On Stream

Newsletter of the Selkirk College Faculty Association

November 2009

Ponderings from the President

There are two topics that will have an impact on the upcoming year that I'd like to update you on.

First, as many of you are aware, our collective bargaining agreement ends at the end of March 2010. During the last round of bargaining, when I was your chief bargainer, the government had committed to giving us our first real pay increases in 6 years and was even dangling a signing bonus in front of us to enhance the probability of a settlement. No such luck this time around. With the current economic crisis gripping the World, we have been told there is no money for any pay increases for anyone in the public sector. We are hoping to get extra money for our pension fund, but nothing is certain at this point. Of course, there is a lot more to a collective agreement than just money. There are other employee rights we need to fight to maintain, and others that we currently lack that we continue to fight for. We'll be discussing bargaining topics at the upcoming fall general meeting, so try to attend if possible. You can always send any concerns or ideas to myself, Lori Barkley (your chief bargainer), or any other executive member.

Second, subsidies of health benefits for retired members ended this fall. You may recall receiving notice of this change last spring from the Pension Board, and also from the College. Inflation adjustment will soon also be capped to ensure that the money set aside for this purpose isn't dried up in the next few years. These upcoming changes are the reason that pensions will be a priority in this upcoming round of bargaining. Your base pension is secured, but without extra money, we could see inflation protection disappear completely in the next few years. FPSE policy is that both health benefit subsidies and inflation adjustment be preserved for our retirees, so we will be fighting to get these back.

This upcoming year will definitely be an important one for our members. Please make sure to attend our fall meeting to have your say on the direction we go in the future.

Doug Henderson

Mark your calendar!

A workshop on Pensions will be held on Thursday, November 12th in Castlegar (12:00 to 2:00 P.M.).

The SCFA General Meeting will be held on Thursday, November 19th in Castlegar (12:00 to 2:00 P.M.). Details coming soon.

Collective Bargaining in 2010: What can we expect?

The SCFA (Selkirk College Faculty Association) and FPSE (Federation of Post-Secondary Educators) are headed into a bargaining round—which could start as early as January. The provincial mandate was set out in the Speech from the Throne on August 25, 2009. Here are sections which are relevant to us. (For the entire speech http://qp.gov.bc.ca/39th1st/4-8-39-1.htm)

> "While we will protect critical health and education services, we will not throw up our hands, throw in the towel and borrow our way into oblivion.

> We must minimize spending on non-essential services and target discretionary spending where it is needed most: to help patients, students, children and families and to create a new economic framework, new revenue and new jobs while protecting public services that are indispensable.
>
> That principle shaped the February Budget and it will continue to guide our way forward." ….
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> "All ministries and Crown agencies will work to find new ways of doing things so we can deliver quality services at lower costs.
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> Central to that endeavour is the need to constrain wage-related spending pressures.
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> Rising public sector wage and benefit costs only put more pressure on government to find savings through layoffs and other workforce reductions.
>
> That is something that our government is working very hard to minimize. As long as we are mired in deficits, there is simply no money available for public sector wage increases.
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> This government will not contemplate wage rollbacks, as some have suggested.
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> But neither will it finance new wage hikes through higher debt, through reductions to core services or through vastly increasing public sector layoffs. Our focus instead will be on protecting jobs to preserve the delivery of services while our workforce strives to rejuvenate its ranks for the future, in the face of its aging profile."

This is the mandate of the Provincial government and thus the framework they have set for public sector bargaining in BC. Local issues (those which are specific to Selkirk) are bargained locally, while issues common to the post-secondary Colleges and new Universities who are members of FPSE are bargained jointly. The mandate will require creative solutions in this bargaining process. If you have an issue which you would like to identify to the bargaining committee, please contact Lori Barkley, VP Bargaining.

