

Terms of Reference

TMG Total Compensation Design Sub-Committee

1.0 Background and Context

Members of TMG are vital in their support of the University and play critical roles throughout McMaster's academic, administrative and research areas. The design of the Total Compensation program needs to ensure the continued ability to attract, develop, engage and retain high calibre leaders vital to the University's ability to achieve its mission. Towards this end, the University has committed to revitalise the TMG Total Compensation program. Through the process of internal and external review, exploring how members of TMG are currently compensated, and reviewing best practices, the goal is to revise the program to ensure it is contemporary in design, is sensitive to the needs of members of TMG and the University, appropriately rewards members of TMG, and strengthens our ability to attract, develop, engage and retain high calibre leaders that are critical to the University's continued success and will strengthen McMaster's reputation as both a premier educational institution and a key employer in Hamilton.

Total compensation is a critical aspect of the employment relationship. As the University is ultimately responsible for the design and administration of the total compensation program, all recommendations for change require endorsement and formal approval by the President and Vice-Presidents (PVP), the Remunerations Committee and the Board of Governors.

2.0 Purpose:

The TMG Total Compensation Design Sub-Committee will provide a forum for consultation on compensation issues that relate to TMG. In partnership with Human Resources, the TMG Total Compensation Design Sub-Committee will review, discuss and explore options for enhancing and revitalising the TMG Total Compensation Program. The Sub-Committee will provide objective and impartial evaluation of the Total Compensation Program for TMG, prioritize and research these items, explore best practice, and recommend changes in design. Recommendations will be developed in consideration of existing legislation and financial realities of the University. Recommendations for change will flow to the TMG Committee which participates in ongoing dialogue with the Vice-President (Administration). Recommendations for change endorsed and accepted by the Vice-President (Administration), on behalf of PVP, will require approvals as described in section 1.0.

The Sub-Committee, in partnership with Human Resources, will:

- liaise with the TMG Committee to understand the areas of focus;
- review and understand the existing elements of the Total Compensation program for members of TMG;
- identify specific areas of concern or opportunity in existing program design;
- conduct and/or review research into best practices and alternative plan designs;
- assess the feasibility of introducing specific changes and consider options that will provide greater flexibility;
- recommend changes and/or enhancements to program elements and design;

- liaise with and provide advice, feedback and recommendations to the TMG Committee Co-Chairs on the development and implementation of total compensation-related policies and programs;
- review costs associated with recommended changes; and
- participate in communication initiatives; and
- provide input on the implementation of the recommendations.

3.0 Scope of Issues for Discussion:

Areas for discussion include all aspects of the Total Compensation Program for TMG including the compensation philosophy, program and policies, the job evaluation program, benefit programs, retirement income programs (pensions and group RRSP), communications, salary administration practices, flexible work arrangements, quality of work life, and the ideal alignment of Total Compensation Program provisions relative to role.

Recommendations for change will be considered in the context of the themes identified in the feedback from the focus groups. The six broad themes are:

1. Education
2. Recognition
3. Flexibility
4. Pay
5. Benefits
6. Future

4.0 Authority and Reporting

The TMG Total Compensation Design Sub-Committee provides recommendations to the TMG Committee. The TMG Committee Co-Chairs will provide direction to the TMG Total Compensation Design Sub-Committee Co-Chairs with respect to the focus of their work. The work of the TMG Total Compensation Design Sub-Committee will be conducted in partnership with Human Resources and with guidance from the Vice-President (Administration), on behalf of PVP (President and Vice-Presidents).

5.0 Roles and Responsibilities:

Co-Chairs:

- act as the primary liaison between the TMG Total Compensation Design Sub-Committee and the TMG Committee Co-Chairs to ensure the focus of the Sub-Committee work is aligned with the direction from the TMG Committee Co-Chairs;
- partner with Human Resources to facilitate the work of the Sub-Committee;
- provide regular updates and progress reports to the TMG Committee;
- present recommendations to the TMG Committee; and
- facilitate the meetings of the Sub-Committee maintaining an open, inclusive and effective process.

Sub-Committee Members:

- participate in training and orientation activities;
- attend and actively participate in meetings;
- participate in working committees;
- provide timely information, advice, and feedback; and

- review and refine the Terms of Reference annually in conjunction with Human Resources which has responsibility for maintaining the Terms of Reference in accordance with required approvals.

6.0 Membership:

The TMG Total Compensation Design Sub-Committee will be comprised of a minimum of 8 members (including two Co-Chairs) who are representative of the University's TMG community. The Sub-Committee will be structured to include varying levels within TMG, membership from throughout the University, and include participants in both the Pension and Group RRSP Plans. A list of Sub-Committee members will be maintained on the University's web.

7.0 Orientation:

Human Resources will organize an orientation of the TMG Sub-Committee to total compensation theory and the existing TMG total compensation program. Orientation may be provided by external consultants in conjunction with Human Resources.

8.0 Term:

The work of the TMG Total Compensation Design Sub-Committee is time-limited. Work will begin in summer 2014 and development of the recommendation is expected to be completed in summer 2016. As the implementation will reflect a three-year phased approach, the TMG Total Compensation Design Sub-Committee will continue to operate through the implementation period to provide input on the implementation plans, processes and communications. It is expected that each Committee member will fulfill his/her term. Should a Sub-Committee member transfer to another position within TMG, s/he will stay on the Committee. If the Committee member's transfer creates a void in membership, that void may be filled by adding a new Committee member.

9.0 Meetings:

Meetings will be held once a month, and may be scheduled more frequently, as needed. Meetings of the working committees will be scheduled, as required.

10.0 Support and Resources:

Human Resources will provide ongoing consultation, advice and support to the TMG Compensation Sub-Committee and its working committees. Human Resources will organize administrative support and will serve as recording secretary. Meeting agendas will be prepared in conjunction with the Co-Chairs and distributed to committee members and resource persons in advance of the meeting date. Summary notes including decisions and action items will be documented by Human Resources and circulated to the TMG Total Compensation Design Sub-Committee members.

Date: July 2014

Revised: April 2016