

Pension update:  
Some progress, more threats  
And an election

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- 19 member organizations
- Aggressively advocating for pension protection

# Broad Coalition of Support

- Canadian Federation of Pensioners
- National Pensioners Federation
- CARP
- Canadian Labour Congress

# Our Journey Today

- Brief background
- Progress and Threats
- 2019 election

# Background

- Two levels of legislation impact pension security
  1. Legislation governing how pensions are managed and legislation governing how companies are managed
    - 11 different jurisdictions
  2. Legislation governing how pensions are managed in insolvency
    - 1 jurisdiction (Federal)

# Jurisdictional Nightmare

- Pensions are not necessarily registered in the same jurisdiction of the company
- All jurisdictions are different
- In general, provisions at the “lower” level of jurisdiction (pension and business management) are not enforceable in insolvency

# What is our ask?

- Keep it simple: pensioners should receive 100% of the pension their employer committed to.

# Specifically to the federal government?

- Create a pension insurance program that insures 100% of the pension liability. This should be fully funded by the plan sponsors. While this would impact only federally regulated pensions, it would create a model for similar plans at the provincial level.
- Amend insolvency legislation to extend super-priority to the unfunded pension liability. While this would not guarantee pensioners would receive 100% of their pensions, it is an action the federal government should take to provide increased pension security to all pensioners of companies entering insolvency.
- Establish a recurring refundable tax



# Threats

- Quebec, Ontario and now BC and Manitoba moving away from 100% solvency target.
  - Remember 100% was the target when Nortel, Sears, etc. went through insolvency.
- Sponsors complaining 100% solvency is too expensive. Some large unions support them.
- Jurisdictions moving to “going concern” funding
  - Going concern is like a “cash flow” model vs solvency which is an “are there assets to cover the liabilities” model.

# 100% Solvency Funding is Critical

- When a pension is wound up in an insolvency it is converted to annuities.
- Annuities are calculated on the same basis as solvency funding.
- The annuity will be the same as your pensions' solvency ratio.
- Any reduction in solvency requirements must be contingent on a backstop.

# Progress

- Bill C97
- Included positive changes to insolvency and business management legislation
- Not nearly far enough and limited
- But it is a start, and an admission that changes are necessary

# 2019 Election

- Have asked all the major parties what their policy is regarding pension protection
- NDP have stated they will meet both of our asks; super-priority and pension insurance
- Green Party stated they would give pension debts priority during insolvency proceedings
- No response yet from the others.

Questions?

Thank You!

