

CUPE BC Pension Committee
Report to Convention – April 2017

2017 Action Plan – On going

The Committee supports young worker member engagement with a young worker member appointed to the committee by the Provincial Executive based on the recommendation of the Young Workers Task Force. At the same time, the committee has assigned members to attend young worker events whenever they occur.

Education continues to be the key to building pension activists, and the committee achieves this through Municipal Employees Pension Advisory Committee (MEPAC) meetings and the annual Shareholder Association for Research and Education (SHARE) Forums. For our CUPE membership, Retirement Planning Workshops continue to be among the most popular education workshops offered by CUPE Education.

The CUPE BC Pension Committee continues to commit to educate all CUPE members in understanding why pensions are of great importance to all workers. Pensions are a social justice issue and should be fundamental in both union and non-union workplaces. It is critical to educate our young and middle-aged workers in pension activism in order to prevent further erosion of our defined benefit pension plans. Education about participation in a pension plan is especially significant for workers in precarious positions.

The Committee continues to advocate for ongoing pension education. Education would be in the form of courses and training workshops held by Locals and District Councils, in addition to the weeklong pension course “The Attack on our Deferred Wages – the Real Pension Story”. Conferences, workshops and seminars, as well as printed material for distribution at Local meetings can educate Local membership. The one-on-one conversations with members and the general public can make pension education a personal issue that brings relevance to individuals. Members are encouraged to contact their Local or District Council to request and hold pension workshops. Continuing to

educate CUPE workers about the importance of pensions will ensure that our pensions survive for the generations to come.

Municipal Employees Pension Advisory Committee (MEPAC)

The committee had planned a tour of the BC Pension Corporation building in Victoria as well as a MEPAC meeting in the fall of 2016, but the lack of participants from the affiliated unions had delayed this meeting and will be rescheduled for the next term of the committee.

Municipal Pension Plan (MPP)

The MPP Annual General Meeting was held on October 13, 2016 at the Anvil Centre in New Westminster. The financial highlights were presented by Gary Yee, Vice-Chair. Actual return on investments for 2015 was 8.7% which beat expectations (6.5% assumption). As of the end of 2015, the net assets of the plan is \$43.7 billion. The 2015 valuation results show that the funding ratio, assets over liabilities, is at 104.6%. The plan is fully funded as of December 31, 2015. Rate stabilization account will help offset future contribution rate increases. Sustainable cost of living (COLA) cap increased to 2.1%. The plan is adapting to an aging membership and a lower interest/investment return environment.

As of January 1, 2017, group benefits for retired members were changed. The annual deductible changed to \$100 per person instead of per family, Co-insurance at 70% on first \$1000 in claims per person per calendar year. Lifetime maximum rose to \$200,000 per person and the dental is no longer subsidized. Changes needed to be made because the current group benefits program for retired members are not sustainable.

Public Service Pension Plan (PSPP)

CUPE members in the PSPP report that the biggest impact to the pension plan is the changes to the Canada Pension Plan (CPP).

The new deal has the following major provisions:

- Yearly Maximum Pensionable Earnings boosted by 14% to \$82,700 by 2025.
- Maximum Benefits boosted to around 30% of earnings, up to \$17,478 from \$13,110 at 25%.
- Contributions from employees and employers increase by 1% to start in 2019 and in full effect by 2023.
- The greatest beneficiaries of this change are the younger workers entering the workforce.

The plan is also in the process of changing its health benefits provider.

Expanded Canada Pension Plan

In October 2016, the Federal Liberal Government introduced Bill C-26, an Act to amend the Canada Pension Plan, the Canada Pension Plan Investment Board Act and the Income Tax Act. The expanded plan will boost earning up to 33% from 25%, and contributions from employees and employers increase by 1% to start in 2019 and in full effect by 2023. After some study by CUPE and the Canadian Labour Congress, it was found that special provisions for workers with child raising responsibilities and persons with disabilities that ensure they receive equitable retirement benefits, have been excluded from the expanded portion of the CPP, even though they've existed for decades in the current CPP.

