

June 8, 2010

Hon. Wes. J. Sheridan  
*Provincial Treasurer, Minister of Finance and Municipal Affairs*  
Second Floor South  
Shaw Building  
P.O. Box 2000  
Charlottetown PEI C1A 7N8

## **Re: “Canada’s Retirement Income System: Issues and Options”**

1. The Canadian Union of Public Employees is Canada's largest union, representing more than 600,000 public sector members working in virtually every community across the country. On Prince Edward Island, CUPE is the voice of over 2400 members - public sector and public service workers– people who work on the front lines in hospitals, Emergency Medical Services, municipalities, group homes, schools and universities.
2. The Canadian Union of Public Employees thanks you for the opportunity to meet with the Cabinet to discuss retirement security for Canadians. You are about to host the Federal, Provincial and Territorial Ministers of Finance on June 13 to June 15. We are pleased to have this audience with you so close to that meeting.
3. Canada’s retirement system rests on three pillars, as follows:
  - PILLAR 1 – Universal government benefits for seniors including the Old Age Security benefits (OAS), the Guaranteed Income Supplement (GIS) and the Spouses Allowance (SPA) and additional supports provided by your Provincial Government
  - PILLAR 2 – the Canada Pension Plan
  - PILLAR 3 – workplace Pension Plans and Individual Retirement Savings

### **PILLAR 1 – OAS & GIS**

4. CUPE submits that the your Government should urge the Federal Government to increase the GIS portion of Old Age Security by 15% to allow all seniors to live above the “low income cut off” established by Statistics Canada.
5. The first pillar provided by the Government of Canada through general revenues has done a good job of creating a minimum “floor” of retirement income for Canadians. For the 2009–2010 fiscal year, the costs to provide OAS to all Canadian seniors was projected at \$27.6 billion, plus another \$8 billion for GIS benefits.
6. As of June 2010, Canadian seniors are entitled to OAS benefits as a taxable supplement if their income was less than \$108,090 annually. The OAS payable is reduced gradually as income exceeds \$66,733. Like the tax system as a whole, the claw back threshold is indexed for inflation and is adjusted every year. Approximately 93% of Canadian Seniors earn less than this claw back threshold of \$66, 733 and so are entitled to the maximum OAS benefits.

7. The OAS provides a maximum benefit of \$516.96 a month or \$6,203 a year, with the average Canadian benefit at \$489.25 in January 2010: <http://www.servicecanada.gc.ca/eng/isp/oas/oasrates.shtml>
8. As of January 2010, Canadian seniors whose annual income was less than \$15,672 (excluding OAS) are also eligible to receive the Guaranteed Income Supplement if they apply for it. The GIS provides an income-tested supplement to retirees with few or no private sources of income. The benefit is indexed quarterly but is not taxable. Separate rates apply to single individuals and to couples. The maximum monthly amount of GIS benefits was \$652.51. However, the monthly average for a single person was only \$446.61: <http://www.servicecanada.gc.ca/eng/isp/oas/oasrates.shtml>
9. As of February 2010, 21,157 people on Prince Edward Island received OAS Benefits. Of that number, 9,346 were also eligible to receive some GIS benefits (meaning that their annual income was less than \$15,672). STATISTICAL BULLETIN: Canada Pension Plan: Old Age Security: NUMBER OF PERSONS RECEIVING OLD AGE SECURITY BENEFITS, BY PROVINCE AND BY TYPE, Table 31: <http://www.servicecanada.gc.ca/eng/isp/statistics/pdf/statbulletin0210.pdf>
10. Research shows a major gender gap in pension income, in part due to the lower average earnings of women as compared to men. Workplace pension benefits and CPP/QPP benefits are based on previous earnings. Women earn less money than men, so their pension benefits are lower. Women, on average, live longer than men, making them more likely to use up their savings over time and to have their pension benefits payable spread over a longer life expectancy.
11. The OAS and GIS benefits do not depend on participation in paid employment, effectively providing a pension benefit to women who have not worked outside their homes. Old Age Security is an important source of income for today's seniors — particularly for women. In 2007, for example, women aged 65 or older received almost 21% of their income from OAS; OAS provided 15% of the income of men aged 65 or older in the same year.
12. OAS and GIS payments have helped reduce the after-tax poverty rate of senior single women (aged 65 and older) in Canada from **68.1%** in 1976 to **14.3%** in 2007. The poverty rates for unattached senior men also fell dramatically over that time period —from **55.9%** to **13%**. The 2007 after-tax poverty rate for all seniors (single and family, men and women) was down to **4.8%**, or 201,000 seniors: <http://www40.statcan.gc.ca/l01/cst01/famil19a-eng.htm>.
13. This is a remarkable social policy success story. However, it is still unconscionable that more than 200,000 Canadian seniors are living on less than \$15,000 a year (or \$20,000 for a couple).
14. With a simple unilateral decision to increase the GIS portion of the OAS by 15%, the Federal Government could immediately lift almost all Canadian seniors above these income levels. Constitutionally required provincial cooperation is not required. Your Government should urge the Federal Government to do this.
15. These poorest of Canadian seniors will spend every penny of that additional money in their local communities. It is the least we can do as Canadians. Further, if the proposals we suggest below for increases in the contribution rates and benefits received for CPP/QPP are adopted, fewer Canadian seniors in the future will require GIS.

