STAFF REPORT

Date: 13 Jan 2019
To: Chair Russell, Finance Liaison
    Director Cacchioni and Members
    of the Board
From: Beth Burget, General Manager of
       Finance
Re: Management Early Retirement
    Incentive Program Policy

Issue Introduction

A staff report from Beth Burget, General Manager of Finance requesting approval to renew the Early Retirement Incentive Plan for a period of January 1, 2019 to December 31, 2020.

History/Background Factors

The Regional District of Kootenay Boundary Board originally approved an Early Retirement Incentive Program (ERIP) for Management Staff effective 2005. This program was consented to as a result of concessions to other aspects of the Management Group's benefit package. Management staff hired after the original Program approval date are not eligible to participate in the Program. There are currently two eligible staff. A copy of the Policy is included for the Committee's information.

Implications

There are no new financial implications.

Advancement of Strategic Planning Goals

Not applicable
Background Information Provided

Regional District of Kootenay Boundary Management Early Retirement Incentive Program Policy

Alternatives

- Receipt
- Deferral
- Approval

Recommendation(s)

That the Regional District of Kootenay Boundary Board of Directors approve the Management Early Retirement Incentive Policy (the ERIP) for employees of the Regional District who are members of the Municipal Pension Program and who are described more particularly in the details of the ERIP immediately following the resolution (Schedule 'A'; revised January 14, 2019 AND FURTHER that the Regional District of Kootenay Boundary Board of Directors agree to pay one hundred percent (100%) of the total cost of the ERIP as determined by the Pension Corporation.

The ERIP will provide an unreduced pension for employees of the Regional District of Kootenay Boundary who are members of the Municipal Pension Program and who are at least 55, by waiving the "rule of 90" (normal age plus contributory service) and substituting the "Rule of 80". The member is eligible to apply for an unreduced pension under the terms of this ERIP during the period from January 1, 2019 to December 31, 2020.
Regional District of Kootenay Boundary
Management Early Retirement Incentive Program Policy

PURPOSE

To provide exempt management employees with an opportunity to elect an early retirement package, which offers more favourable retirement terms than those provided upon retirement at the normal retirement age.

POLICY

1. Eligible Employees

An employee is eligible to apply for the Early Retirement Incentive Program ("ERIP") if:

(a) he/she occupies an exempt management position.

(b) he/she is a 55 to 60 years of age, or 50 to 55 years of age is he/she is a fire fighter;

(c) In respect to option 1, he/she qualifies for a pension under the Municipal Pension Plan and his/her age and years of contributory service add up to the factor (rule) of 80 or greater, or 75 or greater if he/she is a fire fighter.

(d) he/she has a minimum of five years full time service with the Regional District of Kootenay Boundary (Regional District).

(e) he/she is not on long term disability.

2. ERIP Package

The ERIP Package consists of two mutually exclusive options:

Option 1
Pension Benefit

The plan benefit is to provide eligible exempt management employees an unreduced pension benefit for employees age 55 to 60 and 50 to 55 for Fire Fighters.

The benefit is a change in the unreduced pension benefit formula from the factor (rule) of 90 to the factor (rule) of 80, and a change in the unreduced pension benefit formula for fire fighters from the factor (rule) of 80 to the factor (rule) of 75.

Option 2
Retirement Allowance

Should an eligible employee chose to not apply or does not qualify for a purchase of an annuity to result in an unreduced pension benefit then they are entitled to receive a payout of a retirement allowance upon retirement.

The amount of the payout entitlement is 50% of the accumulated savings in benefit costs as specified in Schedule ‘A’. An example for an eligible employee who provides a monthly saving in benefit costs of $100.00 per month and is in the plan for 24 months would be: ($100.00 X 24) X 0.5 = $1,200.00.

This entitlement can be taken as cash, contribution to a registered retirement savings plan, a registered pension plan or as leave with pay, or any combination of forms subject to the Income Tax Act and pension plan restrictions.
2. **ERIP Package** (continued)

   **Other Entitlements**
   Payment of vacation, banked time, sick leave, probationary period payout (RDKB Board resolution 109-02) and/or gratuity pay in accordance with legacy entitlement from the I.A.F.F. collective agreement, or any entitlements from other exempt staff policies, whichever may be applicable, is not effected by the E.R.I.P.

