

OCTOBER 2009 – LL764 PENSION COMMITTEE REPORT

In the spring of 2009 the federal government held a series of cross Canada meetings soliciting input from employers, employees and retirees on how they view the current Canadian pension system and to make suggested changes to the Department of Finance.

The Canadian Labour Congress has been heavily involved in this process from the beginning on behalf of both the unionized workers it represents as well as non-unionized workers and retirees. The CLC is tabling a proposal to see 3 fundamental improvements made to the public and private pension plans in Canada.

First is a doubling of the CPP to cover/replace 50% of your earnings instead of the current 25%. This would be paid for by a phased in (over 7 years) CPP contribution increase of 3% in addition to the existing 4.8% premium you pay on earnings up to the YMPE. This plan would cover all workers in Canada, union, non-union and is portable from any job to any other job anywhere in Canada throughout your entire working life. The CPP benefit can be doubled with less than a doubling of the contribution rate because of the size and low administration costs of the CPP investment fund.

Second is a 15% increase in the GIS (Guaranteed Income Supplement) to Old Age Security. GIS is an anti-poverty measure that pays additional retirement income to low-income OAS recipients. Currently 35% of OAS recipients also receive a GIS. The GIS program has been successful in reducing the poverty rate of seniors from double the number of the working age population in 1980 to ½ those of working age in 2004. But that number has begun to slide in recent years and the GIS needs to be increased to outpace the creeping poverty line.

The third recommendation is one that should resonate with all unionized employees; a requirement for a government backed insurance fund for private pension plans. This would insure plan members would receive their pensions in the event of an employer bankruptcy. This insurance would be funded by a fee of \$2.50 per employee for fully funded plans and higher ranging fees based upon the % of solvency for underfunded plans. A contingency fund for seriously underfunded plans (like GM) would be funded through a special transaction tax of 0.1% on Stock Market transactions. It is the malfeasance and unregulated market trading that has caused the massive meltdown of pension fund money in the first place. Having been the problem; they should now be part of the solution as well.

It is of vital importance that each and every one of you email, write, call or better yet visit your MP to let them know that you support improvements to the Canadian pension system. There will be new legislation coming to the House of Commons late this year or early 2010 and all political parties need to hear from all of **us** that the time has come to adopt a “Medicare for Pensions” where everyone gets adequate coverage and no one is left to fend for themselves with RRSPs as their primary retirement income.

The door to pension reform is partially open in Canada right now and it is imperative that as many citizens as possible push it fully open and make sure the changes made are for your benefit and not for your CEO's and stock holders benefit. Email is the most effective way to reach me. I may be contacted at pres764@telus.net with any questions or concerns that you may have.

Respectfully Submitted,

Christopher Hiscock
Chairman, LL764 Pension Committee