

Information for submissions to the Department of Finance on Target Benefit Pension Plans in the Federal Sector

The Department of Finance will be accepting submissions until June 23, 2014 via email to: pensions@fin.gc.ca. Please copy pensionsandbenefits@unifor.org on your submissions and it's a good idea to copy your employer!

Key Message from Unifor:

- Pension coverage and adequacy are in serious decline for Canadians. The federal framework for Target Benefit Plans (TBPs) will worsen the situation. Employers without pension plans will not establish TBPs. Employers with Defined Contribution (DC) plans will not convert to TBPs. The real danger is that employers with Defined Benefit (DB) plans will convert to TBPs – and not just on a “go forward” basis. The framework will allow all accrued DB pensions to be converted to the more risky TBPs. The promised DB pensions for current plan members and pensioners could be subject to cuts.
- Many DB plans were negotiated between the employer and the union during collective bargaining. In some years, union members agreed to wage freezes in order to maintain their pension benefits. The conversion of DB plans to TBPs undermines collective bargaining and overlooks many of the sacrifices made to secure and maintain DB plans.
- Employers will be keen to convert DB plans to TBPs. This would be short-sighted. If we consider Air Canada as an example, in the last round of talks, Unifor fought hard to hold on to the DB plan for our members. There was tremendous pressure to convert to a DC plan. Today our members and retirees at Air Canada have a DB plan that is currently in a modest surplus position.
- An enhanced Canada Pension Plan is the best way to improve coverage and adequacy. The Canadian Labour Congress (CLC) has recommended a modest and gradual approach to increasing CPP contributions, which would allow for a doubling of future CPP benefits. The federal government should agree to expand the CPP.
- Unifor recommends that the federal government:
 - Withdraw the federal framework for target benefit plans.
 - Foster incentives for employers without workplace pension plans or inadequate DC plans to join multi-employer pension plans (MEPPs).
 - Expand the Canada Pension Plan as the CLC has proposed.

