6.5%	6.5%	7.0%
January 10, 2010	(CURRENT)	5.5%	5.75%	(CURRENT)	7.25%	7.5%
January 9, 2011	↓	6.0%	6.25%	↓	8.0%	8.25%
January 8, 2012	↓	6.5%	6.5%	↓	8.75%	8.75%

YMPE - "Year's Maximum Pensionable Earnings", currently \$47,200 for 2010

Note: CAW Staff currently pay a premium in employee pension contributions for retaining the rule of 80. CAW will pay the full cost of the difference between Rule of 80 and Rule of 85 after 2012.

MUFA members have a significant impact on the Salaried Pension Plan. Other major employee groups in the Salaried Pension Plan have been contributing at higher rates since January 10, 2010. By July 2011 increased contributions from MUFA members will lag by approximately 18 months. **The estimated impact of employee pension contributions that would have been**

²⁸ <http://www.mcmaster.ca/mufa/PensionContributPJJG.pdf>

²⁹ MUFA Newsletter October/November 2009, Vol. 36.2

collected from MUFA members had their contribution rates increased on January 10, 2010 and again on January 9, 2011 is approximately \$1.4 million³⁰. Part of the Joint Committee's negotiations must include a discussion about the options for addressing this disparity retroactively.

The key issue is that MUFA members are paying less but are receiving the same pension plan benefits as current Plan members in the SAAO, TMG, and CAW, creating a significant issue of internal inequity. Relative to the other employee groups MUFA members are receiving the same value for a lower cost. The chart below demonstrates that, as of January 8, 2012, a **disparity of 25%** will exist between TMG and MUFA annual employee pension contributions for the same pension benefit, if MUFA contribution rates remain constant:

Pension Benefit versus Employee Contribution Cost Examples - MUFA compared to TMG
Contribution Rates as of January 8, 2012

Member	Pension Benefit at Retirement				Employee Pension Contributions (As of January 8, 2012)				Difference MUFA Member is paying on Identical Pension Benefit
	Best Average Earnings ("BAE")	Pension Service	Pension Formula ^[1]	Estimated Annual Pension at Retirement ^[2]	Current Pensionable Salary ^[3]	Contribution on Salary up to YMPE ^[4]	Contribution on Salary above YMPE ^[4]	Total Annual Employee Contributions	
TMG Member (hired before June 16, 2009)	\$100,000 (48 month average)	30 years	1.4% & 2.0%	\$51,504	\$110,000	6.5%	8.75%	\$8,563	-24.8%
MUFA Member	\$100,000 (48 month average)	30 years	1.4% & 2.0%	\$51,504	\$110,000	5.0%	6.5%	\$6,442	

^[1] Formula is (% of BAE up to the Average YMPE plus % of BAE above the Average YMPE) multiplied by Pensionable Service

^[2] Estimate utilizes the 2010 Year's Maximum Pensionable Earnings ("YMPE") as the Average YMPE for the above examples (2010 YMPE is \$47,200)

^[3] For simplicity, assumes that current pensionable salary is \$110,000

^[4] Estimate utilizes the 2010 Year's Maximum Pensionable Earnings ("YMPE") for the above example (2010 YMPE is \$47,200)

On a go forward basis, the Administration proposes to increase employee contribution rates for MUFA members as follows:

Effective Date	Pension Contributions on Salary up to YMPE	Pension Contributions on Salary above YMPE
Current	5.0%	6.5%
July 10, 2011	6.0%	8.0%
January 8, 2012	6.5%	8.75%

Closure of Salaried Plan to Newly Hired MUFA Members

Currently, all members of MUFA are entitled to participate in the Salaried Pension Plan.

To reduce costs and mitigate future cost uncertainty, the Administration is seeking closure of the Salaried Pension Plan to future enrolment.

In lieu of participation in the Salaried Pension Plan, the Administration proposes that faculty who are hired and become MUFA members *on or after June 30, 2011* participate in the University's Group RRSP in accordance with the terms offered to and accepted by other employee groups on campus, as summarized in Appendix 13.

³⁰ Based on an analysis of current population of MUFA as at November 2010 as prepared by Human Resources Services.

