

CONGRESS OF UNION RETIREES OF CANADA
SUBMISSION - RE: AMENDMENTS TO
PENSION BENEFITS STANDARDS ACT, 1985

The Congress of Union Retirees of Canada was founded in 1993 by the Canadian Labour Congress and represents Union Retirees from the board spectrum of the Canadian Labour Congress membership. Our more than 500,000 affiliated unionists live throughout Canada and are representative of every sector of the Canadian Economy. Our President also sits on the Executive Council of the CLC. We have been active participants at Parliamentary Committee Hearings on many matters affecting retired persons and their families. CURC also has met with Federal Ministers or their officials since our foundation.

We obviously have an active interest in Pension Legislation at both the Provincial and Federal levels and are pleased that an effort is being made to update the Pension Benefits Standards Act 1985. We note that your Regulatory Impact Analysis Statement says, “One of the main purposes of regulation is to set out standards for funding and investment of pension plans to ensure that the rights and interests of pension plan members, retirees and their beneficiaries are protected. In particular, regulation is intended to ensure that pension plan assets are sufficient to meet pension plan obligations.” We are concerned that Retirees, although named as members of

Pension Plans, don't always get the legal or historic recognition they deserve.

Many of us helped negotiate many Pension Plans that now exist. In too many cases we are vulnerable to changes that are negotiated in these plans with very limited legal protection for our retired members. In too many cases we are not involved in the negotiations, nor are we consulted about their outcome.

One important way to overcome these situations would be to change the Act to reflect newly enacted Quebec Legislation, whereby Retirees are recognized as an entity and have a voice through a representative on the ongoing Pension Committee and at the Bargaining Table. At its most recent convention in November 2005, the Ontario Federation of Labour adopted a Policy Statement entitled "Keeping the Pension Promise" wherein it declared, "The Ontario Federation of Labour and its affiliated unions will work to require that all plans be administered by a Pension Committee with Worker / Union / Retiree representation. The OFL will also work to ensure a real and effective role in Plan Governance for members of Public Sector Pension Plans." CURC fully supports these sentiments and a representative of our Provincial Retirees Federation sits on the Executive Council of the OFL.

Many Pension Plans , until recently, road the rising investment market to surpluses. Sometimes this resulted in contribution holidays for plan sponsors, and on other occasions fund

sponsors and plan members participated in the practice. The stock market and low interest rates reversed this situation, with the resultant deficits according to your own analysts, affecting negatively 78% of federally regulated defined Benefit Plans.

We believe that a Pension Guarantee Fund would assure the Long-Term Funding needed to keep Pension Funds stable and assure that both active and retired members of these funds receive the pensions that they have paid for with their contributions over many years.

Pension Payment Holidays should not be allowed. If there is a surplus in the pension fund then it should be used to the benefit of the plan members. In certain cases where prudence might not mitigate immediate benefits, a contingency fund could be established to hold the funds in trust until needed in the case of low interest rates or a down turn in investment income. These actions would have to be filed with the Superintendent.