

MUFA Newsletter

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Joint Committee Reaches Agreement regarding Remuneration Issues



On Wednesday, March 6, 2013 members of the Joint Committee came to an agreement regarding remuneration issues. Members of the McMaster University Faculty Association who participate in the Career Progress/Merit Scheme (CP/M) and MUFA Librarians will be sent the agreement and a ballot on March 20, 2013.

An Information meeting has been scheduled for Thursday, March 28, 2013, in BSB 136, at 11:00 am. Joint Committee members will be available to answer questions about the Agreement.

Details of the Agreement will be on the MUFA website (www.mcmaster.ca/mufa) after ratification.

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Recent Changes to the CPP

Sherman Cheung

Finance & Business Economics

This article reviews four recent changes to the Canada Pension Plan (CPP) in response to the aging workforce and the need for more flexible retirement arrangements.

Increase in the General Low Earnings Drop-Out

The amount of CPP pension is based on the number of years a person has worked, as well as the salary he or she has earned up to a maximum known as the yearly maximum pensionable earnings (YMPE). An individual's CPP pension is based on 25 percent of the above average career earnings. For an individual who elected to receive the CPP pension prior to 2012, the average career earnings was calculated by allowing 15% of his or her lowest earnings up to 7 years to be dropped.

These drop-out provisions are intended to ensure that an individual's average career earnings and thus CPP payments are not affected by a certain number of years of unusually low earnings that occur in some people's career for various reasons such as spells of unemployment.

Starting in 2012, the drop out provision will increase from 15% to 16% of lowest earnings up to a maximum of 7.5 years. In 2014, the percentage will increase again to 17%, allowing up to 8 years of an individual's lowest earnings to be dropped from the calculation. This change will benefit individuals who face more career interruptions for a variety of reasons. The change does not affect individuals who elected to receive CPP pension before 2012.

Elimination of the Work Cessation Test

Until this change, individuals could not take the CPP pension before age 65 unless they had stopped working or had "low earnings" for a period of time. "Low earnings" means less than the maximum monthly CPP retirement pension (\$934.17 per month in 2010). This requirement was called the Work Cessation Test. The Work Cessation Test requires individuals who wish to take their CPP benefit before age 65 to either stop working or endure reduced earnings. The Work Cessation Test was removed in 2012 to facilitate the transition into retirement for people under age 65.

These individuals now can work part-time at earnings higher than the "low earnings" and can supplement their part-time income with the CPP pension.

Changes in the adjustment factors for early and late retirement

Individuals currently receive an unadjusted CPP pension at age 65. The amount of unadjusted payments depends on a number of factors such as yearly average pensionable earnings. Individuals are allowed to receive a reduced CPP pension less than the unadjusted amount as early as age 60 or postpone the CPP pension for an amount higher than the unadjusted amount to as late as age 70. Until recently, the adjustment is a 0.5% reduction (increase) for each month of early (late) retirement. This results in a maximum reduction (increase) of 30% below (above) the unadjusted CPP payments if an individual collects the CPP pension at age 60 (70) (0.5% x 60 months).

The adjustment factors ensure roughly the same CPP benefits over time regardless of when individuals choose to begin their pension. Adjustment factors reflect the longer or shorter length of time a person is expected to receive benefits when electing to take the CPP pension at ages other than 65. Adjustment factors have not changed since 1987, despite changes in life expectancy. The intent of the new adjustment factors is to restore actuarial fairness.

The new adjustment factors are to be phased in over time. The reduction factor for early retirees will be adjusted up by 0.02% a year starting 2012 as follows:

Year	Monthly Reduction
2012	0.52%
2013	0.54%
2014	0.56%
2015	0.58%
2016	0.60%

When the adjustment factors are fully phased in, the CPP payments can be reduced by 36% (60 months x 0.60%) for a person who begins collecting the CPP pension at age 60 after 2015.

The adjustment factor for individuals who postpone the CPP pension has been completely phased in at 0.7% for each month of postponement. This would result in the pension being increased by 42% (60 months x 0.70%) for a person who begins collecting it at age 70 after 2012. The changes in adjustment factors make delaying the start of an individual's CPP pension more attractive than it used to be.

Changes for working beneficiaries

Working beneficiaries are individuals who receive a CPP pension and continue to work. Until the recent changes, these working beneficiaries did not pay CPP contributions and therefore did not continue to build their CPP pension. Starting in 2012, CPP contributions and extra benefit become a possibility for those individuals who work while receiving their CPP retirement pension.

CPP contributions are mandatory for the working beneficiaries *under age 65* and their employers. CPP contributions are optional for those *between* ages 65 and 70. If individuals between ages 65 and 70 choose to contribute, their employers will have to contribute. Those who opt out must complete form CPT30 from the CRA.¹ These contributions will result in increased retirement benefits known as the Post-Retirement Benefit (PRB). The PRB is a separate benefit and is paid in addition to the CPP payments. This can result in a total government pension in excess of the maximum CPP pension amount. Contributions made while receiving the CPP retirement pension will build up only Post-Retirement Benefits. These contributions do not create eligibility or increase the amount of other CPP benefits such as survivor or disability benefit.

