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Civic Plan Faces 25% Contribution Rate Increase

by Bob Linner & Marguerite Porter

In 2011 the Administrative Board of the Regina Civic Employees' Superannuation & Benefit Plan instructed the Plan's actuary, Mercer (Canada) Ltd. to complete an actuarial valuation of the Plan at December 31, 2010. In performing the valuation, Mercer (Canada) Ltd. needed to account for the fact that the contribution rates required by the valuation at December 31, 2009 were never implemented. **By not implementing the required contribution rates, and continuing to contribute at the rates required by the valuation at December 31, 2007, there is an annual shortfall of \$11.7 million per year in contributions required to eliminate the deficit..**

The 2010 valuation revealed that, despite strong investment returns in 2010, the Plan's financial position has continued to deteriorate. At December 31, 2010 the Plan's going concern unfunded liability has increased from \$237.7 million (at December 31, 2009) to \$246.3 million. The Plan's solvency deficiency grew substantially from \$179.5 million (at December 31, 2009) to \$239.7 million.

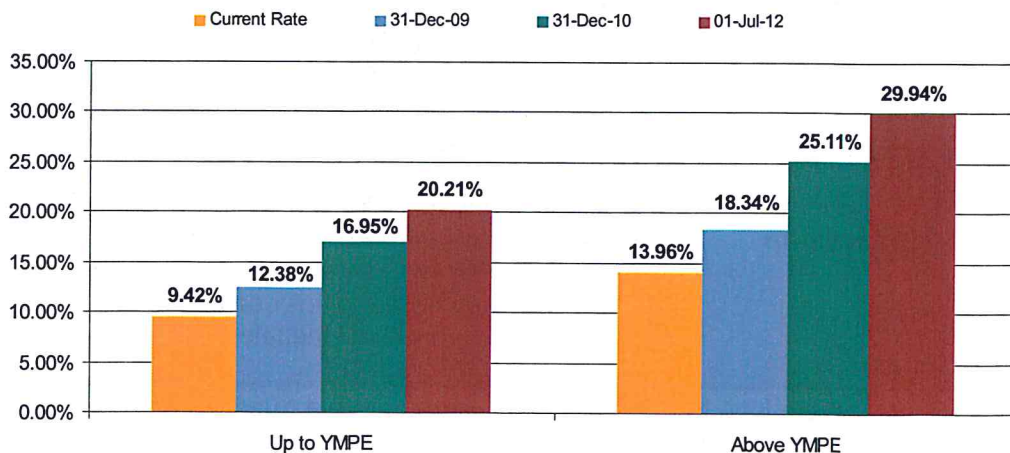
The Administrative Board recently decided to file the valuation at December 31, 2010 with the Superintendent of Pensions for Saskatchewan. The Board could not elect a three-year moratorium on solvency deficiency payments because this election can only be made once, and there is still one year remaining (2012) on the moratorium elected with regard to the December 31, 2009 valuation. Under the *Pension Benefits Regulations, 1993* (Saskatchewan) solvency deficiencies must be re-paid over a five-year period. **The solvency deficiency of \$239.7 million means the plan sponsors (employers and employees) are required to contribute an additional \$48 million per year from 2011-2015. This has a direct impact on contribution rates.** Mercer (Canada) Ltd. has estimated the required contribution rates if they were to be implemented July 1, 2012.



2012 Benefit Payment Dates

Following are the pension payment dates for 2012:

- January 31st
- February 29th
- March 30th
- April 30th
- May 31st
- June 29th
- July 31st
- August 31st
- September 28th
- October 31st
- November 30th
- December 31st



Continued

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Required Contribution Rates Keep Rising!		Combined Rate	Up to YMPE	Above YMPE
Dec 31, 2007 Valuation	Current Rates	20.7%	9.42%	13.96%
Dec 31, 2009 Valuation	Not Implemented	27.7%	12.38%	18.34%
Dec 31, 2010 Valuation	Not Implemented	38.2%	16.95%	25.11%
Jul 1, 2012 Possible Implementation	18-month Delay in Implementing Dec 31, 2010 Rates	45.5%	20.21%	29.94%

Delays in implementation beyond July 1, 2012 will lead to further increases in contribution rates. **The rates outlined above are the rates that employees and employers are required to pay by law in order for the Civic Plan to be in compliance with the *Pension Benefits Act, 1992* (Saskatchewan).**

In order for new contribution rates to be implemented the Plan Sponsors, being the employers and the employees (represented by the Pension & Benefits Committee), must agree. The rates required by the December 31, 2009 valuation (27.7% combined) were not implemented because the employers felt they were too high. The rates required by a possible July 1, 2012 implementation (45.5% combined) are 17.80% higher and the individual rates are, quite frankly, not affordable for many of our plan membership.

The valuation at December 31, 2010 supports the Board's beliefs that changes to the Plan are essential, the unfunded liability will not be eliminated over time, and positive investment returns will not provide a solution. The Board's message remains the same, with increased urgency, yet to date no contribution increases have been implemented and no changes to the Plan have been made. A prolonged stalemate puts future (and possibly past) benefit promises at risk.

Come Visit Our New Website!

by Kristy Howse



We are extremely pleased to announce that our new website is now running. The website contains information on the following four employee benefit plans that are administered by the Pensions & Disability Administration Department:

- the Regina Civic Employees' Superannuation & Benefit Plan;
- the Regina Civic Employees' Long Term Disability Plan;
- the Regina Police Pension Plan; and
- the Casual Employees' Superannuation & Elected Officials' Money Purchase Pension Plan.

Come Visit Us Today:

reginapensions.ca

Come visit us today at reginapensions.ca. The first time you visit the website you will be prompted to select your Plan. Upon subsequent visits you will automatically be re-directed to the Plan you selected. If you wish to view information regarding another benefit plan, links to all four plans can be found in the bottom menu of each page. Check back often to keep up with all the latest news.

COLA Announcement

The increase in the Consumer Price Index (CPI) for Canada from 116.7 at August 31, 2010 to 120.3 at August 31, 2011 is 3.10%. In accordance with the provisions of the Plan, a cost of living adjustment of **1.55%** will be applied to all pension payments and deferred pensions in 2012.

The pension adjustment is applied as follows:

Pension Payments:

- On the anniversary date of your pension commencement
- You will receive a notice and pay advice in the month that your COLA is applied

Deferred Pensions:

- On the anniversary of your termination of employment
- You will receive a letter advising you of your new deferred pension payment amount

We'd love to hear from you! If you have a question or comment about anything you've seen in our newsletter, or have an idea for a future newsletter, please contact us at pensions@regina.ca or call 777-7402.