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## **Federal Budget Fails to Protect Canada's Defined Benefit Pensioners**

March 19, 2019 – Toronto -- Today's federal budget fails to protect defined benefit pensioners, says the Canadian Federation of Pensioners (CFP) and the National Pensioners Federation (NPF).

"The federal government pledged to take action in last year's budget but has not lived up to its promise to support Canadian pensioners. Despite the calls for action from millions of Canadian pensioners, this budget offers no protections for pensioners in the event of corporate insolvency," said Michael Powell, President of the Canadian Federation of Pensioners.

"Over 1.3 million Canadian retirees and their spouses have defined benefit pension plans, yet, their retirement security is threatened in the event of insolvency," explained Trish MacAuliffe, President of the National Pensioners Federation.

"While today's budget is a good first step, it fails to address the issue of pensioners being shortchanged in the event of an insolvency," said Powell. "We are calling on the federal government to include super-priority for defined benefit pensions in its proposed changes to insolvency legislation."

Last fall's Chapter 11 filing by US-based Sears once again highlighted the disparity between US and Canadian pension protections. In Canada, Sears pensioners have lost their health and dental benefits, and, outside of Ontario, 20% of their pensions. In contrast, 90,000 Sears pensioners in the US will be shielded from the fallout because the company's underfunded pension obligations will be covered by the federal US Pension Benefit Guaranty Corporation.

"The disparity is un-Canadian and must be addressed immediately", said Powell.

In its December 2018 submission to the federal consultation on pensions, the CFP and NPF outlined three areas for federal action to protect defined benefit pensioners:

1. 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.
2. Amend insolvency legislation to extend super-priority to the unfunded pension liability.
3. Establish a recurring refundable tax credit equal to the annual pension loss experienced by a pensioner. This credit will serve as a backstop to ensure the above recommendations changes work to protect pensioners.

“The federal government has a responsibility to protect pensioners. As we move into the election, each federal party must clearly articulate their plan to protect pensioners. We can’t afford another Sears,” said Powell.

Media Contacts:

Michael Powell, President  
Canadian Federation of Pensioners  
(905) 441-5527 m.powell@pensioners.ca

Trish McAuliffe, President  
National Pensioners Federation  
(905) 706-5806 trish.mcauliffe@npfmail.ca