

NOVA SCOTIA UNION OF PUBLIC & PRIVATE EMPLOYEES

NSUPE Local 13 Bulletin

July 27, 2009 (1 page)

Membership votes to accept pension change

The Local 13 membership voted last week to accept a change to the pension plan recommended by the HRM Pension Plan Committee.

The change will delay from age 60 to age 65 when members who are terminated from employment (either 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.

HRM Pension CEO Terri Troy and Director Martin Herschfeld explained that the change will not affect anyone who is terminated from HRM after age 60 or who has reached the rule of 80. Under either of those scenarios, members would be eligible to immediately receive an unreduced pension even if they were terminated from HRM.

WHY CHANGE NEEDED

The HRM Pension Plan Committee was predicting that because of downturns in the market, 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%. The change agreed to will reduce contributions by 2.25% so that, if all goes as predicted, rates will only need to go up by approximately .5%. If the market improves more than expected, 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 the HRM plan to solvency funding requirements and that some recommendations made by a provincial pension review panel not be put in place. If either of these things should happen, then contribution increases may still become necessary. For now, it's looking like we don't need to worry too much about these things.

OTHER CHANGES NOT DISCUSSED

The HRM Pension Plan Committee was hoping to find out how members felt about other possible changes to the plan in future. However, because there were a lot of questions about the change before a vote was held, there wasn't time at last week's membership meeting to discuss these. For now, the Pension Committee is not recommending these changes. Ms. Troy and Mr. Hirschfeld said they would come to another meeting if we wanted to talk about them at a future time.

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