Newsletter

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Tony Petric, EDITOR

in this issue:

The Federal Budget and Your Retirement Plans

This month the Federal government as part of its budget announced new RRSP limits and new limits on the amount of money that can be paid as a pension from a registered pension plan. These proposed new limits are summarized in the following table:

Limit	**2002**	**2003**	**2004**	**2005**	**After 2005**
RRSP limit	$13,500	$14,500	$15,500	$16,500	$18,000*
Maximum Pension limit	$1722	$1722	$1833	$2000	Indexed

**indexed thereafter to Average Wage Growth*

The $13,500 limit has been frozen for some years and the increases are welcome. In the current year, for those of you allowed to make RRSP contributions, you will (when the legislation passes) be able to shelter another $1000 in your RRSP and additional $1000 each year for the next two years. Thereafter, the RRSP limit will be indexed.

For Faculty, it is the next line in the table that is of most interest because this proposal has major implications for our pension plan. The limit of $1722 as a maximum pension benefit has been unchanged for about a decade and has limited how much of our incomes are pensionable.

The way the limit works is as follows. Our pensions are calculated as the sum of:

a. 1.4% of his/her Best Average Salary up to the Average YMPE (Years Maximum Pensionable Earnings), multiplied by Pensionable Service; plus

b. 2.0% of his/her Best Average Salary in excess of the Average YMPE multiplied by Pensionable

Service.

But the pension is limited to $1722 if the above calculation should exceed $1722.

The YMPE is the income covered by the Canada Pension Plan and is determined by the government. YMPE for 2003 is $39,900 and so the maximum salary that is pensionable is $98,070 (note, this amount is a bit higher than in years past because YMPE has increased slightly).

Here is the calculation:

1.4% of 39,900 + 2% of (98,070 - 39,900) = $1722

Now, to calculate what income will be pensionable in the future requires a forecast of what will happen to YMPE. It is currently indexed to the average Canadian wage. For simplicity, let us assume that it increases by $1500 for each of the next two years. The maximum salaries that will then be pensionable are: for 2004 — $104,070; and for 2005 — $112,870.

If the salary of the average individual retiring in 2005 is less than $112,870, then the average retiree will have a 'full' pension according to our pension formula.

The other side to think about, of course, is that pension contributions of 5% will be due on the extra income that is now pensionable (though no contributions are due for past years for income that will now be pensionable).

What does this mean for individuals currently limited by the $1722 limit? For individuals retiring in 2005 whose salaries will be above $112,870 (remember this is an estimate based on a simple assumption of how YMPE grows) the new maximum of $2000 would be in play rather than the $1722 we have been dealing with for a decade. A typical comparison of the pension for a faculty member with 35 years of service and a salary of, say, $115,000 in 2005 under the two scenarios is as follow:

Old Scenario: ($1722 max) = $1722*35 = $60,270

New Scenario: ($2000 max) = $2000*35 = $70,000

While this is a pretty substantial increase in pension income, it should be remembered that individuals who joined McMaster in 1970 (35 years before 2005) had every expectation that their full income would be covered by the pension plan. It was only in later years that the government imposed the maximum annual pension benefit. For those with incomes of, say, $120,000 at retirement in 2005, they will still be constrained by the maximum pension rules.

Supplementary Retirement Plans

In the past few years, there has been much discussion about the need for a supplementary retirement plan because full professors now typically retire at an income where not all of their salary is pensionable. This planned increase in the maximum pension limit will reduce the pressures on McMaster to put in place a supplementary retirement plan. However, there will continue to be many faculty members who retire with salaries above the maximum pensionable income who would benefit from such a scheme. Some of the universities with whom McMaster competes for faculty (most notably the University of Toronto) have supplementary schemes in place and this puts McMaster at a disadvantage in competing for the top faculty. Discussions about a Supplementary Retirement Plan will not go away.

MEETING

MUFA Annual General Meeting Tuesday, May 6, 2:00 p.m. — Council Chambers (Gilmour Hall 111)

MUFA Inquiry re Parking

Parking at McMaster has become an endangered species. Since there is a priority to conserve green space on campus with the flurry of new construction, parking lots have been obliterated, despite increases in employment and enrollment. New employees are assigned off-campus parking while their on-campus privileges are shrinking.

Parking is a subtle issue, not normally the topic of serious discussion, but it can be the source of frustration. With the rapid expansion, the simple matter of parking has turned into a time-wasting inconvenience.