## **PILLAR 2 – CANADA PENSION PLAN (QPP)**

16. Since 1966, the CPP/QPP has been successful in helping to reduce levels of poverty among seniors (in addition to the support of the OAS and GIS) because of its comprehensive features which include:
  - Universal coverage of all workers in all industries to provide defined retirement benefits valued at up to 25% of the average wage (as well as survivor, and disability benefits)

- Fully portable across the country regardless of the number of employers and number of jobs
  - Jointly funded by employees and employers (4.95% each – 9.9% combined) on earnings up to annual maximum of \$47,200 (2010)
  - Inflation-indexed to CPI
  - Actuarially sound for the next 75 years
  - CPPIB invests assets of \$123.9 billion
  - Administration fees of less than 0.05% of assets, far lower than management expense ratios for privately administered assets
17. The CPP/QPP has been instrumental in reducing disparities in income among seniors and providing seniors with a minimum income level. The CPP/QPP can be improved however. The CPP/QPP only provides for an earnings-replacement rate of 25% of earnings up to the average industrial wage. As of 2010, this provided a maximum monthly payment of \$934.17 (or \$11, 210.04 annually) to a 65 year old who had maximum work force participation and maximum earnings: <http://www.hrsdc.gc.ca/eng/isp/statistics/pdf/cpprates2010.pdf>
18. The average Canadian benefit payable is only **\$502.33** per month which reflects the wages of the many persons who work for less than the “average” industrial wage, the number of part time workers and workers who have taken leaves of absence from the paid employment market due to pregnancy and parental leave and compassionate care leave, for example. This disproportionately affects women workers: STATISTICAL BULLETIN: Canada Pension Plan/Old Age Security, (February 2010): <http://www.servicecanada.gc.ca/eng/isp/statistics/pdf/statbulletin0210.pdf>
19. As of February 2010, a total of 25,323 people on Prince Edward Island received CPP/QPP retirement benefits. The average monthly amount payable was \$438.78 (or \$5805.36 annually). This is lower than the average Canadian amount of **\$502.33** (or \$6027.96 annually) and reflects the generally lower wages paid to our citizens: STATISTICAL BULLETIN: Canada Pension Plan/ Old Age Security, (February 2010): <http://www.servicecanada.gc.ca/eng/isp/statistics/pdf/statbulletin0210.pdf> (Tables 3 and 8, AVERAGE AMOUNT PAID FOR BENEFITS, BY PROVINCE AND BY TYPE)
20. Our Government should take a leadership role in pension reform in this Country by recommending that the earnings replacement rate of the CPP/QPP be increased from 25% to 50% of the average industrial wage, which over time would entitle working Canadians to receive up to \$22,420.08 annually in 2010 dollar equivalents.
21. This would be funded by a gradual increase in workplace employer and employee contributions to CPP/QPP. Over seven years, CPP/QPP premiums would slowly rise by 0.4% each year of pensionable earnings (which are capped at \$47,200 today).
22. This is consistent with the gradual increases in CPP contributions that have occurred since 1967, when employees and employers each paid only 1.8% of yearly contributory earnings. The contribution rates were increased between 1986 and 1996. On January 1, 1998 significant rate increases were phased in finally resulting in 2003 with equal contribution rates of 4.95% by employees and employers (self employed persons pay the total amount of 9.9%).
23. Our plan would provide for increases in the contribution rate from the current 4.95% of salary to 7.8% of salary, for both employer and employees for a total of 15.6%. Further, the current yearly income

exemption on CPP contributions would double from the current \$3,500 to \$7,000 to assist low income Canadians.

