

# TAKE LEGISLATIVE ACTION TO PROTECT PENSIONS



CANADIAN  
FEDERATION  
OF PENSIONERS  
ADVOCATING FOR PENSIONERS



FÉDÉRATION  
CANADIENNE  
DES RETRAITÉS  
POUR LES RETRAITÉS



Canadian Labour Congress  
Congrès du travail du Canada

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PEOPLE POWERED CHANGE



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# WHY DO WE NEED LEGISLATIVE CHANGE?

- Pensions are deferred wages. They've been earned over decades. No one should work for years only to face financial distress in retirement through no fault of their own.
- Pensions are often retirees' primary or even their only asset. Without pensions, the vast majority of Canadians have inadequate retirement savings.

# WHY DO WE NEED LEGISLATIVE CHANGE?



- Cuts to pensions cause financial, emotional and even physical distress. Allowing pensions to be underfunded and then cut results in pensioners being increasingly reliant on government-funded programs. Corporations shouldn't be able to stiff their pensioners and leave taxpayers to foot the bill.



# HOW BIG IS THE PROBLEM?

1

1.3 million Canadians in corporate defined benefit pension plans are at risk.

2

More than 16,000 Sears Canada pensioners face combined pension losses of over \$250 million.

# HOW BIG IS THE PROBLEM?

3

Tens of thousands of pensioners across Canada have had their pensions cut in the last decade:

- 12,000 Nortel Canada employees faced pension cuts up to 40 percent.
- 700 Wabush Mines employees faced pension cuts of 20 to 25 percent.
- Over 10,000 employees of Indalex, Algoma, Grant Forest Products and others had their pensions cut with no recourse under existing laws.

# CAN WE AFFORD TO PROTECT PENSIONS?

Failing to protect pensions costs pensioners and taxpayers. Yesterday it was Nortel. Today it's Sears. If action isn't taken, other pensioners will lose their retirement security tomorrow.

We can't afford not to.

With super-priority for pensioners, bankers and bondholders will make sure pension plans are funded, and corporations will be held accountable for their pension plan promises.

# WHAT ACTION IS NEEDED?

- Amendments to federal bankruptcy and insolvency legislation are needed to put pensioners first.
- Right now, only current year (normal) contributions have super-priority. This needs to be extended to all unfunded pension liabilities to keep pensioners whole.
- All unfunded pension liabilities need to be fully funded before assets are distributed to secured creditors following a bankruptcy or restructuring. (This is called giving unfunded pension liabilities super-priority).

# WHY IS THIS THE FEDERAL GOVERNMENT'S CONCERN?

- Canada is an international laggard when it comes to protecting pensioners.
- U.S. jurisdictions protect pensioners' assets up to \$56,000 per year.

**\$56K**

**PER YEAR**



# WHY IS THIS THE FEDERAL GOVERNMENT'S CONCERN?

- A fund in the U.K. guarantees pensioners 90 per cent of their pension.
- Article 8 of the EU Insolvency Directive requires national government take "necessary measures" to protect pensioners from financially distressed employers.
- Canada is failing its pensioners. Action is needed now to correct this injustice.

90%

**PENSION COVERAGE**



# HOW DO WE WANT YOU TO HELP?

1

Support changes to federal legislation to put pensioners first when companies go bust.

2

Call for pension protection to be recognized in the throne speech and in the budget.

3

Be a champion for pensioners. Rally your caucus colleagues to put pensioners first.



Can we tell our members that you support super-priority for pensioners?



# For more information:

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