



DEFENDING AND IMPROVING PENSIONS

The average pension for a CUPE member is just \$17,900 a year after 30 years of work – far from “gold plated.” Many members receive less, or don’t have a pension at all.

CUPE locals across the country are facing attacks on their pensions. Many plans are dealing with funding challenges, suffering from recession losses and historically low interest rates. Employers are pushing for serious cuts, or closing plans altogether. At a time when so many Canadians have little or no retirement savings, we can’t let the pensions we do have slip away.

Achieving sustainability: A balanced approach to pensions

The law demands sustainability rules for pensions, which often require employers to balance shortfalls through special payments. Employers sometimes seek to offload these payments through cuts.

Plans facing a temporary shortfall do not necessarily require deep and permanent cuts. Often, small changes (to contribution rates, for example) can make a long-term difference.

Some plans face genuine difficulties. CUPE has a proven record of working with employers and governments to meet challenges in a fair and reasonable way.

The growing threat of two-tier plans

Cuts can result in two-tier plans, meaning employers maintain existing defined benefit plans for current workers, but provide only defined contribution or significantly reduced defined benefit plans for new hires.

In difficult bargaining these proposals may seem appealing, but two-tier pensions are a serious strategic danger. Keeping up solidarity and strength across tiered plans is difficult, particularly as first tier members retire and second tier numbers increase. This division can be easily exploited by employers in future bargaining.

Target benefit plans: What are they?

Some employers are proposing new target benefit or shared-risk pension plans, which fall between defined contribution and defined benefit plans. Unlike defined benefit, a target benefit plan that’s short of funds has the option of increasing contributions or adjusting benefits.

Facing an enormous deficit in their defined benefit plan, in 2012 CUPE hospital workers in New Brunswick negotiated an annually indexed plan. It features substantial increases in employer contributions, extended coverage for part-time workers, annual indexation of benefits, and averted the loss of the plan altogether.

Retirement security for everyone: A CLC campaign

CUPE supports the Canadian Labour Congress “Retirement Security for Everyone” campaign, which proposes a modest, phased increase in CPP contribution rates, eventually doubling CPP benefits. Changing the CPP requires support from two-thirds of the provinces representing two-thirds of the population, along with federal support.

Find out more at canadianlabour.ca