

AUPE PENSIONS

MEMBER COST

YEAR	AVERAGE SALARY	CONTRIBUTIONS
2005	49,049	3,543.42
2011	60,800	6,549.20
2012	61,461	6,566.35
2013	61,461	7,761.70

GOVERNANCE VS PLAN DESIGN

- Joint Committee
 - Meeting over two years without progress
 - Finance focused on Plan Design/cutbacks
 - AUPE focused on Governance
- AUPE cancelled Joint Committee Fall of 2012

FINANCE

- Benefit cut back is solution to cost escalation
- Repeated reference to “Target Benefit” or “Career Average” as solution
- Does not see Governance as a problem
- Governance to be discussed when PSPP back to full funding status
- Believes AIMCo is attaining good results

AUPE

- Benefit cutbacks are a panacea
- Governance was promised in 1998 but not delivered
- PSP Board lacks independent professional support
- PSPP members must have equal say in the management of their pension plan

PSPP DESIGN ISSUES

- Plans unchanged from 1970s
- Members not receiving value for money
- Redesign may provide higher retirement income but at a cost
- Caution that GoA may attempt to cut and run

What is happening to DB Pensions

- Long term bond rates are at a persistent low which drives up the cost of DB benefits. Funding of DB plans are based on these rates. Low rates requires more money be set aside for future obligations.
- Equity markets are not performing at the level experienced during the past decades. And will not for the foreseeable future. So asset growth is diminishing while plan cost are increasing. The perfect storm.
- Private sector has been terminating their DB plans which is now being used by the right wing groups to support the elimination of DB plans for public sector.

Now the PSPP

- 2011 Funded Ratio = 77% (83% 2010)
- Means the fund has 77 cents for every dollar of benefits owed by the plan.
- The shortfall in investments during 2011 may increase total contributions beyond 25% of payroll.

What is on the Table

- Nothing to date has been agreed to by AUPE
- AUPE has voiced its disagreement with recent PSP Board “Focus Groups”
 - Lacked positive options
 - Did not address Governance
 - Focus Groups seemed directed to reach conclusion

Other Items

- Combined Pensionable Service
 - Applies to PSPP members who are promoted into management
 - Pensionable Salary as a manager is recognized under PSPP for benefit purposes
 - Average salary for PSPP member is \$61,461
 - Average Salary for CPS member is \$100,125
 - PSPP active members pay cost of higher earnings for non-paying members