Post-Retirement-Insurance Benefits 10-years Eligibility Petition group s

From: "Harrigan, Edwin (TBS)" <edwin.harrigan@ontario.ca>
To: "Zhao, Maureen (CSC)" <maureen.zhao@ontario.ca>
Cc: "Rondeau, Marc (TBS)" <marc.rondeau@ontario.ca>, "Dittenhoffer, Mark (TBS)" <mark.dittenhoffer@ontario.ca>, "Tam, Vivian (TBS)" <vivian.tam@ontario.ca>
Date: Thu, 14 Dec 2017 19:20:26 -0500

Dear Ms. Zhao:

Thank you for writing to, and subsequently meeting with Mark Dittenhoffer, Vivian Tam and myself, about Ontario Public Service post-retirement benefit (PRB) eligibility criteria and premium cost sharing changes announced in 2014 and 2016. The discussions focused on your interest in an amendment to the post-retirement benefits terms to allow persons hired between January 1, 2007 and February 18, 2014 to access the PRB plans if they have at least 10 years credits in the OPS pension plan before they start receiving pensions at retirement, even though they did not have 10 years credit in the plan before January 1, 2017.

I am writing to confirm that the employer is not considering changes to PRB terms in effect as of January 1, 2017 as set out in Order in Council O.C.1933/2016.

As you are aware, in February 2014, the government announced that it intended to make changes to retiree benefits eligibility requirements as well introduce premium cost sharing effective January 1, 2017.

The announcement stated that the changes to eligibility criteria would apply to persons who did not have 10 years pension credit in the OPS pension plans by January 1, 2017. As set out in the announcement, persons who had not accrued at least ten years of OPS pension credit before January 1, 2017 would be required to accrue at least 20 years of OPS pension credit and retire to an immediate unreduced pension in order to be eligible for post-retirement insured benefits. Further, eligible persons who commenced an Ontario Public Service pension on or after January 1, 2017 would be required to pay 50% of the premium costs to participate in the PRB plans.

Following the announcement, a number of concerns were raised and grievances were filed. In response to these concerns the Employer undertook to a review of the concerns and explored practical resolution strategies.

In November 2016, the Government advised that it had reached an agreement with OPSEU relating to Post- Retirement Benefits by providing an alternative, retiree-focused PRB plan which addressed some of the concerns raised by employees and employee groups while still maintaining the fiscal savings associated with the changes announced on February 18, 2014. The Government announced that it intended to offer the alternative, retiree-focused PRB plan to all individuals who meet the eligibility criteria who may be impacted by the announced changes. As a result, persons who met the eligibility criteria would have the option to:

- enrol in an alternate retiree-focused plan, at no cost, or
- pay 50 % of the premium cost to enrol in the Legacy PRB plan (i.e. the plan then in existence);

In addition, optional, 100% retiree-paid access to the retiree-focused PRB plan, was also made available to:

- persons hired on or after January 1, 2017 and who later commence pension after meeting the new eligibility criteria; and
- persons hired before January 1, 2017, who retire to immediate unreduced pension based on at least ten years pension credit

The changes to post-retirement benefit eligibility criteria and cost-sharing were announced three years in advance of their effective date. The 2016 announcement provided an alternate post-retirement benefit plan which addressed the cost-concerns raised by employees. However, the previously announced eligibility criteria changes remain. There are no special exemptions for any category of employees hired prior to January 1, 2017, and no such exemptions are being contemplated.

As mentioned in previous communications, the changes were necessary to ensure the long-term sustainability of the PRB program by managing public sector compensation costs and controlling spending while ensuring that eligible persons continue to have access to above-average insured benefits coverage following retirement. The Ontario government is not alone in taking such steps. PRB provisions now align more closely with other public-sector jurisdictions, and with private sector comparators.

Thank you for writing, and for taking the time to discuss your concerns in person.

Sincerely,

Edwin Harrigan
Manager, Benefits Policy Unit
Total Compensation Strategies Branch
Centre for Public Sector Labour Relations & Compensation, TBS
13th Floor, 77 Wellesley St. West
Toronto, Ontario
M7A 1N3
edwin.harrigan@ontario.ca
Tel: 416-325-4991
Fax: 416-327-8402