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Letter to the Editor

On November 28, 2019 Larry Kusch reported on changes Manitoba made to pension regulations. His article was accurate, but did not place enough emphasis on the significantly reduced pension protection for hard working Manitobans.

Bill 8 accomplishes the government's goal to provide financial relief to companies regardless of their profitability by reducing pension funding from 100% to 85% solvency. Companies will be allowed to contribute less so there will be less in the pension funds resulting in a significantly increased risk for pensioners.

Companies do become insolvent. Large companies like Nortel, ubiquitous companies like Sears and small companies like Co-op Atlantic. These companies left pensioners facing reduced income of 20 - 40% for the rest of their lives, even though the funding rules for these pensions were 100% solvency. In fact, even under 100% solvency few pensions are actually 100% funded.

Reducing solvency requirements will simply make the next Sears worse.

The Canadian Federation of Pensioners believes pensioners should receive 100% of the pension their employer committed to. Pensions are deferred earnings; earned while you work, payable after you retire. Governments become complicit in the abuse of pensioners when they pass legislation like this without implementing pension protection.

This is the government's issue to solve. Government reduced pension protection without the explicit agreement of the pensioners impacted. Governments have also ensured through longstanding legislation that pensioners are the only stakeholders in companies without the ability to negotiate their own financial terms. Governments have taken that power for themselves.

The CFP is solution agnostic, we simply want pensioners to receive their full pension. We have made several proposals to protect pensioners including industry funded pension insurance. If fully protecting pensions is too onerous for individual companies, pool the risk with insurance as you and I do with vehicle and home insurance.

Reducing solvency requirements without pensioner approval, without offsetting protection in insolvency is unacceptable.

Michael Powell
President
Canadian Federation of Pensioners

The Canadian Federation of Pensioners is the united voice of 19 retiree groups, representing over 250,000 pensioners, the Canadian Federation of Pensioners advocates on behalf of defined benefit pension plans and their members.