



Fact sheet

Pension bargaining priorities

CUPE CANNOT ACHIEVE GAINS AT THE BARGAINING TABLE WITHOUT COLLECTIVE POLITICAL AND SOCIAL PROGRESS. WHAT WE WANT FOR OURSELVES – DECENT PAY, DIGNITY, RESPECT, EQUALITY, SAFE WORKPLACES, A HEALTHY ENVIRONMENT, AND EXCELLENT PUBLIC SERVICES – WE WANT FOR ALL WORKERS AND PEOPLES IN CANADA

– CUPE STRATEGIC DIRECTIONS 2013- 2015

Canada is heading towards a retirement income crisis. Study after study shows that Canadians without pensions are not able to save enough for retirement on their own, yet governments and employers are moving backwards on retirement security. The federal government has refused to expand the Canada Pension Plan and has unilaterally increased the age of eligibility for Old Age Security.

Employers in both the private and public sectors are attacking decent defined benefit plans and shifting massive amounts of risk onto plan members. The result of these attacks will be significantly lower retirement living standards for future generations of Canadians. Many will simply slip into poverty. We can do better and CUPE members are leading the fight for decent retirement.

1. EXPANDING THE CANADA PENSION PLAN

Since 2009, CUPE and the Canadian Labour Congress have pushed for secure retirement for all Canadians, phased in by doubling CPP benefits and requiring just a modest increase in workers' and employers' contribution rate. This common sense plan is affordable and has garnered significant support from the provinces, the public and a wide array of experts. CPP expansion would have the added benefit of reducing pressure on workplace pension plans. Most provinces are ready to amend the CPP but the federal Conservatives have blocked CPP expansion. CUPE must educate

our members and the public on the importance of CPP expansion. We must make pensions a major issue in the next federal election.

2. REVERSING THE CUTS TO OLD AGE SECURITY

Without consulting the public or the provinces the federal government increased the age of eligibility for Old Age Security and the Guaranteed Income Supplement. This decision will have huge repercussions, particularly for future generations of Canadians living in poverty. Experts agree that the program was sustainable before Ottawa imposed the age eligibility increase.

3. RESISTING ATTACKS ON DEFINED BENEFIT PLANS

Over the past several years, CUPE locals in every jurisdiction and sector have faced unprecedented attacks on their defined benefit workplace pension plans. Under the guise of austerity, public sector employers are increasingly attacking pensions, proposing massive benefit cuts or even an outright conversion to target benefit or defined contribution plans. These other plans do not offer the traditional secure defined benefits and shift the bulk of risk from employers to members.

Typically, such changes can only be made on a go-forward basis, but governments are increasingly looking at ways to implement these conversions retroactively. These changes allow employers to walk away from promises made to employees by rewriting them as mere goals. Under-delivering would then become legal.

4. EXPANDING WORKPLACE PENSION COVERAGE

Some workplace pension plans have restrictions setting minimum hours or earning thresholds, effectively excluding part-time workers. Pension plan texts and collective agreements should be examined for ways

to bring part-time workers in. Many CUPE units have been successful in expanding the coverage of their workplace plans in this way. Nonetheless, a number of CUPE workplaces still do not have decent workplace pension plans – they may be stuck in RRSP or defined contribution type plans – and many members have no plan at all. If these workers are unable to bargain a defined benefit plan, they can consider participating in the union-run Multi Sector Pension Plan or the Nursing Homes and Related Industries Pension Plan – target benefit plans that provide decent pensions for workers who have not been able to achieve a DB plan.

GUIDELINES FOR BARGAINING

Protect defined benefit character of plans.

Defined benefit plans were established and built up through hard bargaining and have a track record as the best way to provide a secure and predictable retirement income.

Resist two-tier outcomes. Shifting from a defined benefit plan to a less secure plan for new hires will create two tiers of worker within the same bargaining unit. The eventual split between tier one and tier two workers could threaten union solidarity and strength.

Bring pensions to the bargaining table. If necessary, collective agreements can be amended to include language that effectively gives the union a veto over all plan changes. Pursue joint trusteeship to remove employers' right to change plans unilaterally.

Always look critically at employer/consultant arguments. Employers and their paid consultants often present an overly negative picture of a plan's funding status in order to justify drastic, permanent pension cuts. These arguments are often exaggerated, and their conclusions should always be critically examined and challenged.

Look for past contribution holidays. During the 1990s, when many pension plans were in surplus, employers took significant "contribution holidays," using surplus

funds to pay their own pension contributions. Showing a history of contribution holidays can be very helpful in pushing back against local pension cuts.

Make any unwanted changes temporary and prioritize contribution increases over benefit changes.

Changes to a plan that are ultimately undesirable can be set to expire at a set date or specified funding level. Minimize permanent concessions to the plan by making undesirable changes temporary. Our pension benefits are so important that, if facing a difficult choice, it is often better to pay a bit more to protect these benefits than to lose them altogether.

Build coalitions with other unions in the same pension plan. Often several unions represent workers in the same pension plan. Working together, sharing resources and information, and creating a common front can often lead to better outcomes.

Make use of CUPE pension resources. CUPE has many researchers and national representatives with pension expertise, along with two pension specialists in the national office who are able to assist with pension issues. CUPE can also turn to external legal and actuarial advice when needed. Contact your national representative to access these resources.

Challenge the public perception that all defined benefit plans are unsustainable and unfair. Defined benefit pension plans are the most efficient way to use current earnings to fund retirement. CUPE has a proven track record of working with employers to ensure that defined benefit pension plans are sustainable. Remind people you talk to that pension plan members pay a significant portion of the cost of their pensions and that these plans are a part of their negotiated total compensation. For CUPE members, an average pension for a 30-year employee is a modest \$18,000 per year. Good pension plans also have significant benefits for the economy as a whole and save governments at all levels important funds from social and income support programs for seniors.