

## **Major changes to public service pension plans will do serious harm**

On Sept. 16, most Alberta public sector unions received word from the Redford Government that it intends to implement major change to public sector pension plans, including the Local Authorities Pension Plan (LAPP), which includes many of our members.

For now, affected unions are working together to change the government's mind. The coalition includes the Alberta Union of Provincial Employees, Alberta Colleges and Institutes Faculties Association, Canadian Union of Public Employees, Health Sciences Association of Alberta, United Nurses of Alberta and the Alberta Federation of Labour. We will keep you updated on our progress.

Among the negative changes proposed to become effective in 2016 are:

- No more early retirement for future service. The “85 Factor” will no longer be in place. This means we will have to work longer before we can collect a pension. This alone amounts to a reduction in overall benefits paid of around 20 per cent.
- No more guaranteed cost-of-living increases for pensioners for future service. Instead of guaranteeing annual cost-of-living increases (currently 60 per cent of inflation), these increases will now be capped at 50 per cent and will only be granted if the plan's funding is at a certain level.
- A cap on pension premiums. This will starve the system of revenue in difficult times in the future and could result in more cuts later on, including to future accrued benefits. This radically changes the defined benefit nature of the plan for future service. It also dramatically shifts risk from the government and employers to individual plan members.
- Because of LAPP participation rules that will not change under the government's plan, many new part-time employees may in the future question the security and value of the plan and choose not to exercise their option to join – threatening both the LAPP's long-term viability and the benefits of retirees.
- The government says benefits that have already been earned will not be affected. But these cuts will hurt newer and younger workers. They will also be damaging for anyone who retires after Jan. 1, 2016. The government-imposed contributions cap also means that if the plan faces any financial challenges in the future existing benefits may have to be cut.

These cuts are not necessary. A plan has already been implemented for workers and employers to share in the cost of balancing the LAPP's pension plan deficits over the coming years. Financial experts have examined the LAPP and indicated no need for such extreme measures. The Finance Minister himself even says the plans are not in crisis.

Our pensions are not "gold plated." On the contrary, the plans are very modest. The average LAPP pension is just under \$14,958 per year – and only after years of work and pension contributions.

The government has indicated a willingness to discuss joint sponsorship of pension plans – something all of our unions have been supporting for more than 20 years. If joint sponsorship were in place, these cuts to benefits could never happen without your union being represented at the table. The government has indicated that it wants to make the cuts first, and only discuss plan sponsorship for now.

Similar changes were proposed to the Public Service Pension Plan (PSPP), which affects only members of the Alberta Union of Provincial Employees.

Please visit <http://defendingalbertapensions.ca> and sign the on line petition against these changes.