Each year that an individual contributes will generate a new PRB, which is payable the following year and will continue for the rest of the individual's life. The maximum additional benefit would be earned at a rate of 1/40th of the maximum CPP pension amount (\$1,012.50 per month in 2013) per additional year of contributions. This results in a maximum PRB amount of \$25.31 ($\$1,012.50 \times 1/40$) per month for the rest of the individual's life. The exact amount of the additional benefit would depend on factors such as the earnings level of the contributor and an actuarial adjustment for

¹ The HR at McMaster assumes the continuation of CPP contributions beyond age 65 unless an employee has filed an election to stop making CPP contributions by providing the employer a signed CPT30 form. See <http://www.workingatmcmaster.ca/hris/employee/cpp/>

age. Like the regular CPP pension, the PRB is indexed to inflation. PRBs are cumulative for individuals who continue to work past age 65 for several years, with each year's new PRB being added to previously earned PRBs, even if the individual is already receiving the maximum CPP retirement pension.

To illustrate this, take an example of someone who turned 65 on December 31, 2011, decided to collect her CPP pension starting January 1, 2012, but continued to work full-time. Assume that the individual has worked all her life at earnings above the YMPE with minimal career interruptions. She therefore was eligible for a maximum CPP payment of \$986.67 per month or \$11,840.04 per year in 2012. She also decided to opt for the PRB. As a result, her contributions to CPP would be \$2,306.70² for year 2012. In return, her PRB would be \$303.75³ per year starting in 2013 for the rest of her life. As pointed out earlier, her PRB will be indexed to inflation. She could easily think of her PRB as an investment of \$2,306.70 for a stream of \$303.75 payments. Her total government pension consisting of both the CPP and the PRB for the year 2013 would be \$12,453.75.⁴

The cumulative effect of contributing to CPP after age 65 can be easily understood by noticing that the PRB adds 1/40 or 2.5% to her regular CPP in the above example. If she continues to contribute to the CPP for another year, she will add another 2.5% to her CPP resulting in total PRBs of 5% starting in year 3 after she initiated the CPP pension. Similarly, if she continues to work and contribute to the CPP for five years after age 65, her government pension will be about 12.5% (2.5% x 5) higher than her regular CPP without the PRB.

This change would allow working beneficiaries to continue to build their CPP pension. It is especially beneficial to those whose CPP pension is nowhere near the maximum amount and/or those without other sources of retirement income.

² Employee's contributions = (YMPE – basic exempt amount) x 4.95% = $(\$50,100 - \$3,500) \times 4.95\%$. The employer would have to match the contributions. If she was self-employed, she would have to pay both the employee's and employer's contributions, or \$4,613.4.

³ 2013 maximum pension x (1/40) = $\$12,150 \times (1/40)$

⁴ 2013 maximum CPP pension + \$303.75 = $\$12,150 + \303.75

Support for McMaster Librarian

March 12, 2013

Patrick Deane
President & Vice-Chancellor
McMaster University
Gilmour Hall 238

Members of the Board of Governors
McMaster University
c/o University Secretariat
Gilmour Hall 210

Dear President Deane and Members of the Board
of Governors:

On behalf of the Executive Committee of the
McMaster University Faculty Association, I would
like to express sincere appreciation for the support
that you have shown for our member, Dale Askey.
The University provided not only moral support but
also volunteered to assist Dale with the expenses
arising from the libel suits brought against him.

We believe that this strong stance on the part of the
University played a key role in the decision to drop
one of these lawsuits. We sincerely hope that the
other lawsuit will soon be dropped also. The
forthright support for academic freedom speaks
very well for the McMaster community.

Best wishes,
Martin Dooley, MUFA President

*For MUFA's statement regarding academic freedom for
librarians, see*
<http://www.mcmaster.ca/mufa/AskeyStatementFeb11-13.pdf>

Welcome New Members

David Brock	Chemistry
Janice Chaplin	Social Work
Michelle Kho	Rehabilitation Sciences
Eva Klein	Psychiatry & Behavioural Neur
Eva Szabo	Biochemistry & Biomed Sci
Netina Tan	Political Science
Ada Tang	Rehabilitation Sciences
Vanessa Watts	Indigenous Studies
Leonard Waverman	Faculty of Business
Rong Zheng	Computing & Software

Faculty Association Dues Holiday

Just a reminder that a dues holiday is in effect for the
following pay periods:

For MUFA Librarians

March 8 and March 22, 2013

For Faculty

March 15 and March 29, 2013

A surplus of income over expenditures for this fiscal
year is projected in the Nine-Month Budget review for
2012/13. In addition, MUFA reserves continue to be in
a healthy state.

The mill rate will return to .0005 in April 2013.