24. Workers who are currently under thirty (30) years of age will have the opportunity to reap the full benefit of these increases. However, even a 58 year old worker who continued to work for seven more years would receive higher CPP/QPP benefits as a result of these reforms to the replacement rate and the contribution increases, as our data below indicates.
25. Some commentators worry about placing too high a burden on younger workers to fund pension benefits. In some ways, this happened when the CPP/QPP contribution rates were increased between 1998 and 2003. We moved from “pay as you go” to “steady state” funding. Some of the 9.9% total contributions pay for current CPP/QPP benefits. Some of the contributions pay for future benefits. Some of the contributions go to significantly expand the reserve to order to generate investment returns: *Canadian Institute of Actuaries, Government-Facilitated Retirement Income Plans White Paper March 2010* Document 210014 page 7.
26. The 1998 changes were made contingent on the expectation that all future increases must be fully funded. Our plan meets that expectation. Our plan improves retirement security, in particular for young workers who will reap the full benefits: ACTUARIAL STUDY NO. 8, TECHNICAL ASPECTS OF THE FINANCING OF THE CANADA PENSION PLAN, OFFICE OF THE CHIEF ACTUARY (January 2010): [www.osfi-bsif.gc.ca](http://www.osfi-bsif.gc.ca).
27. CUPE recognizes that an increase in CPP/QPP workplace contributions will be seen by some as simply a “payroll tax”. However, we were able to increase CPP/QPP contribution rates in 1998 without massive reaction or protest and we need to do so again. Many Canadian employers simply won't sponsor a workplace pension plan, hence our proposal for a public solution.
28. We should be able to recognize the warning bells that the stock market crash and the global economic crisis have rung. We need to take steps now to provide for greater retirement security for the future. We need to do that through the pension system that works, the CPP/QPP. Without employer and employee funded pension benefits, Canadian seniors will be more dependent on the OAS and GIS.
29. An increase in CPP/QPP benefits would have the added bonus of reducing the pressure on workplace defined benefit pension plans which are “integrated” rather than “stacked” with CPP/QPP benefits. This would have the effect of reducing the unfunded liability of some of these plans, including the Government's own workplace pension plans.
30. We recognize that changes to the OAS, GIS, CPP/QPP rate of contribution, type and level of benefits, investment policy, or administration require Parliamentary approval and require the agreement of at least two-thirds of the provinces representing at least two-thirds of the population. As we indicated, we believe that our Government is ideally situated to begin the process of achieving consensus on this plan.
31. Our Government should reject the “go-it-alone” suggestion of some Provincial governments: the **Alberta/British Columbia (ABC) Pension Plan**. It will create a patchwork system of social policy in Canada. It will disadvantage citizens from other provinces. It will require another separate administration to be set up. It will provide “defined contribution” benefits where employees will entirely bear the risk of market failure and investment declines. It is “voluntary”: *Canadian Institute of Actuaries, Government-Facilitated Retirement Income Plans White Paper March 2010* Document 210014, page 25.