Post-Retirement Benefits

According to the “*Report on Non-Pension Post Retirement and Post Employment Benefit Expense and Disclosure for the Fiscal Year Ending April 30, 2010 Under CICA Section 3461*” (See Appendix 2), which was completed by Mercer Canada Limited, the University’s non-pension accrued benefit obligation as at April 30, 2010 was \$214,560,000 of which \$206,767,000 is for the post-retirement benefit.³¹

The annual accrual costs, which must be funded through operating and research budgets, was 23,000,000 in 2009/10. The University cannot continue to ignore these costs and must find a model that would be affordable and sustainable.

Post-retirement benefits have been eliminated for *newly hired employees* for SAAO, which includes the President and Vice-President’s group, and TMG employees. Given that these groups are the most relevant comparators on campus, particularly in terms of salary levels, the Administration is seeking to eliminate post-retirement benefits for MUFA members *hired after June 30, 2011*.

The MUFA retiree benefit plan 7 will continue to apply to all current and eligible MUFA members who retire(d) on or after July 1, 2007, with the current 10-year employment threshold for eligibility remaining unchanged.

³¹ Actuaries hired by MUFA have identified a potential discrepancy in the claims data used in this Report. Mercer is reviewing the calculations. If applicable, revised information will be provided to the Joint Committee as soon as it becomes available.



McMaster University

Salaried Pension Plan Financial Projection as of July 1, 2010

September 16, 2010

Financial Position of Defined Benefit Salaried Plans Projected as at July 1, 2010

\$ millions	Salaried Plan
Market Value of Assets (a)	951.3
Going Concern Smoothed Value of Assets (b)	1090.0
Going Concern Liabilities (c)	1,256.8
Going Concern Deficit (market value (a – c))	(305.5)
Going Concern Deficit (smoothed (b – c))	(160.8)
Going Concern Asset / Liability Ratio (smoothed (b/c))	0.87
Solvency Deficit (smoothed)	(123.0)
Solvency Ratio (mkt value of assets / solvency liabilities)	0.78

Going Concern Assumptions

Going Concern Assumptions*	Salaried Plans Financial Projection
Investment Return	Actual Return as of July 1, 2010
Salary Scale	5.25%
ITA Max Pension Increase	4.25%
Mortality	UP 94 Fully Generational
Funding Policy	Required contribution or a minimum of the current service cost
Asset Valuation	Five-Year Smoothing

* Assumptions are consistent with the July 2008 Funding Valuation Report. Liability projections were prepared by Mercer in May 2010.

**Summary of
Group Registered Retirement Savings Plan**

ELIGIBILITY

- Mandatory enrolment for full-time faculty who are hired and become members of the McMaster University Faculty Association after June 30, 2011;

WAITING PERIOD BEFORE ENROLMENT

- None. Enrolment on date of hire.

CONTRIBUTIONS FOR SPECIFIC SITUATIONS

- Active (regular) employment – Employee deductions of 3.5% on base pay up to the YMPE (currently \$47,200 per year) and 5% of base pay above the YMPE, on a bi-weekly basis (“Required Contributions”);
- Employee option to contribute while on pregnancy leave, parental leave, Family Medical leave and WSIB, at the same rate as active employee Required Contribution rates, with University matching contributions based on active employment rules;
- No option for employees to contribute while on Unpaid Leave of Absence or Unpaid Sick Leave;
- Voluntary additional contributions, to the Canada Revenue Agency maximum total annual contribution level (“Voluntary Contributions”).

UNIVERSITY CONTRIBUTION FORMULA

- University will match employee Required Contributions (“Matching Contributions”); there will be no Matching Contributions on employee Voluntary Contributions.

COVERED PAY

- Regular bi-weekly base earnings.

PAYMENT OF FEES

- Paid from the Plan

INVESTMENT

- Each employee will have options to invest her Required Contributions, the University's Matching Contributions, and her Voluntary Contributions through a variety of investment options representing the following bases: (i) conservative; (ii) moderate; and (iii) aggressive. The amount of the contributions and the performance of the investment will determine the amount accruing to the employee at the point of retirement.

- As the employee is enrolled in the Group RRSP, the employee will have access to investment information with respect to the investment options.
- Employees considering retirement have access to pre-retirement planning seminars.

