news from
cuasa

Volume 9, No. 12 Editor: R. Lovejoy April, 1979.

REPORT ON PENSIONS

During the contract reopener on salaries and benefits in 1978, CUASA proposed that membership in the Carleton University Retirement Plan be made voluntary. Membership is at present optional prior to age 30 and compulsory thereafter. In the negotiations we raised questions about the rate of earnings of the plan relative to other investments (principally Registered Retirement Savings Plans) and about the lack of true portability of funds from the Carleton Plan. Perhaps more importantly, we brought a central issue of principle into the open; that is, does the employer via the pension plan have the right to decide how employees shall spend a large proportion of their current incomes?

All pension plans require their members to defer some part of current incomes so as to produce, one hopes, a worthwhile future benefit. The complusory Carleton plan requires a contribution equivalent to 14.4% of our salaries less payments to the Canada Pension Plan. For income tax purposes 6% (less C.P.P.) plus 2.4% of salary is technically described as the employer's contribution and 6% (less C.P.P.) is the employee's contribution. Since, however, the "employer's" contribution is charged against total salary compensation for the bargaining unit, it is the employee who must, in fact, defer an additional 8.4% of current income.

Pension payments are not some charitable donation made by the employer. The total pension contribution is borne directly or indirectly by the employees. Of the total 14.4% of salary, 6% from the employee and from the employer will be credited directly to the employee's money purchase account. The remaining 2.4% is not allocated to individuals. 1.2% is used to fund the minimum guarantee plan and 1.2% to pay off unfunded liabilities and experience deficiencies.

WESTRATE MARTUS INSURANCE
Bob Jones is on campus Tuesdays and Wednesdays, Room 513, Herzberg Building
PHONE: 4310 (at Carleton)
TOLL FREE: 1-800-267-7996
CLAIMS: 233-5661

The value of any deferred pension benefits must be assessed in at least two ways. We must ask ourselves, "what will my benefit be when I retire?". An equally important and often forgotten question is, "what do I sacrifice if I leave the plan prior to retirement?". At the moment the minimum guarantee plan provides for an annuity after retirement at age 65 equivalent to 1.75% x years of service x average salary in the five best years up to a maximum of 35 years less C.P.P. benefits. In other words, a faculty member with 35 years service would receive total pension benefits from the Carleton plan and C.P.P. equal to 61.25% of the average salary in the best (usually the last) five years, assuming that all 35 years were spent at Carleton. Unfortunately, if an individual leaves the plan prior to retirement and transfers his contributions and the employer's to another pension plan, years of service will almost invariably be lost in the transfer. Thus transferring out means that the individual will have sacrificed 2.4% of salary for each year of plan membership.

For all plan members there is always a potential loss in that funds locked up in the plan cannot be invested elsewhere at a conceivably higher rate of return. Of course, you may be satisfied with the rate of return on Carleton's pension investments. The current money managers (Toronto Investment Management) have earned an additional 75¢ of income for every $1 of contribution to the plan and in 1978 the net rate of return was a reasonable 10.8%. Notice, however, that 1978 was a year in which Canadian pension plans in general made great strides. The Toronto Stock Exchange reached its historical high in the last quarter of the year and selling into a rising market accounts for much of our gain. (Jarislovsky, the money managers for Queen's pension fund, earned more than 17% net for their investors in 1978.) If you find a 10.8% rate of return satisfactory all well and good. If you think you could do better elsewhere (if, for example, it is to your advantage to pay off your mortgage more quickly), whether you like it or not, your funds are tied up in the Carleton plan.

The Carleton pension plan provides an altogether inflexible form of group investment, only fortuitously suited to the needs of individuals. We shall continue to press for voluntary plan membership and for changes in the current plan to ensure greater convenience for individual plan members.

Bill Jones,
Staff Welfare Chairman

ACADEMIC CAREER PLANNING

As week after acrimonious week dragged by in the course of negotiating our 1978-79 salary and benefits package, two points became abundantly clear. First, we must quickly and satisfactorily resolve the serious problems posed by:

1. an inflation rate that is substantially higher than the rate at which the University's revenues are increasing;
2. a maldistribution of material and faculty resources across the University that has resulted in inequitable workloads and the imposition of enrolment limits in areas of high student demand;
3. a faculty age profile that offers no relief from local or global overstaffing problems and hence, no relief from local under-staffing problems either; and
4. a fully justified moral committment to avoid a declaration of financial stringency at all costs.

