

The joint trusteeship is the result of a 1986 agreement made by the members of the plan to resolve a dispute between the plan members and SFU. SFU had been taking contribution holidays (i.e. not contributing to the plan on our behalf) and using the monies for other purposes. The employee groups were able to reach an agreement on joint trusteeship. This is a strong example of the members protecting our pension plan.

Our pension trustee is elected by the members of CUPE Local 3338 for a three-year term. It is through our trustee that we can make sure our pension is protected.

The Joint Employee Pension Committee

There is also a Joint Employee Pension Committee which is made up of members of the three employee groups. Our union believes that a defined benefit pension is the best pension plan. We can, however, make the plan better. The Joint Employee Pension Committee coordinates efforts to protect and improve our plan.

If you are interested in being on the committee, please contact the union office.

Protecting Our Pension Plan

Our defined benefit pension plan is the superior type of pension plan. Many employers are moving to the defined contribution style, where the risks are placed on each member of the plan, not on the employer. We need to protect our pension plan in order to protect ourselves.

Many CUPE 3338 members have worked hard over many years to improve our pension, to ensure the employer contributes monies to our plan, and prevent the employer from taking contribution holidays.

Let's continue to work to protect and improve our pension plan for our future

This is a summary of the pension plan. Please see the official pension plan text for complete information.

CUPE 3338

Representing Workers at Simon Fraser University

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**YOUR
SFU
PENSION
PLAN**



"The University works because we do"

The SFU Pension Plan

Many employees do not have a pension plan through their employer. For those employees, retirement may not be as comfortable as it should be after a lifetime of working.

As a CUPE Local 3338 member and SFU employee working 35 hours biweekly or more, you are part of the SFU pension plan. You automatically join the plan following a two-year vesting period. That consists of your actual service, so if for example you work half time, it will take four years. Once you are vested, you get credited (backdated) for the two years you worked.

Pension plans are essentially deferred wages you earn now so you can collect the benefit after you retire. The provisions of the plan are laid out the Pension Plan text, available on our website at: www.cupe.3338.ca

Our Defined Benefit Plan

The SFU pension plan is a **defined benefit plan**. When you retire the benefit is based on a set formula (see “Calculating Your Entitlement” on the next page). This is generally acknowledged as the best form of pension plan. With the defined benefit, your pension benefit is not affected by downturns in the capital (stock) market. The benefit is indexed to a maximum of 3%.

The other common type of pension is the **defined contribution plan**, where the rate of the contribution (your deferred wages) is set, but the benefit at retirement is not. For example, with a defined contribution if a member retires when the plan is not doing well with its investments (during a market downturn, for example) the plan benefit will be less. Although we may have some choice as to when we retire, it is not always possible to pick the right time due to health or other reasons. With the deferred benefit plan, which we have, you can rely on a guaranteed pension.

Who Funds Our Plan

Contributions are the monies the employer contributes to the pension plan. The required contribution the employer contributes bi-weekly into the plan is determined by an independent actuary. The actuary determines the liabilities of the plan (i.e. the number of staff who will access the plan in the future), based on things such as the plan’s investment income, interest rates, mortality rates and wage increases.

Government guidelines ensure that plan is fully funded. The plan is filed as required actuarial valuation to ensure the guidelines are being met by the plan. The rate of contribution to the pension plan cannot fall below the rate the employer contributes to the faculty plan (approx. 12 per cent of your gross wages). Also, the employer cannot stop making contributions (contribution holiday). Even if the value of plan exceeds the liabilities, the employer still has to contribute to the plan. If there is a surplus of more than 15 per cent, it is distributed to a separate money purchase plan (similar to an RRSP) for each member of the plan.

The “Magic 80” Formula

A key benefit of the plan is the **Magic 80 Formula**. When your years of service and age add up to 80 (e.g. 25 years of service & 55 years of age) you can retire if you are 55 or older without the benefit being discounted. However, your pension would be less than if you worked to 60 or 65 because there would not be those additional years of contribution to the plan.

If you retire before you reach the **Magic 80 Formula** your pension is discounted by 5% per year for every year to a maximum of 25%. (e.g. you retire at age 55 but with 24 years of service, the discount is 5%).

Since you cannot collect your Canadian Pension Plan (CPP) until age 60, it may not be feasible to retire much earlier than 60 but the Magic 80 formula is still a benefit. You can calculate what your pension will be with greater certainty than with the defined contribution pension plan.

Calculating Your Entitlement

You can use the following formula:

$$\text{Formula Benefit} = (0.0213 \times \text{avg. annual earnings} \times \text{years of service pre 1990}) \\ - (0.0063 \times \text{avg. YMPE}^* \times \text{years of services pre 1990}) \\ +$$

$$\text{Formula Benefit} = (0.0170 \times \text{avg. annual yearnings} \times \text{years of service post 1989}) \\ - (0.0063 \times \text{avg. YMPE}^* \times \text{yearnings} \times \text{years of service post 1989})$$

*Yearly maximum pensionable yearnings

You can also go to mySFU on the SFU website and use the online calculator.

Governing the Plan

The SFU Pension Plan is jointly governed by appointed Pension Plan Trustees. There are six trustees, three appointed by the university and one each from CUPE, the administrative staff (APSA) and the trades (PolyParty). Any changes to the plan must be agreed to by all of the trustees.