To quantify the discontent with parking, we asked MUFA members to identify if problems existed in 5 specific areas — finding a parking space, getting an on-campus permit, tardiness for class, ticket issues and visitor problems.

Approximately 10% of MUFA members responded to the parking inquiry, 78% of whom reported problems and more than half of these, serious problems, often related to inadequate parking space. On the other hand, 7% took exception to the inquiry and suggested restricting current parking space or encouraging alternatives.

The most frequently cited problem was excessive time in finding a parking space or getting from car to office. This was true for all zones, but especially zone 1. There were many complaints about zone 2 which fills up quickly. An example is that some people need to come in half an hour early just to find parking. A part-timer indicated he would refuse evening classes because of the appalling parking situation in the afternoon. Hospital parking is also very difficult to find later in the day.

Parking delays create difficulty in juggling off-campus meetings and teaching. Those who need to leave campus during the day are stranded on their return. 21% reported being late for class due to parking problems. Excessive delays in obtaining on-campus parking was reported by 17%, some of whom have been waiting 5, 6 or 8 years and who have been moving backward on the waiting list.

20% of respondents cited problems with parking for their guests and visitors. Visitors who park in zones 2 or 3 end up far from their buildings (long walk, especially for older, eminent guests) and the situation can be even worse for those directed to the hospital (a maze to drive in and walk out of, easy to become disoriented). The result is that guests show up late for class or clinics (20-30 minutes in several cases) or for meetings or PhD comprehensives. This is a poor reflection on McMaster.

A smaller number of members reported disputes with parking tickets. My sense is that this is not representative. It is likely that faculty and librarians simply pay the fine as a nuisance fee instead of wasting time on appeals, but resent the treatment and harbour antipathy toward the institution.

The fact that we undertook the parking inquiry when the grumbling became audible, has not gone unnoticed by the Administration which has launched a further investigation. Although I don't know what their approach will be — perhaps a more comprehensive inquiry — I urge you to make your views known to them; every opinion counts.

Some of the concerns from our inquiry were prioritized and brought to the attention of the President's Users' Parking and

Traffic Committee. The first is to establish visitor parking for special guests. Many universities have designated visitor parking areas near each department. It may take some time before you see action on this.

Meanwhile, take note that a procedure already exists for special visitors. If you have a guest arriving by car, e-mail Parking & Transit Service (parking@mcmaster.ca — preferably 24 hours in advance) with your visitor's name, department account number and a suggested parking location. The kiosk will issue the visitor a complementary permit and direct him/her to your location. Unfortunately, there may be no empty spaces there later in the day — hence the need for posted visitor parking.

A second issue raised was why Sterling Street does not have a drive-through lane like the Main Street entrance. A lot of time and fuel is wasted in the line-ups as cars, buses and delivery vehicles idle. The Administration has been considering some options and hopes to change this, possibly by adding another lane.

Finally, we all face the need sometime to drop off supplies or equipment and there is no nearby parking space. The solution is simple: ask the kiosk for a loading pass. This allows you to park directly in front of the door designated "loading zone" or "authorized vehicles only" for 20 minutes. If this space is not convenient or already taken, be sure to let Parking & Transit Service know and they will notify their field personnel to allow you to park in another 'illegal' location without issuing a violation. To do otherwise is to risk a ticket and its consequences, no matter how good your intentions are. Parking & Transit Service prides itself on being efficient, and with the volume of traffic it handles, we can appreciate their need to do so.

Anthony Petric

New Members

Noori Akhtar-Danesh	Nursing
Ivy Bourgeault	Health Studies Prog
Lisa Crossley	Chemical Engineering
Elkafi Hassini	Business
Andy Knights	Engineering Physics
S. Bruce Korman	Surgery
Stefan J. Mueller-Stach	Math & Stats
Jonathon Stone	Biology
Peter Summers	Biology
Olive Wahoush	Nursing
Judy West-Mays	Pathology & Mol Med.

CAUT Academic Freedom Fund

In the Fall of 2001, the CAUT Council delegates voted to create a CAUT Academic Freedom Fund to help CAUT and its local associations vigorously defend academic freedom. Each member association of CAUT is a member of the fund, with the CAUT Executive serving as fund trustees. The fund will rely entirely on donations which will be sought from member associations, foundations, as well as individuals. Application has been made for the Fund to be accorded charitable status.

As a member association of CAUT, MUFA donated $10,000 to the Fund for 2001/02. At its meeting on January 28, 2003, the MUFA Executive voted unanimously to donate $10,000 to the CAUT Fund for 2002/03. Future donations to the fund will be discussed on a yearly basis.

