



City of Richmond

Report to Committee

To: Community Safety Committee
From: Mike Kirk
General Manager, Human Resources
Re: Changes in Pension Agreements

Date: April 2, 2003
File: -

Staff Recommendation

That the report (dated April 2nd, 2003 from the General Manager, Human Resources) on Changes in Pension Agreements, be received for information.

Mike Kirk
General Manager, Human Resources

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ROUTED TO:	CONCURRENCE	CONCURRENCE OF GENERAL MANAGER
Fire Rescue	Y <input checked="" type="checkbox"/> N <input type="checkbox"/>	 A/RM

Staff Report

Origin

There has been considerable media coverage recently regarding the Pension Corporation's changes affecting those employees who have Special Agreements. In Richmond, the only employee group who has a Special Agreement with the Pension Corporation is the Richmond Firefighters IAFF, 1286.

Analysis

Special Agreements were developed and negotiated, primarily with Fire and Police Unions, to allow the employees and employers to contribute an additional amount (usually 2%) to the Pension so that, at the time of retirement, their pension would be increased. The rationale is that with Police and Fire having an earlier retirement age they have less opportunity to contribute into their pension. The City entered into an agreement for a Special Agreement with IAFF in 1990.

The Pension Corporation has determined that those affected by Special Agreements were being subsidized by the plan members. They are going to be reducing the amount being paid out under special agreements by approximately 10% each year for the next three years. Those that retire before January 1, 2004 will not be affected.

There are concerns, reported in the media, that this reduction in pension may cause increased numbers of retirements this year. However, in Richmond this is not an issue for the following reasons:

1. Due to the discontinuance of the YVR contract, we have offered an early retirement incentive (according to Section 54 of the Labour Code). We anticipate approximately 30 senior employees will be taking advantage of this offer.
2. IAFF Local 1286 only began the Special Agreements in 1990, so they do not have as much money in the program. It is estimated that the most a Captain would lose due to the changes would be \$50 a month which is not likely to encourage them to retire early. Conversely, some of the Vancouver Police could be losing up to \$1,500 a month.

Financial Impact

There is no financial impact.

Conclusion

The issue of increased retirement due to the changes in the Special Agreements with the Pension Corporation will not be an issue in Richmond.



Mike Kirk
General Manager, Human Resources

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