32. Defined contribution arrangements, whether they are registered defined contribution (money purchase) pension plans or simply RRSPs and individual savings, suffer from profound flaws. Such plans are not designed or intended to secure a specific level of benefit, and commit that benefit to the individual beneficiary as a lifelong pension entitlement (or annuity).
33. For Canadians depending on this type of “retirement security” the economic crisis has been devastating. It may mean deferring retirement significantly. It could mean accepting substantially less in monthly retirement income – immediately. For those already retired and relying on monthly withdrawals from LIFs or RIFs or similar individual investment accounts, the capital invested may have been permanently lost, meaning lower monthly incomes or even, in some cases, exhaustion of remaining funds while still living. For most Canadians, and certainly for CUPE members, the problems with voluntary and defined contribution plans have never been clearer.
34. Our Government should also reject a “voluntary” system, of a “supplemental” CPP/QPP: **The Canada Supplementary Pension Plan (Keith Ambachtsheer)**. The “voluntary” system of workplace pension plans and RRSP contributions have left many Canadians unprepared for retirement. When employers and employees have the “option” of not making contributions, saving for retirement will often be left “off the list” each month. The “risks” of poor investments and purchasing annuities when prices are high will still exist. This “system” has not worked and will not work merely because it is “attached” to the CPP/QPP which has worked: *Canadian Institute of Actuaries, **Government-Facilitated Retirement Income Plans White Paper March 2010*** Document 210014 page 23.
35. Finally, a voluntary defined contribution retirement system creates peculiar rewards and inequities for its participants, which can lead to very unfair outcomes. Two similar contributors, earning similar wages for a similar working career, can quite easily end up with significantly different entitlements from a DC arrangement strictly in relation to the timing of their entry and exit, and the actual performance of the invested funds in that period. This is surely one of the painful aspects of the 2008-2009 crisis that we are still moving through. In a DC model, there are winners and losers, and those who are lucky and unlucky in their timing. Surely, such a framework ought not to become the basis of Canada’s future retirement income system.
36. The voluntary aspect of employer participation is another major shortcoming of this policy option. We should seek policy solutions that enhance pension coverage and retirement income security. The voluntary character of employer and/or employee participation works at cross purposes with this objective. Voluntary participation combined with the investment risks associated with individual defined contribution savings, additional costs of DC fund management, and even proposals for flexible contribution rates – all combine to undermine the security of retirement income that would be available to plan participants.
37. In addition, participation in plans of this design might impart a false sense of security to participants regarding future income assurance or potential. Most importantly, by definition, a voluntary model – even one structured as subscription-by-default, but with an option to “opt-out” – allows non-participation. Inevitably, this will lead to significant gaps in coverage, quite likely to be most severe among low and middle income workers – arguably those workers who need additional retirement income the most. We already know, from the experience of “voluntary” individual and group RRSPs, that voluntary frameworks do not deliver.
38. Why would Canadians set up a separate, duplicate system to manage retirement funds when the CPP/QPP is an administrative success story with miniscule administration fees? We need to bolster and strengthen mandatory workplace contributions for the existing CPP/QPP as the way forward for retirement with dignity.
39. The Canadian Institute of Actuaries recognize the rationale of our suggestions as follows:

Expanding the C/QPP has some definite advantages. Much of the required infrastructure already exists. Contributions can be made by macro payroll deduction and annual individual adjustments that are required can be made through one's tax return. The investment capabilities of the CPP Investment Board (and the Caisse de dépôt et placement du Québec) also already exist. Clearly, the plan will benefit from economies that accrue with size. *Canadian Institute of Actuaries, Government-Facilitated Retirement Income Plans White Paper March 2010 Document 210014 page 25.*

40. The concerns raised by the CIA are in some way “straw men”. The increased contributions will meet the concern for funding the plan in a “steady state” funded method. It will take forty years for the full

If you are age...	Your CPP pension now <b>without</b> labour's plan...	Your CPP pension <b>with</b> labour's plan...
<b>28</b> (37 years of contributions)	\$10,635.28/year \$886.27/month	\$21,270.65/year \$1,772.54/month
<b>38</b> (27 years of contributions)	\$7,760.88 \$646.74	\$15,521 \$1,293.48
<b>48</b> (17 years of contributions)	\$4,141.03 \$345.09	\$8,282.05 \$690.17
<b>58</b> (7 years of contributions)	\$2,012.08 \$175.17	\$4,024.16 \$333.34

benefit to be paid, but if the contributions were made right now, even workers who are fifty-eight years old who work for another 7 years will see significant increases in their CPP/QPP benefits:

This table assumes a worker will not draw CPP pension before age 65 and will be make at least \$43,000 per year.

41. The earnings base would be increased from the current \$3,500 to \$7,000 so as not to disadvantage lower income Canadians and their entitlement to GIS benefits.
42. The CIA is concerned about the “political” problems that a higher contribution rate might cause. However, over the last 18 months we have seen real problems about the solvency of existing workplace pension plans, the wind up of pension plans with real reductions in pension benefits, plummeting values of investments in RRSPs, real concerns about family debt ratios and real concerns about preparations for retirement. Canadians realize that “freedom 55” was merely an advertising campaign. We need to take steps now to create better pensions for a more secure future.
43. Workers will still need workplace pension plans because the replacement value will only be up to 50% of the average wage (from 25%). Certainly CUPE will do everything in its power to ensure that existing workplace pension plans will continue, whether negotiated or established by legislation. However, the second pillar will be expanded in recognition of the excellent job that it has done to ensure stable retirement income for Canadians: *Canadian Institute of Actuaries, Government-Facilitated Retirement Income Plans White Paper March 2010 Document 210014 page 25.*

### PILLAR 3 – Workplace Pension Plans and Individual Retirement Savings

44. The third pillar of workplace pension plans and personal savings has not been working as well as the first and second pillars. Across Canada, the percentage of employed tax filers participating in employer-sponsored pension plans (EPP) remained stable at 32% in the period between 1997 and 2008 as demonstrated in a 2010 Statistics Canada report: “Participation in private retirement savings plans, 1997 – 2008” by **Karim Moussaly of the Pension and Wealth Section Income Statistics Division**, Statistics Canada: <http://www.statcan.gc.ca/daily-quotidien/100326/dq100326a-eng.htm>
45. Almost 60% of Canadian workers have NO workplace pension plan and NO Registered Retirement Savings Plans. Workers without personal savings or workplace pension plans rely almost exclusively on the benefits provided by the Canadian (Quebec) Pension Plan which pays earnings-related benefits to workers based on contributions made during their working years.

