



News Release

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Union leaders urge western premiers to reject Alberta-B.C. pension proposal as solution to unfolding crisis in retirement income

***Instead of getting behind ill-conceived “ABC plan,”
western premiers should use their clout to call for a national pension
summit and to discourage Harper and Ignatieff from reaching
watered-down deal on EI***

DAWSON CITY, YK – Canadians desperately need pension reform, but a new proposal for a government-sponsored supplemental pension plan being floated by the Alberta and B.C. governments may actually make a bad situation worse.

That was the message delivered today by the president of the Saskatchewan Federation of Labour (SFL) and other regional labour leaders as they followed the western premiers and territorial leaders to their annual policy summit, being held this year in Dawson City, Yukon.

“The current pensions system is not working for the majority of Canadians. This has become painfully clear since the global economic meltdown,” says Larry Hubich, SFL President.

“We will not fix this problem with the proposed supplemental program because it allows employers to opt out, and shifts all the risks onto the shoulders of individual Canadians. What we need is a comprehensive system that guarantees Canadians some basic financial security.”

To back up the argument that the Alberta-B.C. proposal is not the right way to address the unfolding crisis in retirement income, Gil McGowan, President of the Alberta Federation of Labour, unveiled an analysis prepared for the AFL by PBI Actuarial, a Vancouver actuarial firm specializing in pension management.

The analysis shows that – even when added to existing benefits provided by CPP and OAS – the proposed ABC plan would generate as little as 14 per cent of pre-retirement income for individuals enrolled in the plan – far short of the recommended threshold of

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70 per cent.

The ABC plan also gets low marks because it allows employers to opt out and it wouldn't require all employers to match contributions made by individual employees.

Perhaps the biggest drawback, PBI argues, is that the ABC plan would be a defined contribution plan as opposed to a defined benefit plan – meaning that people covered by the plan would run the risk of having their retirement nest egg substantially reduced if they have the misfortune of retiring during an economic downturn (like the one we are currently struggling through).

“The ABC plan is not the solution,” says Hubich. “It is in danger of distracting from systemic reform. We are concerned it will provide false hope to the growing number of Canadians who face the very real prospect of spending their retirement years living in poverty.”

So instead of getting behind an ill-conceived ABC plan, the labour federations called on the western premiers and territorial leaders to use their clout to call for a national pension summit at which all stakeholders could debate fundamental pension reforms – like the dramatic expansion of the existing Canada Pension Plan (CPP). A growing chorus from labour, business and academia now see the CPP – which provides a defined benefit – as the best and easiest vehicle for reform.

Hubich and other labour federation leaders also said the western premiers and territorial leaders should actively and aggressively discourage Prime Minister Stephen Harper and federal Official Opposition Leader Michael Ignatieff from reaching a “watered-down deal” on employment insurance.

“Any new agreement between the Conservatives and the Liberals must address the fact that workers in western Canada are being unfairly discriminated against by arbitrary qualification rules. Workers can't access the benefits they have paid into and that inequality needs to be fixed,” says Hubich.

“Harper and Ignatieff must not be allowed to offer half-measures in dealing with this recession. The western premiers should speak with the consensus that has emerged in Canada, calling for one national standard for eligibility and increased benefits for laid-off workers.”

For more information call Larry Hubich at 1-306-537-7330.

For full copies of the PBI analysis of the proposed ABC pension plan, visit the Alberta Federation of Labour website at www.afl.org.

The SFL represents over 95,000 unionized workers from 37 affiliated unions in Saskatchewan.