Our President's Report on the FPSE AGM

The FPSE annual general meeting and convention was held in Victoria this past May. I attended along with Victor Villa, Bev Onischak, Leanne Reitan, Ross Bates, and Lori Barkley. This was the most contentious AGM that I have attended. There was a very close vote to overturn Presidents' Council's decision not to re-appoint one of our Pension Board Trustees. We also had our first executive officer elections in several years due to our long-time Secretary-Treasurer, Dileep Athaide, stepping down. Aside from the return of Cindy Oliver as President, we saw new people appointed to the remaining positions. George Davison from CNC was elected as Secretary-Treasurer, Nancy Lucas from Capilano was elected 1st VP, and Rocque Berthiaume from Northwest Community College was elected 2nd VP.

During the AGM, I also had the chance to attend a few workshops, the most interesting of which dealt with Civil Rights and the upcoming Vancouver Olympics. It was a little frightening to hear that VANOC wants to do things like: restrict non-sponsor logos from the clothing of Games attendees, buy up all bus and billboard advertising space for 10 weeks surrounding the games to prevent ambush marketing, and even enter private property of those near Olympic venues to remove any unwanted signage.

Overall, a good time was had by the attendees. Next year's AGM will be held in Harrison Hot Springs.

Doug Henderson

2009 FPSE AGM Seminar on the College Pension Plan

As the 2009 Federation of Post Secondary Educators' Annual General Meeting, I attended a seminar called "Funding Your Future" which was presented by the Post Secondary branch of the BC Retired Teacher's Association. The aim of this presentation was to give folks a better understanding of our pension system, and why the decisions that we make now are important to our long-term futures.

College Pension Plan Basics

Did you know that only 30% of Canadians have a pension plan? And in BC, only 20% of employees in the private sector have a pension plan. As a Selkirk College employee, you should consider the College Pension Plan as much a part of your compensation for work here at Selkirk as the paycheques that go into your account every month.

The College Pension Plan can be described as a "Defined Benefit Pension". That means that we each know what we will be receiving in the way of pension monies once we retire. We are able to count on a certain monthly figure for the duration of our retirement years – no matter how many of those retirement years we have ahead of us. Through the College Pension Plan, we are guaranteed both a lifetime pension payment and a bridge benefit for those that retire before reaching the age of 65. However, inflation adjustments are not guaranteed, and although group health benefit coverage is available, it is not subsidized. This means that when you retire you will have to pay for your benefits.

How much you will receive for pension and bridge benefits is determined by three variables: salary, service and age. Salary is determined by averaging your highest-paid 60 months. Service involves two components; pensionable service -the amount of time that you are considered to be an active member of the pension plan - is linked to dollar amounts, while your eligibility is determined by contributory service -time when you were working for the employer and making pension contributions. Age of retirement will vary from member to member, with an earliest retirement age of 55 and a latest retirement age of 71.

Determining what you might be able to expect from your College Pension Plan is as easy as checking your ***Members Benefit Statement*** when it comes to your mailbox each year. Not handy, or stale dated? Try the College Pension Online Estimator at http://www.college.pensionsbc.ca/ which allows you to either input your own personal data, or use general data to work through various retirement scenarios. Remember, neither of these tools account for any other streams of retirement income such as payments you may be eligible to receive under the Canada Pension Plan, so you'll want to consider that when constructing a plan for your retirement.

The College Pension Plan is an excellent place to invest your money. Members who choose the "Single Life with a 10 Year Guarantee Pension" option will receive back their entire pension contributions over a 10 year period. After that 10 year payout period all cheques received are "gravy", funded by investment returns and compounding interest.

Which is all well and good, you say, but what about those members who die before reaching retirement? My, you're the gloomy one, aren't you? No, just realistic, I guess… Well, for those members with no spouse, a cash payment in the amount of the commuted value of your pension (the commuted value is the amount of money that needs to be set aside today, at current market interest rates, to provide sufficient funds to pay for a pension when a plan member retires) is paid to your designated beneficiary or estate. Spouses of married members will receive either an immediate pension or a payment in the amount of the commuted value of your pension. Those members who pass away with fewer than 2 years of contributory service could rest in peace, assured that any contributions that you had made, plus interest, would be paid to your spouse, named beneficiary, or estate.