Need to Know: Your Policies

Relations of Retired Faculty Members with the University

Clinical Faculty should refer to the Financial Policies and Procedures Manual (see "Relationships between Retired Faculty Members and Regional Medical Associates").

Traditionally, University faculty members have perceived themselves less as employees of the University than as partners with their colleagues and with the administration in a joint academic venture. A natural corollary of the lifetime commitment of a faculty member to the University is the expectation that he or she will be a welcome and contributing member of the University community, even after formal retirement has occurred. The University's treatment of retired faculty should be consistent with this expectation. To do otherwise is to ignore the substantial resource provided by the wisdom and creativity of those whose age has determined that their income shall be derived from a pension plan rather than from BIU's. It is nonsense to assume that a person who was a creative scholar or scientist at 65 should suddenly lose his or her creativity at 66, or even 76. On the other hand, we all recognize that failing health may eventually overtake all of us and undermine our effectiveness. The problem of the University is to devise regulations which are sensitive to these facts and which maximize the opportunities for continuing contributions that can be made by retired faculty.

It is inevitable that certain personnel policies of a large university reflect the practices of other large employers. Yet the university is quite a different sort of institution, and any set of regulations based on the assumption that all faculty members will cease to have an interest in the university and the scholarship for which it stands as soon as they reach the age of retirement is unresponsive to reality.

It must, however, be recognized that the severe competition within the University for all available space has consequences for all faculty, whether they are retired or not. As a consequence, it may not be possible for the University to be as generous as it would wish

in providing office and research space to the retired members of the University community. The needs of retired faculty vary widely. At one end of the spectrum we may have a retired professor who is a more active scholar or research scientist than many of his non-retired colleagues. At the other extreme, we find the retired professor who has severed all his connections with the University community. Moreover, the needs of retired faculty inevitably change from one year to the next. This suggests that the only reasonable way for the University to deal with its retried faculty members is to treat each case on its merit, and to have an understanding that all arrangements shall be reviewed annually with the faculty members concerned. Given this situation, we can set down a few general guidelines as a basis for the annual review that should be initiated by the chair of the faculty member's department or the dean of the Faculty, whichever seems appropriate.

GUIDELINES

1. GENERAL ASSURANCE OF WELCOME. Retiring faculty should be assured that although retirement alters the contractual obligations between them and the University, it in no way implies that retired faculty will be discouraged from participation in the intellectual and social life of the campus; indeed, such participation will be encouraged to the extent that the faculty member desires. Every retired faculty member shall have an ID card which allows full use of the Library, Bookstore, the sports facilities, and the Faculty Club, etc., at least on the same basis as employed faculty. Any more favourable arrangements, however, that have been extended to retired faculty for the use of these facilities shall be included as additional benefits.

2. SPACE ASSIGNMENTS. The first priority for the use of space on campus must be to further the twin objectives of teaching and research. Related to these is the provision of space to develop an atmosphere conducive to good relationships among staff, students, faculty and visitors. From the point of view of faculty, space assignments fall into two categories: office space and laboratory research space. In both categories, the needs of employed faculty will have priority over those of retired faculty.

a. Office Space. The University should do its best to provide, on the basis of need, suitable office space for retired faculty. For the very active scholar, this implies a private office of modest size. For the less active retired faculty member, it implies only an identifiable location on campus. This might be provided through a table in the

office of a congenial colleague, or an office shared with a post doctorate fellow, a teaching assistant, or other retirees. The arrangement should be negotiated between the parties concerned and reviewed annually with the departmental chair or, where appropriate, with the Faculty dean.

b. Research Space. The University should do its best to provide suitable research space to retired faculty using the same sort of criteria as are used for active faculty. These criteria include the number of graduate students and technicians involved in the programme, the physical size of the equipment being used, and the degree of outside research funding available. Again, whatever arrangements are made should be reassessed annually by the department chair or Faculty dean, as appropriate.

3. DEPARTMENTAL AFFILIATION. All faculty members who retire from the University with the rank of Professor are entitled to the designation "Professor Emeritus (Senate decision, June 12, 1974). It is assumed that retired faculty members will continue to be members of the same department with which they were affiliated prior to retirement. This would include on an informal basis a continuing associate membership in other departments, but there would be no point in continuing the formal system of term reappointments after retirement. However, in those cases where a retired faculty member is acting as a principal supervisor of graduate students, the consent of the Dean of Graduate Studies must be obtained (see “Approvals Process” below). The chair concerned and the faculty member should determine annually how active a role he intends to play in the department, as this could affect the volume of material circulated to him (department minutes, notices, etc.).

