

International Commission for



the Northwest Atlantic Fisheries

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ANNUAL MEETING - JUNE 1975

INTERNATIONAL FISHERIES COMMISSIONS PENSION SOCIETY

Draft of President's letter to Commissioners

The annual meetings of the International Fisheries Commissions Pension Society were held on April 24 and 25, 1975, in Vancouver, B.C., the site of the International Pacific Salmon Commission and the International North Pacific Fisheries Commission. As has been the practice since 1973, this letter is intended to inform you of some of the discussions at this year's meetings.

As you know, in 1957, Canada and the United States agreed to establish the Pension Society to study, recommend, and contract for pension and related insurance benefits for employees of the six International Fisheries Commissions located in Canada and the United States.

This year, the Society reviewed the original mandate given it by the American and Canadian Governments in 1957. First, the pension and related benefit plans are to be kept uniform for all Commissions. Second, the plans are to be as comparable as possible with the plans provided to the employees of both governments, given the monetary limitations of the commissions and without exceeding the government employee plans. This mandate has not changed since the incorporation of the Society. The initial benefits were related to pensions only, but there have been several improvements since 1957, including the addition of Group Life, Long-Term Disability, and a Spouse's Benefit; improved vesting provisions; upgrading of wage levels; escalation of pensions paid to retired employees to offset inflation. Also, several proposals for improvements, outlined below, have arisen from the Society's recent annual

meetings. The Society's objective is to continue to improve the plan, depending always on the commissions' ability to bear the cost of changes and keeping within the mandate of uniformity and comparability.

The Society has six members, three from Canada and three from the United States. The members from the United States of America are:

Mr. A. E. Pardee, Jr.      Executive Director  
Bureau of Oceans and International  
Environmental and Scientific Affairs  
Department of State  
Washington, D.C.

Ms. M. R. Wells      Chief  
NMFS EDS NESS Section  
Personnel Division  
National Oceanic and Atmospheric  
Administration  
Washington, D. C.

Mr. R. J. Myers      Actuarial Consultant to the Department  
of State  
Washington, D. C.

The members from Canada are:

Mr. H. D. Clark      Director  
Pensions and Insurance Division  
Treasury Board Secretariat  
Ottawa, Ontario

Mr. E. B. Young      Associate Director  
International Fisheries and Marine  
Directorate  
Fisheries and Marine Service  
Department of Environment  
Ottawa, Ontario

Mr. R. J. Kelly                      Director  
    Departmental Financial Services  
    Finance and Facilities Directorate  
    Department of the Environment  
    Ottawa, Ontario

The officers elected from the members of the Society for the 1974-75 policy year are:

President:                      H. D. Clark  
Vice-President:                R. J. Myers  
Treasurer:                    M. R. Wells  
Secretary:                     R. J. Kelly

While in Vancouver, the Society met with the directors and some of the staff of the International Pacific Salmon Fisheries Commission and the International North Pacific Fisheries Commission. Also, a delegation from the International Pacific Halibut Commission came from Seattle to Vancouver to meet with the Society. These meetings, following the Secretary's annual meetings with the commissions during the year, gave the Society the opportunity to discuss the operations of the pension plans in person with the commissions. The discussions concerned proposed improvements to the various plans as well as any problems that might have arisen. It is hoped that both the Society and the commissions benefit from the exchange of views and this annual report after the Society's meetings.

The highlights of the decisions made at our meetings in Vancouver are

1. Policies will be amended automatically on the policy anniversary date to reflect changes in the taxable earnings base for the Canada Pension Plan or U.S. Social Security.
2. If the insurance company is agreeable, the salary limitation under the Long Term Disability plan will be removed. If this is not possible, the

ceiling will be set at the maximum allowable by the insurer. The Society is exploring with the insurer the possibility of indexing benefits in some way to offset the impact of inflation in the future.

Implementation of indexing will depend on the willingness of the commissions to pay the increased rates that would result. It is anticipated that these increases will be minimal. The Society also recommended that, when an employee is receiving a disability benefit, contributions on behalf of the employee and the employer to the group annuity plan continue to be paid until age 65 or recovery from disability. As the plan is presently constituted, employees receiving disability benefits face a substantial drop in income at age 65 because contributions to the group annuity plan cease at the onset of disability. This proposal would help to alleviate the financial burden by increasing the ultimate annuity payable at age 65.

3. Agreement was expressed with the proposal that an Orphan's Benefit be incorporated into the plan. The proposed benefit would provide an allowance, in addition to any Spouse's Benefit, for surviving dependent children of deceased employees. The commissions would pay the entire cost of providing the Orphan's Benefit, although no payments would be required until an actual case arose. Specific details of the Orphan's Benefit will be provided to the commissions in a separate letter.
4. This year, the Society decided to provide each Commission with a copy of the "Report of the Directors for the Policy Year ended September 30, 1974." The Report will be sent to you under separate cover with a letter explaining how the statistics should be interpreted.
5. The Society agreed that an early retirement benefit would be a desirable addition to the plan, but it was recognized that the cost would be significant. A motion was approved to present an explanation of the

proposed benefit to each of the commissions, with an estimate of the cost, and to ask each commission to indicate their degree of interest as soon as possible.

6. Approval was given to the general principle of reciprocal transfer agreements whenever they can be arranged. These agreements provide for the transfer between employers of specified amounts to purchase pension benefits for employees moving from one employer to the other. The Salmon Commission and I.C.N.A.F. have already made formal application to the Canadian government to enter into a reciprocal transfer agreement and final details are now being worked out. The agreements decided upon would be based on transfer between the Commissions and the Canadian Public Service of the total of the employer and employee withdrawal allowances payable under the Sun Life plan. Unfortunately the U.S. government is prohibited by law from making such agreements although transfers between commissions are already covered.
7. Some of the Commissions in the United States have enquired about the advantages of coming under the Employee Retirement Income Security Act, even though they are now exempt from its provisions. The Society felt that no real advantages would accrue, however, because our present plan already conforms, or is superior to most of the terms of the new Act. One clause of the Act provides that, when a married employee retires, the automatic option is a joint and survivor annuity, providing a continued pension to the spouse if the employee dies first. The employee has the right to reject this option and apply for a single life annuity. Although the commissions in the U.S. are not covered by E.R.I.S.A., the Society feels that all commissions have a moral obligation to emphasize to retiring employees that they have

the option of providing economic protection for their surviving spouse. Our policies now require that employees select the joint and survivor option at least two years before retirement. The insurance company is willing to reduce this time limit to thirty days before retirement, but the change would necessitate a substantial single premium payment as well as an increase in premium rates, because of the changed actuarial assumptions. The Society will approach the commissions to find out if they think any advantages contained in a reduced time limit are sufficient to outweigh the increased expense.

8. In response to requests from several of the commissions, the Society has undertaken the task of producing a new employee information booklet. The present booklet will be re-drafted to include the improvements to the plan since the last edition was printed and will include a foreword explaining the role of the Society. Revisions are also being made to the Group Life information booklet.
9. The 1976 annual meetings will be held on April 22 and 23, 1976, in Ann Arbor, Michigan, enabling the Society to meet with the Great Lakes Fishery Commission.

Your comments on any of the items discussed in this letter are most welcome. Please send your remarks to the Secretary who will pass them on to me and the other members of the Society. Again may we suggest that you may find it useful to distribute copies of this letter to your commissioners so that they may receive your requests for additional funds for improvements to the plans with more sympathy.

Yours sincerely,

H. D. Clark

President