

A FAIR DEAL

Protecting the University



PENSION TENSION

from the NUFA CC: Wendy Peters, Susan Srigley & Richard Wenghofer

For those enrolled in the Nipissing University Pension Plan, how much do you and the institution contribute toward your retirement? You might think that you contribute 9 percent of your gross salary, and that it is matched dollar for dollar by the university. If you do, you're wrong.

THE PROBLEM IS IN THE "FINE PRINT"

Your contribution is probably little more than half that – about 5.1 percent on average – which the university matches, for a grand total of less than 11 percent of your gross annual income. If you did contribute 9 percent and the university matched it, Nipissing university faculty would be roughly on par or a little better than the four other universities in the province who have a defined contribution pension plan. Alas, we do not.

The problem is in the fine print.

The matching contribution deal, as outlined in our Collective Agreement, only kicks in once you have maxed out your annual compulsory Canada Pension Plan (CPP) contribution. In other words, for the first six months (approximately) of the year neither you nor the employer are paying the full 9 percent into to your Nipissing pension, instead you and the university are making statutory contributions of 4.95 percent to CPP (in 2011 CPP contributions were capped at \$2,217). Only once you have contributed the full CPP do you and the employer start

making full contributions to your Nipissing University pension plan. So much for the 9 percent you might have thought you were contributing.

None of the other universities in the province that have defined contribution plans have a provision like this; it is unprecedented and strange and it has saved Nipissing University hundreds of thousands, if not millions of dollars since the plan came into existence. To be clear, CPP contributions are a legal requirement; they have no place in a defined contribution pension plan. Your NUFA bargaining team wants to negotiate a clear and transparent pension agreement with the employer ***that gets rid of this fine print.***

In order to do so, the employer needs to acknowledge the evidence that our matching contributions are by far the lowest in the province, and we need to negotiate a clear contribution agreement that starts to bring us in line with the rest of the province.

The bottom line with defined contribution pension plans

According to CAUT 2012 statistics:

For Canadians in defined contribution pension plans, such as most Nipissing University faculty, the average man needs \$1.1 million dollars and the average woman \$1.3 million dollars to retire with a \$75,000 per year annuity. How close are you to meeting this target?

***some further data for the Ontario Universities with defined contribution pension plans:**

Western: (fixed) Employer 8.5% - Employee 5.5% = **14%**

Algoma: (matching) Employer 4,6,8% - Employee 4,6,8% = **8, 12, 16%**

UOIT: (fixed) Employer 6% +3% - Employee 1,2,3% = **10, 11, 12%**

OCADU: (matching) Employer 7.5% - Employee 7.5% = **15%**

Nipissing: (matching) Employer 5.1% - Employee 5.1% = **10.2%**

This time, let's get a fair deal.

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