***Great news: Salary gains to offset pension contribution increases***

 **Settlement reached with University of Toronto Administration**

As we have been saying in all of our pension communications, Local 1998 has taken the position that increases in members’ pension contributions as a result of moving to the UPP should be offset by compensatory salary increases.

Under the terms of our current pension plan, members’ current pension contribution levels are 7.7% of salary below the YMPE and 9.5% above the YMPE. (Year’s Maximum Pensionable Earnings: the maximum amount on which to base contributions to the Canada Pension Plan.) The University’s contributions are neither defined nor fixed.

If it is formed, the new *University Pension Plan (UPP)* would entail contribution increases from members. Importantly, the UPP would also fix and define U of T’s pension contributions as exactly equal to members’ contributions. The UPP’s 50/50 design would set employee and University contribution levels at 9.2% of salary below the YMPE and 11.5% above the YMPE.

**Local 1998 is very pleased to announce that we have negotiated a very positive *Memorandum of Agreement* with the University administration for an offsetting salary increase in the event the UPP is formed.**

This increase of **1.5% (effective July 1, 2019)** would be a special one-time salary adjustment, separate from the 2% Across the Board increase, in anticipation of the new UPP contribution levels taking effect on the same date.

The memorandum of agreement provides that in the event that USW Local 1998 members vote in favour of the UPP but for some other reason the UPP is not actually formed, these salary and contribution increases would proceed. This would mean that Local 1998 would not have to address pension contributions and offsets in our next round of full collective bargaining in 2020, during which we would be dealing with the full range of bargaining issues including proposals for across-the-board increases.

Local 1998 members will be **voting on the UPP in early 2019**, and this memorandum of agreement is contingent upon a majority of members voting in favour of the UPP’s formation.

The USW Local 199 Executive is **unanimously recommending support** for the UPP’s formation when members vote early next year.

We will be presenting details of this offset increase in our upcoming UPP webinars, so keep an eye out for those dates and times in upcoming newsletters.

Sincerely,

Colleen Burke

President, USW Local 1998