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March 16, 2018

Attention: All Members  
CUPE Local 873

Dear Members;

**Re: Pension Update**

I write to provide an update on the changes to our Public Service Pension Plan (**PSPP**). Since my last update in early February, more information has become available.

In December of 2017, we were advised that discussions between the PSPP plan partners about a new Agreement in Principle (AiP) and plan rule changes had resumed. We immediately re-engaged our lawyer and actuary, so we could fully understand any proposed changes. On February 2<sup>nd</sup>, 2018, we were advised that the plan partners had reached an agreement on a series of changes that are similar to those under discussion in 2016, but with some important differences. We have not been provided with a new AiP.

The PSPP Trustees formally announced the changes today, Friday March 16. To view the PSPP Trustees' communiqué which describes the changes in detail, click here: <https://goo.gl/J9Tx3w>.

The full set of changes – which include changes to early retirement penalties, contribution rates and pension accrual rates - will apply to on-call members of CUPE 873 who participate in the PSPP, on the same basis as the vast majority of the other plan members. The majority of the changes will be effective April 1, 2018. It will take longer than that to put the changes in place, but they will be made retroactively effective.

There will be a different approach for certain groups including most public safety employees – full time CUPE 873 members comprise one of those groups. For full time members, the new provisions will not apply right away, and will be subject to an agreement being reached among CUPE 873, BCEHS and the PSPP Trustees on how best to replace the existing unreduced early retirement benefit (the Rule of 80). This will involve direct discussions with BCEHS. For now, we are waiting on information from the actuary for the PSPP, which we have been assured is forthcoming. We are investigating the application of the changes to regular part-time members and will advise as soon as possible. The Union will be working hard on this over the coming months with its professional advisors and will keep you updated.

There will be a subsequent set of changes that improves pensions on past service earned between April 1, 2006 and March 31, 2018, for all active, inactive and retired members. That subsequent set of changes is to take effect October 1, 2019 and will be applied to all paramedics.

## **How Does This Impact You?**

First and foremost, we have been assured by the PSPP and our lawyer that the provisions and value of your pension earned to April 1<sup>st</sup>, 2018 will not diminish with these new changes.

## **On Call Paramedics and Dispatchers:**

Our actuary has been able to make some assumptions and perform some analysis on the changes as we understand them for our on-call members. Under the new plan provisions and depending on individual circumstances, if a member retires after approximately age 57, the value of his or her pension is expected to be greater as compared to that generated under the old plan provisions.

**Full-Time Paramedics and Dispatchers:**

Full-Time CUPE 873 members are eligible, under the current PSPP plan rules, to retire with an unreduced pension if they meet the Rule of 80. Those members “paid” for that benefit through a trade-off made in collective bargaining in 1995. At that time, a 2.25% reduction in another benefit was agreed to in order to pay for the special unreduced early retirement provisions, and the employers have been paying an extra contribution to the PSPP to fund it.

It is for this reason that the implementation of any changes for those paramedics will be delayed. The plan partners recognize that under the new provisions, our members would lose the value of the bargain they made and must be allowed to design a suitable replacement through discussions with BCEHS. Once that replacement benefit is determined, our actuary will be able to calculate the impact on this group.

**Regular Part-Time Paramedics and Dispatchers:**

We have received confirmation from the employer that they have been making the supplementary contributions, which fund the special unreduced early retirement provision, on behalf of regular part-time members. We are working with the employer and the PSPP as to how those members are being treated by the Plan.

**Retirees:**

PSPP announced there is a surplus of \$1.9 billion in the plan. Some of this surplus will be used to provide improvements to pensions as noted above. These improvements on pensionable service between April 1, 2006 and March 31, 2018, inclusive, will be made for retired members as well as actives as of October 1, 2019.

**Individual Circumstances Matter:**

Every individual’s earnings, service and retirement needs differ. Please call the PSPP hotline if you want to know how the changes affect you specifically. The number is: **1-800-665-3554**. As well, we encourage all members to familiarize yourself with your pension plan. The PSPP website address is: **pspp.pensionsbc.ca**.

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To recap, based on what we know right now, on-call members will generally see an improvement in their pensions going forward. For our full-time members, determination of the impact can only be made after we have reached an agreement on a suitable substitute early retirement benefit.

**PLEASE NOTE:** Although the foregoing is accurate based on the information we have, our description of the changes and our analysis are necessarily limited by the absence of the plan partner AiP, or actual plan amendment documentation and information. You should not rely on this member communicate in making any decisions about your retirement or financial future. Ultimately, the terms of the PSPP will govern and you should speak with a representative of the PSPP at the contact numbers set out above if you have any questions.

I will update the membership further, as we learn more about the changes to come.

Sincerely,



Cameron Eby  
Provincial President  
Ambulance Paramedics & Emergency Dispatchers of BC  
CUPE Local 873

CE/sd/MoveUp

