RX/TX Bargaining Update #4: UC presents pension alternatives for new employees

As part of its commitment to productive negotiations, UC presented additional proposals on pension benefits to UPTE on Friday, March 8, 2013 when the two met to continue contract talks for research and technical employees.

The university’s initial post-employment benefits proposal has been the 2013 tier, which carries a new category of slightly modified pension benefits for employees hired or re-hired July 1, 2013 and later. Under this new tier, the earliest retirement age would be 55 and maximum age factor would be at age 65.

This 2013 tier will apply to new hires and re-hires in the general UC employee population, including faculty, non-represented staff, management and many represented staff whose unions have already agreed.

UPTE rejected this approach, and has not offered an alternative. While the university continues to believe that the 2013 tier provides the most favorable retirement benefit, the university is open to alternative proposals from the union as long as they are financially sustainable and fair to employees.

Given the union’s ongoing resistance to UC’s proposal for sustainable post-employment benefits, and in an attempt to move negotiations forward, the university presented two additional proposals on March 8. These pension alternatives would apply only to new employees hired July 1 and later. Current employees would not be affected.

- A pension plan similar to what the Legislature approved for new state workers such as California State University workers. This sets the earliest retirement age at 52 and the maximum retirement age factor at age 67.

- The same as above, but the formula would be modified to provide enhanced benefits for those retiring between the ages of 52-59. This plan addresses a concern expressed by certain unions that workers with physically demanding jobs may not want to wait to retire until they reach the maximum retirement age factor.

For each of the alternatives proposed, the university’s goal is to ensure that the overall annual cost of the plan and the university’s contribution toward that cost does not exceed those amounts for the 2013 tier. These alternatives reflect UC’s goal of providing sustainable, attractive post employment benefits. Many private companies and some public organizations do not offer a pension plan and very few offer retiree health benefits. UC continues to offer both.

The state plan signed into law last year covers most public sector employees hired on or after Jan. 1, 2013. The plan provides for reduced retirement benefits for new employees and requires them to pay half the normal cost of the retirement benefit plan.

Despite the lack of progress with UPTE in bargaining, the university remains committed to constructive, efficient negotiations and to reaching a fair agreement for both parties before the current contract expires June 30, 2013.

The next bargaining session will be March 20-22 at UC Santa Cruz.