4. PARKING. Since this document was approved, arrangements have been made to provide courtesy parking on our campus for all retired members of our faculty. If a retiree wishes to take advantage of this privilege, a permit application form can be obtained from the Parking Office in the E.T. Clarke Centre.

5. APPROVALS PROCESS FOR GRADUATE SUPER-VISION. When a faculty member retires — either through early or mandatory retirement — and subsequently wishes to supervise graduate students (Master’s and PhD), that individual shall submit an application form available from Grad Studies or MUFA for each new supervision proposed. A full c.v. is not required; one page which lists recent major publications, conference presentations, and honours is sufficient. The faculty member and the chair of the department will be notified of the decision by the Dean of Graduate Studies.

September 12, 1979
Revised by Senate, May 13, 1996

MUFA Dues Waived for Month of March

MUFA members will see a slightly larger pay cheque in the month of March. At its regular meeting on January 28, 2003, the Executive of the McMaster University Faculty Association voted unanimously to reduce the mill rate from 5.0 to 0 for the month of March. A surplus of income over expenditures for this fiscal year is projected in the Nine-Month Budget review 2002/03. In addition, MUFA reserves continue to be in a healthy state.

Dues are Tax Deductible

As you prepare your taxes, remember that your MUFA dues are tax deductible.

Senate Establishes Two joint Committees with Faculty Association

At its meeting on February 12, 2003, the University Senate approved the establishment of two "little j" committees with the Faculty Association.

One will investigate teaching appointments, especially with regard to Contractually Limited Appointments (CLASs). MUFA will be represented by MARILYN PARSONS (Nursing) and RUTH RENTERS (Modern Languages & Linguistics). PETER SUTHERLAND (Dean of Science) and SUZANNE CROSTA (Associate Dean of Humanities) will represent the Senate.

The other committee will investigate the possibility of forming a University Hearings Committee or Board that would hear and adjudicate appeals and grievances related to issues that affect faculty and librarians. BERNADETTE LYNN (Accounting) and EVA WERSTIUK (Medicine) will represent MUFA. Senate will be represented by BETTY ANN LEVY (Psychology) and TOM DAVISON (Acting Assoc. Dean of Science, Studies).

Wanted

Visiting female anthropologist from Oxford Brookes University, England, seeks a home while visiting McMaster from the later part of April until early September. Happy to house-sit, feed cats, etc. though will be away for some periods. Any options considered, but as an adult son or two may visit two bedrooms and/or a sofa would be useful. Please contact jhendry@brookes.ac.uk with possible details and for further information.

House for Rent

Sabbatical couple wishes to rent their well-designed, spacious, and tastefully decorated home on a wooded ravine ten minutes' walk from McMaster University and Hospital. Two-storey house on a quiet crescent includes four bedrooms, two full bathrooms, three-season sunroom, wood-burning fireplace, hardwood floors, fully equipped kitchen and laundry room. Beautiful gardens with stone patios allow for delightful outdoor living. West Hamilton location close to shopping, bicycle paths, and conservation areas. Non-smokers only. References required. Monthly rent: Cdn $1,800, plus utilities (approximately $400 /month). Available July 2003 - July 2004. Contact: Daniel Coleman, dcoleman@mcmaster.ca

Protect Those Moveable Assets

McMaster University has insurance to cover major property loss. The deductible on the policy is $100,000. There is no insurance coverage for property loss below that limit. This means that all losses, whether by theft or by damage, must be paid by the University out of a departmental account, research budget or other funding source. Since most of the historical losses on campus are by theft, the University has set up a funded-reserve account as a reward mechanism to encourage faculty and staff, at all levels, to secure their property. To administer this reward account, the "Moveable Assets" policy was created. The underlying philosophy that determines the allowance of a claim is, that the person in control of the property, the department and the faculty have taken such effort to secure the property that it takes extraordinary effort by a criminal to steal the property. In the review of a claim, it is assumed that if there was no forced entry, then someone in charge either assigned insecure space, failed to control key distribution, failed to re-key a door upon loss of a key, or left a door open so that the property was available for theft. The policy also requires that the property be engraved with a university Provident Number and be recorded on an inventory list. Claims are allowed when all of these three conditions are met. Personal property must be claimed against the owner's homeowners insurance policy. There is no allowance in the "Moveable Assets" policy to cover other than McMaster University property.

