

## **National Advisory Committee 2010 Pension Report**

The CUPE national Advisory Committee on Pensions held meetings in Ottawa November 15-17, 2010. The committee discussed a number of issues concerning pensions.

### **CUPE Pension Campaign**

Committee members received a report on the CUPE pension campaign from Sister Leanne MacMillan, research representative Atlantic Region / Pension campaign coordinator. Sister Leanne reviewed the goals of the campaign:

- Double the CPP replacement rate from 25% to 50%
- Increase the G.I.S. by 15%
- Create federal insurance system for workplace pension plans.

Lobbying efforts have been extensive during this campaign and they include:

- Letters to all 10 Premiers and 3 Territorial leaders.
- Bi-Lingual e-mail letters to all Federal M.P.'s
- Meetings with all Provincial Finance Ministers except Quebec and Saskatchewan. Meeting held with P.E.I. Finance Minister Wes Sheridan, September 20<sup>th</sup>, 2010.
- E-mail letters to every MPP/MLA/MHA in every territorial and provincial house of assembly.
- Strong presence during Crowbush meetings.
- Extensive lobby directed at the Federation of Canadian Municipalities. This effort resulted in the Federation passing a resolution at their AGM supporting labours plan for GIS and CPP enhancements.

In closing Sister Leanne remains optimistic improvements are coming, however to what extent remains to be seen. CUPE's message has been heard and is impacting the discussions.

### **Pension Reform**

There are currently a number of provinces undergoing a review of their pension legislation. In Ontario, Private Members' Bill 54 proposes amendments to the Ontario Pension Benefit Act to enable insurers and financial institutions to establish defined contribution pension plans for one or more unrelated employers or classes of employers.

The Labour Movement is concerned Bill 54 would entrench a retirement savings scheme that fails to provide income security for retirees. At the same time, Bill 54 would provide windfall profits for the financial services industry.

Bill 54 has not been passed in the Ontario Legislature to date and CUPE continues to fight hard to have this bill defeated.

Another item of concern also coming out of Ontario is proposed changes to Solvency Funding Relief for certain plans and particularly those in the university sector.

In 2009 the Ontario government established a temporary Solvency Relief Plan allowing a 10 year solvency amortization rather than the normal 5 year term. This measure seemed to be working well.

However, on August 24<sup>th</sup>, 2010 the Ontario Minister of Finance announced a number of proposals to reform the Pension Benefits Act. In particular the university sector has been singled out with a new plan for solvency relief.

Under the proposed plan employers will be required to present sustainability plans to the Minister of Finance. This commits them to the implementation of changes designed to reduce costs and plan liabilities in one way or another. Once such a plan is approved by the Minister, the employers are then charged with implementing the plan which in effect means forcing changes to collective agreements.

The Minister of Finance has developed “Metrics” to provide guidance to universities and to aid the Minister in determining whether plans seeking relief under the proposed solvency relief regime have made changes that would enhance long term sustainability.

The possible “Metrics” for Defined benefit Plans are:

- (A + (B or C) or D or E.

A – Has the proportion of the normal cost of benefits paid by the employer decreased?

B – Has 50/50 normal cost sharing between employees and the employer been adopted?

C – Have a combination of reductions in future benefit costs and increases in member contributions achieved a reduction in the cost to the employer commensurate with the average shortfall in either the solvency or going concern basis (whichever shortfall is greater) over a multi year period?

D – Has the plan converted to joint-sponsorship for future service?

E – Has the plan converted to defined contribution benefits for future service?

All of these metrics appear to be designed to achieve employer cost reductions rather than sustainability. Should this be adopted these employers will surely use this to achieve either benefit cuts or dropping defined benefit plans altogether.

CUPE Ontario continues to lobby hard against both Bill 54 and the proposal regarding university sector solvency relief. I felt it was important to highlight these two issues and bring this to the attention of our members on P.E.I. These two proposals are clearly a threat to D.B. plans as we know from past experience, once a trend has been started in other regions of the country it is only a matter of time before we are facing the same challenges. I will forward any information I receive in the future regarding the status of these proposals.

In closing I would like to again thank CUPE P.E.I. Division for their support. Please feel free to contact myself if you have any questions or comments.

In Solidarity  
Lane MacLaren