3. **Purchase of Period of Non-Contributory Employment**

   An eligible employee who has applied for the ERIP may, at his or her election, purchase a period of non-contributory employment while in the employ of the Regional District in order to increase his or her pension benefit upon retirement. The total cost of such purchase shall be shared between the employee and the Regional District, and the employee’s share of the cost shall be deducted from the amount referred to in Section 2.

   The same purchase practice applied in the policy directive of Board resolution 109-02 (purchase of probationary period) is to apply to the purchase of any other non contributory employment period while in the employ of the Regional District.

4. **Purchase of Pension Reduction**

   Where the early retirement of an employee would result in the employee receiving a reduced pension the ERIP will buy out the full reduction, by paying a sum or sums of money to the Municipal Pension Plan, the amount of which will be determined by the Pension Corporation. The full cost of such buyout will be paid by the Regional District. The buyout is subject to approval by the Pension Corporation.

5. **Applying for the ERIP**

   (a) An eligible employee interested in participating in the ERIP shall submit his or her expression of interest in writing to the Regional District’s Chief Administrative Officer six months prior to their expected date of retirement. The Regional District reserves the right to waive this requirement due to unusual or unique circumstances. The submission of interest does not commit the employee to retire.

   (b) The Chief Administrative Officer will, upon receipt of an expression of interest, obtain pension information in respect of the employee and see that the information conveyed to the employee. This information will include an explanation of the Early Retirement Incentive Program package, as described in Section 2, an explanation of the pension distribution and buyout options available to the employee under the Municipal Pension Plan, pension benefit levels and calculations based on the options available, information on group health and welfare benefits, and other related information.

   **The pension information provided by the employer is of a preliminary nature and may be modified or adjusted by the Pension Corporation. It is the responsibility of the employee to obtain confirmation directly from the Pension Corporation of any pension information provided by the employer.**
POLICY (continued)

(c) If, upon reviewing the information provided by the employer and the Pension Corporation, the employee wishes to retire, the employee shall submit a letter of intent to the Chief Administrative Officer stating his or her intent to retire, the intended date of retirement, and whether he/she wishes to purchase period(s) of non-contributory service. The submission of a letter of intent does not commit the employee to retire.

5. Applying for the ERIP (continued)

(d) The Chief Administrative Officer will review the letter of intent and will finalize the pension benefit calculations with the employee and the Pension Corporation will determine the amount payable to the employee under Section 2 of this policy. The Regional District will provide the employee with a formal written offer of early retirement containing the details of the early retirement package.

(e) The employee will be given two weeks to accept the offer. Upon acceptance of the offer, it is the responsibility of the employee to complete all necessary forms required to be submitted to the Pension Corporation.

6. Funding

The Regional District of Kootenay Boundary is funding the Early Retirement Incentive Program. The Regional District reserves the right to fund the program from reserves or current revenues.

7. Plan Amendment

The Early Retirement Incentive Program shall remain in effect subject to the Income Tax Act and pension plan restrictions for the employees listed in Schedule ‘A’. Regional District of Kootenay Boundary reserves the right to apply for an amendment to the ERIP for subsequent eligible employees should conditions become materially unfavourable.

8. Counseling and Financial Planning

The Pension Corporation offers informational services to assist plan members in assessing the relative merits of the various pension options available to the member. The Regional District takes no roll or responsibility in personal financial and retirement planning and it is the responsibility of the employee to seek professional financial planning services if desired.
Regional District of Kootenay Boundary
Management Early Retirement Incentive Program Policy

SCHEDULE ‘A’

Management (union exempt) Group Employees
Early Retirement Incentive Program

Revised: January 14, 2019

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<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<tbody>
<tr>
<td>Mark Andison</td>
<td>CAO</td>
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<tr>
<td>Theresa Lenardon</td>
<td>Manager of Corporate Administration</td>
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