

ACER - CART Report to the Directors
January 23, 2008
BCTF Building

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1. A report on the Vancouver November conferences on elder law and elder abuse was sent to the ACER-CART Executive Director who will appendix it in the next *Quarterly Report*. An abbreviated version was sent to the *Postscript* editor for publication consideration.

2. From the Front:

1. **Request from ACER-CART Pensions Committee Chair, Arnold Hull, re BC Pension COLA determination:**

Our Response: BC's COLA percentage increase in pensions for retirees is as follows:

2006: 3.4%

2007: 0.7 %

2008: 2.6%

The BC Teachers' Pension Plan calculates the indexing by comparing the September Canada CPI to the September CPI of the previous year. The percentage increase is then used as the indexing factor for the following January 1st pension increase.

Note: Indexing of pensions is not guaranteed but is subject to availability of adequate funds in the Inflation Adjustment Account to pay the capitalized cost of the increase.

Recommendations from BC:

- A. ACER-CART should be taking the position that COLA increases should not be taken ad hoc, but that they should be guaranteed and funded as part of the pension plan. This means that the contribution rates should be adequate to fund the pension and future indexing. (This recommendation will be put to the ACER-CART Executive)
- B. We urge that ACER-CART pursue the issue of the Government's understating of CPI and request that pensioners be reimbursed accordingly.
- C. We have a concern as well regarding the clawback of pensions. We believe that the clawback attacks those who saved for their retirement. If one's income is above a certain level, then the OAS is clawed back and the individual is, in effect, double taxed and therefore penalized for saving during the working years. This also applies to the clawback on the age credit for income tax purposes. An ACER-CART brief sent to the federal government in October 1997 asked for the removal of these irritants. We should pursue the removal of these clawbacks, which penalize individuals who have been responsible in their financial planning for retirement.

Suggested motion from the BCRTA to June 08 AGM: that ACER-CART pursue the elimination of the OAS and Age Credit clawbacks. (See further notes on the next page.)

Old Age Security:

The maximum yearly pension is approximately \$5,800 (2006). It is taxable. It is indexed for inflation, fully indexed every 3 months (quarterly).

If income is over a certain threshold, the Federal Government imposes an OAS payment adjustment or “clawback.” The threshold, from January to March 2006 was set at \$62,144. The “claw back” rate was set at 15%. Once an individual’s income reaches \$100,914, the OAS benefit is eliminated. The clawback applies to individual, not combined income couples.

Note: The threshold amounts rise in line with inflation.

OAS Clawback: Example

• Teacher Pension	\$42,000
• CPP (@60)	\$ 7,000
• Other Income	<u>\$ 20,000</u>
• Total earnings	\$69,000
• Clawback base	\$62,144
• Excess Amount	\$ 6,856
• Annual deduction (15% of excess amount)	\$ 1,028 (85.70/month)
• OAS maximum benefit (01/06)	\$484.63
• OAS Payment	\$398.93

Disclaimer: These facts outline some of the basic rules regarding the application of the Old Age Security benefits (OAS). Additional information may be obtained from the federal government agency Social Development Canada (SDC). The information provided is general in nature and in all likelihood your personal circumstances will vary. For further information on OAS: www.sdc.gc.ca Telephone: 1-800-277-9914.

2. Request regarding from ACER-CART committee about BCRTA member concerns related to property tax increases.

Our Response:

For the most part, seniors in BC are somewhat sheltered from the property tax problem because we have the *Home Owners’ Grant with the additional seniors’ discount*, plus *the option of property tax deferment until the sale of our home – or death*. The Homeowner’s Grant is \$570.00. The Home Owners’ Grant with the additional seniors’ discount is \$845.00. Homeowners whose property is valued up to \$1.05 million are eligible for the homeowner grant (the Province January 13, 2008), this following last year’s increase of 16 percent in residential property values.

On the next page is a profile of information received from BCRTA members, which compares the increases in property taxes from 1999 to 2006 in municipalities throughout BC.