The “child rearing drop out” ensures that parents are not penalized under the CPP for time out of the workforce to raise children. While available to any parent, this “drop out” provision is used mostly by women.

Similarly, the “disability drop out” ensures persons with disabilities are not penalized for time they are unable to work due to their disabilities and collecting CPP Disability Benefits.

As Bill C-26 currently stands, these “drop out” periods will not be included in the CPP expansion, penalizing women and persons with disabilities, even though they've existed in the current CPP for decades.

The Attack on Worker Pensions – National

In 2016, the focus of Canada Post – Canadian Union of Postal Workers (CUPW) labour dispute was attempts by Canada Post to impose a two-tiered pension plan, introducing a defined contribution plan for newly hired workers. CUPW managed to fend off the pension proposal and reached an agreement.

General Motors – UNIFOR negotiations also involved two-tiered pension plans with a defined contribution (DC) plan for new hires. With UNIFOR workers under the threat of job losses, the contract included concessions and a DC plan for new hires.

The Ford Motor Company – UNIFOR negotiations which followed, broke this pattern and managed to hold on to a defined benefits plan for all workers.

With President Trump wanting to renegotiate NAFTA, the future of Canada-USA auto deals are highly uncertain.

BILL C-27 – “An Act to Amend the Pension Benefits Standards Act, 1985”

This applies to the workplace pension plans for federally-regulated industries (banks, telecommunications, transport, Crown Corporations, etc.). On October 19, 2016, the Federal Liberal Government quietly introduced Bill C-27, largely modeled on the New Brunswick “Shared Risk” pension plan model. C-27 would allow federally-regulated employers to pressure plan members into “surrendering” the DB pension plan promises they’ve already earned.

Bill C-27 brings a particular “Target Benefit” (TB) pension plan framework to the federal jurisdiction. A TB pension plan is basically the inverse of a DB pension plan. Benefits in a TB plan are not secure, legal obligations, but “targets” that can be legally reduced if the pre-determined contributions to the plan are not sufficient. Also included is a consent mechanism which requires the consent of plan members to “surrender” the previously unreducible DB plan entitlement they have already earned and “exchange” it for a legally-reducible TB plan. Individual member consent is required for this to take

place, however, C-27 also says that “a bargaining agent may consent on behalf of a unionized member if the agent is authorized to do so.” This could give employers the ability to table a bargaining demand that all union members agree to “surrender” their DB entitlements in “exchange” for TB aspirations. The employer could then press the issue to lockout to obtain the entire bargaining units “consent.”

In the lead up to the 2015 election, Trudeau was asked about his position on retroactive DB conversions to TB plans. In a signed letter from July 2015, Trudeau stated: “I continue to believe that while they may make sense in certain circumstances, any changes to [DB plans] should be made on a going-forward basis. [DB plans] which have already been paid for by employees and pensioners, should not retroactively be changed into [TB plans].”

The Canadian Labour Congress, along with CUPE pension activists, have embarked on a media campaign, including lobbying efforts targeting Liberal MPs to reject C-27. The lobbying efforts seem to have caused the governing Liberals to suspend the legislation and to enter consultations. Further pressure is needed to convince the government to drop this legislation.

Acknowledgement and Thanks

The committee would like to thank the CUPE BC clerical staff for their support and assistance on operations and logistics of the meetings. The committee would also like to give great thanks to our National Staff Advisor, Gary Yee, for research support and consultation on all pension matters. Finally, the committee thanks the CUPE BC Executive Board and table officers for their support of our recommendations and action plan.

Respectfully submitted:

Frank Lee, Chair
Larry Bancroft, Co-Chair
Charlene Ducholke
Jason Edwards
Ann Green

Eric Jaworski
Laura Johnston
Inder Pannu
Richard Paul
Robert Reimer

Joe Rodrigue
Harpinder Sandhu
Irene Schoemaker
Gary Yee – Staff Advisor

April 2017

