

# Municipal Employee Pension Plan Survey Results

Below are the results of information provided by Nova Scotia's 50 municipalities to the Shoreline Journal first ever province-wide survey of municipal pension plans in Nova Scotia. The survey was conducted in January 2017.

Most municipalities were quick to participate, however information was not provided by the following municipalities because

they indicated they would not participate or did not respond to three emails and several phone messages: Counties of Antigonish, Inverness, Kings and Pictou; Districts of Clare and Yarmouth. The following towns did not participate: Clark's Harbour, Shelburne, Trenton, and Yarmouth.

## Cape Breton Regional Municipality:

800 CBRM employees are enrolled in two types of pension plans, a Defined Benefit for 700 and a Defined Contribution for the remaining 100. Salary ranges are from \$39,000-\$110,000, with an average of \$55,000. In both plans the contribution rates are the same at a matching 8% from both employees and the municipality. CBRM is sitting in a good position with its Defined Benefits Plan, in that because of the newness of the plan following the late 1990's amalgamation of eight municipalities the Municipality of the County of Cape Breton, the City of Sydney, the Towns of Glace Bay, Sydney Mines, New Waterford, North Sydney, Dominion and Louisbourg to create CBRM defined benefit plan was reclassified as "going concern", when provincial legislation was changed in 2010. The latest actuarial assessment completed December 31, 2016 is expected to show the plan as fully funded "going concern". In the 2008 era when markets crashed, the plan was underfunded and the municipality was forced to make extra payments. Once the underfunding was eliminated, and the plan reclassified it became a joint trusteeship with employees and municipality responsible for any shortcomings.

**Halifax Regional Municipality:** As one of the largest public pension plans in Atlantic Canada, the HRM Pension Plan provides current and future pensions to approximately 10,000 plan members. At its last actuarial valuation as of December 31, 2015, as a "going concern" the plan has assets of \$1.515696-Billion and liabilities of \$1.691789-Billion providing a deficit of \$176.093-Million. Should the plan be in a "solvency" position it has assets of \$1.701648-Billion and liabilities of \$2.679142-Billion for a total deficit of \$977.494-Million. The foot note to the "solvency" values stated: "Effective June 1, 2015, "grow-in" benefits are included as prescribed under the PBA. The asset value shown under the Solvency column represents the market value of assets plus the present value of special payments due within the next five years, less estimated wind-up expenses".

In order to cover the underfunding two amortization schedules, as follow, are more than sufficient to fund the unfunded liability at December 31, 2015: (1) Present value of 1.3% of pensionable earnings from 1-Jan-2016 through 31-Dec-2024 (the 2009 amortization schedule) for payments totaling, \$32,894,000. (2) Present value of 4.8% of pensionable earnings from 1-Jan-

2016 through 31-Dec-2027 (the 2012 amortization schedule) amounting to \$154,473,000 for a total \$187,367,000. Consequently, the 2009 amortization schedule (i.e. currently 1.3% of pensionable earnings) can be reduced to 0.9% of pensionable earnings effective January 1, 2016 and the resulting amounts will then equal the going-concern deficit at December 31, 2015 of \$176,093,000.

The HRM plan has 5,768 active members; 598 inactive and deferreds; and 3,763 pensioners and survivors to a total enrollment of 10,129. As of December 31, 2015 the 5,768 active members had average earnings of \$59,140 compared to 5,670 employees in December 2014 with average earnings of \$56,689.

**County of Annapolis:** Defined contribution employee pension plan. Other details about the plan were not available.

**County of Antigonish:** Staff did not reply to several calls. Data was unavailable.

**County of Colchester:** There are 90 active members in a defined benefit plan. Average employee salary is \$53,243. Employee contributes 7.0% to YMPE and 8.5% above YMPE. The municipality contributes 9.24% to YMPE and 11.22% above YMPE. Actuarial reports are filed every 3 years with last report December 2013. The plan was fully funded at that time. A new actuarial report is expected in two to three months.

**County of Cumberland:** 90 employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan based on the following years of service: 0-10 ten years - 6%; 10-20 years - 7.5%; 20+ years - 9%. As a retention tool, the municipality offers an option for employees to contribute up to an additional 6% to their pension, but this is not matched by the municipality.

**County of Kings:** Refused to participate in the survey.

**County of Inverness:** Several calls were made to obtain the data, but all attempts were unsuccessful.

**County of Kings:** Several attempts were made to obtain the data, but all attempts were unsuccessful.

**County of Pictou:** Details were unavailable at press time.

**County of Richmond:** A total of 25 employees are enrolled in two different plans. 15 are in a Defined Contribution plan which has varying rates of employee and employer matching contributions based on years of service: 0-5 years - 7%; 6-10 years - 8%; 10+years - 9%. In a Defined Benefits Plan, 10 employees are enrolled with employee contributing 9%, while the

municipality contributes 6.84%. Staff did not reveal if the Defined Benefits plan was underfunded and additional annual payments were required.