FLEXIBILITY

In the event that the employee leaves the employ of the University prior to retirement, the employee's portion of the Group RRSP (including employee and Employer contributions to the date of leaving) will be converted to an individual RRSP that the employee takes with them on leaving the University's employment.

IV: Faculty Renewal

The McMaster University faculty cohort has grown appreciably over the past ten years. On October 1, 2009 McMaster had 1,306 full-time faculty members, *including tenured and tenure-track, teaching stream, contract-limited appointments (CLAs), continuing appointments without academic review (CAWAR), and Special appointments*. This shows a growth of 37% from 2000, and an increase of 4% from October 1, 2008.³²

With retirements and resignations from our core faculty complement (including tenured, tenure-track, teaching stream, special, and CAWAR, but not CLAs) hiring in the past year increased the total core faculty by 15. This increase is significant given the atmosphere of increasingly difficult financial support.³³

During the 2009/2010 academic year 45 faculty members were promoted to Associate Professor with tenure or CAWAR and 26 promoted to Professor. In addition, tenure, permanence, or CAWAR was awarded to 16 Associate Professors.³⁴

Whereas 18 tenured and tenure-track faculty joined McMaster in the 2010/11 academic year, as of August 15, 2010, teaching track faculty appointments were limited to 9 (See Appendix 14).

Since the introduction of teaching stream faculty in the 2007/08 academic year, 23% have been granted permanent status (See Appendix 15). The caliber of individuals appointed to teaching track status speaks for itself as a testament to the fact that this initiative has had a positive impact. Given the growth in other types of appointments, particularly in tenured and tenure-track appointments, the University's Joint Committee representatives are seeking an increase to the maximum limits currently in place for teaching stream faculty to allow for a measure of teaching stream faculty that recognizes the success of this initiative and that allows for a more proportionate representation of teaching stream faculty.

Given the recent faculty growth, particularly in tenured and tenure-track appointments, the Administration is seeking an increase to the maximum limits currently in place for teaching stream faculty to allow for a measure of teaching stream faculty that recognizes the success of this initiative and that allows for a more proportionate representation of teaching stream faculty.

The University's Joint Committee representatives welcome discussion with MUFA as to the appropriate methodology for determining teaching stream maximum limits, whether that is based on the current "total count per Faculty" approach, or, whether it is based on a percentage model that would permit proportionate increases measured as against other types of appointments.

³² As reported to Statistics Canada. Also see *2010 State of the Academy*, p.6.
http://www.mcmaster.ca/vpacademic/documents/SOTA2010reptSept22_001.pdf

³³ *Ibid.*

³⁴ *Ibid.*

APPENDIX 14

LIST OF 2010/11 TEACHING TRACK FACULTY APPOINTMENTS

No	Department	Faculty	Employee Type	Rank	Effective Date
1	ENGINEERING I	ENGINEERING	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10
2	FRENCH	HUMANITIES	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10
3	LINGUISTICS & LANGUAGES	HUMANITIES	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10
4	LINGUISTICS & LANGUAGES	HUMANITIES	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10
5	SCHOOL OF THE ARTS	HUMANITIES	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10
6	SCHOOL OF THE ARTS	HUMANITIES	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10
7	SCHOOL OF THE ARTS	HUMANITIES	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10
8	SOCIAL WORK	SOCIAL SCIENCES	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10
9	HEALTH, AGING & SOCIETY	SOCIAL SCIENCES	TEACHING TRACK	ASSISTANT PROFESSOR	1-Jul-10

