

## **PENSIONS — UBC, CPP AND OAS**

*By Susan Claybo, Treasurer*

IN DECEMBER, I attended a forum on pensions put on by the BC Federation of Labour and also attended a two-day workshop on our UBC pension plan, which was attended by reps from locals on campus and Darcy Beggs, CUPE National benefits representative.

Did you know that your retirement earnings are very much affected by your income?

Your CPP (Canada Pension Plan) benefits are based on the amount of your contributions and the length of time you contribute, but the biggest factor is the amount of your contributions. If your income is at the YMPE (yearly maximum pensionable earnings) for ten or more years, you are likely to have contributed enough to be eligible for full benefits from CPP. An average CUPE worker receives 50% of the maximum benefit for CPP, due to their level of earnings.

Your OAS (Old Age Security) benefits are determined by age and residence. If you are over 65 and have legal residence, you qualify. You can be eligible for anywhere from 1/40<sup>th</sup> to 40/40<sup>th</sup> of the full benefit depending on your years living in Canada, so those of you born in Canada qualify for the full benefit.

On to our UBC pension plan. Did you know that the formula for pension benefits includes 2% minus .7% (which is called the CPP offset) leaving

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***“What is the solution to this deplorable condition?”***

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benefits of 1.3% times the years of service times the average of the best three years salary for all income UP TO THE YMPE. So what, you say? If you earn more than the YMPE, any amount over that amount earns you pension benefits of 2% (without the .7% offset). There is no CPP offset for earnings above the YMPE because the CPP insures earnings only up to the YMPE level.

With all this talk of YMPE, you are probably now interested to know what the amount of the YMPE is, right? For this year it is \$42,100, while last year it was \$41,100. Yes, that's right, it goes up each year. So...if your wages don't go up, you are getting farther and farther behind!

What is the solution to this deplorable condition? Well, it is at least three-

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fold. We need to receive consistent, substantial (at least the cost of living) general pay increases to try to make up ground on what we have lost over the past decade or so. We need to align our pay bands so there is a respectable

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spread between bands so that more bands are over that magic YMPE. Currently, you need to be at the top level of band K to reach that level. We now have approximately 14 out of 1,550 members (less than 1%) earning the YMPE or higher. Last, but certainly not least, we need to improve the formula for our pension plan, to raise the percent paid on earnings less than the YMPE to something more than 1.3%.

According to the CUPE National rep, we are one of few CUPE locals across Canada that is still using the 1.3% formula.

You can contact Service Canada at 1-877-454-4051 for additional information, or to request an updated paper statement of your CPP position, once each year. Their computer automatically opts out up to 15% of your low contribution years to make your CPP benefits as attractive as possible. If you had years with no contributions or low contributions, because you had a child under seven, tell them and they will remove some of those years as well, making your benefits higher than if you left those years in. This adjustment does not show on your paper statement and you need to inform Service Canada when you apply for your CPP and also when you phone for an update

of your position, to have this adjustment included. You are definitely better off having fewer contributing years at a higher contribution rate than more years that include low contributions.

The maximum benefits this year are:  
CPP \$ 844.58 OAS \$ 484.63  
You can get additional information by going to Service Canada’s website at [www.servicecanada.gc.ca](http://www.servicecanada.gc.ca) and clicking on ‘seniors.’



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