**Don't forget, when you are preparing your
tax returns, MUFA dues are tax deductible.**

Passages

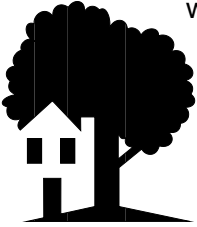
Harry R. Morgan, Obstetrics & Gynecology, December 25, 2012

G. Dale Buchanan, Medicine, February 4, 2013

Roy M. Pritchard, Psychology, February 14, 2013

Cornelius J. Toews, Medicine, February 22, 2013

For Rent: Waterdown, bungalow, cycling distance to McMaster, lots of parking, huge backyard, cozy, well maintained three bedroom/ 2 washrooms, laundry, central air, walking distance to shops, smoke free and pet free home. \$1400.00 plus utilities, call 289-260-0051 for more info., or e-mail at adam_mica@hotmail.com.



House for Rent: Available August 2013 to July 2014. Fully furnished, walking distance to McMaster and to all school levels (K to 12). Close to Westdale Village, Churchill Park, RBG aviary, and walking trails to campus. Four bedrooms, 3 bathrooms, finished basement and 2 attic study/offices. Perfect for family with school-aged children. Optional family vehicle rental also possible. No smoking, no pets. For pictures, see [facebook.com/lori.inman.12382](https://www.facebook.com/lori.inman.12382).

Contact: regenstr@hhsc.ca or Lori/ Mark at 905-527-0886.

This Newsletter is published monthly between September and May by the Faculty Association at McMaster University. The Association's Executive for 2012/13 is composed of the following members:

President	Martin Dooley
Vice-President	Graeme Luke
Past-President	Virginia Aksan
Academic Affairs	Nancy Carter
Human Rights	Jeffery Donaldson
Membership	Michelle MacDonald
OCUFA Director	Graeme Luke
Pension	Martin Horn
Public Relations	Catherine Connelly
Remuneration	Rafael Kleiman
Spec Enquiries & Grievances	Susan Watt
Tenure	Ana Campos & Tracy Prowse
Treasurer	Andrew Mactavish
Executive Director	PhyllisDeRosa Koetting
Administrative Assistant	Kelly McCaughey
Returning Officer	Matheus Grasselli

Opinions expressed in this Newsletter are those of the authors and do not represent the views of the Association or of its Executive unless so specified. Anyone wishing to contribute to the MUFA Newsletter is invited to send submissions to the Faculty Association Office (HH-103A, e-mail: mufa@mcmaster.ca, ext. 24682). Deadlines are the 15th of each month. All submissions will be published at the discretion of the Editor. Current and past issues of the MUFA Newsletter are posted on the MUFA website (www.mcmaster.ca/mufa).



40th Annual OCUFA Teaching & Academic Librarianship Awards for 2012/13

PROGRAM

Each year OCUFA recognizes outstanding teachers and academic librarians in Ontario universities through its Teaching and Academic Librarianship Awards. Since 1973 OCUFA has presented 376 awards. The recipients are selected by the OCUFA Teaching and Academic Librarianship Awards Committee. Approximately 7 awards are presented.

CATEGORIES

Teaching, in the context of the OCUFA awards, embraces virtually all levels of instruction — graduate and undergraduate teaching, continuing education and faculty development. Similarly, proficiency in teaching may extend well beyond the classroom, the laboratory or the faculty member's office. Activities such as course design, curriculum development, organization of teaching programs and other significant forms of leadership are often important contributions to the instructional process. Those who excel in any of these are eligible for the OCUFA Teaching Awards.

Academic librarianship, in the context of the OCUFA Awards, embraces all aspects of librarianship that contribute to the scholarly achievement of all members of the university community. Activities such as development and delivery of services, provision of educational materials, collection development and management and other contributions to academic librarianship are important to the intellectual functioning of the university. Those who excel in any of these are eligible for an OCUFA Academic Librarianship Award.

NOMINATIONS

Nominations are invited from individuals, informal groups of faculty or students, or both, and such organizations as local faculty associations, faculty or college councils, university committees concerned with teaching and learning, librarians, local student councils, departments, alumni, etc.

Guidelines to assist in organizing a nomination should be consulted by prospective nominators and are available on request from your Faculty Association Office, the Provincial Office of OCUFA, or the OCUFA website (www.ocufa.on.ca at <http://ocufa.on.ca/ocufa-awards/teaching-and-academic-librarianship-awards/>).

Nominations should include a covering nomination form (appended to Guidelines for OCUFA Teaching Award Nominations and Guidelines for OCUFA Academic Librarianship Award Nominations), a nominator's brief, and sufficient evidence, from as many sources as possible, to make it clear that outstanding work deserving of recognition has been done.

PROCEDURE

Deadline for receipt of nominations: May 21, 2013. Inquiries to: 416-979-2117. The original and five copies of the submission should be sent to:

OCUFA Teaching and Academic Librarianship Awards Committee
83 Yonge Street, Suite 300
Toronto, Ontario M5C 1S8

MUFA

Annual General Meeting

Tuesday, May 7, 2013

3:00 pm

**Great Hall
of the University Club**

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