

### CFP/ NPF Messaging:

- There are no real protections for defined benefit pensions when a company goes bankrupt. The risk to defined benefit pensions occurs when a company becomes insolvent and its pension is underfunded.
- When companies are in trouble but haven't yet become insolvent, pensioners are powerless to intervene and secure their pensions. All other creditors can negotiate terms to protect their interests.
- Insolvency law does not treat pensioners fairly. Unlike creditors, pensioners are not automatically able to negotiate their terms when assets are divided. They aren't even allocated a seat at the table, unless the court grants them one.
- When companies become insolvent, their pensions are often underfunded by 20% or more. When Sears became insolvent, pensioners outside Ontario lost 20% of their income. Those in Ontario fared a little better with some protection through the Ontario Pension Benefit Guarantee Fund.

We are calling on the federal government to protect pensioners by:

1. Creating a pension insurance program that insures 100% of the pension liability. This should be fully funded by the plan sponsors so it wouldn't be a burden to taxpayers.
  2. Amend insolvency legislation to extend super-priority to the unfunded pension liability. While the 2019 federal budget promises amendments to make current legislation fairer and more transparent for defined benefit pensioners, it doesn't go far enough.
- While super priority won't guarantee pensioners receive 100% of their pensions, it will increase pension security in the event of a corporate insolvency.
  - When pensions get cut, there are real economic and social consequences for our communities. Pensioners are great volunteers -- we help out at seniors centres, drive patients to medical appointments, assist at community events, staff local clubs, and help on election campaigns.
  - Pensioners are also significant contributors to charities and non-profits. When their pensions are reduced by 20, 30, 40% or more they cut back on volunteering and often need support from the charities they used to serve.