

INTERNATIONAL COMMISSION FOR



THE NORTHWEST ATLANTIC FISHERIES

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SPECIAL COMMISSION MEETING - OCTOBER 1973

Summary review of the Annual Meeting
of the
International Fisheries Commissions Pension Society,
held in Halifax, Nova Scotia on 26-27 April 1973

by

H.D. Clark
President, IFPCS
Ottawa, Ontario, Canada

The members of the International Fisheries Commission Pension Society felt that the International Commissions with headquarters in the United States and Canada would be interested in being informed of the proposals adopted with respect to the improvements of the pension plan and other related benefits for the Commissions' staff made at the annual meeting of the Pension Society held in Halifax, Nova Scotia, on April 26 and 27, 1973.

The International Fisheries Commissions Pension Society was established in 1957 as a result of an agreement between the United States and Canada to serve as a legal entity to provide pension and related benefits to the employees of international fisheries commissions located in the two respective countries. It was established at the request of the Commissions, and for convenience, was incorporated under Canadian law as a separate legal entity as a private corporation without share capital with the following powers:

"To enter into, administer and otherwise deal in contracts with insurers or other persons for or on behalf of or for the benefit of employees, and former and future employees, and their dependents, of any Commission whose seat or headquarters is in Canada or the United States of America, established and maintained jointly by the Governments of Canada and the United States of America, or by either or both of those Governments and the Government of one or more other states, to administer, enforce or carry out any international convention to which Canada or the United States of America is a party for the conservation or protection of or for regulating, prohibiting or controlling the exploitation of any of the resources of the sea, which contracts provide for the payment of pensions, annuities, gratuities or similar amounts on account of retirement, disability, infirmity or death, to or for the benefit of such employees, dependents and beneficiaries".
(From the Letters Patent establishing the Society under the Companies Act, Revised Statutes of Canada, 1952).

At present the following Commissions are served by the Society:

International Commission for the Northwest Atlantic Fisheries

International Pacific Salmon Fisheries Commission

International Pacific Halibut Commission

Great Lakes Fishery Commission

International North Pacific Fisheries Commission

Inter-American Tropical Tuna Commission.

The Society in practice tries to recommend pension and other related benefits for commission employees which will be comparable to the pension and other related benefits available to the employees of the Governments of the United States and Canada. Over the years, it has prepared pension plans for employees, escalation of pensions for those employees who have retired, a group life insurance plan, a long term disability insurance plan, and now a new benefit plan for spouses of employees who are deceased before retirement.

When the plan started, quotations for a group pension policy were obtained from a number of insurance companies. The plan offered by the Sun Life Assurance Company of Canada seemed to be the most economical and advantageous. This Company was selected and now provides pension and related benefits for the commissions.

The membership of the Society consists of six representatives, three from the United States of America and three from Canada. Appointed by the Government of the United States are:

H. Heymann	Program Coordinator Office of the Coordinator of Ocean Affairs Department of State.
J.M. Patton	Director, Northwest Adminis- trative Office National Oceanic and Atmos- pheric Administration Department of Commerce.
R.J. Myers	Actuarial Consultant to the Department of State.

The Canadian members are:

W.M. Sprules	Director, International Fisheries Branch Department of the Environment.
R.J. Kelly	Director, Departmental Financial Services Finance and Facilities Branch Department of the Environment.
H.D. Clark	Director Pensions and Insurance Division Treasury Board Secretariat.

From the members of the Society, the following officers were elected for the 1972-73 policy year:

President	H.D. Clark
Vice-President	R.J. Myers
Treasurer	H. Heymann
Secretary	R.J. Kelly

Because the Pension Society is incorporated under Canadian law a general meeting of all members of the Society is required at least annually. These meetings are held alternately in Canada or the United States in a location where one of the six International Commissions has its headquarters. During this annual meeting, it is necessary to review and ratify the policies and procedures that have been pursued by the Society since its last meeting. Because of this requirement, the actual minutes of the meetings are somewhat formal and legalistic, and are not sent to the Commissions. However, the Pension Society felt that it would be advantageous for the commissions to receive at least an overview of the subject matter considered and conclusions reached at the 1972 annual meeting.

