PENSION
Questions and Answers

1. Is my pension plan broke?

NO. The pension plan has always set aside surpluses in the good years to help weather the bad years. However, we faced the worst year since the great depression and now surpluses are gone.

2. Won't this go away now that the markets are recovering?

NO. The trustees have known for many years that the contributions being made were not enough to pay the benefits. The shortfall was being made up by using surpluses. Essentially, the bank account being drawn from has dried up and no one's expecting the type of market recovery it would take to fill the bank accounts again.

3. Will this affect my income at retirement?

MAYBE. In order to guarantee retirement benefits, money going into the plan must equal payments made by the plan. Money going into the plan comes from member contributions/employer contributions and investment income. The trustees regularly take actions to ensure that the investment income is as good as it could reasonably be. As a union, CUPE believes that contribution increases are preferable to any type of benefit cuts and we will fight benefit cuts whenever we can. However, if contribution increases aren't sufficiently addressed, there is a risk that some, but not all, benefits would need to be reduced by the trustees. That is why we are recommending a contribution increase.

4. What are other Civic Unions doing?

In July, the Winnipeg Civic Employees' Benefit Program (WCEBP) asked the union/employers to increase contributions to the plan effective January 1, 2010. Every union has its own way of dealing with recommendations from the Board. Some have already agreed with the increase in contributions and some unions are still dealing with it.

5. **What's the employer doing?**

The employer will be dealing with this recommendation at an upcoming City Council meeting.

6. **Isn't my pension plan already costing more than others?**

NO. Most other large municipal plans across the country have contribution rates of approximately 10% or more. Many Manitoba plans have increased contribution rates over the last few years. Other employers/employees pay for Long-Term Disability (LTD) in addition to their pension contribution; but out plan includes LTD in the contribution levels.

7. **Will the 8% + 8% fully fix the problem?**

Contributions to this plan have not increased since the mid 1970's. There are no guarantees that this change will prevent a further need for additional contribution increases. Investment income may help solve the problem, but if it doesn't solve it completely, CUPE will be talking to its membership about further rate increases if necessary. However, there are no immediately plans to increase contributions beyond the 8% now being proposed.

8. **Why does CUPE recommend contribution increases instead of benefit cuts?**

Pensions are our deferred wages and are intended to provide enough income to live in retirement with dignity. Cuts to pension income affect retiree's at a time when they usually can't work part time to generate more income. As well, people are now living longer, so length of time drawing in pension is longer than it used to be. That doesn't mean they should expect less in retirement but does mean we may need to increase contributions to pay for it.

9. **Can the Trustees increase contributions on their own?**

YES. The Trustees can if the pension plan shows a deficit. However, the Trustees believe waiting for that puts pensions at risk. That's why we're recommending the increase effective January 1 – instead of letting the plan finds itself in dire circumstance.

10. Who does this affect in Local 500?

Members who participate in the Winnipeg CEBP and does not affect those that are in other plans.

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