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BULLETIN

FASBU BARGAINING BULLETIN

RIP: Retire in Peace

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You're a member of the faculty with the lowest average salary in the province. And, if you're like me, you had a late start to your full-time career as a result of additional years of schooling. Furthermore, if you're like me, you're not part of the Teachers' Pension Plan; in other words, you're contributing to a defined contribution plan with no guaranteed monthly benefits upon retirement. When you and I retire, we will be at the mercy of volatile markets. Will the market be bullish or bearish when we retire? What about inflation? We may not be able to retire exactly when we would like and we may face a precipitous drop in our standard of living. Or we might get lucky. Deciding if and when to retire is a difficult decision, and ours is compounded by our pension situation.

A retirement incentive plan (RIP) is a voluntary program offered by an employer to employees above a certain age to encourage them to take early retirement. Participants in a RIP may receive a flat dollar amount, a percentage of their salaries, and/or additional benefits based on years of service, should they choose to retire early. RIPs can be found throughout the university sector. Recently, Wilfrid Laurier, Lakehead and Trent offered early retirement/career transition incentive plans to their faculty, administrators and staff.

Under NUFA's proposal, the Employer would offer any Member age 57 years or older, with a minimum of 12 years service at the university, a reduced workload and a percentage of their salary if they opt to retire within three to five years. The salary percentage increases the closer to the chosen date of retirement. For example, if a Member chooses to retire in three years, that Member would be assigned half of their teaching load and receive 85% of nominal salary. However, if the Member chooses to retire in four years, he/she would receive 75% of nominal salary. In addition, NUFA's proposal includes a one-time buyout option of 75% of nominal salary.

Table 1 provides a summary of NUFA's RIP proposal.

Although the RIPs are expensive in the short-term, their cost is outweighed by significant long-term benefits to Members and the Employer alike. RIPs can be the answer to retirement fears and fiscal challenges. For Members, the RIP reduces uncertainty, allows for better retirement planning, and lets them pursue other rewarding opportunities earlier. For the Employer, the RIP offers the opportunity to adapt strategically to changing faculty needs, and to bring in new hires at early-career salary levels. RIPs allow academic units to avoid some of the turmoil that comes with sudden changes to the faculty complement due to eliminated positions.

Retirement Incentive Plans are a win-win. They give Employers flexibility and Members peace of mind.

TABLE 1

Option 1 – Reduced Load		
Years until Retirement	**Work Load**	**% of Nominal Salary**
3 years	50% Teaching Load	85%
4 years	50% Teaching Load	75%
5 years	50% Teaching Load	65%
Option 2 - Buyout		
1 year	No Workload	75%