BARGAINING UPDATE NO. 2 – CENTRAL BARGAINING TABLE .... JANUARY 16, 2015

A HEAD-ON ASSAULT AGAINST OUR PENSION PLANS

Since the tabling of the Treasury Board's offers last December 15, many public sector employees are worried, and rightfully so, about their pension plan.

At the outset, however, let's make it perfectly clear that these modifications to the Government and Public Agency Employees Pension Plan (RREGOP) remain a bargaining proposal. None of these measures have been agreed upon with the union organizations, members of the Common Front. Notwithstanding all these entirely legitimate concerns, no precipitous actions should be taken at this time.

The Liberal Government's assault on RREGOP is nonetheless no-holds-barred. Let's take a look at the key aspects.

Examples	Pension benefit as it currently exists	Pension benefit should the Treasury Board's wishes come true
60 years old, 35 years of service	70% of one's salary	70% of one's salary
60 years old, 33 years of service	66% of one's salary	56,5% of one's salary
55 years old, 30 years of service	48% of one's salary	38,4% of one's salary

Age of retirement:

- The Government would first like to have the age of retirement raised from 60 to 62 years old without any actuarial penalties;
- It would also like to introduce a mechanism to automatically adjust the age of retirement by raising the age of eligibility based upon any rise in life expectancies.

Any employee who has 35 years of service would not be affected by this measure.

Calculation of one's pension benefit:

- Currently, one's pension benefit is calculated on the basis of one's 5 best salary years. The Government would like to expand this calculation period to one's 8 best years, thereby including a period where one's earnings would necessarily be lower. This measure could result in some noteworthy reductions in a person's pension benefit, and this, throughout one's entire retirement period.

Actuarial penalty:

- For anyone who has not accumulated 35 years of service and who would like to retire before turning 60 years old (or 62 years old if the Treasury Board's wishes were to materialize), the actuarial penalty would jump from 4.0% to 7.2% per year for the make-up period.

All these measures in these management proposals would apply as of January 2017.

It can be seen that anyone who is currently in a phased retirement situation and who plans to retire after January 2017 would be affected by these measures, in line with management's proposals. They would however not apply to someone who would want to retire sooner (i.e. before January 2017), but in view of the fewer years of service to one's credit, such a person's pension benefit would obviously be lower than anticipated.

The Common Front really can't fathom why the Treasury Board would want to assail its employees' pension plan in such a fashion. The RREGOP is in good financial health and is capitalized at about 96%. The increase in the contribution rate, today fixed at 8.42% (and not at 12.75% as the President of the Treasury Board, Martin Coiteux, was proclaiming in such an alarmist fashion), is largely attributable to the losses incurred by the Caisse de dépôt during the 2008 financial crisis. And, these loses have today been completely absorbed, it should be mentioned.

The Common Front believes that these attacks risk producing an exodus of public sector workers who will opt for retirement. This is why we're planning to fight tooth and nail against the Government's intentions to undermine their employees' pension plan.

But once again, we must emphasize, these measures are still just Government proposals, not the final result of the bargaining process. No one should thus be acting precipitously.