A Comparison of Property Taxes in BC

Municipality	1999	2006	% Increase	
New Westminster Condo ~suburb of Vancouver	\$2,333.00	\$2,465.00	5.7%	
Gabriola Island	\$2,038.72	\$3,663.40	79.7%	
*Surrey ~suburb of Vanc	\$2,121.76	\$2,757.38	30.0%	
Victoria ~ an indication of the effect of the seniors' tax discount	\$2,494.52 ~no seniors' grant	\$2,565.92 ~including seniors' grant	2.8%	
Squamish ~ near Whistler, BC			4%	
Salt Spring Island	\$1,317.24	\$1,905.53	44.6%	
Trail ~ SW BC	\$1,561.00	\$1,730.00	10.8%	
*Coquitlam ~ suburb of Vanc	\$2,184.00	\$3,062.00	40.2%	
Terrace ~ Northern BC affected by mill closures	\$1,864.05	\$1,721.26	-7.7%	
Dawson Creek ~ North eastern BC	\$1955.43	\$1951.24	-.3%	
Williams Lake ~Central BC	\$1561.00	\$1730.00	10.8%	
Grand Forks ~ Southern BC	\$1713.02	\$1944.39	13.51%	
Fort St. John ~ Northern BC	\$502	\$586 ((\$311 with seniors' grant)	17% (-38%)	

* My sense is that these would be typical of the increase in property taxes in the Greater Vancouver area.

BC Budget Statement 2007

“Starting now, low-income seniors, veterans and people with disabilities will be eligible for a Home Owner Grant ... regardless of their home's assessed value. Eligibility will be based on thresholds for premium assistance under the Medical Services Plan.

Seniors will also continue to have the option of deferring their property taxes ... until their home is sold. This option is currently available to homeowners aged 60 and older. Uptake has risen fivefold since 2001. However, we believe this program could benefit even more people.

Since many British Columbians are choosing to retire earlier, we will introduce legislation this session to lower the age for property tax deferral from 60 to 55.”

[The compound increase in retired teachers' pensions from 1999 to 2007 is 23.7% when the increase for 2007 is included.]

A Brief Summary of Information from other ACER-CART Members

The Alberta Retired Teachers' Association (ARTA)

1. *Affinity Program:* As an ARTA membership incentive, an affinity program was launched on July 2007. It features discounts on “selected hotels, car rentals, airport parking and some consumer goods.” The bulletin stated that the affinity program might save members an amount exceeding their association fee. The summer issue had a pullout section that listed the businesses giving discounts to ARTA members. (I have this for your perusal should you wish to see it.)

2. *Pension concerns:* The ARTA continues to work for retiree pension improvement as they are faced with the challenges of the unfunded liability (now \$6.7 billion), less than full COLA increases (about 2/3), the lack of a bridging provision, and the effects of a 1992 salary rollback. The latest issue of their bulletin has inserts entitled “Pensions ~ “A Call to Action.” These urge members to write, lobby, and press the new Premier to act on their concerns.

(Our latest information is that the Alberta Government has agreed to put \$2 billion into the pension fund to reduce the unfunded liability.)

3. *Pursuits:* The ARTA lists as its objectives for this year, improved communication with members, finding more ways to be influential as an advocacy agent for its members, and expanding membership, as less than half of the retired teachers in Alberta are members of the association.

They are looking for ways to improve their bulletin and have asked us about advertising, printing costs, etc. (I have directed their questions to our own editor extraordinaire!)

4. *Interesting:* All five of their 2007-2008 officers~ the President, Past-President, Vice-President, Treasurer, and Executive Secretary ~ are male. Chairs of the working committees for the most part, are female.

They have established a satellite branch in the Okanagan.

Superannuated Teachers of Saskatchewan (STS)

1. *Group Benefits:* For faster reimbursement of Group Benefits claims members may have the reimbursement electronically deposited directly into their bank accounts. A paper statement follows as usual. (**BCRTA members have this option as well.** Contact Blue Cross regarding the service.)
2. *Active Teacher Relationships:* At their AGM (Showcase 2008) in February, the STS ~ the active teachers' organization~ will be celebrating 75 years of existence. Retirees are invited to participate in the conference and will be presenting Retirement Lifestyles workshops.
3. *Saskatchewan Seniors Mechanism:* The STS organization is actively involved in the Saskatchewan Seniors Mechanism, an organization like our COSCO. A survey of SSM members indicated their top priorities to be health: housing and home-care; and transportation and income. Because these issues were so large and the resources of the organization so limited, the “Mechanism” is considering establishing a pool of volunteers

who would accompany seniors to medical services, serving as their support in the medical consultation when family members were not available.

4. *Privacy legislation* “lunacy”: Their publication *Outreach* can no longer publish their much-appreciated “In Memoriam” section.
5. *Web site*: They are updating their web site and are seeking input from members as to what they would like to see on it.

