

Bulletin #3 Features of the Tentative Agreement between WLUFA and WLU on conversion of the pension to the UPP

Next week, you will be asked to vote on whether you support the tentative agreement the WLUFA bargaining team negotiated with the University. That agreement sets out the terms of conversion of the Laurier Pension Plan to the University Pension Plan. If the vote is in favor, the WLUFA Executive will be mandated to assent on your behalf to Plan conversion. If the vote is in favor, the WLUFA Executive will also receive your direction to agree to the new terms of the Supplemental Pension Plan (which will continue to be administered by WLU).

As the first Bulletin explained, the terms of the WLUPP will continue to apply to all aspects of service prior to conversion. The UPP will take over day-to-day administration of the Laurier plan, and it will issue the cheques. The only exception to this applies to early retirement (see below). The features of the UPP (the higher contribution and benefit rates and other features of the plan) will only apply to your service post-conversion. You will, in a sense, receive two distinct pensions: a WLU pension for your years of service before conversion, paid out according to the WLUPP's terms, and a UPP pension contributed to and paid out according to the terms of the UPP plan for service after conversion.

We have reviewed in various places, most especially in the two summaries that are available on the WLUFA pension page, all the features of the UPP plan, comparing them to the WLU plan. It is important to note that some, but certainly not all, of the features of the UPP are improvements on those enjoyed under the WLU plan. You need to compare the features of the two plans for yourself and decide which features are important to you. All members, however, will benefit from the greater security of your pension investment provided by a Jointly Sponsored Plan.

What you will be voting on is a tentative agreement. The agreement holds that the WLUFA Executive will consent to conversion under certain terms. It is important to again summarize what those terms are:

1. A 1.2% salary offset. This increase will come into effect post-conversion and will provide a one-time increase in compensation to cover the higher cost of contributions to the UPP. The offset will apply to all FT pensionable earnings and to all part-time WLUFA-member regular earnings. In Bulletin #2 we summarized the impact of the offset on contributions and benefits.
2. A change to the Supplemental Pension Plan making it part of the FT Collective Agreement for the first time. The new SPA increases employer contributions from 7% to 10% of earnings over maximum pensionable income. It applies a new upper limit of \$250,000 on salaries to which the university will make SPA contributions. The agreement eliminates the MGP component of the current SPA and it becomes a DC plan only. Interest on the new SPA will be the UPP rate of investment earnings. The new SPA will be paid out in a lump sum or over 10 years. Members may elect to have the lump sum paid out up to 12 months after retirement in order to minimize the impact on taxable income.
3. Effective as of the conversion date, the university shall amend its current plan to count administrative stipends in its definition of pensionable earnings. Administrative stipends (as specified in the CA) will count as part of the University's definition of pensionable earnings when it enters the UPP and will apply to the calculation of best years' income for service after the conversion date (so it will apply to UPP service and not to service pre-conversion).

4. Effective on the conversion date, the University will amend the WLU Plan to provide for unreduced early retirement applicable to the MGP under the Laurier Plan for pensionable service earned prior to the conversion date. The new early retirement option will provide an unreduced pension to members who have both attained 60 years of age and who have enough years of pensionable service to reach at least 80 (age + years of pensionable service). This is the same early retirement feature offered by the UPP, but the agreement means that pre-conversion service will count in the calculation of years of service made by the UPP.
5. Commuting your pension. The UPP does not allow pensions to be commuted and new Universities entering the plan must attempt to negotiate a commuting option with the UPP. What the WLUFAs team and the employer agreed on is a negotiating position for the employer's discussions over the terms of conversion with the UPP. We agreed that members may elect to commute the value of their pension (according to the university's present actuarial formula) for service prior to conversion and for service after conversion for up to 3 years. We agreed that members may elect to commute the value of their pension (according to the university's present actuarial formula) for service prior to conversion up to 5 years after conversion.
6. References to the pension plan will be removed from the Collective Agreements (with the exception of the SPA). Post conversion, members would have a pension agreement with the UPP, not with WLU. That means that members would not be able to file grievances about their pensions with the employer, they would need to deal with the dispute resolution process established by the UPP.

This summarizes the results of our negotiations.

UPP Bargaining Team

Please participate in the voting which will be held 16-23 June.