



Municipal Pension Plan changes effective January 1, 2022 address inequities in retirement payouts

The Municipal Pension Plan (MPP) provides guaranteed lifetime pensions for members who are covered. The majority of HEU members employed under public sector agreements are enrolled in the plan.

If you're a plan member, it's one of your most valuable benefits. It's a well-funded plan with 75 per cent of pension payments funded through investments. However, there were some inequities in the plan that are addressed through changes to the MPP that were implemented on January 1, 2022.

Improvement in the lifetime pension paid to most HEU members in the MPP

The MPP is moving from a two-tiered formula for calculation of pension amounts to a single formula for everyone. The two-tier formula did not benefit most HEU members.

Plan members will have the same contribution percentage deducted from their pay cheques.

The amount of lifetime retirement pension is determined by a formula. For HEU members and others in Group 1, the formula will be:

Years & months of pensionable service
Multiplied by
The average of the best five salary years (HAS)
Multiplied by
1.9 % for everyone

Under the old formula, 25 years of pensionable service produced a lifetime pension that was 32.5 per cent of working income.

The new formula will produce a lifetime pension that is 47.5 per cent of working income.

What will this mean for members?

For members working and contributing before January 1, 2022, one pension amount is calculated using the old rules/formula and will be added to the amount calculated using the new rules/formula after January 1, 2022. Together they become the total pension paid on retirement.

Accurate pensionable service reporting by employers

Beginning January 2021, payroll departments were instructed to report 12 months of pensionable service for every regular full-time employee as the starting point.

If a member took an unpaid leave, those days were then deducted from 12 months of pensionable service. This instruction should remove errors in previous years' reporting where shift workers in particular were not credited with 12 months of their earned pensionable service.

More information on accurate pensionable service for part-time employees can be obtained from Pension Corporation staff, the MPP website, or HEU.

The bridge benefit and early retirement changes

No matter when you retire, as long as you are under 65 years old, the bridge benefit will still be paid based on the years worked before January 1, 2022. It is paid from the time you retire until age 65, but the amount of the bridge stops growing after January 1, 2022.

But more important is the monthly lifetime pension amount that will be paid. For most HEU members, this amount is increasing.

Early retirement means retiring between ages 55 to 59. Once someone turns 60, the “early retirement penalty” no longer applies. Those who retire before 60 will now be paying the true cost of retiring early – 6.2 per cent per year on amounts earned after January 1, 2022. For amounts earned before January 2022, the pension reduction is 3 per cent for every year prior to age 60.

How to find out more

HEU is encouraging members with questions to:

- Go to the MPP website < <https://mpp.pensionsbc.ca/>> and take an online pension course and/or enroll in an instructor-led course on the “learning resources” section.
- Log in to **My Account** < <https://myaccount.pensionsbc.ca/>> on the MPP website and use the **pension estimator** to see how different retirement dates and options will change your retirement income. All individual data and pension calculations using both old and new pension rules can be accessed through My Account.
- Call Pension Corporation staff for information and help: 1-800-668-6335.

For questions on the Municipal Pension Plan changes or clarification on employer responsibilities, call the HEU plan design support team 1-877-476-7184 or email plandesign@heu.org.

HEU locals can also request a presentation for their local meeting.

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