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NOVA SCOTIA UNION OF PUBLIC & PRIVATE EMPLOYEES

NSUPE Local 2 Bulletin

Halifax Regional School Board

July 28, 2009 (1 page)

Pension change 2011

The NSUPE Local 13 membership voted last week to accept a change to the pension plan recommended by the HRM Pension Plan Committee. The change had already been agreed to by other HRM bargaining units.

Local 14 (Halifax Regional Library employees) and Local 2 members were invited to attend the meeting last week when Local 13 (HRM inside workers) voted.

The pension plan change will delay from age 60 to age 65 when members who are terminated from employment (quit or dismissed) can receive an unreduced pension. The change, which still has to be approved by HRM Council and the provincial Superintendent of Pensions, will not take effect until January 1, 2011.

The change will not affect anyone who is terminated after age 60 or who has reached the rule of 80. Under either case, those members would be eligible to immediately receive an unreduced pension even if terminated.

WHY CHANGE IS NEEDED

The HRM Pension Plan Committee was predicting that because of downturns in the economy, when the plan filed its next solvency valuation on December 31, 2010, contribution rates would have to go up from 10.3% to 13.1%. This change will reduce contributions by 2.25% so, if all goes as predicted, rates will only need to go up by approximately .5%. If the market improves more, it's possible no increase at all will be needed.

HAVE TO PREPARE

Making a change to the pension plan is a long process. It requires agreement from the five unionized groups who work for HRM, HRM Council and the Superintendent of Pensions. Notice of changes have to be given to plan

members at least six months in advance. Accordingly, the Pension Committee couldn't wait too long to see what actually happens with the market before initiating the change.

ASSUMPTIONS MADE

The Pension Plan Committee is counting on some continued exceptions for solvency funding requirements and that recommendations made by a provincial pension review panel will not be put in place. If these things do happen, then contribution increases will likely be necessary. For now, it's looking like we don't need to worry too much about these things.

OTHER CHANGES NOT DISCUSSED

There wasn't time at the meeting last week to discuss other possible changes to the pension plan. For now, the Pension Committee is not recommending other changes and so there is no urgency to such discussions.

NO VOTE FOR LOCAL 2 MEMBERS

Local 2 does not get a vote on what happens with the pension plan. HRSB, like the Halifax Regional Library, is a participating employer in the pension plan. HRSB was able to join the HRM plan to obtain a better pension plan for its employees than if it had a plan all of its own. However, as a participating employer, neither HRSB nor its employees have any say over how the plan is run.

Thank you to all who turned out for the meeting last week!