The Retired Teachers of Manitoba (RTM)

1. *The COLA issue*: This continues to be the main area of concern for this organization and a contentious issue between the RTM and the active teachers. The Winter 2008 issue is devoted almost entirely to articles and published speeches dealing with why the RTAM should receive full indexing rather than 2/3 they are now receiving (depending on the return on investments and the Pension Adjustment Account). The organization continues to hold rallies at the Legislative buildings, lobby MLA’s, and urge their members to get involved in their struggle for fair pension based on increases in the Cost of Living.
2. *Representation of the Teachers’ Retirement Allowance Fund Board*: RTM is lobbying for a guaranteed seat on this board, which manages their pensions.
3. *Interesting*:
 - A “VanIsles” chapter has been established on Vancouver Island.
 - Their bulletin has published an article entitled “What Do I Get For My 21 Dollar Membership Fee?”

The Retired Teachers of Ontario (RTO/ERO)

1. *Interesting*:
 - As of Sept 07, there were 63 RTO members over 100 years of age, 6 men & 57 women. Their oldest member is 107. Names were published in *Renaissance*.
 - Their organization is celebrating 40 years of existence. They have 60,000 members.
 - They own and manage three health plans: Semi-private, Extended health, and Dental. (Health plan includes their travel plan.)
 - They claim that their group health and travel insurance plans are the best and most affordable (outside of former federal and provincial employee groups)
 - Two issues per year of their newsmagazine, *Renaissance*, are to be sent to every school in the province.
 - RTO’s advocacy position papers are distributed to their members and forwarded to the leaders of all three provincial political parties.
 - A new president, Brian Kenny, has been elected. Ron Poste becomes Past President.
2. *Renaissance* has regular feature articles including an Editorial, “President’s Message,” “Executive Director’s Update,” “Saluting our Senior Seniors,” “Computer Ease,” “Book Review,” Travel, ” and “Tales from the Well (health issues) as well as reports from committees, etc.

3. *Organization Priorities:* “{vigilance} in protecting the pension benefits of members, provision of health plans, protection and growth of the organization, lobbying governments to benefit members.
4. *Scholarships:* The RTO presents 25 scholarships of \$1000 each to “assist people in pursuing a career in education in Canada.” Recipients must be from among “family” of RTO members.
5. *Communication:*
 - *Newsletter Editors:* The RTO is organizing a provincial workshop for District Newsletter Editors. (Budget of \$39,000)
 - A subcommittee of the Communications Committee is reviewing the Web Site.
 - Committee members communicate via “RE-Net,” an electronic communications system.
 - Districts have named a “Communications Liaison” person who will communicate District needs and priorities to the Committee.
6. *Health Plans:* Almost 40,000 members subscribe to the RTO group health insurance plans (including travel), with annual premiums of nearly \$80 million.
7. *Operating budget:* RTO/ERO has an operating budget of \$5 million for 2008.
 - Plans include a Provincial Workshop on Recruitment (\$45,000)
 - An annual District Health representative Workshop sponsored by the Health Service and Insurance Committee (\$50,000).
8. *Membership Fees:* Effective January 1, 2008, the annual fee for full members will be \$1.20 per \$1000 of gross annual pension.
9. *Political Action Committee concerns:*
 - Provincial election issues: questions for candidates (could be used federally as well)
 - National Pharmaceutical Strategy
 - Community Care Access Centres]
 - Liaison with “Coalition After Property Tax Reform” ~ seeking “capping”
 - Lobbying for a quality system of childcare and early learning
 - Long-term care home situation (also elder care and elder abuse)
 - Environment/Energy/Water
 - Liaison with District and Unit Political Action Representatives
10. *Pension and Retirement Committee:*
 1. Monitors the performance of the Ontario Teachers’ Pension Plan
 2. Monitors the Common Front for Retirement Security (formed in July, 07 and succeeding the Common Front for Pension Splitting) It has sixteen members now and will advocate for better governance of pension investments and retirement savings. The Committee may recommend that RTO become a member.

Retired Teachers’ Association of Newfoundland and Labrador (RTANL)

1. *Political Action:* The RTANL continues to lobby for increases to the pensions of retired teachers in accordance with the increase in the cost of living. Their pensions have been “frozen” since January 1989.
2. Most of their Dec 07 newsletter consists of “division” reports covering the activities of members at the local level, much like our branch reports published in September of each year.
3. Members with 20 years or more were issued Life Membership Cards, which entitles them to all the discounts that active teachers receive.