

## Bill C-27 – A Potential Heavy Hit on Federal Employees

In the March 2017 Newsletter, the article “Your Pension-Your Main Source of Income” gave us insight to the three main types of pensions that are available in the workforce today; Defined Benefit ,Target and Defined Contribution.

The federal government introduced regressive legislation in October 2016 (Bill C-27) which could allow Crown corporations and federally-regulated employers to change good defined benefit pension plans into target benefit pension plans for new federal employees. The target benefit pension plan or shared risk pension plan is often seen as middle ground between defined pension benefit plans and defined contribution pension plans. All the risk is transferred to employees and federal retirees. In tough times target benefit plan benefits can be reduced, providing less retirement security for its members.

At the June Provincial Executive Meeting, The President was requested to forward a letter to the Prime Minister to encourage the government to withdraw Bill C-27, an Act to amend the Pension Benefits Standard Act, 1985, which proposes a new Target Benefit Pension Plan.

If passed, this Bill would allow Federal employers to replace Defined Benefit Pensions Plans with Target Benefit Plans.

- A Defined Benefit Pension Plan allows plan members to know exactly what their pension will be as a percentage of salary based upon a prescribed mathematical formula. The Ontario Teachers’ Pension Plan is a Defined Benefit Plan. The benefits are guaranteed.
- Target Benefit Plans, similar to Defined Benefit Plans, identify one’s expected pension as a percentage of salary but unlike the Defined Benefit Plans, the benefits are not guaranteed. The expected pension benefit is a target and dependent on the amount accrued in the plan which is subject to market volatility. Therefore, one’s pension benefit may be less than the hoped for target.

During the last Federal Election, Prime Minister Trudeau promised to protect Defined Benefit Pensions Plan and make Bill C-27 disappear. It is imperative that this promise be kept. To learn more about Bill C-27 and let your local Member of Parliament (MP) know that you want Prime Minister Trudeau and his Liberal Government to honour their promise,

go to: <http://honouryourpromise.ca/>

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