

Part 6: Pension Update November 2019

Hello Members! There have been no meetings with Trent Human Resources over the summer.

Earlier this year we did meet with the TUFA secretary for his take on the pension situation, and according to him TUFA will most likely be moving their pension to either UPP or CAAT. The UPP plan is still being crafted, so details of this plan could change. Here are some comments from that meeting:

- The pension plan has been whittled down over the past few years and will continue down that road (for instance, TUFA members are paying more for their pension, as are we).
- Larger pension plan funds are safer with better returns, hence plans like CAAT (and probably UPP) will be a better place to have the pension investment.
- Indexation of the retirement benefit would probably be better in a big plan such as UPP (which is tailored to universities) or CAAT than we have in our current plan.
- All members will earn and keep retirement benefits based on the current pension up to the date of any change; no one can take away any pension entitlements already earned.
- If we move our pension to an outside plan, we would not be bargaining pension with Trent University, and this may make negotiations easier because focus would be on pay and other benefits.

We have been informed that TUFA has a tentative agreement and the anticipated conversion date into the UPP is January 1, 2022, although there still is lots to get approved prior to that and detailed in their MOU.

Some interesting facts about pension plans in Canada, from Statistics Canada (2017):

<https://www150.statcan.gc.ca/n1/daily-quotidien/190619/dq190619f-eng.htm>

- There are 6.3 million Canadians in registered pension plans (RPPs).
- The public sector (like us) accounts for just over half of all RPP members.
- The proportion of paid workers covered by an RPP declined to 37.1% in 2017. This has been gradually dropping since 1997 when it was 41.5%.
- Defined benefit RPPs (like ours) accounted for 67% of all RPPs in 2017.
- Defined contribution RPPs accounted for 18.4% of all RPPs in 2017, up 3.5% over 2016. Defined contribution plans are still quite rare in the Public Sector, but more common in the private sector, where they account for about 40% of RPPs.
- The remaining RPPs were in other types: hybrid, composite, and combination plans. Membership in these types of plans has risen sharply in the past decade, but are still quite uncommon.

Our pension, along with CPP and OAS will give most of our members sufficient retirement income. Currently 60% of non-retired Canadians are not on track with their retirement savings (BDO Canada, <https://debtsolutions.bdo.ca/our-people/bdo-in-the-news/bdo-canada-affordability-index-2019/>). While most people get some income in retirement from CPP and OAS, many have no workplace pension, no RRSP, or other financial cushion to fund retirement years.

Our pension is a one of our most important and valuable benefits. Assuming a person retires at 65, has worked full time at Trent for 35 years, and lives an average life span, our Trent pension is worth \$500,000 to \$1.26 million for salaries ranging from \$40,000 to \$100,000 per year.

We will send out an update on our pension plan performance after the pension subcommittee meets in December.

PLEASE SEND YOUR QUESTIONS!

We will post responses to questions on the OPSEU Local 365 website (<https://www.opseu365.com>). We will also produce additional releases as more information becomes available.