



**Association canadienne des enseignantes et des enseignants retraités  
Canadian Association of Retired Teachers**

December 10, 2018

ISED Contact Centre  
Innovation, Science and Economic Development Canada  
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L'Association canadienne des enseignantes et des enseignants retraités/The Canadian Association of Retired Teachers (ACER-CART) represents 146,000 members who participate in Teachers' Pension Plans across our country. We commend the government for its initiative aimed at strengthening retirement security.

Our members clearly value our defined benefit pension plans; plans that are paid for by our own contributions and the negotiated, deferred wages paid by our employers. As a result, our plans are generally well funded with most plans providing some annual cost-of-living increases. Our members' pensions contribute to the national economy, provide jobs locally and pay significant taxes. Unlike Canadians without pensions, very few of our members rely on taxpayer-funded income replacement programs. It's a win for everyone.

This is what we wish for all Canadians; a secure retirement income, paid for by individuals during their working years, invested prudently and guaranteed, so that during their senior years the members can enjoy the fruits of their labour rather than worrying that their benefits will be reduced due to the bankruptcy of their former employer, mismanagement of their pension plans or a negotiated surrender of their pension promises.

**Specifically:**

- 1) Earned pension entitlement is a contractual promise and must be respected. The surrender of earned pension is not fair to working people and is devastating to retired members who have no capacity to make up the loss. Negotiating changes to the pension formula for future service is acceptable but reneging on past promises is not.
- 2) Legislation is needed to recognize the primacy of indebtedness to pension plans. These assets do not belong to the employer, but to the employees. Supervision of Pension Plans needs to extend to all plans to ensure their financial accountability. Transparency must be assured so that employees know where and how their assets are being maintained.
- 3) Insolvency Trustees need to be reined in to a tighter, more defined and reasonable set of fees. Their ability to further aggravate the circumstance of a bankrupt organization by

prolonged process, and taking their share off the top, again disadvantages the fair and equitable distribution of assets. Pay the employees first.

- 4) The solvency funding arrangements need to be redefined with more acceptable requirements. The current requirements act to deter companies from maintaining a defined benefit plan. Defined benefit plans should be encouraged as they are the most efficient, least risky instrument providing retirement security.
- 5) Retired Pensioners must be recognized as full partners in decision-making. If and when Pension Plans consider changes to plan design and benefits, the Retirees must have equal voice. There are often equal or more retired members in a pension plan than active members. And the investment of those who contributed for their whole career to build the plan is more than equal to those who are beginning to invest in this "Deferred Income." Retirees have to be recognized as active partners in their shared future.
- 6) A Pension Benefit Guarantee Fund needs to be created, funded by pension plan contributions, similar to the insurance plan in Ontario or the Pension Benefit Guaranty Corporation in the United States. From time to time we can expect a company with a defined benefit pension plan to go bankrupt. This insurance would provide some degree of protection to an individual from poverty and a reliance on taxpayer funded income replacement programs.

On behalf of the members of our Association ACER-CART, I thank you for the opportunity to share our concerns and wishes for the enhancement of retirement security.

Yours sincerely,



Bill Berryman  
President

cc: Minister Tassi  
ACER-CART Executive Committee  
ACER-CART Board of Directors