WINDSOR STAR

Advocates demand better financial protection for pensioners during bankruptcies

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Author of the article:
Trevor Wilhelm
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Canadian seniors facing difficult financial futures because of unjust bankruptcy and pension laws deserve better government protection, according to a national pensioner lobby group.

"Locally, I have friends who worked at General Chemical, Allied in Amherstburg," said Cody Cooper, a Windsorite and vice-president of the Canadian Federation of Pensioners. "They pretty much took a bath. Everybody knows somebody who worked for Sears. If you worked for Sears and you were in Ontario, you probably took a lesser haircut. But if you lived elsewhere in Canada you got hosed. I just believe these were deferred wages and promises made by employers."

The Canadian Federation of Pensioners, with 23 member organizations representing 300,000 people across Canada, has spent years lobbying provincial and federal governments to better protect members of defined benefit pension plans.

"We need to stop using pensions as piggy banks to solve liquidity problems"

It renewed that call with the absence of any pension reforms in the recent federal budget, criticizing it as another example of how government has "abandoned seniors."

Federation president Michael Powell said pensioners are last in a long line of creditors, which means they often don't get what they're owed when an employer becomes insolvent, despite having spent careers earning pension pay and benefits.

They also have no input into the policy making process, how their pensions are handled or what happens to them after a company becomes insolvent, he said.

"When you look at a company filing for insolvency and there's a bunch of people around the table fighting over the carcass of the company, pensioners aren't even at the table," said Powell. "Of everybody around the table, pensioners are the only people who had no control over their risk exposure, how their obligation was handled. That's all done without their input."

Pensions "are not some kind of gift," he said. They're deferred wages a company commits to.

Innovation, Science and Economic Development Canada, a federal body responsible for bankruptcy policy and legislation, said the government "committed" to several changes to marketplace and pension framework laws in Budget 2018. Those revisions followed national public consultations, said spokesperson Yara El Helou.

She said the changes were enacted to corporate laws, the Bankruptcy and Insolvency Act and Companies' Creditors Arrangement Act (CCAA), and the Pension Benefit Standards Act. "All Canadians deserve a secure and dignified retirement, as well as peace of mind when it comes to their retirement security," she said.

But Powell said those rules never took effect.

"The changes the government proposed in Budget 2018, which have yet to be implemented, fall well short of actually protecting the pensions of vulnerable seniors," he said. "They are discretionary on the part of employers or require the courts to voluntarily step in to protect pensions with no guarantee of pensioners representation."

But he added there is hope for change with two private member's bills introduced last year. Bills C-259 from the NDP and C-253 from the Bloc Quebecois are similar proposals that would give pensioners priority over other creditors if a company is insolvent and the plan isn't fully funded.

Powell called on the Liberal government to support the bills "to remedy this unfairness in Canadian bankruptcy and insolvency law."

"We need to stop using pensions as piggy banks to solve liquidity problems," he said. "It doesn't cost taxpayers anything to ensure people get the pensions they worked their whole lives for."

twilhelm@postmedia.com