**Association canadienne des enseignantes et des enseignants retraités**



**Canadian Association of Retired Teachers**

**PENSION AND RETIREMENT INCOME COMMITTEE**

**REPORT TO THE 2017 ACER-CART AGM**

**COMMITTEE MEMBERSHIP**:

 Chair: James MacAulay

**The terms of reference :**

The Pension and Retirement Income Committee shall:

1. respond to requests regarding matters pertaining to pension concerns;
2. make recommendations to the Executive on matters pertaining to pension concerns;
3. receive concerns and recommendations from Members;
4. prepare for the Executive reports related to pension and retirement concerns.

**Report**

During the past year no items have been referred to this committee from national or provincial/territorial organizations. However, if we look at the pension field we will realize that in 2014 the federal government unveiled a pitch for a new type of pension plan. This was as a result of funding problems which had arisen for Defined Benefit Pension Plans. Provinces in some cases have put legislation in place to facilitate this new type of pension plan. The goal was to put in place a plan that was somewhere between the two predominant pension plans which were in place at this time.

The federal government at the present time is considering a Bill (C-27) which will place this new type of pension plan in federal legislation. It would appear that should this legislation go into place that it will definitely give the power for any of our present plans to convert to this new type of plan. As I read the bill, I do not see that any present pension plan will be forced to convert to this new plan. This, of course, does not remove the possibility that present employers both private and government may suggest very strongly that a conversion takes place. This makes it very important that our Members who have Defined Pension Plans understand the ramifications of this new approach.

The Target Pension Plan, sometimes referred to as the shared risk plan, provides for the employer and the pensioner to share the risk of maintaining the capital in the plan. This means that should we convert a Defined Benefit Plan to a Target Plan one half of the shared risk would be transferred to the pensioners. There does not seem to be much discussion about converting a Defined Contribution plan to a Target Plan which would transfer one half the responsibility of plan maintenance to the employer. Today most corporations prefer the Defined Contribution Plan or the Target Plan. Many new employees will find that there will be no option for a Defined Benefit Pension Plan. All of this makes it vitally important that our members are fully aware of all the possibilities in regard to pensions and retirement income. As time will pass the number of people in Defined Benefit Plans will decrease. It is imperative that we protect our Defined Benefit Plans. As financial markets improve there will be less burden placed on employers both private and government.

Respectfully submitted

James MacAulay

Chair