

Pension Increase Outrageous

NJC Bargaining Agent Side members expressed their outrage at the unilateral decision by the employer to increase employee pension contributions by 0.3% per year over the next 8 years, starting in January 2006. When these changes were announced, they were immediately and vociferously denounced.

“These changes are particularly insulting, given the timing of the announcement. We know that the government currently has an approximately \$7 Billion dollar pension surplus, over and above the \$30 billion that they confiscated from the employees. That this matter is before the courts, and that the hearings are scheduled to begin in November, makes this increase outrageous,” said CAPE President José Aggrey. *“What’s more, the Pension advisory committee has already recommended a **one time increase** of 0.2%. We strongly denounce this unilateral action, and find it entirely unacceptable. “*

We underscore the fact that we are pursuing the matter of the pension surplus, in November. In the interim, Bargaining Agents will be bringing pressure to bear, and developing *strategies* with the goal of getting the employer to reverse this decision, and if necessary, implementing a more reasonable increase, more along the lines of the 0.2% increase recommended by the Pension Advisory Committee.

The increased pension contributions will make no changes in the pensions payable before age 65. They make only minor increases in the pensions payable after age 65. When fully implemented in 2013, the pension increases after age 65 for each year of service for employees at typical salary levels are shown below.

Summary of 2005 changes in pension after age 65 for each year of service

Salary	Pension in		Increase	
	2005	2013	\$	%
\$40,000	\$520.00	\$550.00	\$30.00	5.77%
\$50,000	\$712.30	\$743.13	\$30.83	4.33%
\$60,000	\$912.30	\$943.13	\$30.83	3.38%

The changes make significant increases in employee contributions over the contributions presently required. When fully implemented in 2013, the contribution increases for employees at typical salary levels are shown in Table 1 below.

Summary of 2005 changes in employee contributions

Salary	Contributions in		Increase	
	2005	2013	\$	%
\$40,000	\$1,600.00	\$2,560.00	\$960.00	60.00%
\$50,000	\$2,311.50	\$3,378.00	\$1,066.50	46.14%
\$60,000	\$3,061.50	\$4,218.00	\$1,156.50	37.78%

A member earning a salary of \$40,000 will be contributing 60% more by 2013. Her pension before age 65 will be unchanged. Her pension after age 65 will be increased by 6%.

A member earning a salary of \$50,000 will be contributing 46% more by 2013. Her pension before age 65 will be unchanged. Her pension after age 65 will be increased by 4%.

A member earning a salary of \$60,000 will be contributing 38% more by 2013. Her pension before age 65 will be unchanged. Her pension after age 65 will be increased by 3%.

The tables below show how the increases in contributions and pensions after age 65 will be implemented over the period 2006 to 2013.

Employee required contributions

Annual Salary	Year	Employee required contributions		Increase	
		Before change in 2005	After change in 2005	\$	%
\$40,000	2005	\$1,600.00	\$1,600.00	\$0.00	0.00%
	2006	\$1,600.00	\$1,720.00	\$120.00	7.50%
	2007	\$1,600.00	\$1,840.00	\$240.00	15.00%
	2008	\$1,600.00	\$1,960.00	\$360.00	22.50%
	2009	\$1,600.00	\$2,080.00	\$480.00	30.00%
	2010	\$1,600.00	\$2,200.00	\$600.00	37.50%

