



## Action memo

To: All OPSEU members in the OPSEU Pension Trust pension plan  
From: Warren (Smokey) Thomas, President  
Date: October 25, 2016  
Re: **OPSEU to file for interim relief from retiree benefit changes if talks fail**

Dear friends:

For two years now, your union has been meeting with the Ontario government over the latter's plan to make members of the OPSEU Pension Trust (OPTrust) pension plan pay half the cost of their benefit premiums when they retire.

Our first meeting was on December 17, 2014. In total, we have held seven negotiating sessions with government representatives. The last meeting, on October 17, 2016, included the minister, Treasury Board President Liz Sandals.

For close to two years, we have been telling government representatives that benefits for retirees are part of the deal between the government and its workers. As such, they cannot be changed unless both parties agree.

This is the argument – and it is a strong argument – that we have been making from the start. More than 1,400 members have filed grievances about the government's plan, and the union has filed a policy grievance. The government was unsuccessful in trying to block those grievances from being heard at the Grievance Settlement Board (GSB); the GSB has already ruled that those grievances should go forward to arbitration, with hearings scheduled to begin in the spring of 2017.

Unfortunately, OPSEU members who are eligible to retire and worried about their benefits are making decisions now, not next year. The government says that, in order to continue to receive retiree benefits without paying premiums, OPTrust members must retire and receive at least one pension cheque in 2016. This means they will have to decide whether to stay or go no later than the end of November.

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This puts many members between a rock and a hard place. In many cases, they may decide to retire earlier than planned in order to avoid the extra cost for benefits. Then, if our grievances are successful, they will find themselves out of a job, all because of something that the government did not have the right to do.

This is unfair in every way. But in our conversation last week, Treasury Board President Liz Sandals appeared unmoved by our arguments. That is why OPSEU has instructed counsel to file for “interim relief” from the government’s plan for retiree benefits if negotiations (which the minister committed to) fail to produce an acceptable resolution.

If granted, the interim relief sought would require the government to postpone its plan for retiree benefits until such time as 1) the parties come to an agreement, or 2) the GSB rules on the relevant grievances. We are hopeful that the GSB will be able to rule on our interim relief application in short order. If that happens, OPTrust members will be able to hold off on their retirement decision so they can make that decision based on facts, not possibilities.

### **Fighting back against unfairness**

As mentioned above, the government’s plan to make members of the OPTrust pay half the cost of their post-retirement benefits breaks a longstanding covenant. But that’s not the only reason it’s unfair. It’s also unfair because it hits the lowest-income retirees the hardest.

Under the government’s plan, retired single individuals will have to pay \$900 a year for benefit coverage. Retirees with families will pay \$1,600. This is a big amount: the average pension in the OPTrust pays under \$21,000 a year. So OPTrust members will have to pay somewhere between four and seven per cent of their income to maintain their benefit coverage.

But here’s the issue: the government also plans to make members of the Public Service Pension Plan (PSPP) pay the same dollar amount for retiree benefits. The PSPP is the management pension plan, and PSPP members are considerably richer than OPTrust members. Many high-ranking deputy ministers and other top managers will retire with pensions worth more than \$100,000 a year. Yet when they pay half the cost of their retiree benefit premiums, they will pay \$900 for individuals and \$1,600 for families – exactly what people earning five times less will pay.

The government’s plan is regressive. In negotiations, OPSEU has proposed a couple of ways to deal with this unfair approach.

Back in 1993, the Ontario government brought in its *Social Contract Act* as a way to cut public sector payroll costs by 5 per cent overall. This meant pay cuts for many OPSEU members. However, the NDP

government of the day agreed that the Social Contract should not apply to any worker earning less than \$30,000 (just under \$46,000 in today's money). We've told the government that, if it would agree to a suitable low-income cutoff, we would find a way to make its plan work.

We've also suggested the government could simply adopt a sliding scale for benefit premiums, where employees at the top of the pension income pyramid (e.g., long-serving Deputy Ministers) would pay the most, and those at the very bottom would pay nothing.

Instead, the government prefers to coddle PSPP members while OPTrust members pay through the nose.

To fund their pensions, OPSEU members in OPTrust pay 11 per cent of their income above their Yearly Maximum Pensionable Earnings. PSPP plan members pay 9.5 per cent. If this government were concerned about fairness, it would raise PSPP contributions to 11 per cent first before it even considered changes to post-retirement benefits.

Sadly, fairness does not appear to be high on this government's agenda. Premier Kathleen Wynne has styled herself as the champion of better pensions and equality for women. This is a chance for her to demonstrate that commitment. Her government is attacking the retirement income – and the health – of a workforce that is two-thirds female. Her government should change course now.

Thank you for your patience as we continue to advocate on behalf of all OPTrust members.

In solidarity,

*Original signed by*

Warren (Smokey) Thomas  
President, Ontario Public service Employees Union

P.S. If you are considering retiring early as a way to avoid paying for your post-retirement benefits, there is, unfortunately, no advice your union can give you to aid in your decision. Watch your email and the OPSEU website for updates on our interim relief application, but make sure you do not miss your own application deadline should you decide to retire.

c: Liz Sandals, President of the Treasury Board  
Reg Pearson, Associate Deputy Minister, Bargaining and Compensation  
OPSEU Executive Board