

# Improving our pension prospects

**A**lthough the York University Pension Plan has a healthy surplus, York’s management has persisted for years in resisting pension reforms. It seems that this employer regards our pension money as its own. YUFA has developed pension proposals that would address this situation, to ensure pensioners’ needs are met. The proposals are based on the principles of ownership of our pension futures, equity for those with low projected pensions, and increased flexibility. Here’s how:

## Improve the minimum guaranteed pension formula

The minimum pension guaranteed currently to all York’s pension plan members is:

YEARS OF SERVICE	x	1.4% of \$38 300	+ 1.9% of (AVERAGE OF THE BEST FIVE YEARS OF SALARY — \$38 300)
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(in which \$38 300 is a number set by the federal government).

YUFA demands improvements in this formula, which supplements the pensions of an estimated 38% of union members.

Specifically, the proposals are to increase the formula’s percentages from 1.4 and 1.9, to 1.5 and 2.0 and to use the best *three* years of salary rather than the best five. What would this mean in practice? Let’s take as an example a person who has been a member of the plan for 25 years, whose best five years of salary average \$105 000, and whose salary is increasing by 2% per year plus a \$1980 PTR. Under the existing formula, her minimum guarantee pension would come to \$45 100 per year. Under the proposed new formula, it would be \$49 725.

Not only would these proposals be sustained easily by our plan, but they would also bring us closer to the standards set by other Ontario university pension plans and recognize the high cost of living for retirees who remain in Toronto. For example, at Windsor, the percentages used to determine pensions floors are 1.45 and 2; at Trent, they are 2 and 2; and at Guelph and the University of Toronto, the percentages are 1.5 and 2.

## Improve provisions for members with the lowest projected pensions

### Indexation

In the 1999-2001 Collective Agreement, YUFA members whose projected aggregate pensions from registered plans will be under \$40 000 are entitled to continue working on reduced load for four years after they turn 65. YUFA seeks to increase this cut-off point to \$44 320.

This increase simply indexes the cut-off point to the cost of living in Toronto since 1996, when this provision was established. Of the 430 respondents to the negotiating survey, 81% agreed that broader eligibility for the reduced-load provision was needed.

### Top-Up Low Pensions

Many YUFA members wrote in to say that it would be even more essential that the Employer assist those with dismal pension prospects. Thus YUFA proposes that, for members whose projected pensions fall below \$44 320 five years before their normal retirement dates, the Employer should increase contributions to the pension plan, up to the maximum allowed by the Income Tax Act (i.e., to 18% of base salary or \$13 500, whichever is less).

### Give CUEW Retroactive Service Credit

Several YUFA members are former members of the Canadian Union of Educational Workers (CUEW) Local 3, now CUPE 3903. Until 1988, CUEW members were not members of York’s pension plan. YUFA proposes a mechanism by which present and future YUFA members who were CUEW members before 1988 will be credited for earlier years of service.

## Make our pension plan more flexible

### Negotiate more reciprocal agreements

Several YUFA members who have come to York from other workplaces have been dismayed to find that our employer has no standing agreements with other pension plans to transfer money from their old pension plans to York’s. YUFA proposes that the Employer should take on more responsibility for entering into reciprocal transfer agreements with other pension plans.

Such agreements are quite common at other Ontario universities. For example, Ryerson participates in the Major Ontario Pensions Plans Agreement, which includes the Ontario Teachers Pension Plan, the OPSEU Pension Trust, and the Colleges of Applied Arts & Technology Pension Plan. The University of Toronto pension plan has reciprocal agreements with McGill, the University of Manitoba, the Province of Ontario, the Alberta Universities Academic Pension Board, and so forth.



### Option at retirement

YUFA is proposing that members, upon reaching retirement age, be given the option of transferring half of their pension money to a locked-in RRSP and leaving half in the York Pension Fund. At present, members must make an all-or-nothing decision: transferring *all* to a locked-in RRSP or leaving *all* in the York Pension Fund.

Next FactSheet: York’s under-staffed stacks

# 'Struck sober': future pensioners' statements

*My salary has increased dramatically in recent years, due to equity and anomaly adjustments, but this only emphasizes how low it has been for most of my teaching career (I started in '72). So I am concerned about issues like pension and benefits and also about the prospect of unwellcome, compulsory retirement. (Deborah Heller, Atkinson)*

*Extending delayed retirement for those with low pensions is a second-best option; equitable pensions are far better than working on after 65. (Anonymous)*

*I believe a provision in the Collective Agreement that would allow those with mixed careers at York (e.g., as CUPE full-time, CLA, and tenure-stream faculty) to pay pension*

*contributions for years of de facto full-time service, with matching Employer contributions as far as possible, would do much to increase post-retirement equitability. (Jay Rahn, Atkinson)*

*Key issues: Retirement equity (for people with shorter academic appointments, as long as they don't already have large pensions from other sources), wage increases re cost of living, workload, add homeopathy. (Luin Goldring, Arts)*

*I hope we can get a lump sum of money and put it into women's pension funds so that when we retire we'll be ok. (Anonymous)*

*I strongly endorse the proposal that there be another pension option at retirement. During numerous discussions I have had with members who were about to retire, the question as to withdraw or stay with the York Pension Fund was the main concern. This proposal would, for many, present a more acceptable option. Furthermore, such an amendment would, based on my own knowledge of the plan and in discussion with the actuary of the plan, be a non-cost item [for the Fund and the Employer]. There would also be no future costs associated with such a change. (Morton Abramson, YUFA Pension Trustee)*

*I will be retiring in five years, it seems, with a pension of about 25% of my pay. When government benefits are factored in, I don't qualify for a late retirement age. We need to try to raise the level from \$40 000, for people like me (predominantly women). (Ester Reiter, Atkinson)*

*A big outstanding issue is pension equity – pensions need to be adjusted to take account of systematic pay discrimination over time. (Anonymous)*

*To have reciprocal arrangements between pension plans is a good and fair idea. Increasingly, people are changing jobs and their pension contributions, as well as their employers', should be portable. It's really crucial. If you are a hospital worker in Ontario, you can do it. (Gary Spraakman, All-University Committee on Pensions)*

*Pension equity and retirement benefits are most important. (Anonymous)*

*When I opened my pension statement for January 1, 2001, I was struck sober – as I am every year – by the line which reads "Your monthly pension is 37.15% of your projected monthly earnings at retirement." Clearly, when I get to retirement age, sobriety won't be the half of it. I have taught at York since 1976, teaching many courses under the CUPE contract; but I didn't join the pension plan until 1989, a year after it was opened to CUPE members. There are many YUFA members in my situation, so I heartily endorse YUFA's attempts to improve our pension prospects. (Doug Freake, Arts)*

