

Pension Update

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Pension surpluses used to pay employer contributions

If you had a say, how would you spend over \$26.4 million of pension surpluses – the deferred wages that you and your co-workers have put aside for retirement?

Chances are you wouldn't use these funds to finance employer pension contribution holidays. But that's exactly what the commission managing the Municipal Employees Pension Plan has done according to a legal opinion commissioned by CUPE last summer.

Murray Gold, a respected pension lawyer from the firm Koskie-Minsky, conducted a thorough examination of the MEPP Act, PBA and the MEPP actuarial valuations for 1992, 1995 and 1998.

His verdict?

Mr. Gold writes, "it can only be concluded that the utilization of surplus since December 31, 1992 to offset part of the normal costs was a partial employer contribution holiday."

Actuarial valuation reports for 1992, 1995 and 1998 show that surpluses of \$1,080,330, \$3,430,000 and \$6,461,000, respectively, were used for employer contribution holidays. The latest Actuarial valuation for 2001 shows a further \$15,519,000 was used for employer contribution holidays in 1999-2001. The total from all these reports is \$26,490,330. An amount that could have been used for much needed improvements to retirees pensions.

The employers have not failed to match employee contributions. However, Mr. Gold did confirm that the MEPP Commission has allowed surplus funds to be used to pay required employer contributions that are in excess of the matched employee contributions.

Saskatchewan pension law requires employers to fund the difference between the pension plan's normal costs and the matching contributions. The commission could have required employers to contribute an additional amount instead of taking it out of the pension surplus monies.

"Under these circumstances," Mr. Gold writes, "the Commission would have had to provide the appropriate notice to plan members and their bargaining agents, and to obtain the consent of the Superintendent [of Pensions, Saskatchewan]."

To the collective knowledge of CUPE members and staff, appropriate notice was not sent to plan members or to CUPE.

The legal opinion confirms the worst fears of CUPE's Ad Hoc MEPP Committee. At least as far back as December 2000, the committee has believed that pension fund surpluses were being used to provide employer contribution holidays.

For the 3,000 CUPE members who work in libraries, school boards and municipalities and the 6,772 other workers and management enrolled in MEPP, the contribution holidays represent an average loss of \$2,710 per member – no small change. It also means lower benefits for current and future retirees.

In November, the committee wrote to Finance Minister Eric Cline to inform the government of the legal opinion's conclusions.

In the letter, CUPE demanded the immediate resignation of government-appointed MEPP Commission members, the return of all monies for pension plan improvements, and the replacement of the governance model with a new joint trust pension plan.

Responding on behalf of the government, Finance Minister Cline does not seem to appreciate CUPE's claim that the commission members have failed to meet their fiduciary responsibilities to the pension plan's members. He did not comment on the legal opinion or the employer contribution holidays.

The committee also wrote to the MEPP Commission to inform them of the legal opinion's findings. The commission's Executive Secretary, Kent Walde, replied that CUPE's letter would be placed on the agenda of the commission's next meeting on January 23, 2003.

Your CUPE MEPP Committee at work for you

Since our last newsletter, CUPE's Ad Hoc MEPP Committee has been busy on a number of fronts working to achieve joint trusteeship of the pension plan.

A year ago, the Ad Hoc Committee distributed a resolution to each CUPE local with members in MEPP calling on CUPE to pursue "a new jointly-trusted defined benefit pension plan on behalf of our members and other interested union members covered by the Municipal Employees Pension Plan."

To address the concerns some locals had with the resolution, the committee embarked on a "traveling road show," meeting with locals who asked for more information. In the end, the majority of CUPE locals who voted supported the resolution.

Employers maintain opposition

Trust Plan Negotiators from all three sectors (education, library, municipal) are now in place. They will become our negotiating committee and assist in developing a trust agreement for the Board of Trustees. Darcie Beggs, CUPE's senior research officer assigned to pensions, will assist the negotiators in their work.

However, stiff employer resistance has stalled progress towards a new trust agreement. Employer groups have been unwilling to meet and even initiate the first step towards negotiating such an agreement.

As a result, CUPE's MEPP Committee met with Finance Minister Eric Cline to urge the government to pass enabling legislation so the unions and employers could negotiate a new joint trust agreement. The Finance Minister would not agree to this. Instead, he appointed Terry Stevens to review the composition of the existing MEPP Commission.