	2011	\$1,600.00	\$2,320.00	\$720.00	45.00%
	2012	\$1,600.00	\$2,440.00	\$840.00	52.50%
	2013	\$1,600.00	\$2,560.00	\$960.00	60.00%
\$50,000	2005	\$2,311.50	\$2,311.50	\$0.00	0.00%
	2006	\$2,311.50	\$2,461.50	\$150.00	6.49%
	2007	\$2,311.50	\$2,611.50	\$300.00	12.98%
	2008	\$2,311.50	\$2,761.50	\$450.00	19.47%
	2009	\$2,311.50	\$2,884.80	\$573.30	24.80%
	2010	\$2,311.50	\$3,008.10	\$696.60	30.14%
	2011	\$2,311.50	\$3,131.40	\$819.90	35.47%
	2012	\$2,311.50	\$3,254.70	\$943.20	40.80%
	2013	\$2,311.50	\$3,378.00	\$1,066.50	46.14%
\$60,000	2005	\$3,061.50	\$3,061.50	\$0.00	0.00%
	2006	\$3,061.50	\$3,241.50	\$180.00	5.88%
	2007	\$3,061.50	\$3,421.50	\$360.00	11.76%
	2008	\$3,061.50	\$3,601.50	\$540.00	17.64%
	2009	\$3,061.50	\$3,724.80	\$663.30	21.67%
	2010	\$3,061.50	\$3,848.10	\$786.60	25.69%
	2011	\$3,061.50	\$3,971.40	\$909.90	29.72%
	2012	\$3,061.50	\$4,094.70	\$1,033.20	33.75%
	2013	\$3,061.50	\$4,218.00	\$1,156.50	37.78%

Annual pension for each year of service

Annual Salary	Annual pension for each year of service									
	Before change in 2005		After change in 2005				Increase			
	pre 65	post 65	pre 65	post 65	\$		%			
				pre 65	post 65	pre 65	post 65	pre 65	post 65	
\$40,000	\$800.00	\$520.00	2006	\$800.00	\$520.00	\$0.00	\$0.00	0.00%	0.00%	
			2007	\$800.00	\$520.00	\$0.00	\$0.00	0.00%	0.00%	
				2008	\$800.00	\$526.00	\$0.00	\$6.00	0.00%	1.15%
				2009	\$800.00	\$532.00	\$0.00	\$12.00	0.00%	2.31%
				2010	\$800.00	\$538.00	\$0.00	\$18.00	0.00%	3.46%
				2011	\$800.00	\$544.00	\$0.00	\$24.00	0.00%	4.62%
				2012	\$800.00	\$550.00	\$0.00	\$30.00	0.00%	5.77%
				2013	\$800.00	\$550.00	\$0.00	\$30.00	0.00%	5.77%
\$50,000	\$1,000.00	\$712.30	2006	\$1,000.00	\$712.30	\$0.00	\$0.00	0.00%	0.00%	
			2007	\$1,000.00	\$712.30	\$0.00	\$0.00	0.00%	0.00%	
				2008	\$1,000.00	\$718.47	\$0.00	\$6.16	0.00%	0.87%
				2009	\$1,000.00	\$724.63	\$0.00	\$12.33	0.00%	1.73%
				2010	\$1,000.00	\$730.80	\$0.00	\$18.50	0.00%	2.60%
				2011	\$1,000.00	\$736.96	\$0.00	\$24.66	0.00%	3.46%
				2012	\$1,000.00	\$743.13	\$0.00	\$30.83	0.00%	4.33%
				2013	\$1,000.00	\$743.13	\$0.00	\$30.83	0.00%	4.33%

\$60,000	\$1,200.00	\$912.30	2006	\$1,200.00	\$912.30	\$0.00	\$0.00	0.00%	0.00%
			2007	\$1,200.00	\$912.30	\$0.00	\$0.00	0.00%	0.00%
			2008	\$1,200.00	\$918.47	\$0.00	\$6.16	0.00%	0.68%
			2009	\$1,200.00	\$924.63	\$0.00	\$12.33	0.00%	1.35%
			2010	\$1,200.00	\$930.80	\$0.00	\$18.50	0.00%	2.03%
			2011	\$1,200.00	\$936.96	\$0.00	\$24.66	0.00%	2.70%
			2012	\$1,200.00	\$943.13	\$0.00	\$30.83	0.00%	3.38%
			2013	\$1,200.00	\$943.13	\$0.00	\$30.83	0.00%	3.38%