

Government Directive: Freeze on Wages and Retirement Allowances for Management/Confidential Excluded Staff of Health Authorities

Government has issued an administrative directive regarding compensation to government agencies such as Nova Scotia Health Authority and the IWK Health Centre. This directive freezes wage increases for management, non-union and excluded staff for a three year period. It also freezes the retirement allowance effective April 1, 2015.

Please find below questions and answers to provide additional information regarding the freeze.

1. When is the freeze to wages and retirement allowance effective?

April 1, 2015.

2. What type of employee is impacted by these changes?

Non-union, management employees and excluded staff are impacted by this directive.

3. Are unionized employees impacted by these changes?

No. This Government directive does not apply to unionized employees covered by a collective agreement.

4. Which fiscal years are impacted by the wage freeze?

- 2015-16
- 2016-17
- 2017-18

5. Will economic adjustments be made to the salary bands?

No. The wage freeze means that there will be no economic adjustments applied to the salary bands for the next three years. The most recent adjustments to management pay bands were in April 2014 and at that time a 3% increase was applied.

6. Can employees still receive step increases to advance on a pay band?

Yes. Step increases, sometimes also referred to as merit increases, are not part of the announced wage freeze. This means that management /confidential excluded employees who are not at the top of their existing salary band can still receive step increases until such time as they reach the maximum of their salary band. The wage freeze, however, means the salary band maximums will not be increased.

7. Will existing employees with accumulated years of service lose their retirement allowance?

No. Staff who were employed before the freeze and who have accrued service towards their retirement allowance will still, upon retirement, be eligible to receive a retirement allowance. The allowance will be frozen at the April 1, 2015 salary level and no service accrual entitlement will occur after April 1, 2015.

8. What does the freeze on retirement allowances mean for existing employees with service before April 1, 2015?

The freeze on retirement allowances freezes the value of the retirement allowance at the April 1, 2015 level. Employees who are scheduled to retire after April 1, 2015 will have their retirement allowances frozen at the April 1, 2015 salary and years of service level. The retirement allowance entitlement accrued up to April 1, 2015 will not be increased in any way in subsequent years. For example, if the retirement allowance formula for an employee was the weekly rate of pay at the time of retirement multiplied by the number of years of service the impact of the directive would be:

Employee's weekly salary was \$1,000 in 2015
In 2015 the employee had 20 years of service
In 2015 the retirement allowance value would be \$20,000

If in 2016 the employee received a performance based increment of 3% or a salary step increment or a promotion with higher salary or any other related salary increase, it would **not** be applied to his/her retirement allowance calculation.

In 2016 the employee would have 21 years of service
Weekly salary of \$1,030; however, the 2016 retirement allowance value would remain frozen at \$20,000

There would be no change to the 2015 value of his/her retirement allowance in 2016 reflective of his/her increased service or increased compensation. The retirement allowance remains frozen at the April 1, 2015 level.

9. Will new management/confidential excluded employees joining NSHA/IWK after April 1, 2015 be entitled to a retirement allowance?

No. Retirement allowances will no longer be an eligible benefit for management/confidential excluded staff joining the health authorities as employees after April 1, 2015.

10. Does the wage and retirement allowance freeze only apply to health authority staff?

No. The wage and retirement allowance freeze applies to management staff of the Nova Scotia Public Service, as well as to other Government agencies/units such as school boards, NSCC and Nova Scotia Health Research Foundation.

11. Who should employees contact for additional information regarding the implementation of the wage freeze or retirement allowance?

Employees with questions regarding the above are encouraged to contact the HR/People Services Lead within your local area.