Our second realization was that it is folly even to contemplate solving these problems in the emotionally charged atmosphere of a negotiating room.

It was precisely these concerns that resulted in two important features of the final settlement of the 1978 reopener. The term of the Collective Agreement was extended for an additional ten months to provide more time for the Association and the Administration to tackle these problems cooperatively rather than as adversaries. Then, to ensure and promote a cooperative approach, Article 19 of the Collective Agreement was amended to provide a parity committee whose sole function is to identify new policy directions that may guide the University around the shoals that are threatening its future. Unlike most parity committees, and in particular, unlike the Academic Career Planning Committee countenanced by the unrevised Article 19, this committee does not report to JCAA but rather to the Presidents of the University and the Association. This apparently minor administrative distinction is in fact significant in that it reflects the high priority which both the Association and the Administration have assigned to the work of the Committee.

As finally constituted, the Committee consists of Assistant Vice-President Brown, Dean Ryan, Muni Frumhartz and myself. It is currently meeting on a regular basis, with weekly meetings scheduled well into the future.

The goals that have been established thus far are:

1. establish how critical the current situation is and, depending on various assumptions, what the situation will be in five or ten years time;
2. identify what methods are available for acceptable reductions in the number of faculty at Carleton and/or altering their distribution among the various departments, schools and faculties;
3. rate these methods by means of a "cost/benefit" analysis that takes into account not only financial costs and benefits but also non-financial ones;
4. establish a priority (short) list of methods to concentrate on and then;
5. determine what policy and/or contract changes are needed to make these methods feasible and to encourage their utilization.

The first goal alone is a very ambitious one to seek in the limited time we have available It will involve analysis of the current budge and structure of the University to see if any additional savings can be found elsewhere. More importantly, it will involve extensive use of financial and staff models to date how major and how rapid a reduction in establishment is really necessary. Ambitious or not, it is my opinion that this work is an essential concomitant to achieving the other goals listed above.

If you have any ideas, suggestions or opinions that you think would assist or benefit the Committee's work, please do not hesitate to communicate them to Muni or myself or your CUASA Council representative.

Les Copley
Secretary and Treasurer

WOMEN ACADEMICS

The Office of Equal Opportunities for Women of the Public Service Commission is preparing a list of highly qualified women with academic backgrounds who might be approached to be resource people for courses for managers at the federal Staff Development Centre. They need lists of women academics in economics, finance, political science, Canadian studies, organization and development, business management, and industrial relations.

If you are interested, please call CUASA at 6387 or write us a brief note.

HOUSING NOTICES

WANTED TO RENT: Furnished or unfurnished accommodation for family of four (including two young children), from August 1979 for one year.

Please contact: Dr. Richard H. Hudson
Department of Mathematics
University of South Carolina
Columbia, S.C. 29208 USA.

FOR RENT: 3 or 4 bedroom house in Ottawa South, approximately $500 rent per month. Available June 1979, long lease two to three years preferred. Phone 238-8368.

SALARY SETTLEMENTS

UNIVERSITY	SCALE
KING'S	6%
QUEEN'S	4.6%
TRENT	5%
TORONTO	5.4%

source: OCUFA

OTTAWA-CARLETON EDUCATION CREDIT UNION

All employees of Carleton University are eligible for membership in this credit union. Office 268 First Avenue/232-5368.

COUNCIL URGES CUASA MEMBERS TO MAKE INDIVIDUAL FINANCIAL CONTRIBUTIONS TO THE GAA, WHICH HAS WRITTEN TO THE ASSOCIATION EXPLAINING ITS FINANCIAL STATE. PLEASE MAKE CHEQUES PAYABLE TO GRADUATE ASSISTANTS' ASSOCIATION (CARLETON UNIVERSITY) FORWARD TO T. O'DONNELL, D783 LOEB.