

Human Resources Legislative Update

Post-Retirement Benefits Changes Affecting Members of the Ontario Public Service

Date: November 23, 2016

On November 11, 2016 the government of Ontario and the Ontario Public Service Employees Union (OPSEU) reached an agreement [regarding post-retirement benefits](#) (PRBs) for members of the OPSEU Pension Plan. The Ontario government subsequently announced that the terms of that agreement would be extended to members of the Public Service Pension Plan (PSPP), subject to certain exceptions.^[1]

The agreement with OPSEU and the subsequent announcement respecting PRB changes affecting Ontario Public Service (OPS) employees are the culmination of events initiated in February of 2014, with the Ontario government's introduction of changes to PRBs that were to take effect on January 1, 2017. Specifically, as originally communicated, PRBs for qualifying OPS employees who retire on or after January 1, 2017 would cease to be fully paid by the Ontario government. Instead, these retirees would have become responsible for 50% of the cost of PRB premiums. Further, the service requirement for PRB eligibility was to be changed from 10 to 20 years for OPS employees hired on or after January 1, 2017.

Modified Terms

The Ontario government's November 11, 2016 agreement with OPSEU and its announcement respecting other members of the OPS provide for some further changes to PRBs, as follows:

1. **Status quo for certain OPS employees receiving a pension prior to January 1, 2017.** OPS employees with at least 10 years of qualifying pension credits who commence receiving a pension from the OPSEU Pension Plan or PSPP prior to January 1, 2017 will continue to have an entitlement to Ontario government-paid PRBs. As is presently the case, these PRBs provide lifetime insured health and dental coverage equivalent to the terms in effect for active OPS employees represented by OPSEU, as well as \$2000 in basic life insurance coverage. The Ontario government will continue to pay 100% of the premium costs for these PRBs.
2. **Cost-sharing changes for OPS employees not receiving a pension before January 1, 2017.** The November 11, 2016 agreement with OPSEU and the subsequent Ontario government announcement provide for changes to the cost-sharing arrangement that had been introduced in February 2014. Specifically, OPS employees hired prior to January 1, 2017, who have (1) at least 10 years of pension credit prior to January 1, 2017, or (2) at least 20 years of pension credit and retire to an immediate unreduced pension will have the option to enrol in one of the following:
 - PRB Plan A (also referred to as the "Legacy Plan") – provides the same health and dental PRB coverage as for OPS employees who begin receiving their pensions before January 1, 2017, but the retiree is required to pay 50% of the premium costs. This is the default for any qualifying OPS employee who does not make an election at retirement.
 - PRB Plan B (also referred to as the "Retiree Focused Plan") – is 100% Ontario government-paid, and is currently priced at 50% of Plan A as it stood in 2016. Coverage under this "Plan B" is designed based on the value of health and dental benefits that can be obtained at a premium cost that is 50% of the premium cost in place in 2016.

In both cases, Ontario government-paid basic life insurance coverage of \$2000 will be continued.

3. **OPS employees hired on or after January 1, 2017.** Those who accumulate at least 20 years of pension credit and retire to an immediate unreduced pension will have the option to enrol in PRB Plan B, provided that all such retirees will be responsible for the full premium costs.
4. **Optional Upgrade.** In addition to the above, effective April 1, 2017, an optional benefits upgrade package will be

made available to enable eligible retirees' access to emergency out-of-country travel coverage, the costs of which will be fully payable by retirees who elect to participate.

A background [Questions and Answers prepared by the Treasury Board Secretariat](#) was released on November 16, 2016.

[1] As of November 16, 2016, the changes do not apply to members of the Association of Law Officers of the Crown (ALOC), the Ontario Crown Attorneys' Association (OCAA), and the Ontario Provincial Police Association (OPPA), or to Case Management Masters, Justices of the Peace, or First Nations Constables.