

Civic Pension and Benefits Committee

Via email: gdavies@regina.ca

April 28, 2011

Mr. Glen B. Davies
City Manager, City of Regina
Queen Elizabeth II Court
2476 Victoria Avenue
P.O. Box 1790
Regina, SK S4P 3C8

Dear Mr. Davies:

RE: April 12, 2011 letter to City of Regina employees

I am writing to address some of the points you made in your April 12, 2011 letter to City of Regina employees.

In the first paragraph, you say that the "plan's future" is now public because the decision has been taken to City Council.

First, it is simply inaccurate to state that the plan's future is public because the matter is before Council. While it is indeed before Council and thus open for public debate, the City sought publicity when it held a news conference on April 1, 2011. We expressed our concern then that the City was in effect trying to bargain through the media.

Second, we are not sure to which decision you refer. Perhaps you are characterizing the Pension and Benefits Committee's vote to approve the rate increases as a "decision."

We all understand that the Plan's actuary determined that increases are required. Further, as we all know, the Plan's Bylaw and *The Pension Benefits Act* (PBA) say that the actuary's determination actually establishes the rates – it is not just an opinion.

As you know, the majority of the Pension and Benefits Committee members representing both union and non-union members of the Plan, voted to approve the contribution increases because they believed – and continue to believe – that the Plan

Bylaw and the PBA require the contributions to be made. And of course, they hoped and believed that the employers would agree that it was important to keep the Plan healthy while negotiations for changes continue.

Committee members and the bargaining committee have said repeatedly that the required rates are too high and that negotiations to amend the plan are essential to make the plan affordable. We hope that the City and other employers will cease bargaining publicly and return to formal negotiations with the duly elected bargaining committee.

Clare Pitcher, the committee's actuary, has written to you to address the inaccurate comments you made regarding the plan's sustainability and the nature of the temporary increases that are required, so I will not address those here.

You claim that the employers have been trying to negotiate changes to the plan for eight years with "no results".

Again, as you must know, in 2007 the employers and the Committee agreed through negotiations to remove the so-called "grow in" provision from the plan. The result at that time was a very modest increase in contribution rates.

It is difficult to avoid the conclusion that in your view, "results" are notable only if they reflect everything that one party wants.

In the same paragraph, you juxtapose the start date of this round of negotiations (2008) with the statement that employers provided union leaders with a detailed proposal. You leave the impression that the proposal was provided in 2008, implying that the bargaining committee has been stalling the process since then.

You fail to mention that the employers provided their proposal to us on October 1, 2010.

You dismiss the committee's proposals as not meaningful – clearly an inaccurate characterization that does not address the substance of conversations held at the bargaining table.

You say "the truth is that the union leaders are determined to maintain the status quo at all costs."

This is a false statement. It does not reflect the reality of discussions at the bargaining table nor does it accurately characterize the makeup of the bargaining committee.

As you know, the bargaining committee members have repeatedly said that the contribution rates are too high and that changes to the plan need to be made. It seems to us that you are using City of Regina's resources to misinform city employees deliberately.

We believe an apology from you is in order.

You claim that the employers are not trying to "gut the plan". We are not sure what euphemism might accurately describe proposals that seek to remove or reduce the plan's key benefits for current plan members and additionally seek to establish a two tiered pension benefit for City of Regina employees.

The employers propose that new employees be enrolled in a Target Benefit Pension Plan. A target benefit plan is just a glorified money purchase or defined contribution pension plan. As is implicit in the name, the pension benefit will only be a "target" for members. Members of a target benefit pension plan will not be sure of what their pension income will be. They will not be able to plan for retirement. In a target benefit pension plan, the pension benefit will be determined by whatever the contributions can afford. Considering that the employers' goal is to keep contribution rates at 7%, the employers cannot in good faith assure employees that they will have a "very good retirement benefit." Moving to a target benefit plan is a significant departure from the financial security available through a defined benefit pension plan.

Finally, your comment that the employers have offered to assume the plan's entire deficit must be challenged, both as to its generosity and as to the benefit it provides to Regina citizens.

With the new rates set by the actuary and without any changes to bring the contribution rates down, each side will pay 1/2 of approximately 28% or 14%.

With the employers' proposal to assume the full liability, the cost split will be 19%/9%, with respect to the "legacy group", that is current plan members, and rising because the plan is closed to new entrants and the average age will rise.

With respect to the non-legacy group, that is the new employees, the cost split, based on the employers' stated goal for the rates, will be 7% for the employers and 7% for employees. It would take many years, probably more than 10 years, before the employers' contribution rate, combined for the legacy and non-legacy groups, falls below the 14% level.

So, to summarize, even if there were no changes either to benefits or to actuarial assumptions/methodology, and even if the anticipated market gains do not materialize, the employers' contribution rate for approximately the next 10+ years would be 14%.

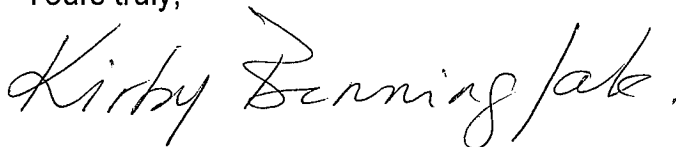
Based on the employers' proposal, however, the contribution rate will be significantly higher than 14% for the next 10+ years, which translates into a need for greater revenue for that same period of time.

We regret that you persist in trying to create an atmosphere of panic and crisis in relation to the pension plan. We suggest that your efforts would be better and more productively directed to encouraging the employers to return to meaningful negotiations.

We certainly would prefer to resolve this important issue at the bargaining table in a professional and respectful manner.

Thank you.

Yours truly,

A handwritten signature in cursive script that reads "Kirby Benning".

Kirby Benning
Chair, Pension and Benefits Committee

- c Committee executive
- Committee members
- City Councillors
- Nancy Parker
- Koskie Minsky
- Aina Kagis

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