

New options for post-retirement benefits: an OPSEU Q&A

Questions and answers about post-retirement benefits for OPSEU members in the OPSEU Pension Trust (OPTrust) pension plan

November 2016

Background

On November 16, 2016, OPSEU announced that it had signed an agreement with the Government of Ontario that would give OPSEU members in the OPTrust pension plan new choices with respect to their benefits after retirement. This Q&A answers some of the questions members may have.

1. Why was the union negotiating about my post-retirement benefits in the first place?

On February 18, 2014, the Ontario government announced a plan to change the funding of post-retirement benefits for members of the OPTrust pension plan and the Public Service Pension Plan. The government said that members of both plans who retired after December 31, 2016 would have to pay 50 per cent of the cost of the premiums for their benefits. This would cost single plan members about \$900 per year; plan members with families would pay about \$1,600 per year.

The government also announced that it would require OPTrust members to work longer in order to access post-retirement benefits (20 years instead of 10).

OPSEU's response was that the government had no right to unilaterally change members' post-retirement benefits or the way they were funded. Members filed hundreds of individual grievances and the union filed a policy grievance to try to stop the change from happening.

2. What does the new settlement give me that I didn't have before?

The main thing it gives you is choice. Members who retire on or after January 1, 2017 can still accept the government's original plan ("Plan A") and pay half the cost of the premiums, BUT now you can also choose a modified plan ("Plan B") at no cost at all. Members who choose either option can also upgrade their coverage at group rates. There is also a limited ability for current employees to move from Plan A to Plan B and vice versa after retirement.

3. Where can I see the details of what was agreed to?

A comparison chart showing the differences between Plan A and Plan B is available online at <https://opseu.org/news/optrust-retiree-benefits-comparison>. The full Memorandum of Settlement between OPSEU and the Government of Ontario is available at <https://opseu.org/news/optrust-retiree-benefits-memorandum-settlement>.

4. Aren't post-retirement benefits part of my collective agreement?

Post-retirement benefits for OPTrust members are provided under what is known as an “order in council” and have always been paid for and managed directly by the government.

5. Why didn't the union simply save “Plan A” for everybody?

The only way to have done this would have been to gamble that the Grievance Settlement Board (GSB) would rule against the government following hearings that had been scheduled to continue in the late spring of 2017. While the union was confident that it had a case, there was no guarantee that an arbitrator would rule in our favour. The union's view was that a negotiated settlement in 2016 would allow OPSEU members to make retirement decisions on certainties rather than guesses.

6. Why did the union accept benefit reductions in “Plan B”?

The union's goal in these negotiations was to provide an option that would continue to be 100 per cent government-paid, thereby saving members' money while maintaining or expanding the benefits members need and use the most.

7. Why did it take so long to negotiate the agreement?

The union has been pushing the government to withdraw or change its plan since 2014. It was only when the GSB rejected the government's preliminary objections to our grievances that the government got serious about settling the dispute.

8. What happens to the grievances that were filed?

Under the Memorandum of Settlement, all grievances, including individual grievances, are withdrawn.

9. The government says Plan B is “priced at” 50 per cent of the value of Plan A. How am I better off with Plan B?

The government has to take political considerations into account when describing this deal. The reality is, the actual value of Plan B will be different for every member based on his or her own health care needs. But one thing is true for all members: after December 31, 2016, enrollment in Plan A will cost more than \$900 for individuals and more than \$1,600 for families, but Plan B comes at no cost.

10. Which benefit plan do I have if I retire before January 1, 2017, and what do I pay for?

If you retire and receive at least one pension cheque before January 1, 2017, and have at least 10 years of pension credit, your post-retirement benefits will be delivered under Plan A at no cost.

11. What is the last day I can retire and still receive a pension cheque in 2016?

You should confirm this with your employer, as different employers are on different pay cycles and may take longer to process your request. Needless to say, you need to apply soon if you want to retire before the end of the year and receive post-retirement benefits under Plan A at no cost to yourself.

12. Which benefit plan do I have if I retire after January 1, 2017, and what do I pay for?

If you retire on or after January 1, 2017, and have at least 10 years of pension credit, you choose between Plan A (and pay half the cost of premiums) and Plan B (and pay no cost at all).

13. What happens to my post-retirement benefits if I do not have 10 years worth of pension credits by January 1, 2017?

If you have less than ten years worth of pension credits as of January 1, 2017, you are able to choose between Plan A (and pay half the cost of premiums) and Plan B (and pay no cost at all) as long as you have at least 20 years of pension credits when you retire and retire to an unreduced pension.

14. What happens to the post-retirement benefits of people who are hired on or after January 1, 2017?

New employees hired on or after January 1, 2017 are eligible to receive post-retirement benefits under Plan B and are required to pay 100 per cent of those premium costs (which is 50 per cent of the cost of Plan A). Employees will require 20 years of pension credit and retire to an unreduced pension, which means the changes would not take effect until January 1, 2037 at the earliest.

15. I have already given notice to my employer that I will retire prior to January 1, 2017 in order to preserve my post-retirement benefits under Plan A. Can I undo that?

Yes. If you choose to continue working, please inform your employer that you are withdrawing your notice of retirement. When you do retire, and you meet the eligibility requirements, you will then be able to choose between Plan A (and pay half the cost of the premiums) and Plan B (at no cost to you).

16. I retired after February 18, 2014. How does the settlement relate to me?

If you retired after February 18, 2014, you are now eligible to apply for restricted competitions with your old employer as if you were still an active employee, with your seniority based on the date of your retirement.

17. Where can I get more information?

If you have a question not covered here or in the other materials listed above, please send an email to the OPSEU Pension and Benefits Unit at PensionsandBenefits@opseu.org.

Authorized for distribution by Warren (Smokey) Thomas, President.



Ontario Public Service Employees Union
100 Lesmill Road, Toronto, Ontario M3B 3P8
www.opseu.org