**County of Victoria:** A defined contribution plan for all 42-45 employees with contributions of 7.5% contributed equally by employee and the municipality.

**District of Argyle:** A defined contribution plan for all employees at 6% with the employer providing a matching 6%. Total salary costs last year for 18.5 staff was \$907,800.

**District of Barrington:** 22 full-time employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of up to 6.5%.

**District of Chester:** 42 employees in a defined contribution plan with a basis of matching contributions of 5%. If employees decide to contribute more, the municipality will match with the employees to a total of 6%.

**District of Clare:** Details unavailable at press time.

**District of Digby:** 20 employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan based on the following years of service: First 10 ten years - 6%; Second 10 yrs - 7%; Third ten year span - 9%.

**District of East Hants:** A Defined Benefit plan has 50 employees participating contributing 5%, which is matched by the municipality. Average salary is in the range of \$55,000. The municipality is responsible to contribute additional funds to cover any shortages. The amount of this annual contribution was not revealed.

**District of Guysborough:** 55 employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan based on years of service ranging from 5% to 9%.

**District of Lunenburg:** Defined Benefits Pension Plan. 39 full time employees with and average salary of \$56,628. Employer and employees contribute equally to the plan with a total investment of \$92,031 from each party. The plan was underfunded by \$3,558,584 (solvency deficit) at its last actuarial valuation on December 31, 2015. The Municipality is making special payments \$84,747 per year for 10 years from the valuation date, reducing to \$81,985 for three more years. Beginning in 2016 municipal employees in the plan help fund these special payments through wage concessions. Based on the December 31, 2015 actuarial going concern valuation, the regular contributions along with the required special payments, are expected to be sufficient to cover the Plan's

obligation on a going concern basis. This information has been and will continue to be reported in the municipality's audited financial statements.

**District of Shelburne:** Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of 5% regardless of years of service.

**District of St Mary's:** 9 full-time employees with an average salary of \$51,385 in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of 6%.

**District of West Hants:** The municipality's 40 employees are enrolled in a Defined Contribution Plan with matching contributions of 6% from employee and municipality. Average salary is \$48,000.

**District of Yarmouth:** Refused to participate in the survey.

**Municipality of the District of Pictou:** Employees are enrolled in a defined contribution plan with two rates of contributions. Unionized staff contribute 6% with the employer providing 7%. Non-unionized employees contribute 7%, which is matched by the employer.

**Region of Queens Municipality:** Region of Queens with approximately 100 employees has a fully funded Defined Benefit Plan. Employees contribute 8.8%, while the municipality contributes 9.8%. Number of employees and average salary was not provided. The plan is not underfunded.

**Town of Amherst:** Sixty-four employees in the Town of Amherst are enrolled in two different pension plans.

Twenty one are in a Defined Contribution Plan with matching contributions of 6% of earnings from employees and municipality. These employees have an average salary of \$45,253, to the municipality contributing \$45,253 in premiums as of March 31, 2016. The town's second plan is Defined Benefit Pension Plan for 43 employees having an average salary of \$53,450 and matching contributions of 6%.

The municipality's contribution to this plan as of March 31, 2016 was \$202,847. The defined benefit plan has been underfunded for the past 8-10 years. As of its last valuation March 31, 2014 the plan was underfunded by \$1,041,300. To cover the underfunding the municipality paid \$125,910 for the fiscal 2015-2016 year ending March 31, 2016. It is anticipated it will take 5-8 years, depending on markets and employee contributions to eliminate the underfunding.

**Town of Annapolis Royal:** 10 full-time employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of 5%.

**Town of Antigonish:** In a telephone call staff indicated too much on her plate and didn't have time to provide the data.

**Town of Berwick:** Berwick's 20 employees are enrolled in a Defined Contribution Plan with employee and employer each contributing 6%.

**Town of Bridgewater:** Bridgewater's 116 employees are enrolled in a Defined Contribution Plan. With an average salary of \$51,097, employees on average contribute \$2,032.35 annually, which is matched by the municipality. As of March 31, 2016 for the previous year, the municipality's total annual CPP expenditure was \$235,752.86. Because the plan is defined contribution, there is no underfunding.

**Town of Clark's Harbour:** Refused to participate in the survey.

**Town of Digby:** With seasonal employees included, employee levels range between 20-25 who are enrolled in a Defined Contribution Pension Plan. Average salary range is \$35,000-\$40,000 per year. Employees and municipality contribute a matching amount of 5%.

