

BCTF AGM - Recommendations

PENSIONS

Recommendation 28

That the BCTF reaffirm its support for a fully indexed pension plan as per 26.A.01.A (page 120).

Supporting statement

BCTF policy states: "That the goal be the attainment of a pension plan that is fully funded, jointly trustee, service based, fully indexed and maintains the relative economic status of members of the pension plan and/or their designated beneficiaries following retirement, disability or death."

This recommendation reaffirms that goal.

Recommendation 29

That the BCTF seek to have the funding arrangements for the transitional period of the Teachers' Pension Plan Joint Trust Agreement amended such that all of the first 2% reduction in employer contributions be transferred to the Inflation Adjustment Account (IAA) when a surplus emerges in the Basic Account.

Supporting statement

At present the Funding Arrangements for Transitional Period document calls for a series of pension improvements for members once the fund reaches a surplus. Under the present agreement, these benefit improvements would take place before full indexing would be achieved. While the consultation did not address benefit improvements, the Pensions Committee felt that the desire to achieve a fully indexed pension plan was the highest priority of members. This change helps to address that priority.

Recommendation 30

That the BCTF seek to have the funding arrangements for the transitional period of the Teachers' Pension Plan Joint Trust Agreement further amended such that emerging surpluses are applied to the Inflation Adjustment Account until full indexing is achieved, prior to the specified benefit improvements.

Supporting statement

This is a new issue that did not arise from the consultation. At present the funding arrangements for the transitional period document calls for a series of benefit improvements for members once the fund reaches a surplus. It is a clear priority for members, based on the 88% responding that they were in favour of indexing.

Recommendation 31 That the Federation support a contribution increase, if necessary, to the Inflation Adjustment Account (IAA) that is shared equally between the Plan Partners to ensure full indexing.

Supporting statement

76% of the active teachers who responded to the survey were in favour of a contribution increase of up to 4% by both employers and members to achieve full indexing. This was supported by members in all age groups.

Recommendation 32

That as a means of maximizing pension indexing, the following options be supported: 1. increasing contributions to the Inflation Adjustment Account (IAA) 2. removing the Extended Health Benefit subsidy 3. indexing from age 60 4. indexing only the lifetime portion of the pension 5. indexing up to a specified amount of pension benefits.

Supporting statement The consultation survey results indicated that members were willing to look at a combination of options to ensure full indexing. The effect of each change in the ability to provide indexing is listed below:

1. Increasing contributions to the Inflation Adjustment Account—each 1% contribution increase provides .35% inflation protection. There was 76% support for this option.
2. Removing the Extended Health Benefit subsidy—provides .22% inflation protection. It should be noted that only 0.7% of the employer's total contribution of 1.13% can be used to provide the benefit. Currently 0.67% is being used, and in the near future the limit will be reached so a full subsidy will not be possible for any retiree. Although the survey indicated strong support for maintaining the Extended Health Benefit Subsidy, when asked if there was support for a combination of changes which would lead to full indexing, 85% agreed.
3. Indexing from age 60—this provides .37% inflation protection. There was 50.2% support for this option.
4. Indexing only the lifetime portion of the pension (this is the pension the teacher receives at age 65 when they no longer receive the bridge benefit and/or the temporary annuity, at present all portions of the pension receive indexing)—this provides 0.05% inflation protection. There was 53.7% support for this option
5. Indexing up to a specified amount of pension benefits. The amount of inflation protection this could provide would be dependent on the specified amount set by the trustees. There was 55.2% support for this option.