

## **National Advisory Committee on Pensions 2011 Report**

The National Advisory Committee on Pensions (NACP) held meetings in Ottawa November 15 – 17, 2010 with the next scheduled meetings set for May 30 – June 1, 2011.

There are many challenges facing today's workers regarding pensions. NACP members have been involved across the country defending and promoting improved pension benefits for all workers.

### **CUPE Pension Campaign**

During the November meetings committee members received a report from Sister Leanne MacMillan outlining CUPE's pension campaign.

The goals of the campaign are:

- Double the CPP replacement rate from 25% to 50%
- Increase the GIS by 15%
- Create Federal Insurance System for workplace pension plans

Lobbying efforts have been extensive during this campaign. To name a few:

- Letters were sent to 10 Premiers and 3 Territorial leaders
- Bi-Lingual e-mails letters to all Federal MP's
- Meetings with all Provincial Finance Ministers (except Quebec & Saskatchewan)
- Meeting held with PEI Finance Minister Wes Sheridan, September 2010

Much has happened since November 2010. In particular, the Federal and Provincial Finance Ministers met in Kananaskis, Alberta in December 2010 to discuss Pension Reform / CPP improvements. Prior to the meeting, optimism was running high CPP enhancements were pending. This hope was quickly dashed by Federal Finance Minister Jim Flaherty when he decided to rob from the poor and give to the rich by announcing the Federal Governments plan for a pooled registered pension plan (PRPP). This plan unlike the CPP is essentially a RRSP plan with no obligation from employers to match contributions, thus telling workers you are on your own. The only benefactor from this plan will be Mr. Flaherty's pals on Bay Street who will stand to gain huge profits in the financial sector.

Despite this setback CUPE's campaign in partnership with the CLC continues. With the Finance Ministers set to meet in June, confidence remains high consensus can be obtained and CPP improvements will be implemented.

## **Upcoming Changes to CPP**

There are a number of changes to the CPP that members should be aware of. The changes include increase to early retirement penalty, elimination of the work cessation test etc... Please find list of changes.

### **As of January 1, 2011:**

#### **CPP retirement pensions will be higher if taken after age 65:**

From 2011-2013, the percentage will gradually increase from 0.5% per month (6%) to 0.7% per month (8.4% per year). This means that by 2013, if contributors start receiving their CPP at age of 70, their pension amounts will be 42% more than if taken at age 65.

### **Changes starting January 1, 2012.**

#### **CPP retirement pensions will be lower if taken before age 65:**

From 2012-2016, the amount by which a contributor's pension will gradually be reduced, over a five year period, from 0.5% per month (6% per year) to 0.6% per month (7.2% per year). This means that by 2016, if contributors start receiving their CPP at the age of 60, their amount will be 36% less than if taken at age 65.

#### **Changes to the general drop-out provision:**

The percentage of low earnings will increase to 16%, which may allow up to 7.5 years of the lowest earnings to be dropped from the calculation. In 2014, the percentage will increase to 17%, which may allow up to eight years of a contributor's lowest earnings to be dropped.

#### **Elimination of the Work Cessation Test:**

Contributors can begin receiving their CPP retirement pensions without any work interruption.

#### **Introduction of the Post-Retirement Benefit:**

If contributors are receiving CPP retirement pensions and they choose to work, they could continue to make CPP contributions that will increase their payments through the Post-Retirement Benefit (PRB). If they are under age 65, contributions will be mandatory for them and their employers. If they are age 65 to 70, contributions will be voluntary

(their employers will have to contribute if they do). People between the ages of 60 and 70 who make these contributions may begin to receive the PRB the following year.

### **Pension Reform**

There are currently a number of provinces undergoing a review of their pension legislation. In many cases these changes are a direct attack on D.B. plans and an attempt to weaken labors ability to negotiate pension issues. Committee members continue to monitor these reviews and lobby to defend workers interests.

### **Resolution 292 (Pensions)**

This resolution was adopted at the 2009 CUPE convention. Committee members discussed ways to move this forward during our November meetings. The past few years have been busy for everyone involved in pension issues including our National executive, particularly focusing on CPP expansion. I am happy to report after communication with National President Paul Moist this resolution has been referred to Brother Stan Marshall and his staff for implementation.

With the Federal election May 2<sup>nd</sup> and the Finance Ministers meetings in June the members of NACP will have much to discuss. I remain committed to representing all our CUPE PEI members.

In closing, I would like to express my appreciation for the support I have received from CUPE PEI President Milo Murray and his entire executive.

In Solidarity  
Lane MacLaren  
Local 805