46. Given the number of large private sector employers that have been adversely affected by the economic circumstances of the last three years, we can expect fewer working Canadians to have access to the type of well funded defined benefit workplace pension plans of the past. This should ring warning bells for those who believe that because current seniors are “okay”, we do not need to do anything to help seniors in the future.
47. Many workplace pension plans provide retirement benefits which are “integrated” with CPP/QPP benefits rather than “stacked”. That is, for every dollar received by the pensioner from CPP benefits, an equivalent dollar is deducted from the workplace pension plan benefit. Even workers with workplace pension plans are therefore interested in the benefits provided by the CPP/QPP.
48. Workplace pension plans primarily exist in the public and quasi-public sector, where more women work. It is one of the reasons why the participation of women in workplace pension plans has increased. A few of the highlights of the 2010 Statistics Canada report include:

*Just over 8.9 million employed Canadian tax filers participated in a private retirement savings plan in 2008, about 50% of all tax filers. This proportion was **down from 54% in 1997**. There was a **decrease in the share of employed tax filers who contributed to a Registered Retirement Savings Plan (RRSP) during the decade**. In 1997, 41% of employed tax filers participated in an RRSP; by 2008, **this proportion had declined to 34%**. At the same time, the share of employed tax filers participating in employer-sponsored pension plans (EPP) remained stable at 32%. Just over 5.7 million employed tax filers participated in an EPP in 2008. **Women slightly outnumbered men**. During the decade, rates of participation in EPPs increased for women and declined for men. For women, rates rose from 32% in 1997 to **34% in 2008**, while among men, they dropped from 33% to 31%. In terms of age groups, participation rates in private retirement savings plans were highest for workers between the prime working ages of 35 and 54: about 63% of these workers participated in such a plan in 2008.*

49. The most recent Statistics Canada data is very clear. Over the last (ten) 10 years, fewer and fewer Canadians use the RRSP system: **“Participation in private retirement savings plans, 1997 – 2008”** by **Karim Moussaly of the Pension and Wealth Section Income Statistics Division, Statistics Canada**: <http://www.statcan.gc.ca/daily-quotidien/100326/dq100326a-eng.htm>
50. Despite the extremely low ‘uptake’ by Canadians, (34% of tax filers), the Federal government foregoes tremendous amounts of tax revenue to support a system which “benefits” very few Canadian citizens in the sense of tax avoidance. Tax breaks do not benefit Canadians, if it means we have fewer resources to provide social supports.
51. In 2010, the net cost to the federal government of this lost income tax revenue for RRSPs is projected to be \$12.1 billion. Provincial governments also lose tax revenues through RRSP tax subsidies. (Net cost is the cost in lost tax revenues of allowing income deductions for contributions to these plans, plus the cost of not taxing investment income accumulating in the plans, minus the tax revenues generated by taxing withdrawals from the plans.): [http://www.fin.gc.ca/taxexp-depfisc/2009/taxexp-depfisc09\\_eng.pdf](http://www.fin.gc.ca/taxexp-depfisc/2009/taxexp-depfisc09_eng.pdf) [Department of Finance 2008: Table 1, page 17].
52. These subsidies go to the wealthiest Canadians. The 2010 Statistics Canada report summarized its findings as follows:

***Participation in private retirement savings plans increases with income:** 9% of employed tax filers in the lowest income quintile participated in a private retirement savings plan in 2008, while that share stood at **86% for those in the highest quintile**. Not surprisingly, **the highest number of private retirement savings plan members are found in the highest income quintiles**. The number of private retirement savings plan members increased within each income quintile. However, due to the increase in the number of employed tax filers within each income quintile, the share of employed tax filers participating in a private retirement savings plan remained fairly stable for the lowest income quintile and declined for the four other quintiles between 1997 and 2008.*

*As seen in [chart 7](#), non-participants are mostly found in the lowest income quintile: **91% of employed tax filers in this income quintile did not participate in any private retirement savings***

