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



**Canadian Association of Retired Teachers**

**PENSION AND RETIREMENT INCOME COMMITTEE**

**2018 AGM REPORT**

**COMMITTEE MEMBERSHIP**:

Chair: Gerry Tiede

Members: Wayne Hughes, Ed Zegray

**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. Provide support to Members in matters relating to pension and income
5. monitor the public service pensions and the private pension plans to identify trends, changes and threats to members’ pension and retirement income.

**Report;**

The initial work of the Pension Committee this year was the development of a strategy to combat Bill C-27, a federal Act to amend the Pension Benefits Standards Act, and allow the formation of new Target Benefit (TB) plans as well as the conversion of current Defined Benefit plans to TB plans. Working with the BCRTA, we provided information and resources that encouraged individuals to contact their Members of Parliament and Cabinet members to voice their opposition to this act. These resources we all placed on the ACER/CART website and shared across Canada.

There has been a considerable number of contacts made here in BC to our MPs, but we have not achieved our goal of 25 individual contacts to each MP in the province. It has been difficult to sustain any lobbying momentum because the Bill is languishing at First Reading and the government, particularly the Minister of Finance, has been preoccupied with other files in a crisis mode. It is my opinion that the Bill will not be withdrawn but will be pushed through at some time when the political climate allows it.

Our main objection to TB plans is they allow the reduction of pensions-in-pay to people who have already retired and who have no ability to mitigate their losses. It is currently illegal, and not fair for plan sponsors to change the pension promise retroactively.

Just the fact that the Bill is sitting there on the Order Papers and Target Pension Plans are being promoted by vested interests has resulted in provinces considering implementing their own Target Plan legislation to solve the unfunded liability problems they have created in their own provincial plans. Nova Scotia and Manitoba are two examples. Our fear is that as TB plans gain acceptance and are promoted as the solution to funding shortfalls in some plans there will be pressure to use that model for current well-funded DB plans as a way to reduce the risk of future contribution increases.

The BCRTA is preparing a new campaign to lobby our MPs to vote against bills enabling TB plans. It features multiple, small petitions being delivered to MPs. If an MP receives a petition with 25 names of constituents, they may read it out in Parliament. The goal is to deliver at least one such petition to each MP in BC as well as conveying their duty to read the petition in the House to each MP. The petition language has already been reviewed and accepted by the Clerk of the House of Commons. You will hear more about this initiative during my oral report and the resource documents will be shared on the ACER/CART website for your use.

A similar issue that warrants our attention is the treatment of pensioners when a company plan goes into receivership, as happened with Sears. Currently pensioners are at the back of the line in receiving their promised benefits when a company declares bankruptcy. Legislation needs to be changed to protect the earned rights of employees, especially retirees who, by definition, are seniors with little opportunity to mitigate their losses.

Attached you will see the results of our informal survey comparing the Teachers’ Pension Plans across our country. The first encouraging observation is the relative health of teacher retirement plans. Eight of the plans reported a funding surplus. This is very different from the unfunded liabilities most plans experienced 10 years ago and is likely attributable to the 10-year bull market that the stock markets have experienced. The concern would be that we are overdue for a market correction or downturn which will lead to unfunded liabilities and pressures to accept solutions such as the conversion to a Target Benefit plan.

You will also notice that there is an under-representation of retired members on the various Pension Boards. With most of the provincial plans creeping towards a 1 to 1 ration of actives to retirees in their plan can you think of any reasons why the retiree group should not be well represented on the governing bodies?

Gerry Tiede

Chair