

# Taxing TIMES

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## A newsletter for OPSEU members working for the Ministry of Finance • Issue #5

### No deal ...yet...

As you are aware, last May the Ontario (Liberal) government and the federal (Liberal) government signed a Memorandum of Agreement (MOA) on Ashared priorities<sup>®</sup>. One of the priorities outlined is an agreement to *Acreate a single administration of corporate income tax<sup>®</sup>*. With the fall of the federal Liberal government, and a new Conservative minority government in place, many of you have been wondering if this deal is still on the table.

Interestingly, while the deal has taken longer to work out than anticipated, the ADM, Marion Crane, has stated that the Ontario government is still committed to the deal. It will however take some time for the new Federal government to get up to speed on the issue.

What does that mean? Well, we at OPSEU (and other observers) do not believe that this divestment is high on the priority list for the Conservative government. It might be worth while for you, the members, to contact your MP and voice your concerns. If it's a Conservative MP, let them know why you think this deal stinks. If your MP is a Liberal, now that they are in opposition, you may get a different response. Even better, if you live in an NDP riding, they have been very supportive of our concerns, especially Finance Critic Michael Prue who has raised the issue a number of times in the House.

### What about our pensions?

You may be aware that OPSEU has launched a campaign regarding “grand-parenting” provisions in the OPSEU Pension Trust. While this is definitely a worthy campaign to support (it affects all members in the Plan), it does not deal with our “potential” divestment. The OPTrust campaign deals with divestments where the new employer agrees to keep you in the OPTrust. Since the Canada Revenue Agency (CRA) offers a competitive pension plan, that is an unlikely scenario.

### Does that mean our pensions are unaffected by the potential divestment?

Not necessarily. Pensions are a complicated issue, and we cannot possibly capture every scenario. To add to the confusion, until the deal has been negotiated, we cannot assess what provisions would apply.

However, in general, upon a divestment, you would stop contributing to the OPSEU Pension Plan. The credit earned in the OPSEU Plan will remain with OPTrust (as a “special deferred pension”) until you leave the new employer (CRA) or retire. When determining your eligibility for pension benefits, OPTrust will recognize your service in the Plan, as well as the period of employment with CRA. Under the Pension Benefits Act (PBA), upon divestment your new employer's pension plan would also

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recognize your period of membership in the OPSEU Pension Plan when determining your eligibility for benefits under their pension plan. Now here's the twist: the Federal government has conveniently exempted themselves from the PBA. Therefore, this provision does not apply. This is yet another issue that will have to be negotiated with the Federal government.

### **Does that mean I might collect two pensions?**

Maybe. Depending on your circumstances, you might collect two pensions – one from the OPSEU Pension Plan and one from the new plan. However, remember that the plans might have different eligibility requirements for retirement, which might affect the timing of when you can retire. In addition, the pension amount of your OPTrust pension would reflect your salary while you were a member of the Plan. Any future salary increases would not be reflected in your OPSEU pension.

### **What about inflation?**

Your special deferred pension from the OPSEU Pension Plan will be adjusted annually to reflect changes in the Consumer Price Index (to a maximum of 8 per cent per year). That means that the “buying power” of your current pension entitlement will keep pace with inflation.

### **Clear as mud???**

As stated previously, pensions are a complicated matter. And divestments certainly do not simplify the issues. Feel free to voice your concerns and let your employer know that your pension is important and must be protected.

If you have any questions or concerns, you should contact the OPTrust directly at (416) 681-6100 or toll free at 1-800-637-0024.

### **What is OPSEU doing ?**

The MERC team is continuing our conference calls with the ADM, Marion Crane, in an effort to keep the lines of communication open during their negotiations with the Federal government. Information will continue to be communicated to you, the members, as it becomes available for distribution.

In the mean time, we encourage YOU to contact your MPs and MPPs and raise your concerns to them. This is very much a political initiative, and the politicians will make the decisions. We must take it to them

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