*plan in 2008 and they accounted for 37% of all non-participants. However, the two highest income quintiles represented 12% of non-participants in 1997 and that share increased to 16% in 2008.*  
<http://www.statcan.gc.ca/pub/13f0026m/2010001/section3-eng.htm>

53. The levels of personal savings by Canadians do not provide optimism for this part of the Third Pillar either. In 2009, the average debt loads of Canadian families climbed to \$96,000. The “debt to income ratio” jumped to a new high of 145%: *The Current State of Canadian Family Finances 2009 Report*, Roger Sauvé, People Patterns Consulting, The Vanier Institute of The Family (February 2010): <http://www.vifamily.ca/library/cft/famfin09.pdf>.
54. We reject the opinion of “The Research Working Group on Retirement Income Adequacy of Federal-Provincial-Territorial Ministers of Finance” when it suggested “a rough rule of thumb that 60 percent replacement levels of pre-tax incomes are adequate to maintain expenditures”: **Summary Report on Retirement Income Adequacy Research** Jack M. Mintz, Research Director, December 18, 2009, at page 8.
55. With this statement, The Research Working Group unilaterally rejected the commonly and long held opinion that people need at least seventy percent (70%) of their pre-retirement income to retire with dignity. We recognize that each individual Canadian will have different circumstances. Some Canadians may well need 100% replacement rates because their pre-retirement income was so low to begin with. The Research Working Group changed the standards for defining retirement security, in order to then proclaim that most Canadians do not have inadequate retirement security.
56. CUPE believes that the Research Working Group was initially correct when it pointed to the apparent decline in workplace defined benefit pension plan coverage, the decline in personal savings and the sharp decline in the stock market in the fall of 2008 as a reason for the investigation into Canada’s retirement income adequacy. CUPE believes that when 11 million Canadian workers do not have a workplace pension plan, we do have a crisis. CUPE believes that the crisis can be addressed by strengthening the Canada Pension Plan system, the OAS/GIS and workplace pension plans.

### **Pension Benefits Insurance Fund**

57. Finally, we believe that this Government should also support a plan for an insurance system for workplace pension plans.

### **Conclusion**

58. In our view, all of this points to the solution that we have been advocating for months now – enhancements to the first and second pillars of our retirement income system. Your Government should support what clearly works rather than creating a “supplement” to it or hoping that the third pillar of workplace pension plans and personal savings will rally.
59. We are aware that powerful forces are working against our agenda in the hopes of seeing a different course of policy changes that will enhance their opportunities to make money from the retirement industry. We want to be clear. We are convinced that our proposals are technically sound, and will meet the retirement income system objectives that most Canadians share. As long as the gaps, inadequacies, and insecurities of the existing system persist, we will continue work hard to see them effectively addressed in the interest of all workers and all Canadians. With every corporate bankruptcy that leaves pensioners and active workers out in the cold, and with every new employer

proposal to shut down or cut back their pension plan, the pressure for a more effective public pension system can only grow.

60. Our Government can play a real leadership role at the June 14 and 15 2010 meeting of the Federal, Provincial and Territorial Finance Ministers on Prince Edward Island by proposing the following:

- A phased-in gradual increase in mandatory employer/employee contribution rates to the CPP/QPP to provide for a replacement rate of up to 50% of the average wage increase with an increase to the minimum wage exception from \$3500 to \$7000 annually to ensure no reduction in GIS entitlement
  
- That the Federal Government, and each of the Provincial Governments, create a proper system of insurance for workplace pension plans as exists in many other OECD countries, and in the Province of Ontario
  
- That the Federal Government amend bankruptcy and insolvency legislation to provide greater protection for workers to their retirement benefits
  
- That each of the Provincial Governments amends legislation to provide for greater support for defined benefit workplace pension plans, and to protect against high-risk investments and employer underfunding of pension plans
  
- That each of the Provincial Governments amends legislation to ensure that existing workplace defined benefit pension plans are not adversely affected by the transition to an up to 50% replacement rate for CPP/QPP, especially where such workplace pension plans are integrated with CPP/QPP benefits
  
- That the GIS portion of the OAS be immediately increased by 15% sufficient to eliminate poverty among Canadian seniors

We thank you for the opportunity to provide input in advance of the meeting of the Federal, provincial and Territorial Ministers of Finance on Prince Edward Island June 14 and 15, 2010.

Yours truly,

Milo Murray  
President  
CUPE Prince Edward Island Division

Jl/cope491

Cc: Leanne MacMillan – Senior Officer – CUPE Pension Campaign