



A Few Moments Of Your Time

The Civil Service Superannuation Fund

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The Cost of Living Adjustment (COLA) Issue

COLA's. Are they guaranteed? Are they at risk? What's all the talk about? In this edition of *A Few Moments of Your Time*, we'll address these questions.

July 2019 Cost-Of-Living Adjustments

The Board approved a 1.33% Cost of Living Adjustment (COLA) for eligible pension recipients and members with a deferred account, effective July 2019.

This increase is equal to 2/3 of the increase in the Canadian Consumer Price Index for 2018.

Are COLA's Guaranteed?

No. There is no guarantee that a new COLA will be granted in any given year.

The Superannuation Adjustment Account (the Account) was established in 1977 to pay for the pension plan's portion (approximately half) of the COLA's paid to pensioners. The Account receives 10.2% of the contributions made to the pension plan by active members and earns investment income on those amounts.

The remainder of the cost of the COLA's paid each month is billed to the employers.

Each year the plan's actuary studies the financial position of the Account to determine if another COLA can be granted on July 1. New COLA's are only granted in a year if the Account is able to afford it.

If the actuary determines that the Account cannot fund a COLA equal to 2/3 of the prior year's change in the Consumer Price Index, the Board may approve a smaller COLA for that year. It is also possible in any given year that the actuary may recommend that no new COLA be granted that year.

Are COLA's at Risk?

The actuary has continued to express concern that, unless changes are made, the Account will not be able to meet the target of granting additional COLA's each year at the rate of 2/3 of the increase in the Consumer Price Index. The Board shares this concern.

The Superannuation and Insurance Liaison Committee, which represents plan members in negotiating plan benefits, is studying the sustainability of the COLA Account. Contact information for this Committee is available at <https://liaisoncommittee.org>.

The COLA Issue cont'd

What's all the Talk About?

CSSB has been advised that the Manitoba Association of Retired Government Employees (MARGE) President's annual report to the MARGE membership contained the following comment regarding the Account:

"There is only enough money in the fund to last another couple of years or so. Then if the government doesn't put additional funds into the COLA fund, the information I have received is that your pension will revert back to the original pension amount received when you first retired."

We feel it is important to correct the information in this statement.

When considering COLA increases, it's important to distinguish between increases that have been granted to date and new COLA's that could be granted in future years.

Additional funding is not required in order to continue to pay the COLA's that have been granted to date.

The pension plan's portion of the COLA's granted to date is already funded. The employer's portion is promised, and employers don't have the option to cease this funding.

The actuary has commented for many years that the Account may not be able to grant new COLA's in future without additional funding. While this remains a concern, it would not cause those COLA's already provided to be reversed.

Interested individuals can find a copy of the actuary's valuation reports for the COLA Account on our website at <http://www.cssb.mb.ca/publications>.

Pension Payment Dates

Pension payments are deposited by direct deposit on the second last business day of each month. For pensions still being paid by paper cheques, cheques are mailed on the direct deposit payment date. Pension payment dates for the remainder of 2019 are as follows:

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|--------------------------------|--------------------------------|
| ▶ July 30, 2019 (Tuesday) | ▶ August 29, 2019 (Thursday) |
| ▶ September 27, 2019 (Friday) | ▶ October 30, 2019 (Wednesday) |
| ▶ November 28, 2019 (Thursday) | ▶ December 30, 2019 (Monday) |

Questions Or Comments?

If you have any question or concerns, please contact:

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