



Improving fairness and equity for HEU members covered by the Municipal Pension Plan

Changes are coming to the Municipal Pension Plan that will improve post-retirement security for tens of thousands of HEU members.

An agreement in principle has been reached to update the pension plan to improve fairness and equity by moving away from a two-tier benefit system that does not work for most HEU members.

It's the first major reform to the Municipal Pension Plan (MPP) in 50 years, and the changes reflect how this pension plan is used by retiring workers, and improve fairness and increase equity for lower-paid members of the plan, providing them with better retirement security in the future.

The proposals were reached by representatives of the Plan partners – the unions and employers represented on the MPP Board of Trustees for the jointly governed pension plan.

The changes to the MPP affect members in the Facilities, Community Health and Community Social Services collective agreements and members working at a very limited number of independent care homes.

The most important change would increase the lifetime guaranteed pension for most working members.

For many years the two-tier formula used to calculate pension amounts has favoured higher-income earners. These changes would apply the same formula for every working member after January 1, 2022. Because most HEU members covered by the plan currently receive a lower benefit rate, this change will provide a significant boost in their retirement benefits.

On a go-forward basis starting on January 1, 2022, the planned changes will reduce early retirement benefits and the bridge benefit paid to age 65. Both of these options are now used by a smaller portion of members when they retire.

The bridge amount earned before January 1, 2022, will still be available to those who were working and contributing to the pension plan before that date. After that date, the bridge is available to plan members based on their pension earnings before January 1, 2022. After January 1, 2022, additional funding for the bridge amount stops.

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Instead, the lifetime pension formula will increase from 1.3% to 1.9% for the pensionable service time after January 1, 2022.

Pension amounts earned up to January 1, 2022, including the bridge, will remain in the calculation of a member's end monthly pension when they retire.

The new single formula will be implemented after January 1, 2022, and would result in a higher lifetime pension amount for most members.

Other changes include a single contribution rate and the creation of a new structure to cover extended health and dental plans for retirees. The package of changes will make the Municipal Pension Plan more sustainable into the future for the 365,000 members across B.C. working in health care, municipalities and other sectors.

This plan assures members the benefits they earned before January 1, 2022, and increases fairness for all MPP members going forward.

HEU supports these changes, and members are encouraged to use the pension calculator to see what the changes would mean for them.

Check out how these changes will effect you

You can use a pension calculator, watch a summary video, and read about the proposed changes on the plan design website at www.mppredesign.ca.

Please use the pension calculator to see how these changes will affect you and your retirement.

If you still have questions, you can leave a message at plandesign@heu.org or **1-877-476-7184**, and one of our pension experts will get back to you.

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