For the security of property, some precautions that all faculty and staff should take are: close and lock your office door when you are not there; never leave valuables in plain view through a window; do not discard shipping boxes for new equipment by setting them outside the office door; secure valuables in locked cabinets or drawers; if you lose a key, have the door re-keyed immediately; call Security Services for a security audit; mark and inventory all your property; do not loan your keys or give copies to anyone; audit your inventory periodically, so property does not go "missing". Departments must get keys back when faculty or staff leave McMaster employment.

Everyone should report all thefts, suspicious office/lab entries and especially loss of keys, to Security Services.

The reserve account and the "Moveable Assets" policy are administered by Risk Management Services. Call 24653 or e-mail angusr@mcmaster.ca for information or to claim a loss.

The word "genius" isn't applicable in football. A genius is a guy like Norman Einstein.

Joe Theisman,
NFL Quarterback & Sports Analyst

Money Matter$

In response to requests from our members for financial information, we are pleased to provide the following column on what we hope will be a regular basis. The information below has been supplied by Joe Gadoury of Berkshire Securities. Please contact Mr. Gadoury directly at 905-529-5505 if you have any questions or require clarification.

Taking Control of YOUR Financial Future

Before presenting the last of our rules for wealth creation, let's review the previous four: Rule #1 — Set the Goal and the Time Frame to Achieve It; Rule #2 — Use Other People's Knowledge; Rule #3 — Pay Yourself First; and Rule #4 — Use Other People's Money. In setting up this framework, none is so important as the last one, which although easily stated, is the hardest to practice.

Wealth Law #5:
Be Disciplined & Stay Focused

To quote one of my favourite individuals whose success with investing over the past 40 years has been unparalleled, Warren Buffett once said, “To invest successfully over a lifetime does not require a stratospheric IQ, unusual business insight or inside information. What’s needed is a sound intellectual framework for decisions and the ability to keep emotions from corroding that framework.” Now, while we at Berkshire are not affiliated with his company Berkshire Hathaway, it’s interesting to note that certain tenets of his psychology should permeate everyone’s thought process. Just reread the last portion of that quote — “to keep emotions from corroding that framework.”

Many times during a lifetime there are periods of massive, uncontrollable world-wide turbulence, the likes of which can unhinge the psychology of even the most seasoned investor. Indeed, we’re going through one right now. With the chronic, in-your-face, media coverage of the current war posturing, the fallout from this on a market perspective is fear. Fear of the unknown, fear of the future. And as is human nature in many respects, fear freezes many people into inaction, or in its worse case, selling out your positions at ridiculously low prices in an effort to retain its value at that time.

But this attitude is totally contrary to what the astute, disciplined business minds may do. Recognizing that wars or any of its media induced counterparts, are for the most part, temporary interruptions to the normal life flows of humanity, these seasoned individuals choose this time as the perfect time to buy into those companies whose share prices may have been decimated by otherwise worldly events which have nothing to do with the normal course of their businesses. By taking advantage of these market anomalies, they have the potential of buying ‘within a margin of safety’ because they stay focused on the longer term potential of the businesses.

Buy Low — Sell High. Whatever happened to that saying and why do people avoid the buying when it’s most advantageous to do so? Because invariably they allow the emotions of the moment — that exact time in history — to convince them that they should do nothing.

When you go back into the history of my Chinese heritage, there is an interesting yet profound insight into their experiences over the past 4000 years. The word ‘Crisis’ is the exact same word as the word ‘Opportunity’. Crisis usually comes at the height of the most Dangerous times. So if we just realize this new formula, that Crisis = Danger + Opportunity, then I believe that more people would benefit from their fears — if only they knew how to control them.

So through the discipline of buying low and selling high, you should be able to stay focused clearly on the future, because that’s what you’re investing towards — future wealth creation and maintenance. Anything else is speculating.

So with this being the last of the 5 Laws of Wealth Creation, I have attempted to present this rudimentary framework from which you should get a good running start on building, or maintaining, your nest egg for tomorrow. These rules are naturally not all encompassing and while there may be many others, rarely are all of these simple rules followed at all.

Nothing happens by accident and your financial future should be planned. Without a proper plan put into place utilizing your unique, individual circumstances, the likelihood of your getting to where you want to go is pretty dubious. If you don’t set up the target, you’ll miss it with amazing accuracy.

Now the ball’s in your court. Decide how you want to play it.

Author’s Note - if you wish copies of our normal quarterly newsletter, please send either your e-mail address or postal address to: jgadoury@berkshire.ca. Back issues are available upon request.

March 19, 2003
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