The Society reviewed for each Commission the status of upgrading of pension credits, the 2% escalation of benefits for pensioners, and the proposed spouse's benefit. Your Commission has approved the principle of annual upgrading and also has given formal approval for upgrading to the 1969 Earnings Class level. An amendment to this effect is being currently prepared. The proposals to the spouse's benefit and the 2% escalation of benefit for pensioners have also been approved. Your Commission will not be affected immediately by the 2% escalation as there are no pensioners at present.

The following are the highlights of the recommendations made at the last annual meeting:

- 1) The Society agreed that the pension plan policies of the commissions in the United States of America should be amended once again to reflect a further increase in the Social Security maximum taxable wage base, which has risen from \$9,000 to \$10,800. This will result in a slight reduction in the premiums payable under these pension policies.
- 2) Another significant item relates to the long term disability policy. In Canada, the benefits paid under the long term disability policy, for disabilities incurred "in consequence of an event occurring after 1973", will have to be reported for Income Tax purposes. In order to provide comparable take-home benefits to employees who may have the misfortune to become disabled in the future, the long term disability policies for the commissions in Canada will be amended to provide long term disability insurance amounting to 75% of the employees' earnings rather than the monthly indemnity of:

70% of amounts up to \$417
60% of next \$417
50% of any excess.
- 3) The monthly indemnity provided for employees of the commissions in the United States of America will also be slightly adjusted to provide benefits in the amount of 70% of insured earning up to \$417, and 60% of the insured earnings in excess of \$417. For all commissions, both in the United States of America and in Canada, the maximum amount that may be paid under the long term disability policy is to be raised from \$1,000 per month to \$1,250.
- 4) The Society also discussed the question of reciprocal pension transfer agreements between the commissions and the pension plans of member governments since a number of the commissions had made enquiries about this subject. The discussion centred on possible agreements with Canada and the United States of America without precluding the possibilities of agreements with other organizations. For the Government of the United

States of America, it appears that the present United States' law does not provide for such an agreement between a commission and the federal government. Under Canadian law, there is no legal restriction to reciprocity between the commissions and Canadian Government under its Public Service Superannuation Act. However, in practical terms, it will probably not be a feasible continuing arrangement due to the ultimate cost with which a commission would be faced in the event that an employee of the Canadian Government were to move to a commission and ask to have his government service pension credits incorporated into the group annuity plan. It was noted that the age of the individual as well as salary level would have a significant bearing on the cost of reciprocity. It was decided to take no action on this subject at this time.

- 5) The Society approved new procedures which we hope will enhance our relationship with the several commissions. As indicated above, the Society is by law the legal agent with which the insurance company contracts the pension and insurance policies. Accordingly, the normal supplier/consumer relationship leading up to contract amendments is between the insurance company and the Society. The relative timing of the upgrading and escalation of pension credits has not followed a consistent pattern among the commissions or even within certain commissions individually for various reasons. This has led to some confusion between the underwriter, the commissions and the Society which we are hoping to eliminate.

With this in mind, it was felt that a more effective procedure pertaining to amendments should be implemented which would assist the Society in maintaining a good working relationship with the insurance company, while at the same time making sure of the up-grading and escalation amendments which each commission could afford in each policy year. Accordingly, it was decided that each year, probably prior to the month of June, an authorization form (draft copy attached) will be sent to each commission for approval so that the Secretary of the Society will have a clear mandate to request cost quotations from the insurance company.

- 6) Each year, the Secretary of the Society is required to compile an annual statistical report based on the previous policy year. In the past, this report has been compiled by referring to copies of invoices from Sun Life and by obtaining information directly from the staffs of the commissions. In order to make the preparation of the report more accurate and complete, the Society will request that all commissions complete a survey form (draft copy attached) at the end of each policy year. Your officials will be asked for this report on October 1 each year.
- 7) The Secretary reported at the annual meeting, that during the previous year, he had been able to make separate visits to a number of the fisheries commissions and to review with their officials some of the more general pension policies and, in particular, details of some individual cases.

The Society felt that since its Directors as a whole are usually able to visit each commission only once in every six years it would be mutually advantageous for all parties concerned if the Secretary of the Society

was to arrange at least one annual visit to each commission headquarters, to review with the respective officers any outstanding pension problems. The Secretary of the Society, Mr. R.J. Kelly, has been requested to make whatever arrangements are necessary for these visits, as the staff of your commission have indicated that they would welcome this opportunity. This is particularly important this year when we are trying to introduce these new procedures.

