

Employees' Joint Pension Committee

Representing members of APSA, CUPE 3338 and the Poly Party at Simon Fraser University

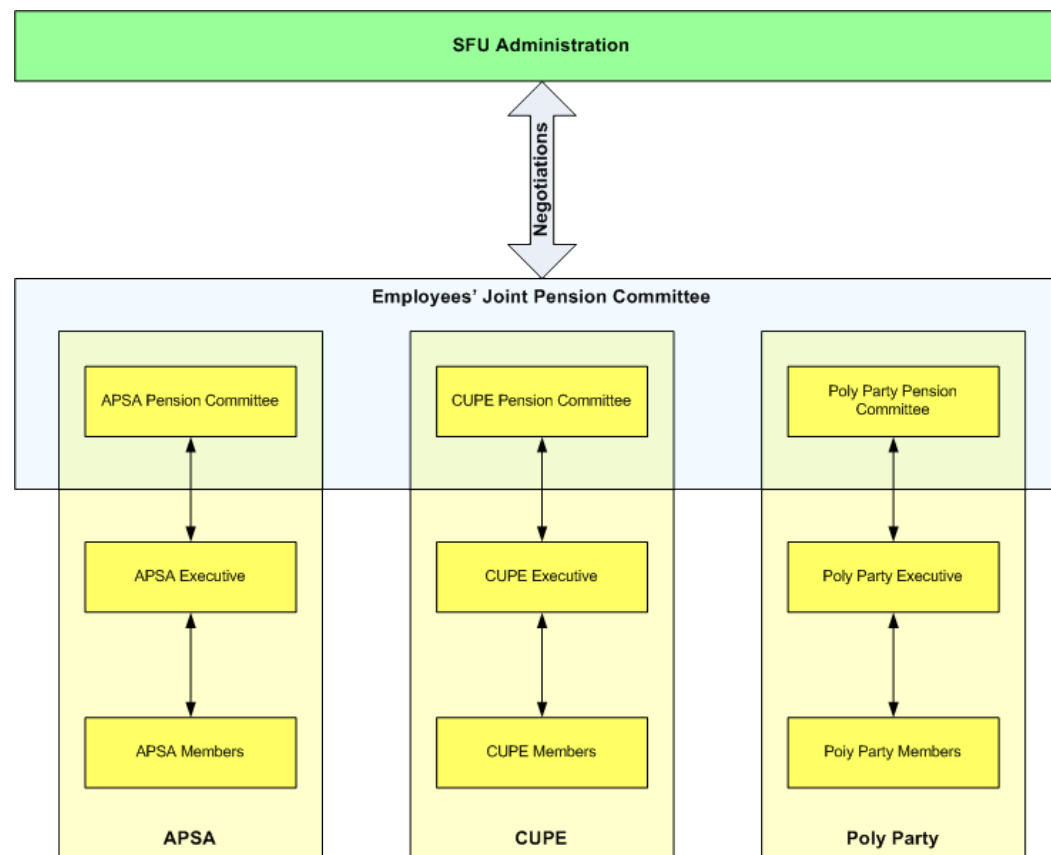
What is the EJPC?

The EJPC is the body that negotiates the terms of the staff pension plan with the University Administration on behalf of APSA, CUPE3338 and the Poly Party.

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Who sits on the EJPC?



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What is the EJPC's role in the Administration's pension communications campaign?

- The EJPC will attend and monitor the content and proceedings of the presentations to ensure the information presented is accurate, fair, and balanced.
- The EJPC will participate insofar as to clarify or correct information provided by the Administration and to provide information that is available to the EJPC that the Administration may not have.

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Moratorium on the Commuted Value Option

The University Administration has asked the pension plan members, via the EJPC, to agree to a moratorium on the Commuted Value option of the pension plan.

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What is Commuted Value?

The ***commuted value*** is the dollar value of the benefit at the time of retirement.

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What is Commuted Value?

A simplified example:

Defined pension benefit:	\$1,000 per month
Life expectancy :	20 years (= 240 months)
Total pension payout:	\$240,000
Investment yield rate:	6%
<i>Commuted value:</i>	\$142,000

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Why put a moratorium on Commuted Value?

Because it is hard on the plan fund.

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Why a moratorium on Commuted Value?

A simplified example:

Defined pension benefit:	\$1,000 per month
Life expectancy :	20 years (= 240 months)
Total pension payout:	\$240,000
Investment yield rate:	2.5%
<i>Commuted value:</i>	\$190,000

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Why a moratorium on Commuted Value?

- In our example, the plan fund would have to pay out a lump sum that is **33% larger** than it would need to pay out the monthly benefit.
- Since 2007, 46% of retirees have taken the commuted value lump sum payout.

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From the 2010 Actuarial Report

“Due to [low bond rates increasing longevity] the Plan incurs an actuarial loss, measured on the going concern basis, with every commuted value transferred out in the current interest/mortality environment.”

“If the majority of members eligible for retirement pensions continue to take the lump sum transfers, the investment horizon could be shortened considerably.”

“The PBSA does not require that commuted valued be offered to members over age 55. The Trustees/parties may wish to consider placing some restrictions on such payouts after age 55.”

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The proposed Memorandum of Agreement

The University and the EJPC, acting on behalf of the Administrative and Professional Staff Association, CUPE Local 3338 and the Poly Party, agree that notwithstanding any provisions currently provided in the Pension Plan, effective January 31, 2012, no plan member terminating employment from the University will have the option to receive a commuted value after the age of fifty-five (55), in lieu of the prescribed retirement benefit. This provision shall remain in effect for twelve (12) months.

Members with a deferred pension at January 31, 2012 and members who are eligible to receive a Small Benefit Commutation, as noted in Section 13 of the Pension Plan, will be exempt from this moratorium and will remain eligible to receive a commuted value in lieu of a monthly pension.

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The EJPC's Position on the Moratorium Question

None of the aforementioned information is to be taken as the EJPC's support for the moratorium. The EJPC as a whole does not hold a position for or against the question.

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Hold-back on Commuted Value Payout

- Hold-back is proportional to the solvency deficit
- The hold-back must be paid to the retiree within five years
- The hold-back rate has increased from about 10% in 2007 to 24% as of 201

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Contact Information

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