Produced by the Office of the Provost

Contact Person: Mara Giannotti

Date: December 10th, 2010

LIST OF ALL TEACHING TRACK FACULTY

No.	Department	Faculty	Rank	Employee Type
1	STRAT MRKTG & HEALTH SRVC	BUSINESS	ASSISTANT PROFESSOR	TEACHING TRACK
2	STRAT MRKTG & HEALTH SRVC	BUSINESS	ASSISTANT PROFESSOR	TEACHING TRACK
3	ACCOUNTING & FIN MG	BUSINESS	ASSISTANT PROFESSOR	TEACHING TRACK
4	ACCOUNTING & FIN MG	BUSINESS	ASSISTANT PROFESSOR	TEACHING TRACK
5	HUMAN RES & MGMT	BUSINESS	ASSISTANT PROFESSOR	TEACHING TRACK
6	BACHELOR OF TECH PARTNERSHIPS	ENGINEERING	ASSISTANT PROFESSOR	TEACHING TRACK
7	CIVIL ENG	ENGINEERING	ASSISTANT PROFESSOR	TEACHING TRACK
8	ELEC/COMPUTING	ENGINEERING	ASSISTANT PROFESSOR	PERMANENT TEACHING
9	MECHANICAL	ENGINEERING	ASSISTANT PROFESSOR	TEACHING TRACK
10	SCHOOL OF ENGINEERING PRACTICE	ENGINEERING	ASSOCIATE PROFESSOR	TEACHING TRACK
11	BIOCHEM & BIOMED SCIENCE	HEALTH SCIENCES	ASSOCIATE PROFESSOR	PERMANENT TEACHING
12	PATHOLOGY & MOLECULAR MED	HEALTH SCIENCES	ASSISTANT PROFESSOR	PERMANENT TEACHING
13	PATHOLOGY & MOLECULAR MED	HEALTH SCIENCES	ASSISTANT PROFESSOR	PERMANENT TEACHING
14	PATHOLOGY & MOLECULAR MED	HEALTH SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
15	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	PERMANENT TEACHING
16	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	PERMANENT TEACHING
17	SCHOOL OF NURSING	HEALTH SCIENCES	ASSOCIATE PROFESSOR	PERMANENT TEACHING
18	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	PERMANENT TEACHING
19	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
20	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
21	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
22	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
23	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
24	SCHOOL OF NURSING	HEALTH SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
25	SCHOOL OF REHAB SCIENCES	HEALTH SCIENCES	ASSOCIATE PROFESSOR	TEACHING TRACK
	SCHOOL OF REHAB SCIENCES	HEALTH SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
	COMM STUDIES & MULTIMEDI	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
28	SCHOOL OF THE ARTS	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
29	SCHOOL OF THE ARTS	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
30	SCHOOL OF THE ARTS	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
31	FRENCH	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
32	FRENCH	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
33	LING. & LANG.	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
34	LING. & LANG.	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
35	LING. & LANG.	HUMANITIES	ASSISTANT PROFESSOR	TEACHING TRACK
36	INTEGRATED SCIENCE	SCIENCE	ASSISTANT PROFESSOR	TEACHING TRACK
37	INTEGRATED SCIENCE	SCIENCE	ASSISTANT PROFESSOR	TEACHING TRACK
38	BIOLOGY	SCIENCE	ASSISTANT PROFESSOR	TEACHING TRACK
39	BIOLOGY	SCIENCE	ASSISTANT PROFESSOR	TEACHING TRACK
40	CHEM & CHEM BIO	SCIENCE	ASSISTANT PROFESSOR	TEACHING TRACK
41	MATH & STATISTICS	SCIENCE	ASSISTANT PROFESSOR	TEACHING TRACK
42	GEOGRAPHY & EARTH SCI	SCIENCE	ASSOCIATE PROFESSOR	PERMANENT TEACHING
43	GEOGRAPHY & EARTH SCI	SCIENCE	ASSOCIATE PROFESSOR	PERMANENT TEACHING
44	GEOGRAPHY & EARTH SCI	SCIENCE	ASSOCIATE PROFESSOR	TEACHING TRACK
45	PSYCH & NEURO BEHAV	SCIENCE	ASSISTANT PROFESSOR	TEACHING TRACK
46	ECONOMICS	SOCIAL SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
47	ECONOMICS	SOCIAL SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
48	SCHOOL OF SOCIAL WORK	SOCIAL SCIENCES	PROFESSOR	PERMANENT TEACHING
49	SCHOOL OF SOCIAL WORK	SOCIAL SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
50	SOCIOLOGY	SOCIAL SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
51	HEALTH, AGING AND SOCIETY	SOCIAL SCIENCES	ASSISTANT PROFESSOR	TEACHING TRACK
52	HEALTH, AGING AND SOCIETY	SOCIAL SCIENCES	ASSOCIATE PROFESSOR	PERMANENT TEACHING