The Stevens' Report

Mr. Stevens delivered his report in May 2002. Unfortunately the report recommended giving another seat to the Saskatchewan School Trustees Association (SSTA), for a total of two (2) seats on the commission, and adding just one (1) seat to represent the following unions,

- Canadian Union of Public Employees (CUPE),
- Saskatchewan Government & General Employees Union (SGEU),
- Service Employees International Union (SEIU),

- International Brotherhood of Electrical Workers (IBEW),
- International Union Operating Engineers(IUOE).

In a letter to Finance Minister Cline, CUPE's Ad Hoc MEPP Committee outlined its concerns with the Stevens' Report. In particular, we expressed disappointment that the report did not address the issue of joint trusteeship and suggested that one additional seat on the commission for the five unions is a token seat.

If the Stevens' Report recommendations were implemented, there would be five employer, three management, and one police and fire employee and management group representatives for approximately 1,689 MEPP members and 840 employers. By contrast, 8,083 union and non-union workers in MEPP would have only one representative on the commission – hardly a fair allocation of seats.

The report also suggests the management groups should be considered the same as employees because they are in MEPP too, and this would create a commission balanced with equal numbers of employer-employee representatives. The Ad Hoc Committee disagrees. Furthermore, it was the present employer and management group representatives on the commission that have allowed the employer contribution holidays.

Legal opinion confirms worst fears

The Ad Hoc Committee sought a legal opinion from Murray Gold, of Koskie-Minsky Barristers and Solicitors, which determined that employers were taking a pension contribution holiday.

Bargaining MEPP

In the fall, Ad Hoc Committee members compiled a document, "Bargaining the Saskatchewan Municipal Employees Pension Plan," for use by CUPE locals with members in MEPP. We are recommending that locals use the document when proposing language in their next round of negotiations.

If you would like a copy of this document, please contact your staff representative.

Speak up for your pension

As you can see, the past year has been an active one for CUPE's Ad Hoc MEPP Committee. We remain steadfast in our determination to achieve a joint trust plan that would ensure the best possible pensions for our members. We will be stepping up our efforts in 2003 to achieve this goal.

If CUPE locals and members would like more information on any issue pertaining to MEPP, the Ad Hoc Committee would be happy to organize an information session. Please contact our committee or your staff representative to set up a session

The committee continues to communicate with members of the provincial government to encourage the passing of enabling legislation to allow CUPE to negotiate a new joint trust pension plan.

If the provincial government continues to ignore our calls for action, and the findings of our legal opinion, then we will have no choice but to go public with our concerns.

In the meantime, we encourage all members to fill out the attached coupon to the Premier. We intend to deliver these coupons to the Premier in the near future. Please mail this coupon to:

**Sharon Lockwood, CUPE MEPP Coordinator,
250 Cardinal Crescent Saskatoon SK S7L 6H8
or fax to (306) 382-8188 by February 28, 2003.**

In addition, we would like to hear from you. Please mail, fax or e-mail your ideas for action to the committee. What would your local be prepared to do to achieve joint trusteeship of your pension plan? Circulate a petition? Write letters to MLAs? We want to hear from you!

Pension Workshop

A half-day pension workshop will be offered as part of the Education Day at this year's Annual CUPE Saskatchewan Convention to be held March 6-8 in Regina.

Darcie Beggs, CUPE's senior researcher on pensions, will be a facilitator for the workshop, which will take place the morning of **Thursday, March 6.**

The workshop will cover several pension issues, including MEPP.

Make sure you're a delegate to this year's convention, so you can take part in this informative workshop. For more information, contact 757-1009.

*Please fill out the coupon below and send to the Saskatoon Area Office 250 Cardinal Crescent
Saskatoon SK S7L 6H8 or fax to (306) 382-8188 by February 28, 2003.*

Comments can be emailed to: cupe_cupe@sasktel.net

Dear Premier Calvert:

I am very concerned that my union has no representation on the Municipal Employees Pension Plan Commission. This has allowed employers to use surpluses to pay their costs, instead of improving pensioners retirement benefits.

Workers must have an equal say in how our plan is managed and how pension funds are invested. Workers need joint trusteeship to improve our pension plan and increase retirement income for all members.

I strongly urge the provincial government to pass enabling legislation to allow my union, CUPE, to negotiate a new joint trust pension plan.

Name _____

Signature _____

Address _____ City/Town _____

Postal Code _____ Phone _____ E-mail _____

Your CUPE MEPP Committee

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