

## LETTER OF UNDERSTANDING

*Between*

**The City of Edmonton**  
(the “City”)

*And*

**Civic Service Union 52**

### **Workforce Transition Program (Voluntary Retirement or Voluntary Resignation)**

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The Workforce Transition Program (the “**Program**”) will be communicated to eligible employees by or before **October 23 2020**, with an application deadline for participation in the Program to be determined and established at the sole discretion of the City. The Program, while part of a larger budget reduction strategy that is currently underway to address the financial impacts of COVID-19 on the City, is also intended to provide assistance to eligible employees who elect to voluntarily retire/resign from their employment with the City. The implementation of this Program may achieve the additional goal of reducing or eliminating potential permanent layoffs of other employees. Applications will be reviewed and approved at the sole discretion of the City.

#### Definitions:

1. **Retirement Eligible** means:
  - employees who are at least 55 years of age; and
  - have a minimum of 7 years of pensionable service; and
  - Employees who are eligible to receive a Local Authorities Pension.
2. **Major Medical and Dental Benefits** means the employment benefits provided in benefit plans with respect to which retiring employees can elect to continue to participate in following their retirement, with exception of the Health Care/Flexible Spending Account and Out-of-Country Travel benefits.

#### Employee Eligibility Criteria:

- Must have permanent employee status (full-time or part-time); and
- Must have at least 7 continuous years of ongoing employment with the City at the time their application is submitted; and
- Must be employed in an area affected by workforce reduction in 2020.

All employees who meet the eligibility criteria can voluntarily apply for Option 2. Employees who meet the definition of "Retirement Eligible" can voluntarily apply for either Option 1 or Option 2.

### **Option 1: Voluntary Retirement (General Overview)**

- Option 1 is only available for application by employees who are Retirement Eligible at the time their application is submitted, and agree to initiate their LAPP pension at the date of their retirement.
- Approved applicants shall receive a gross payment, less required statutory deductions, equivalent to 3 months' base salary, which will be calculated based on the employee's hourly rate in their regular 'home' position, at the time their application is submitted (the "**Retirement Payment**").
- The Retirement Payment shall be subject to required statutory deductions, including income tax.
- Prior to receiving the Retirement Payment, the employee will be required to provide the City with a signed Severance Agreement and Release (see **Appendix "C"**).
- Some or all of the Retirement Payment may be transferred to the employee's RRSP account, subject to advance provision to the City by the employee of a Statutory Declaration confirming sufficient RRSP contribution room, and any applicable Canada Revenue Agency regulations.
- The City will remit both the employee and employer portion of the employee's Major Medical and Dental Benefits for up to 5 years following the employee's effective date of retirement or until the employee reaches 65 years of age, whichever occurs first.
- The employee shall remain subject to all applicable Major Medical and Dental Benefits rules for pensioner participation, including:
  - If the employee is not yet 65 years of age after 5 years of City paid benefits, the employee must continue their participation in the benefits program and pay 100% (employee and employer shares) of the required premiums until the employee reaches 65 years of age (age 70 for IBEW-affiliated employees).
  - If an employee's application for Option 1 is approved, they must enroll into the pensioner benefit plans immediately following their effective date of retirement. They cannot elect to join at a later date.
  - If the employee chooses to move permanently outside Alberta, they can retain their benefit coverage for 90 days and on the 91st day, benefit coverage is cancelled. The City would not continue to pay any benefits premiums past the 91st day. If this occurs, the City will not be obligated to pay out the cost of benefit premiums that would no longer be accessible to the individual.
- The employee is required to commence receiving their pension upon retirement in order to receive the Major Medical and Dental Benefits.
- The employee remains subject to the terms and conditions regarding retiree benefits coverage identified in the Severance Agreement and Release (see **Appendix "C"**) and/or applicable benefits plan documents.

## Option 2: Voluntary Resignation (General Overview)

- Approved applicants shall receive a gross payment equivalent to 6 months' base salary, less required statutory deductions, which will be calculated based on the employee's hourly rate, in their regular 'home' position, at the time their application is submitted (the "**Severance Payment**").
- Prior to receiving the Retirement Payment, the employee will be required to provide the City with a signed Severance Agreement and Release (see **Appendix "C"**).

### Additional Terms

1. Application for the Program is entirely voluntary.
2. The complete terms and conditions of the Program will be communicated to all employees by the City before October 23 2020, along with a Questions and Answers information document (see **Appendix "A"** and **Appendix "B"**).
3. Employees who participate in the Program are not eligible for re-employment with the City for a period of 1 year following the employee's final date of retirement or resignation under the Program.
4. Any successful applicant for the Program must email the appropriate City contact named in **Appendix "A"** to confirm their participation in the Program and to identify their selected Program option (Option 1 or Option 2) by the applicable deadline as determined and communicated by the City.
5. This is a voluntary program, and as such, all applications for participation in the Program are subject to approval by the City. Seniority shall be considered when making this decision.
6. As a condition of participation in the Program, all successful applicant employees shall be required to sign a Severance Agreement and Release (see **Appendix "C"**).

Appendix A: Template Communication to Employees

Appendix B: Question and Answer Document

Appendix C: Severance Agreement and Release Templates

- 3 Month Option
- 6 Month Option

This Letter of Understanding shall expire on December 31, 2020 unless terminated earlier or extended by mutual agreement of the City and the Unions the deadline for applications established by the City of Edmonton.