

Bill C-27: New Legislation for Target Benefit Pension Plans

Unifor members working in federally regulated sectors: Rail, Media, Telecommunications and Air Transportation – The Liberals have turned their backs on federally regulated workers and retirement security!

What does Bill C-27 provide for?

The legislation would allow Crown corporations and employers in federally-regulated sectors to offer single-employer target benefit plans. It would also allow – subject to consent requirements – for the conversion of existing defined benefit (DB) pension plans to target benefit plans (TBPs). This would not only apply to future service but all past defined benefit service could be converted to target benefit service as well. Retirees' pensions may also be changed to TBPs.

Target Benefit Plans

First, Unifor is not opposed to TBPs on a “go forward basis”. Target benefit plans work well for many of our members and are better than defined contribution plans or no pension at all. But, we do object to the conversion of accrued DB benefits to TBPs.

What is a Target Benefit Plan?

Target benefit plans are similar to defined benefit plans with set retirement benefits. However, target benefit plans have fixed contributions and if there is a funding shortfall, pension benefits can be cut. With a defined benefit pension, the employer must make up the funding shortfall to provide the set benefit.

What are the financial repercussions?

Employers will want to convert defined benefit plans to target benefit plans - opening the way for possible pension cuts if the TBP funding falls into a deficit.

How will this impact negotiations?

Unions will be under pressure in bargaining when we try to keep our defined benefit plans. Recall that in the past, we have agreed to wage concessions and increased member contributions in order to maintain our defined benefit plans. If the union makes pensions a strike issue, the federal government could order us back to work and order an arbitrated settlement. Union members could lose the right to keep their DB pensions.

What's Trudeau's position?

In the 2015 election campaign Trudeau said that he did not support the Conservative's proposal to convert DB benefits to TBPs: “Defined Benefit plans, which have already been paid for by employees and pensioners, should not retroactively be changed into TBPs.” The Liberals have turned their backs on federally regulated workers and retirement security!

I don't have a DB plan. Why should I get involved?

Union members make gains when we work together. If the federal government attacks the decent pensions, the standards go down and no one will get a decent pension.

What can I do?

Write to your Member of Parliament
Write to the Finance Minister Bill Morneau
Talk to your co-workers

Questions? For further information contact: david.leacock@unifor.org