

MEMBER UPDATE

Big win! Contribution rates for PSPP and LAPP to be reduced Victory underscores the importance of having labour representation on pension boards

Beginning on January 1, 2022, AUPE members who contribute to the Public Service Pension Plan (PSPP) and the Local Authorities Pension Plan (LAPP) will have their contributions reduced, leaving more money on their paychecks. Benefits will stay the same.

Members will have a contribution reduction of nearly one per cent in both PSPP and LAPP. This means that members who make \$70,000 annually can expect to have just under \$700 in additional take-home pay through the year. AUPE's representatives on the LAPP and PSPP sponsor boards—that's President Guy Smith, Executive Secretary-Treasurer Jason Heistad, and Vice-Presidents Susan Slade and Mike Dempsey—pushed hard for this, and the pension boards recently announced the change.

As the cost of living continues to rise, and the provincial government devalues public services, we know that AUPE members are in a tight spot financially. We know that the pandemic has been hard on our co-workers, and that every dollar counts. Whether that money goes towards buying groceries, school supplies for our children, or helps us pay down debts, more money in our pockets will help us through these tough times.

That's why your AUPE reps on LAPP and PSPP's Sponsor Boards worked to reduce your contribution—so that you can have more money in your pocket, without any reduction in your pension benefits.

	Contribution Rates for 2021	Contribution Rates for 2022
PSPP Member rate up to YMPE	*10.47% on pensionable salary up to \$61,600	9.6% on pensionable salary up to the 2022 YMPE
PSPP Member rate over YMPE	14.95% on pensionable salary above \$61,600	13.7% on pensionable salary above the 2022 YMPE
LAPP Member rate up to YMPE	8.39% on pensionable salary up to \$61,600	7.45% on pensionable salary up to the 2022 YMPE
LAPP Member rate over YMPE	12.84% on pensionable salary over \$61,600	11.80% on pensionable salary over the 2022 YMPE

*Years Maximum Pensionable Earnings (YMPE), is an amount set by the Government of Canada every year. The YMPE is set at \$61,600 for 2021; YMPE for 2022 has not been released.

Labour's voice on LAPP and PSPP Sponsor Boards made this possible

For 25 years, AUPE advocated for workers to have a greater voice on pension boards. In March 2019, that demand became a reality, when the Joint Governance of Public Sector Pension Plans Act (2019), came into effect and instituted joint governance of public-sector pension plans. Under that reform, corporate and sponsor boards for the plans were constituted and their respective fiduciary and sponsor roles were defined.

Through our AUPE representatives at the Sponsor Boards, we were able to secure this reduction. This is why we advocated for joint governance for so long—so that labour representatives on the Sponsor Board can have a real hand in ensuring that members of the pension plans can have a stable retirement at an affordable cost.

Defined Benefit plans are rock-solid

Both PSPP and LAPP are Defined Benefit (DB) plans, as opposed to Defined Contribution (DC) plans. For members, having a DB plan means that when you retire, you are guaranteed your benefit that you worked for, no matter what the economy is like in Alberta. In a DC plan, such as one where the employer makes RRSP contributions, your benefits are not guaranteed—they depend on the return on your investments.

Through the chaos and uncertainty of the past year and a half, AUPE members who are enrolled in PSPP and LAPP have known that they can depend on their pension benefit. That peace of mind is only possible with a DB plan.

Both PSPP and LAPP have extremely high-performing investments, managed professionally with oversight from the employee and employer representatives on pension plans Corporate Boards.

It's through the pension plan funds' strong performance that we were able to get your contribution level reduced.

Too many Alberta workers cannot depend on the stability that comes with a DB plan, and instead have to hope that stock markets don't tank their retirements. That's why AUPE fights for members to have access to DB plans through collective agreements.

When Albertan workers retire, they spend their pensions in their communities, and they stimulate the economy. Having stable, reliable pensions is a benefit to Alberta's economy as a whole. But more importantly, it's a promise of dignity for Alberta's workers. The people who built this province, and continue to make it run, deserve security in old age. Your Pension Committee will continue to work for that dignity and security.

For more information about Local Authorities Pension Plan visit www.lapp.ca. For more information on the Public Service Pension Plan visit www.pspp.ca

Should you have any questions regarding your plan contact your Pension Committee representative or Liliana Cordeiro, your Pensions Union Representative, at toll-free 1-800-232-7284.