New Brunswick Reforms MLAs Pensions To Shared Risk

On March 26, 2014, the New Brunswick legislature introduced for first reading Bill 51, An Act Respecting Members' Pensions, which proposes to move Members of the Legislative Assembly (MLAs) to the shared risk pension plan currently available for other public sector employees in New Brunswick. (As discussed in a prior blog post, New Brunswick recently introduced shared risk pension plans, a type of target benefit plan, in the province.)

With the introduction of Bill 51, the New Brunswick government continues its innovative pension reform initiatives.

As disclosed in a CBC news bulletin, MLAs will retain the service accrued to the effective date, but new service will be calculated based on the provisions of the Public Service Shared Risk Plan, which covers many of New Brunswick's public servants. Under An Act Respecting Public Service Pensions, the Public Service Superannuation Act was repealed and the pension plan under the PSSA was converted to a shared risk plan in accordance with the Pension Benefits Act (New Brunswick).

The amendments in Bill 51 are scheduled to come into force on July 1, 2014. The CBC news bulletin also indicates that the new shared risk model will first apply to the MLAs elected in the provincial elections in September 2014. Any current MLAs who are re-elected in September will have two pensions: one under the previous plan, and the other under the shared risk plan. Until the new system takes effect, the old rules will apply to the amounts MLAs contribute and be paid out of the government's general revenues.

The age for retirement with a full pension was increased from 60 to 65. For eligibility purposes, MLAs will be treated like other civil servants and become eligible for a pension after 2 years of service. Premier David Alward explained that a new MLA would have to work 16 years to receive a pension similar to what MLAs currently receive for 8 years of service.

If passed, Bill 51 will save New Brunswick taxpayers approximately $1.3 million annually in pension expenses.

Article by Jana Steele