

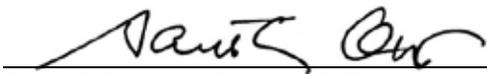


SUBJECT UBC STAFF PENSION PLAN | AMENDMENT NO. 14

MEETING DATE SEPTEMBER 12, 2019

Forwarded on the Recommendation of the President

APPROVED FOR SUBMISSION


Santa J. Ono, President and Vice-Chancellor

DECISION REQUESTED IT IS HEREBY REQUESTED that *the Finance Committee approve Amendment No. 14 to the UBC Staff Pension Plan: change to eligibility rules to make enrolment in the SPP mandatory for all full-time and part-time UBC employees, effective April 1, 2020.*

Report Date August 22, 2019

Presented By Barbara Meens Thistle, Vice-President Human Resources
Peter Smailes, Vice-President Finance & Operations
Orla Cousineau, Executive Director, Pensions

EXECUTIVE SUMMARY

The University, with the support of the Staff Pension Plan Pension Board, is proposing to change the eligibility rules under the UBC Staff Pension Plan (“Staff Pension Plan” or “Plan”) to make enrolment mandatory on or after April 1, 2020. Mandatory enrolment will make the Staff Pension Plan consistent with the UBC Faculty Pension Plan, and will assist employees in saving for their retirement by requiring that they start saving earlier.

All full-time and part-time employees will be required to join the Plan on the date they are required to enrol in basic life insurance. In linking eligibility to join the Staff Pension Plan to whether an employee is required to enrol in basic life insurance, we do not have to set out the various rules and conditions that apply to different categories of employees regarding eligibility for benefits.

This change will reduce the University’s operational risk of an employee subsequently claiming they were not informed, or did not understand they needed to enroll or opt into the pension plan. It will also streamline the administrative processes, and reduce the time and effort spent tracking and following up with eligible employees. Finally, it will simplify the eligibility criteria and the programming required as part of the Workday IRP implementation.

In the case of existing employees who are eligible to join the Staff Pension Plan, but have chosen not to, we will notify them in writing that membership in the pension plan will be mandatory as of April 1, 2020, and they will be enrolled in the Staff Pension Plan on April 1, 2020. We will no longer permit eligible employees to wait up to three years before joining the Staff Pension Plan.

The cost of implementing mandatory enrolment in the Staff Pension Plan is not significant, as approximately 89% of eligible employees elect to join immediately or before completing one year. Currently when a full-time employee is hired the cost of pension and benefits would be budgeted for, and if the employee does not join the pension plan, there is a saving to the University of the employer contribution of 9.4% of pay to the Staff Pension Plan.

The estimated additional employer cost of extending earlier pension coverage to part-time and hourly employees is approximately \$250,000 a year, based on the data we have for the last three years. The total employer contributions to the Plan for 2018 were \$42.3 million.

Attachments

1. A copy of Amendment No. 14, effective April 1, 2020, is attached.

STRATEGIC CORE AREAS SUPPORTED

People and Places Research Excellence Transformative Learning Local / Global Engagement

DESCRIPTION & RATIONALE

Under the Staff Pension Plan, currently employees hired on a full-time basis with at least a 12 month appointment are eligible to join the Plan immediately on their date of hire. Membership is optional for the first three years and becomes mandatory after three years.

Currently part-time and Hourly CUPE employees have to work at least 12 months and have earnings of more than 35% of the Year's Maximum Pensionable Earnings (i.e. \$20,090 for 2019) to be eligible to join the Plan. Once they are eligible, then membership becomes mandatory after three years. The proposed change will put part-time and Hourly CUPE 116 employees into the Plan sooner, and we will not have to track their earnings. Extending earlier pension coverage to these more modestly paid employees will enhance their ability to save for retirement, and assist the University in attracting and retaining employees.

The current eligibility rules are overly complex and require a lot of administrative time and effort to ensure that eligible employees are advised in writing and receive regular reminders that they are eligible to join the Plan.

As a reminder, the terms and conditions of the Staff Pension Plan are not negotiated under Collective Bargaining. The proposed amendment will mitigate the University's operational risk, streamline administrative processes, and simplify the programming required as part of the Workday IRP implementation.

BENEFITS

Learning, Research,
Financial,
Sustainability &
Reputational

It is important to the reputation of the University that it continue to provide a well-designed pension plan. The Staff Pension Plan is a significant and valued employee benefit that is important to the University being able to attract and retain employees.

The proposed amendment will greatly simplify the rules and reduce the administrative transactional burden for staff.

**UBC STAFF PENSION PLAN
AMENDMENT NO. 14 TO THE
PLAN RESTATEMENT AS AT JANUARY 1, 2018**

The following changes are made effective April 1, 2020:

1. Article 3 – Membership is deleted and replaced with the following:

Article 3 - Membership

3.01 Compulsory Membership

(a) Staff Employee or Hourly CUPE Employee hired on or after April 1, 2020

On or after April 1, 2020, a Staff Employee or Hourly CUPE Employee on qualifying for mandatory enrolment in basic life insurance shall, as a term of employment, become a Member of the Plan. In any event, they shall become a Member of the Plan once they have satisfied the criteria prescribed by Section 29 (1) (a) of the PBSA.

(b) Transition

On March 31, 2020, a Staff Employee or Hourly CUPE Employee who was eligible to become a Member, but is not yet a Member, shall become a Member of the Plan on April 1, 2020.

On March 31, 2020, a Staff Employee or an Hourly CUPE Employee who has qualified for mandatory enrolment in basic life insurance, but has completed less than 12 months of Continuous Service, shall become a Member of the Plan on April 1, 2020.

3.02 No Opting-out After Joining

Except as provided for in Section 7.03, once a person has become a Member, contributions and participation will continue for as long as the Plan text requires. There is no opting-out provision.

3.03 Member Information Needed for Plan Administration

A Member must give the Pension Administration Office the information that is reasonably required for administering the Plan.

3.04 Special Rules for Re-employment and Transfers of Employment

On re-employment as a Staff Employee or Hourly CUPE Employee, including a Transfer of Employment to an employment category eligible for membership in the Plan, a person will be treated as follows.

If the person is entitled to a Deferred Pension and has not received any portion of their benefit in respect of their previous employment as a lump sum payment or transfer:

- (a) Member Required Contributions and accrual of Pensionable Service resume on the first day of the month on or following re-employment or transfer,
- (b) Pensionable Service before and after re-employment or transfer will be combined, and
- (c) Best Average Pensionable Earnings will be determined using Pensionable Earnings both before and after re-employment or transfer.

If the person is receiving a pension, the pension continues and they will not resume Member Required Contributions or accrual of Pensionable Service during re-employment.