

Staff Pension Plan Advisory Committee (SPPAC)

TFEU Report May 24, 2013

Pension Report

The work of the committee over the last year has been mostly devoted to the transfer of the Staff Pension Plan (SPP) to the Municipal Pension Plan (MPP). The original intent of the employer was to have the transfer take place effective July 1, 2013. With the amount of work involved it became apparent that this date would not be possible. Therefore the effective date has been postponed to a future date, with the intent being January 1, 2014.

Transfer summary:

The Advisory Committee began preparing periodic pension bulletins in February to inform members of the status of the transfer and these will continue as further information becomes available. The bulletins along with other information and a discussions blog are available on livelink under “General Items” folder under “Staff Pension Plan”.

TFEU, management and retiree representatives, along with legal counsel and our actuary met with the Financial Institutions Commission (FICOM) on March 6 to seek advice and direction on the transfer process. FICOM is the regulator of pension plans in BC and their job is to protect the interest of all parties. They will monitor any agreements to ensure there is adequate communication and that plan members are made whole. They will also continue to monitor both the SPP and MPP after the transition to ensure that retirees, disabled and deferred members receive the benefits to which they are entitled.

The MPP board approved our enrolment application on March 25. The MPP Benefits committee will consider the approval of the transfer agreement (this is to transfer past service in the SPP to the MPP) at their meeting October 1 for recommendation to their November 20 board meeting. Once the board approves the transfer agreement the approval process will be complete and enrollment can begin.

In the interim the SPPAC committee, along with Gerry Tiede the consultant hired to assist with the transfer, Adam Rennison our actuary, and Scott Sweatman our legal counsel will be working on the necessary information required for the transfer and under the assumption that the transfer agreement will be approved.

Transferring from the SPP to the MPP requires a valuation of each individual SPP member, their value in SPP and the value that will be requested by MPP on the transfer. There are many different elements between the two plans (i.e., factor of 85 (for members hired prior to Jan 1, 2011) vs. factor of 90, best 3 years vs. best 5 years, up to 20% early retirement penalty vs. up to 15 % early retirement penalty, etc) and the actuary is currently working on calculating the value between the differences in the two plans.

The SPP legal subcommittee (Walt Dallamore, Sheila Jones, Belva Lee and Gerry Tiede) is reviewing the information provided by the actuary, and the lawyer, are requesting additional information and clarification as required. The subcommittee meetings are held in committee and once detailed information is available the subcommittee will report to the SPPAC.

Plan members will be provided with detailed information on the transfer prior to the tentatively scheduled Member Information Meeting planned for October 16, 2013.

If you have any questions please contact a TFEU member of the committee, Jenny Adams, Sheila Jones, Belva Lee.