In the future, after every annual meeting, it will become the policy of the Pension Society to provide each commission with the kind of overview I have given in this letter. I would appreciate your comments on this practice and on any of the decisions reached by your Society made at its annual meeting.

It is the view of the Pensions Society that this general information letter might be of interest to your Commissioners who may not be familiar with the history and purpose of the Pension Society. I would like to suggest that you reproduce this letter and circulate it to all your Commissioners as part of their documentation for their next general meeting.



AUTHORIZATION FOR ADDITIONAL BENEFITS

A. Group Annuity - Upgrading

The Society is requested to obtain appropriate premium cost quotations from the Sun Life Assurance Company to upgrade the salaries earnings classes of eligible employees from the _____ year level to the _____ year level.

Signature of Authorized Commission Official

B. Group Annuity - Escalation of Annuitants' Policies

The Society is requested to obtain the appropriate premium cost quotations from the Sun Life Assurance Company to increase the pensions paid to retired Commission personnel by _____ effective January 1, _____.

Signature of Authorized Commission Official

NOTE: It is understood that each Commission will still have the right to decide if upgrading and/or pension escalation of annuitants' pensions is acceptable once the quotations are obtained from the company.



Date: _____

ANNUAL RETURN FOR THE
INTERNATIONAL FISHERIES COMMISSIONS PENSION SOCIETY

Commission: _____

Address: _____

Policy Year Ending Sept. 30, ____.

PART 1 - Statistical Data

A - GROUP ANNUITY - Policy Number _____

- 1) Total Participating Payroll for the policy year.....:
- 2) Gross contributions paid by the Commission including fixed policy charge.....:
- 3) Credits,
 - (i) Dividends or Premium Adjustments:
 - (ii) Interest paid by Sun Life on Credit balance.....:
 - (iii) Net employer withdrawal allowances.....: _____Total credits....: _____
- 4) Commission's share of payments to U.S. Social Security or to the Canada Pension Plan.....:
- 5) Total employee payments.....:
- 6) Employees' share of payments to U.S. Social Security or to the Canada Pension Plan.....:
- 7) Number of participating employees....:
 - (i) At the beginning of the policy year.....:
 - (ii) Leaving plan during year.....:
 - (iii) Entering plan during year.....:
 - (iv) At the end of the policy year.:
- 8) Number of annuitants commencing pension during policy year.....:

- 9) Number of annuitants dying during policy year.....:
- 10) Total number of annuitants at present.....:

B - SPOUSES' BENEFIT PROVISION

- 1) Total payroll of qualifying participating employees.....:
- 2) Total cost to Commissions for this benefit.....:
- 3) Number of qualifying employees,
 - (i) At the beginning of the policy year.....:
 - (ii) Becoming qualified during policy year.....:
 - (iii) Dying during policy year.....:
 - (iv) Leaving plan during policy year for other reasons.....:
 - (v) At the end of the policy year.:
- 4) Number of spouses receiving this benefit
 - (i) At the beginning of the policy year.....:
 - (ii) At the end of the policy year.:

C - GROUP LIFE INSURANCE - Policy Number - 10944-G

- 1) Total participating payroll for the policy year.....:
- 2) Total Insurance in force at the beginning of the policy year.....:
- 3) Total Insurance in force at the end of the policy year.....:
- 4) Total premiums paid during policy year.....:
 - (i) Commission's share.....:
 - (ii) Employees' share.....:

- 5) Paid up policies
 - (i) Number purchased in policy year:
 - (ii) Cost of paid up policies purchased in policy year.....:
- 6) Number of participating employees
 - (i) At the beginning of the policy year.....:
 - (ii) Leaving plan during year.....:
 - (iii) Entering plan during year.....:
 - (iv) At the end of the policy year..:
- 7) Total amount of insurance paid during policy year.....:

D - LONG TERM DISABILITY INSURANCE - Policy Number 12376-G

- 1) Total participating payroll.....:
- 2) Total premiums paid during policy year.....:
 - (i) Commission's share.....:
 - (ii) Employees' share.....:
- 3) Number of participating employees
 - (i) At the beginning of the policy year.....:
 - (ii) Leaving plan during policy year.....:
 - (iii) Entering plan during policy year.....:
 - (iv) At the end of the policy year.....:
- 4) Amount of Insurance paid during policy year.....:
- 5) Number of employees receiving benefits during policy year.....:

DATA COMPLETED BY: _____
Name of Commission Official Title Tel. No.

