

**APPENDIX II – DOES NOT FORM PART OF THE CENTRAL TERMS OF THE
COLLECTIVE AGREEMENT**

MEMORANDUM OF UNDERSTANDING #1

**IN THE MATTER OF COLLECTIVE BARGAINING
UNDER THE *SCHOOL BOARDS COLLECTIVE BARGAINING ACT, 2014***

BETWEEN

**The Council of Trustees' Associations
(hereinafter the "CTA/CAE")**

AND

**The Canadian Union of Public Employees
(hereinafter "CUPE")**

RE: Actuarial Variation

The Parties wish to affirm the importance of the CUPE Education Workers' Benefits Trust's annual actuarial report in ensuring the financial sustainability of the plan. As per section 16.3 of the CUPE EWBT Agreement and Declaration of Trust, these actuarial reports are made using actuarial assumptions in accordance with generally accepted actuarial principles.

The Parties acknowledge that the actuarial assumptions used, in particular those associated with the forecasted per-Full-Time Equivalent (FTE) funding increases for years which are not covered by a current collective agreement, may require the board of Trustees to make immediate decisions prior to the next round of bargaining.

Therefore, the Parties agree to amend the CUPE EWBT Trust Agreement as follows:

If the most recent actuarial report covers a year that is not part of the collective agreement, and the actuarial report includes a funding assumption of 0 per cent for that year, and if the Claims Fluctuation Reserve (CFR) is projected to be below 8.3% in such a year:

- There is no requirement for the trustees to make a plan design change; however, they may.
- There is a requirement for the trustees to develop a contingency plan in the event that the funding negotiated in central bargaining results in the CFR continuing to be projected to be below the 8.3% threshold, and the plan is to be shared with the central parties. The contingency plan must include the following elements, at a minimum:
 - 3 funding scenarios: no increase in funding, increases consistent with CPI, and increases equal to the average of the prior three years.
 - 2 costing scenarios: for example, inflationary trend increases and historical 3 year trend.
 - Proposed actions the trustees would take for each scenario: for example, plan reductions and administrative efficiencies.

If the most recent actuarial report covers a year that is part of the collective agreement, plan design changes will continue to apply where the CFR is projected to be below 8.3% in such a year or if the current year's CFR falls below 8.3%.

Finally, the Parties confirm that any decision to maintain or change benefits Plan design is at the discretion of the Board of Trustees, subject to any restrictions in the CUPE EWBT Agreement and Declaration of Trust, Collective Agreement, or the Income Tax Act and in accordance with their responsibility for the ongoing operations and long-term financial sustainability of the CUPE EWBT.