Maximizing Your Pension Payments

Do you want to maximize the size of the pension to which you will eventually be entitled? There are a few ways to go about this. One way is to work more years than the minimum to receive a full, unreduced pension. With yearly pay increases the value of your 60 highest months on which your pension amount is based increases, thus increasing your monthly pension benefit payment. Another option is to purchase leaves – time during which you were employed by the college but did not contribute to the College Pension Plan. This must be done within five years of the end of the leave, and there is a limit of five years of full-time leave that may be purchased in a lifetime. As many of us would be hard-pressed to come up with funds to purchase service time immediately after coming back to work after a leave, it is worthwhile to note that RRSP funds may be used to buy pensionable service. However, purchasing service isn't always worthwhile for everyone – to find out if it is a good option for you, try the online Purchase Estimator at http://www.college.pensionsbc.ca/ .

What About Inflation?

As I mentioned above, your lifetime pension amount is guaranteed. However, inflation protection (indexing) is not, although you will receive some inflation protection. Indexing adds considerable value to a basic pension benefit—with full indexing, the purchasing power of a pension is sustained over time. When an indexing amount is granted to the College Pension Plan, it becomes part of the ongoing basic guaranteed pension amount.

A challenge faced by the College Pension Plan is that the Inflation Adjustment Account (the IAA, not the plan's Basic Account) has not been adequately funded to provide members with full inflation protection. A major factor in this situation is the changing demographics of the plan members. In 2000 the ratio of Active Members to Retirees was approximately 5:1, but by 2020 this ratio is projected to change to closer to 1:1.

In order to address this challenge, the Plan Trustees have made some recent changes to the structure of the plan. Contributions by both the employer & employee increased by 0.25%, effective September 2009. Group benefit premium subsidies, previously paid by the Inflation Adjustment Account on the behalf of Retirees, also ceased in September, and a new, voluntary group benefit plan was introduced. Finally, starting in 2011, inflation adjustments will be capped at a sustainable level based on the plan's actuarial evaluation of the IAA. The result of these changes will be that there will be more money going into the IAA, where it should generate higher returns on investment & help to fund a model that makes cost of living increases more sustainable over the longer term.

The benefits of these changes to plan members are enormous. Compared to the projected cost of health benefits for retirees over a period of 10 years (approximately $13,200) the approximate benefit of an annual cost of living increase over that same 10 year period would be much greater, approximately $23,000. So, if these projected numbers hold true, a retiree could pay for his or her own benefit plan, and still come out $9,800 ahead!

Taken together, a guaranteed pension with inflation protection to cover the cost of living increases is in reality a deferred salary. This is a wonderful benefit, as many of us may spend more years in retirement, drawing that inflation-protected pension, than as a college employee!

Setting a Course, When Retirement is More Than 10 Years Away

Congratulations, you're already taking the first step by reading this article! Learning about your College Pension Plan and how it fits in with other streams of post-retirement income will allow you, a college plan member with a voice, to make informed decisions when the Board of Trustees comes to the membership for guidance. Talk about the College Pension Plan with your colleagues, and make sure that they know that pension issues that we act upon today not only affect today's retirees, they affect the future of all active members as well.

Setting a Course, When Retirement Is Within 10 Years

This is the time to make sure all your financial ducks are in a row. Aim to eliminate any outstanding debts before retirement (and the earlier, the better), encourage your local to host, and then attend BC Retired Teachers' Association Pre-retirement Workshops. Maximize your pension return by being in a position to enjoy the fruits of your labour: take care of yourself mentally and physically, develop friendships and interests outside of work, keep learning new things and plan some leisure activities that you will look forward to throughout your years in retirement.

Leanne Reitan

Your SCFA Executive

President: Doug Henderson
VP Contract Administration: Lui Marinelli
VP Liaison: Victor Villa
VP Negotiations: Lori Barkley
Secretary: Bev Onischak

Treasurer: John Stegman
College Board Observer: Claire Davison-Williams
Retirement Issues Officer: Duff Sutherland