Stop C-27!

Save Defined Benefit Pensions.

Bill C-27: The Introduction of Target Benefit Plans

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What Is Bill C-27?

- Bill C-27 introduces a new pension framework into the federal jurisdiction – Target Benefit plans.
- It proposes sweeping changes to the Pension Benefits Standards Act (PBSA).
- The PBSA guarantees employees the benefits they have already earned and forces employers to set aside appropriate resources to fund these commitments.
- The PBSA applies to federally-regulated employers such as Crown Corporations, banks, telecoms and transportation companies.
- Bill C-27 weakens the PBSA and provides employers with an opportunity to avoid their obligations to pensioners.

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- It also provides a process for employers to convert Defined Benefit (DB) plans into Target Benefit (TB) plans.
- Conversion cannot be made unilaterally by the employer - Plan members must agree to the changes.
- An employer could also wind up an existing DB plan and open up a new TB plan or run both plans in parallel.

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Who Is Affected?

- Some 1700+ PIPSC members are affected (CCC, CMC, CMN, CTC, CRPEG, NGC, NAVCAN, WPEG, WTEG, YHC).
- Thousands more of present and future Canadians retirees are also impacted.
- Bill C-27 is a direct threat to their retirement security.
- And if the legislation comes into effect, we can expect employers to aggressively push for these changes and force other workers to accept the erosion of this vital and long-standing benefit. **Bill C-27 sets a dangerous precedent for all Canadians by removing DB plans from retirement planning.**
- The government should focus its energies on creating a legislative and economic environment in which Defined Benefit plans can thrive.

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Defined Benefit vs. Target Benefit

- Most PIPSC members enjoy a Defined Benefit plan under the Public Service Superannuation Act (PSSA).

- It provides secure and stable income during retirement and predictability during their working life.

- In a DB plan, the employer assumes responsibility for funding shortfalls. While terms can change, when an individual makes a contribution for a period of time, the benefits received for that period are secure (except in the case of employer bankruptcy).

- Target Benefit plans are similar to DB plans except that risk is passed on to plan members, who assume responsibility for deficits or unfunded liabilities. Safeguards and protections that currently protect employees would be removed. Employee benefits and contributions may rise and fall.

What Happens With TB Plans: The New Brunswick Example

- In 2012, the New Brunswick government brought in what it called "Shared Risk" pensions.
- The term is misleading because all risk actually shifted from the employer to plan members – including people who had already retired.
- The NB government also allowed workers to make the change voluntarily. Those who did felt they were misled. Plan members were told that the terms of their new pension were "virtually guaranteed" when, in reality, by converting their pension over, they had just given up their legal guarantee.
- Since the New Brunswick law came into effect, the number of people with a DB pension in the province has dropped by over 14%.
- Does this sound like retirement security to you?

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What Have We Done So Far To Fight C-27?

- We wrote to the federal Finance Minister.
- We encouraged PIPSC members to sign a petition against Bill C-27.
- We encouraged members to send a special postcard to their Member of Parliament (MP).
- We developed a sample letter to MPs.

What Can YOU Do To Fight C-27?

- Sign and send the postcard (available through the Mobilization team) to your MP (it's postage-free):

- Write to your MP (the sample letter is available at www.pipsc.ca).

- Become a more active member, join the Better Together team and help us fight for good pensions for everyone.

- Follow us on Facebook and on Twitter (@pipsc_ipfpc).

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Questions?

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