

Pension Questions

Many York retirees may be worried about their pensions given the current financial crisis. Here are some typical questions with answers that may be helpful in clarifying the situation.

1. I've heard that the York pension fund experienced a loss last year. Will my pension decrease as a result?

The pension plan experience a loss of over 19% in 2008. However, your current pension will not decrease due to the non-reduction clause in the York Pension Plan.

2. Is the 'shadow pension' still in effect? How will this effect my future pension payments?

FSCO has ruled that the York administration is justified in maintaining the 'shadow pension'. This ruling is being appealed to a FSCO tribunal so it is not the final answer but we don't yet know what the final outcome will be.

Assuming the 'shadow pension' remains in force, this means that it is very likely there will not be an increase to your current pension for quite a number of years. This depends on the future returns of the pension funds which can't be predicted but the expected loss plus the fact that the pension adjustment factor is averaged over the returns for the past four years indicates that this loss will continue to influence the pension adjustment factor for several years even if future returns are good.

3. What should I be doing in the face of this crisis?

Your pension will not decrease but your expenses may rise in future due to inflation, illness, etc. If you are currently spending most of your pension you should be prepared to pay for any future increased expenses from other sources (e.g. savings, RRSPs, etc.) or find ways of reducing your expenses. A good way of saving for future years is to open a new Tax Free Savings Plan available next year. You should not count on increases in your York pension to keep pace with inflation.

If you have further questions or comments on pensions, you can send an email to the ARFL discussion group arfldg@yorku.ca to see what other ARFL members are thinking. If you have not joined the discussion group there are instructions on our website www.yuarfl.org and click on the link in the left hand box.