**Town of Kentville:** 70 full-time

## \$180.692-Million Underfunded

*Continued from page 1*

Many hours were spent during the month of January conducting the first-ever media province-wide survey of municipal employee pension plans throughout Nova Scotia's 50 municipalities. If you have never been involved or wanted to learn about municipal pension plans, it's a complicated subject. With municipalities there are two types of plans. The Shoreline's survey confirms ten of the 50 municipalities have a Defined Benefit Plan (DBP). The remaining 40 and some of those with DBP's have what is called a Defined Contribution Plan. In both type of plans, the employer and employee each contribute a percentage of the annual salary. In many cases the contributions are equally matching, but in some municipalities the rates, based on labour agreements, may vary.

A Defined Benefit Plan (DBP) has a formula to specify the amount of an employee's pension and is based on the employee's annual salary. If the stock market under-performs and the plan becomes underfunded the municipality must "top-up" the plan with additional payments which are taken out of general tax

revenue.

In a Defined Contribution Plan the amount of the employee's pension depends on market performance, without any obligation on the municipality to make special payments. Essentially this is the same as if an individual took out a RRSP, which is dependent upon market performance.

Years ago back in the 2008 era when markets crashed, a lot more DBP's were underfunded requiring significant payments from general tax revenue, because regulations placed shortfall responsibilities solely on the municipality. However, in 2010 the province made changes to plan management, switching DBP's to a joint trusteeship, in which employees and employer shared in underfunding responsibilities.

Actuarial reviews are conducted regularly on all plans. Outcomes are classified as underfunded, going concern, solvency level and windup. In the going concern stage, a plan is determined to be fully funded and many require extra contributions from employees.

The results of the survey are included elsewhere in this issue.

employees in a Defined Contribution pension. Municipality has three classifications of employees: unionized police force, CUPE and non-unionized staff. Employer and employees contribute equally to the plan at rate of 7% regardless of the years of service.

**Town of Lockeport:** Lockeport's six employees with an average salary of \$36,547 are enrolled in a Defined Contribution Plan contributing 2%, which is matched by the town.

**Town of Lunenburg:** With 34 employees Lunenburg offers a Defined Contribution Pension plan to which employees and municipality contribute a matching 6%.

**Town of Mahone Bay:** 16 employees including part-time. Total wage cost is \$583,684. Collectively employees contribute \$24,239 to the defined contribution plan, which is matched by the municipality. Because it is a Defined Contribution Plan there is no underfunding to be covered by the employer. When the proposed CPP Expansion is implemented CPP costs will increase in accordance to premium rate increases.

**Town of Middleton:** 15 employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of 6%.

**Town of Mulgrave:** 36 employees, including full-time, part-time and casual employees enrolled in a Defined Contribution Plan. Average salary was \$16,405, with average matching contributions of \$697 per year. CPP costs incurred by municipality of \$25,083 per year.

**Town of New Glasgow:** There are 74 employees enrolled in the Defined Benefit Plan. Matching contributions are 6% & 6%. Last actuarial report was as of July 31, 2015, and a new report is expected in approximately three months. The plan is 100% funded as an "on-going concern", which eliminates the town having to cover any underfunding. Average salary of the 74 employees is \$58,215. Employees contribute up to 6.1% of their salary up, which is matched by the employer. Employees can voluntarily contribute 7.6% above the YMTP, which is also matched by the employer.

**Town of Oxford:** 9 full-time employees with an average salary of \$41,100 in a Defined Contribution Pension. Average employee contribution is \$2,592, with the Municipality's aggregate contribution of \$21,000.

**Town of Parrsboro:** Still on UNSM website, but last fall was

amalgamated into the County of Cumberland.

**Town of Port Hawkesbury:** 20 full-time employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of 9%.

**Town of Shelburne:** CAO passed the file to Human Resources Department. The HR department has been busy preparing for upcoming negotiations and has not had time to research the information to meet our deadline.

**Town of Stellarton:** 20 employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of 7%. Plan is the same for unionized and non-unionized employees.

**Town of Stewiacke:** 10 full-time employees with an average salary of \$39,300 in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of \$2,346 per employee.

**Town of Trenton:** Staff did not return calls. Data unavailable.

**Town of Truro:** The number of employees as of over last valuation was 110, with the average salary being \$50,000.00. Truro's employees have two pension plans, with the police force enrolled in the PANS pension plan. Information about the PANS plan is not available. The employee plan is a Defined Benefit plan, which as of last actuarial review was not underfunded. Employees and the municipality each contribute 7% to the plan.

**Town of Westville:** A defined contribution employee pension plan covers the 20-30 employees, some of which are seasonal and part-time. Average FTE salary ranges between \$38,000-\$40,000. Contribution from employees is 6%, while the municipality contributes 7.2%.

**Town of Windsor:** 31 employees with an average salary of \$55,525 per year in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of 5%. Plan is the same for unionized and non-unionized employees.

**Town of Wolfville:** 39 employees in a Defined Contribution Pension. Employer and employees contribute equally to the plan at rate of 6%. Plan is the same for unionized and non-unionized employees.

**Town of Yarmouth:** Staff responded they did not wish to participate in the survey.

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