

NOVA SCOTIA UNION OF PUBLIC & PRIVATE EMPLOYEES
NSUPE Local 14 Bulletin

July 13, 2009 (2 pages)

Special meeting on pension Vote on proposed change to plan

The HRM Pension Plan Committee is asking you to make some decisions about your pension plan. Like all other pensions, the HRM plan has suffered financially because of recent economic difficulties. In order to make the plan stable and meet provincial pension legislation requirements, the Committee is asking you to approve one change and to give direction on other possible changes.

CURRENT BENEFITS

You have a defined benefit plan which guarantees you a certain pension when you retire based on your salary and years of service. The formula is: 2% x best consecutive 3 year average earnings x years of service.

Under the plan, there are two ways of receiving an unreduced pension: 1. if you retire at or over age 60; or 2. if you reach the rule of 80 whereby your age plus years

of service equals 80 or more. If you haven't reached age 60 or the rule of 80 and you decide to retire, then your pension is reduced.

The pension plan is jointly funded by employees and employers. When faced with funding issues, the only options available are to:

1. Increase pension premiums for both employees and employers; or
2. Reduce some of the benefits provided by the plan; or
3. A combination of increasing premiums and reducing benefits.

RECOMMENDED CHANGE

The HRM Pension Plan Committee is asking plan members to agree to reduce one benefit. The change will delay when members who are terminated from employment (either quit or dismissed) can receive an unreduced pension. Right now, if

JOINT MEMBERSHIP MEETING ON HRM PENSION PLAN NSUPE LOCALS 2, 13 & 14

Wednesday, July 22

7 p.m.

Holiday Inn Harbourview

Local 13 Members to vote on Plan Change

you're terminated, you can receive an unreduced pension at age 60. The Pension Committee is recommending that this be changed to age 65. This change would not apply to anyone who retires at age 60 or later.

This change is worth 2.25% on the contribution rate for employees.

OTHER OPTIONS

The Pension Committee also wants to know how you feel about other potential changes to the Pension Plan and to prioritize them. These are:

Option 1: Change the rule of 80 to a rule of 85, with a minimum retirement age of 55, and make it a requirement that an employee have 20 years of service in order to retire at age 60 with an unreduced pension.

This change is worth 0.6% on the contribution rate.

Option 2: Change the rule of 80 to a requirement that the employee must be at least age 60 and have at least 20 years of service to retire with an unreduced pension.

This change is worth 0.7% of the contribution rate.

Option 3: Change the survivor benefit. Currently your spouse will get 66.67% of your pension if you die. If you have no spouse then your estate gets 10 years' worth of pension benefits payments. The proposal is to provide a guaranteed 5 year "single-life" pension to all beneficiaries. There would be a minimum of 60% pension to your spouse, but you would pay for this via a reduction to your pension.

CONTRIBUTION OPTIONS

Along with the options for reducing benefits as outlined above, the Pension Committee is also interested in knowing how

you feel about increasing your contributions.

Right now, every dollar you contribute to your pension is matched by the employer and contribution levels are about 10.3% of earnings.

If the economy recovers and/or enough reductions are made to benefits, then your contributions may not have to increase. For example, if interest rates rose by just 1%, then everything may be able to stay exactly as it is. However, if the economy doesn't recover, no benefits are reduced and some proposed legislative changes are made, then contribution rates could go as high as 24.6%. Obviously, everyone hopes that we won't be faced with all three of these things, but if they do happen, the Pension Committee needs to know how much more you would be willing to contribute to keep your plan.

OTHER POSSIBLE BENEFIT CHANGES

The following options aren't being proposed at this time, but possible changes for the future include:

- integrate pension with Canada Pension Plan and Old Age Security. Thus, when you start to receive CPP and OAS, your HRM pension will be reduced from 2% to 1.3%.

- calculate pension on career average earnings rather than 3 year final average earnings.

VOTE BY LOCAL 13

Although members of Locals 2, 13 and 14 participate in the HRM Pension Plan, under the plan structure, only Local 13 has a vote on whether changes are made.

At next week's meeting, we will likely ask that Local 13 members sit in one area so that their vote can be counted. Local 2 and Local 14 members will have the opportunity to ask questions and give input on the proposed options.